

Caswell County ABC Board

Performance Audit Report



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Alcoholic Beverage Control

October 3, 2025

CHAIRMAN:

Hank Bauer

Caswell County ABC Board

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

Joal Smith, Chair

113 Old Hwy 86 N

Yanceyville, NC 27379

David Sherlin

Raleigh

Chairperson Mitchell,

DEPUTY COMMISSIONER:

Mike DeSilva

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Caswell County ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

LOCATION:

400 East Tryon Road
Raleigh NC 27610

MAILING:

4307 Mail Service Center
Raleigh NC 27699-4307

Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

PHONE: (919) 779-0700

<http://abc.nc.gov/>

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva

Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, Reports, and Administrative Policies
- Verify compliance with Commission and Board policies
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits
- Review ABC Board reporting and documentation reports
- Visit the store(s)
- Interview key ABC Board personnel

Caswell County is located in northcentral North Carolina and the seat is Yanceyville. The county borders Virginia and is part of the Piedmont Triad region. The county's population per the 2020 census was 22,736 residents, down over 4% from 2010. The Caswell County ABC Board operates four (4) retail stores and is the only ABC Board in the county.

The 1937 Act authorized Caswell County to hold an election by referendum on October 3, 1953. The vote passed 1,390 to 1,163. The first date of sales occurred on December 3, 1953. A countywide mixed beverage election was held on May 4, 2010, and passed 1,273 to 768.

Upon election of an ABC store, the county was authorized to create an ABC Board consisting of a chairperson and two members to serve for three-year terms. In 2021 the Board of Commissioners for Caswell County opted to increase membership to four members and a chairperson. Current board members are Tony Mitchell, Chair, Graham Dailey, John Crispin, Keith Tatum, and Wayne Barker, board members.

The last performance audit for the Caswell County ABC Board concluded in 2018. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



1133 Old Hwy 86, Yanceyville



768 NC 700, Pelham

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On July 2, 2025, ABC Commission Program Analyst Edwin Strickland visited the Caswell County ABC Board and interviewed the General Manager, Michael Reagan. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



14116 NC 119, Semora



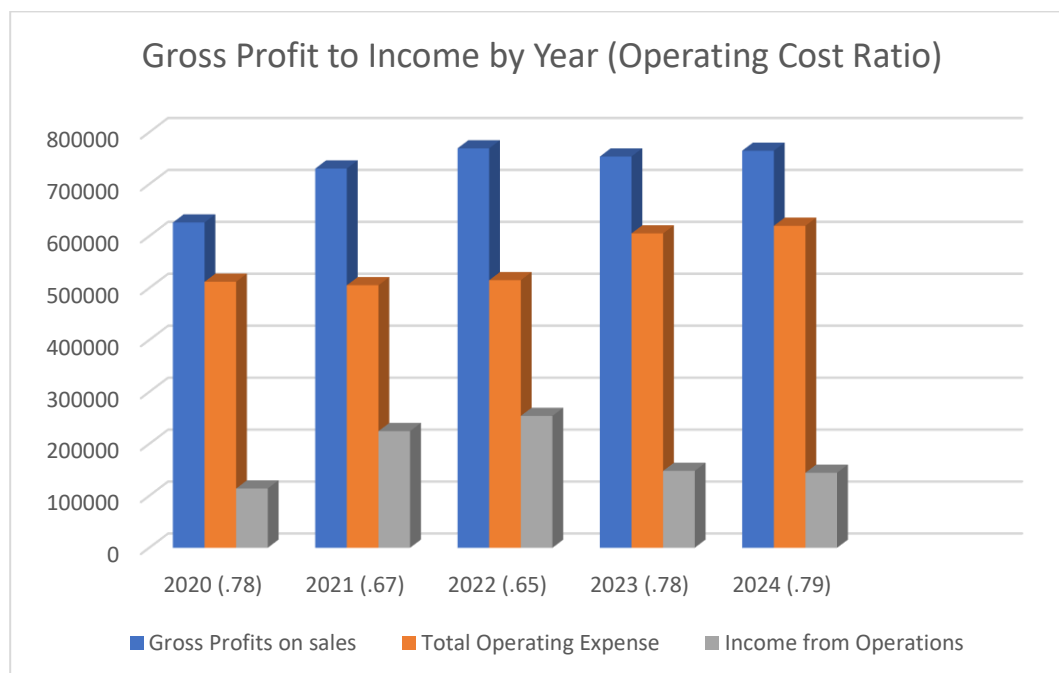
6650 NC 87 N. Gibsonville

FINANCIAL ANALYSIS

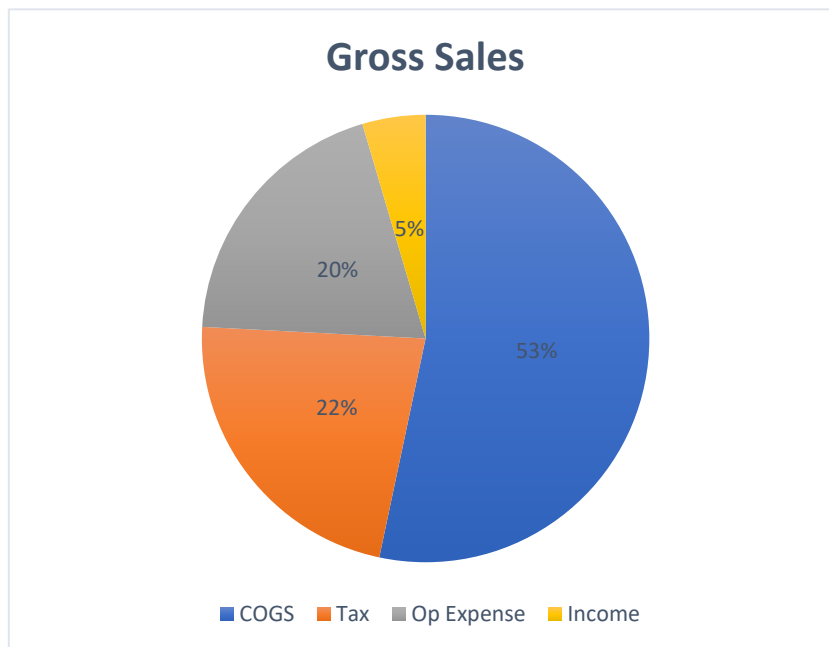
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Caswell County ABC Board had a profit percentage to sales ratio of 4.56%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - The Caswell County ABC Board's gross sales totaled \$3,164,964 which was an approximate 2.5% increase from the previous fiscal year.
 - The board's sales have grown almost 23% over the last five completed fiscal years.
- Caswell County ABC Board operates four retail stores with mixed beverage sales. The operating cost ratio for the board was .79 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with three or more stores is .63 or less.
 - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Caswell County ABC Board does not meet the profitability and the operating cost standards set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

| | FY 2023-2024 | FY 2022-2023 |
|--------------------------------|--------------|--------------|
| Gross Profit on Sales | \$764,433 | \$753,342 |
| Total Operating Expense | (\$619,962) | (\$605,227) |
| Income from Operations | \$144,471 | \$148,115 |



- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy six percent (76%) of any board's gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, or as additional distributions beyond the minimum requirement.



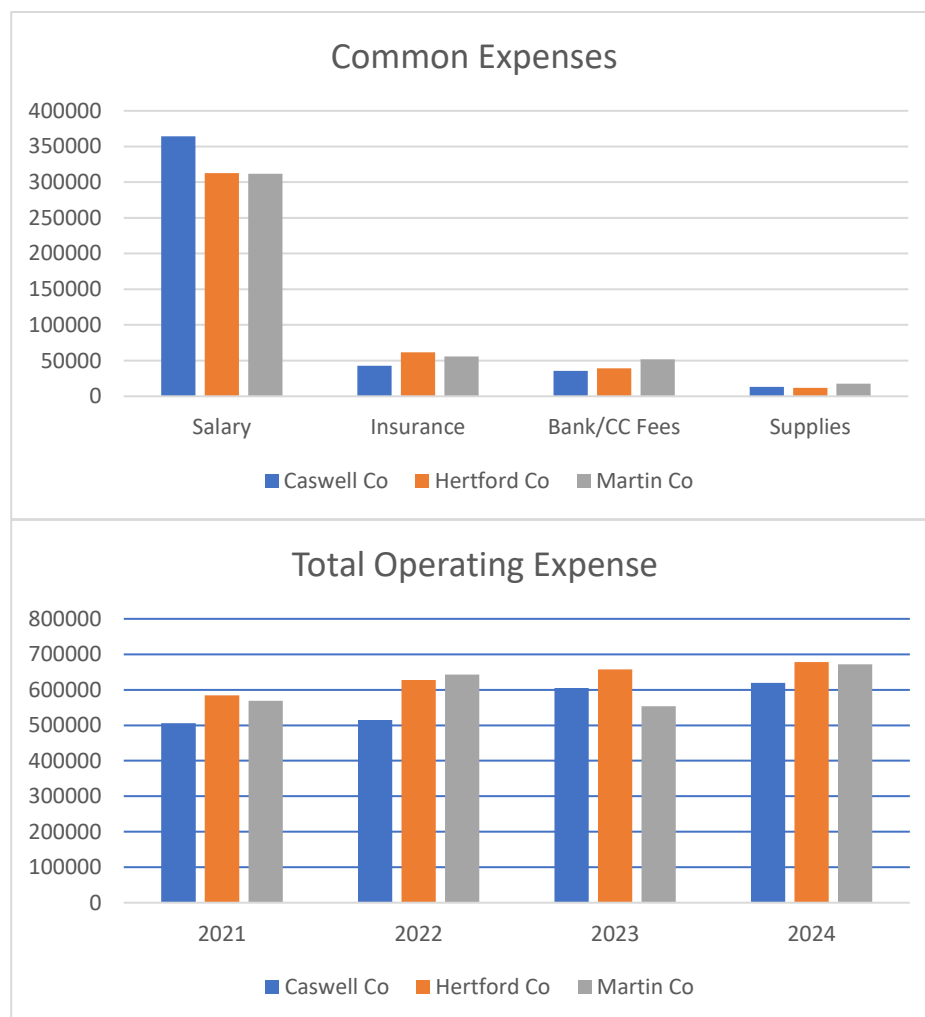
- *Factors affecting sales:*
 - Other ABC boards with stores within a 30-mile radius include Alamance County, Person County, Orange County, Gibsonville, Greensboro, Eden, and Reidsville.
 - Caswell County borders Virginia with additional possible outlets.
 - A 4.0% unemployment rate in Caswell County in June of 2024 with a .4% increase from the previous year.
 - The board currently has 3 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for 2.8% of gross sales.*

INVENTORY TURNOVER

- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times or more per year
 - Twice a month deliveries target at 5 times or more per year
 - Monthly deliveries target at 4.5 times or more per year
- The Caswell County ABC Board receives shipments twice monthly with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2023-2024 was 5.4, which is above the goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased approximately two- and one-half percent (2.5%) from the last fiscal year and were around nineteen- and one-half percent (19.5%) of total annual sales in FY-23/24.
 - Board salaries and were around eleven- and one-half percent (11.5%) of total annual sales. Salaries and wages increased less than four percent (4%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 53.3% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Caswell County ABC Board has similar categorical and total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items. Both Hertford County and Martin County ABC Boards operate two (2) retail stores.*



BUDGET ANALYSIS

| | FY 2023-2024 <i>Budget Projections</i> | <i>FY2023-2024</i> <i>Actual</i> | Variance | Variance % |
|---|---|-------------------------------------|----------|------------|
| Total Revenues | \$3,159,483 | \$3,165,055 | \$5,572 | .1% |
| Total Expenditures | \$3,031,628 | \$2,998,162 | \$33,466 | 1.1% |
| Distributions | \$97,726 | \$97,582 | | |
| Revenue over or (under) Expenditures | | \$69,311 | | |
| After Reconciling Items | | \$46,980 | | |

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues and expenditures were very close to the final budget amendment.
 - The net income change during the fiscal year was \$46,980. *The board's collective net position on June 30, 2024, was \$917,637; the net position has increased almost 65% over the last five (5) fiscal years.*

DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. **Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).***

- In FY 2023-2024, Caswell County ABC accrued funds for other statutory distributions totaling \$97,582 (Net profit distribution recipient received \$91,176).
- The amount of \$714,661 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Caswell County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 70% to Caswell County Board of Education
 - 30% to Caswell County General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Caswell County ABC board has made net profit distributions for the last five (5) fiscal years at the minimum mandatory distribution in reference to G.S. 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been disbursed at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount the last five (5) FYs.

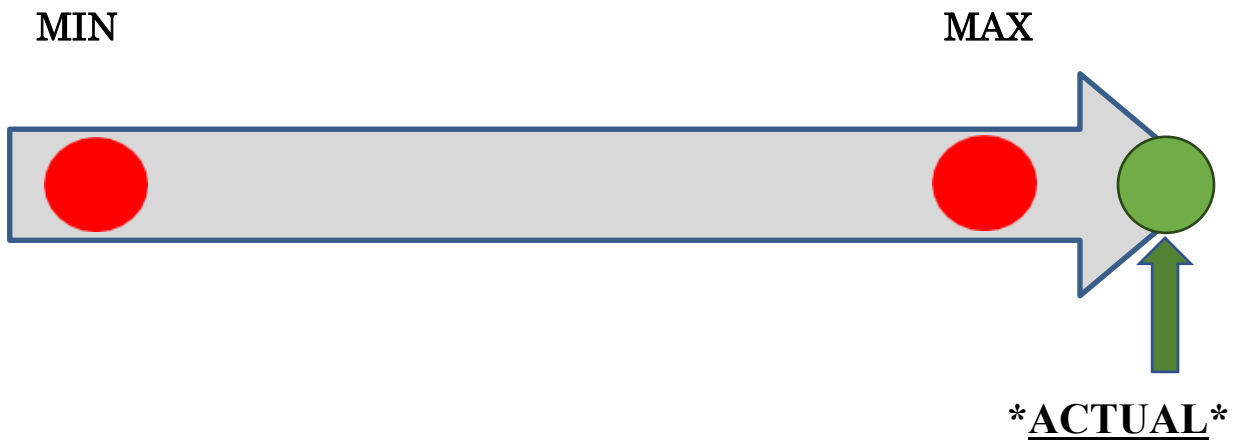
| NC GENERAL STATUTE: 18B-805 (c)(1) | | | |
|---|----------|---|-----------------|
| Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients | | Caswell County ABC Board Net profit distribution made annually by fiscal year | |
| <i>Note: Referencing CPA Audit Reports</i> | | | |
| Calculated Amount | | Total paid to recipient(s) | |
| FY-2024 | \$91,176 | FY-2024 | \$91,176 |
| FY-2023 | \$89,038 | FY-2023 | \$89,037 |
| FY-2022 | \$90,230 | FY-2022 | \$90,230 |
| FY-2021 | \$86,949 | FY-2021 | \$86,949 |
| FY-2020 | \$75,928 | FY-2020 | \$75,928 |

- Since inception, the board has made distributions to the Caswell County Board of Education in the amount of \$3,268,510 and Caswell County General Fund in the amount of \$1,401,868.

WORKING CAPITAL

- G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system.
 - NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of gross sales.
 - G.S. 18B-702(g)(3) defines "Working Capital" as the total of cash, investments, and inventory less all unsecured liabilities. As it pertains to working capital computation, gross sales mean gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).
- Based upon the existing rules, as of June 30, 2024, the Caswell County ABC Board is required to maintain a minimum working capital of \$94,242 with a maximum working capital amount of \$612,579.
 - The Caswell County ABC Board had a working capital balance of \$771,999 which is more than the maximum Commission requirement for this section (*).

*** FY 2023-2024: *Working Capital (WC) graphic***



- Under G.S. 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.
 - The board received approval from their appointing authority to retain additional working capital in 2024.
 - In the FY 2024-2025 the board has expended all or most of their excess working capital on improvements to their Yanceyville store.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

The findings for personnel, operational & administrative compliance are as follows:

Board Members

- The board consists of four members and a chairperson. Members receive compensation for their services below the maximum \$150.00 per meeting.
 - Current board member terms are staggered to comply with G.S. 18B-700(a), but the board should consider requesting their appointing authority realign term end dates so that all members terms end in the same month.
 - Board members are currently compliant on ethics training with two reappointed members needing to satisfy the requirement as soon as possible.
 - The Chairperson has served many terms with the board and all members have served multiple terms.
 - Members have professional experience in business, sales, local government, and one previously worked for the board.
- Members may not have taken an oath of office per G.S. 11-7. *Copies of oaths should be kept available at the board's administrative office.*
- Meetings are generally held the third Wednesday of each month and public awareness is posted in the stores. *The board may want to verify if the county clerk's office is notified when meeting dates change.*
- Meeting minutes are available and generally follow the order of proceedings and include the no conflict of interest statement.
 - Financial reports are provided by the general manager and are discussed at meetings to include monthly sales per store and comparisons to previous year, credit card statement and other expenses, payroll, and quarterly reports and distributions.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld. Boards should also, routinely review any notes and recommendations provided by the CPA firm on annual audits.
- The board's login website had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store location(s).

Law Enforcement

- The board has a law enforcement contract with Caswell County Sheriff's Department from 2013 in Commission records.
- Law enforcement reports are submitted regularly by the general manager but contain no data from the Sheriff's Department.
 - The board should work with their law enforcement agency to ensure compliance with the reporting of applicable data for accountability as required by G.S. 18B-501(f1).
 - Additionally, the board could consider contracting with another agency or entering into a new contract with the Sheriff's Department to meet the statutory accountability requirements.

Board Personnel

- The board currently staffs seventeen total employees with three full time and fourteen part time.
- General Manager has served in their role with the board for around fifteen years.
 - General manager is full time, their salary is below the maximum allowable compensation per G.S. 18B-700(g1), and they are compliant on ethics training.
 - They are responsible for oversight of all board operations and works with the finance officer on many accounting and other administrative tasks.
- The Finance Officer is part time, has been with the board for around six years, and they are compliant on ethics training.
 - Their responsibilities include account reconciliation, distributions, and bill payments.
- The board does not currently have an officially designated manager for all stores. *Board should verify compliance with G.S. 18B-803(a) regarding a designated store manager.*
- The board has one team member who only delivers products from the warehouse to stores.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided to new employees from management and seasoned personnel and is on the job and mentorship styled.
 - RASP training has not been extended to employees, but the general manager is agreeable to host future training.
 - Product knowledge training is provided from in house conversations and from sales representatives.
- Employee files are kept in the administrative office and include tax information and application. *Personnel manual acknowledgment form is not in files, but the general manager does have sheets at the stores where the staff will periodically sign saying they have reviewed the manual.*
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Policies

- The board has a thorough personnel manual that details various work requirements, behavioral standards, leave and other benefits, scheduling and holidays, register shortages, and all additional requirements of Rule 15A .1006.
 - The personnel manual includes specific policies for credit card usage, price discrepancies, and mixed beverage sales.
 - Other policies in Commission records retention include mixed beverage delivery and an approval for staggered deposits.
- For travel, the board has chosen to follow the state's travel policy in compliance with G.S. 18B-700(g2).

Operations

- Board personnel conduct full inventory quarterly at all stores with routine spot checks.
 - Counts are made using scanners and all team members participate.
 - Variances are reviewed by the general manager, to include transfers, and adjustments are made after full review.
 - Strategies for slow moving products include moving products between stores and to the front of stores, and price reductions.
 - At Commission visit, a small sample of items were selected to verify accurate current inventory. Of those selected all items actual inventory matched the database's theoretical inventory.
- Board receives deliveries for goods on the first and third Tuesdays of each month at their central warehouse.
 - Pallets are dropped and cases are checked against an offload spreadsheet and subdivided for each store.
 - This sheet is again cross-checked with the manifest.
 - A warehouse inventory is conducted after each delivery to help curb any variances.
 - Variances are reviewed and recounted by multiple team members before sending notification to LB&B.
- The store managers make liquor orders by comparing seven day and thirty-day sales histories to stock status. The general manager reviews and processes the final order. Buy ins are conducted and the general manager adjusts store manager's orders based on warehouse stock status.
- Allocated products are available for mixed beverage accounts, offered on a limited basis to employees, and divided between stores. The general manager also randomly shelves some products.
- The board does not have a website.
- The board keeps thorough records for the destruction of unsaleable merchandise reports and unprocessed and historical records for these reports are available.
 - The board has reestablished compliance with NCAC 15A .1701(c), and emails copies of the reports to the Commission at least quarterly.
- The board currently has three mixed beverage customer accounts.
 - Invoices are provided to permittees at the time of the transaction and one copy is retained in a separate file.
 - The board stamps bottles in the manner required by NCAC 15A .1901.
 - When staffing permits, multiple employees verify the order is correct before the transaction occurs.
 - The board does not deliver or have delivery requests.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed monthly by the general manager and finance officer.
 - The board pays many suppliers using ACH drafts and others are paid via their bank's bill pay service.
 - *A sample of invoices were checked and indicated payments submitted within the thirty-day requirement.*
- The board's checks have the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are signed by the general manager and finance officer.
- A preaudit certificate is not used on purchase orders or liquor orders in compliance with G.S. 18B-702(m). *For liquor orders, this could most reasonably be accomplished by stamping the order edit list before the final order is placed.*
- The board has a credit card in possession of the general manager who keeps records and receipts for all purchases, including gas for the delivery truck.
 - Monthly credit card statement is presented at board meetings.
- Each store has a change fund, and the board does not use petty cash. *Some small reimbursements are made to staff for supply purchases.*
- Each store uses one register with tills starting at \$100 or \$200.
 - Tills are verified at shift change.
 - Deposits are dropped nightly into the store's safe which requires two key entry.
- The General Manager visits all stores twice weekly to collect deposits for the bank.
 - The board has been granted a waiver from the Commission per Rule 15A .0905(d).
 - *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances.*
 - The finance officer conducts monthly deposit reconciliation.
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed twice monthly by the General Manager using QuickBooks.
 - Team members sign time sheets which are reviewed by the manager and, sometimes, finance officer.
 - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The board currently makes their alcohol education distribution to the County's Sheriff's Department DARE program.
 - For compliance with G.S. 18B-805(h), the board should request a report on how funds are spent and provide this information to their appointing authority.
- The annual CPA audit was received by the Commission on September 5, 2024.
- All board members and the general manager and finance officer are each bonded for \$50,000 per G.S. 18B-700(i). *The board should verify compliance with G.S. 18B-803(b) once additional store managers are established.*

STORE INSIGHT & OVERVIEW

- Commission staff visited all four board stores, administrative office, and warehouse.
- The board's store #1 and administrative office is located on the edge of Yanceyville.
 - This store has a modern interior and was recently upfitted and remodeled.
 - Three stores are freestanding buildings and store #7 is in a duplex with another business.
 - While all stores have a professional retail appearance, modernized décor and general atmosphere could be enhanced at stores #2 and #7.
 - All stores have either street or building signs which are not faded or worn.
 - Parking is limited but adequate at all stores except, potentially, during busy times.
- The retail areas and warehouses at both stores are well lit and organized.
 - Floors and shelves are clean.
 - Stores have categorical signage, and space is maximized but allows for easy flow for patrons and staff.
 - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 were not displayed at visit but were immediately posted.
 - Quarterly price books are available for customers, but special price lists were not.
 - Outside areas around the buildings are free of trash and debris.
 - North Carolina products are mixed throughout the stores without special NC tags.
 - Store shelves do not have tags indicating special pricing except for some supplied by the broker reps.
 - Some occurrences of empty shelving were noted particularly at store #5.
 - Warehouse areas and central warehouse are well organized.
- Shelf management practices are implemented.
 - Products are fronted and dusted, and most are placed in categorized areas.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are, mostly, arranged so they increase in size left to right of the same item.
- Sales associate interactions with customers are attentive, courteous, and the staff is eager to meet the needs of the customers. *All staff is aware that loitering is prohibited.*
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items across three stores shelf price tags reflected current pricing, with some limited incorrect tags noted at store #7.
 - Price discrepancies will be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Tastings have not been held but maybe considered in the future.
- Store hours are from 9:00 am until 7:00 pm daily with store #2 closing at 8:00 pm during the spring and summer months.
- Stores are currently closed every Sunday and the five (5) previously required annual holidays, Easter Monday, and Memorial Day.
- Security systems are in place and functional in all designated areas.
 - *The stores have cameras, alarms, and panic buttons.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *A written account of the oaths should, please, be available at the board's administrative office.*
- For full compliance with G.S. 18B-803(a)(b), the board should employ a store manager for each store it operates, and ensure each manager is bonded in an amount not less than fifty thousand dollars (\$50,000).
- The board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on checks, "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- While the General Manager has been routinely submitting law enforcement reports, the board should work with their contacted law enforcement agency to re-establish accountability reports that comply with the stipulations in G.S. 18B-501(f1). *The general manager indicates this has already been discussed with law enforcement prior to Commission visit.*
- The recipient(s) of alcoholism fund or education distributions should provide annual documentation to the board describing the activity for which these awarded funds are spent per G.S. 18B-805(h).
- In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

ADDITIONAL CONSIDERATIONS & GUIDANCE

- The Commission's primary focus for ABC board members:
 - ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by September 30th of each year.
 - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc.

- In FY 2023/2024 the board did not meet all fiscal performance standards as established by the Commission per G.S. 18B-705. *While the board has made updates to their flagship store, they should consider additional strategies to reduce operating expenses and/or increase profits. The board could consider consulting with other boards, the association's internal controls team, or Commission staff for possible suggestions and marketing strategies.*
- Board members and applicable personnel are encouraged to satisfy requirements of G.S. 18B-706(b) and Rule 14B 15A .2001 in a prompt manner and before the twelve (12) month mandate. *The board currently has two reappointed members who should complete their ethics training requirement as soon as possible.*
- The board should consider requesting their appointing authority realign member's term end dates, so they all end in the same months. *Current term end date months are June, September, and October.*
- In compliance with G.S. 18B-808, the board should ensure all stores display the required warning sign regarding dangers of alcohol consumption during pregnancy. *During Commission visit, posters were provided and are now displayed at all stores to meet the posting requirement.*
- While only a few discrepancies noted during shelf tag pricing checks, board personnel should continue their efforts to avoid posting any inaccurate price tags in stores.
- With the anticipated construction of a new state warehouse in the foreseeable future, boards should evaluate the need for updates or expansions to efficiently accommodate the expected increase in products and their availability.
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.

Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2018)

- All ABC Boards are required to operate within a balanced budget. ABC Boards cannot appropriate items or spend money not included in the budget. If budgeted line items are not balanced, adopt budget amendments to correct specific items or add omitted line items.
- Begin making distributions toward alcohol education purposes if there are sufficient profits.
- As a reminder, reappointed board members are required to complete ethics training within one year of reappointment status.
- Place the pre-audit certificate with the finance officer's signature on the orders before the transaction occurs.
- Submit the require law enforcement activity information on the NC ABC Commission's website. If no information is available, submit "0" for all fields.
- All ABC Boards are required to operate within a balanced budget. When sales projections exceed actual amounts, amend the budget to adjust for the increase.

While having addressed many considerations from previous Commission review (2018), board should still monitor and strive to satisfy previously noted recommended actions.

ABC Commission
400 E. Tryon Rd.
Raleigh, NC 27610

September 3, 2025

We appreciate your support and recommendations from the audit recently performed. This performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

Item 1: *****

The General Manager and Finance Officer will reestablish practices to include the disbursement certificate on check and drafts and the preaudit certificate on purchase orders and the original liquor order. The Finance Officer will sign both certificates.

Item 2: *****

The Board has designated a store manager for the Semora and Stoney Creek stores. Each store now has a designated manager.

Item 3: *****

The Board will continue to monitor shelf tags for correct pricing.

Item 4*****

The General Manager has contacted the local sheriff's department concerning the LE enforcement contract and the monthly reporting. It is the GM's understanding the Sheriff has signed the contract, however he is waiting to received the document. Once received he will email a copy to the commission. The GM has spoken to a Deputy about the monthly reporting and they are to begin submitting reports in September for the month of August.

Item 6*****

The Board will make any necessary budget amendments when sales or expenditures exceed the budgeted amount.

Item 7*****

The Board will provide the ABC Commission a signed certificate of accountability attestation form.

Item 8*****

The General Manager has spoken to the Sheriff about receipts for the Alcohol Education receipts. The Board currently gives the funds to the local D.A.R.E> program. The Sheriff notified the GM that they have not spent any funds lately due to the county's D.A.R.E program being closed down since COVID. The Sheriff informed the GM that they are currently working to get it started again and will provide receipts when the funds are spent.

Sincerely,

Michael Reagan, General Manager
Caswell County ABC Board

10 2 2025
Month Day Year

Caswell County
ABC Board

Certificate of Accountability

This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted for and are lawful.
4. That all taxes due and board expenses have been properly and timely paid pursuant to NCGS §18B-805(b).
5. That all distributions pursuant to NCGS §18B-805 have been properly and timely paid.
6. That the finance officer for the board has properly performed all duties as required pursuant to NCGS §18B-702(k).

Michael R. Roney
General Manager

Amy J. Woods
Financial Officer

Long Mitchell
Chairman

[Signature]
Board Member

[Signature]
Board Member

Wayne M. Barker
Board Member

[Signature]
Board Member