

Craven County ABC Board

Performance Audit Report



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Alcoholic Beverage Control

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

DEPUTY COMMISSIONER:
Mike DeSilva

LOCATION:
400 East Tryon Road
Raleigh NC 27610

MAILING:
4307 Mail Service Center
Raleigh NC 27699-4307

PHONE: (919) 779-0700
<http://abc.nc.gov/>

December 17, 2025

Craven County ABC Board
Kenneth Morris III, Chair
500 N D Street
Bridgeton, NC 28519

Chairperson Morris,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Craven 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.

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.

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 Statues, 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

Craven County is located in eastern North Carolina and the seat is New Bern. The county is part of the inner banks and costal plane region of the state and is known for its history and waterways. The county's population per the 2020 census was 100,720 residents, down almost 3% from 2010. The Craven County ABC Board operates six (6) retail stores, one mixed beverage only store, and is the only ABC Board in the county.

S.L. 1935-493 authorized Craven County to hold an election for an ABC store. The referendum was held on July 2, 1935, and passed 2,262 to 558. The first retail sale occurred in July of the same year. A subsequent mixed beverage election occurred on September 25, 1979, and passed 4,720 to 4,665. The first mixed beverage sale occurred on October 16, 1979.

Upon vote passage, the county commissioners were authorized to create an ABC board consisting of a chairman and two members to serve for three staggered year terms. Later, the board was expanded by an additional two members. Current board members are Kenneth Morris, Chair, Edward Heins, Guy Gregg, Dennis Bucher, and Dred Mitchell.

The last performance audit for the Craven County ABC Board concluded in 2016. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



500 N D St. Bridgeton



502 N D St. Bridgeton

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On July 8, 2025, ABC Commission Program Analyst Edwin Strickland visited the Craven County ABC Board and interviewed the General Manager, Brooke Saylor and other board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



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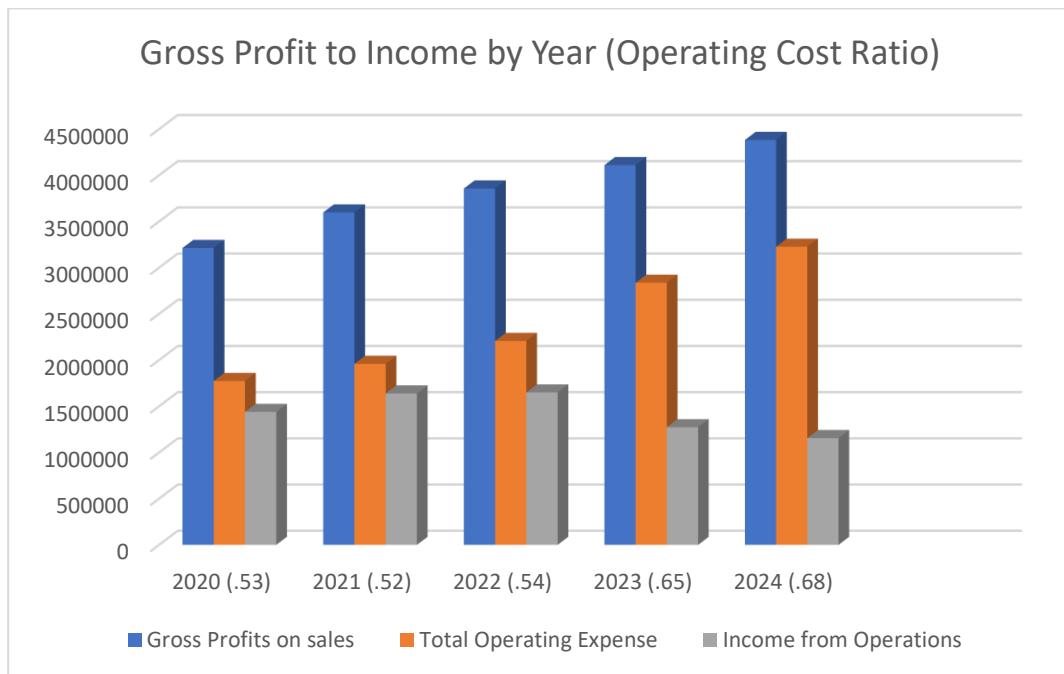
2003 S. Glenburnie Rd. New Bern

FINANCIAL ANALYSIS

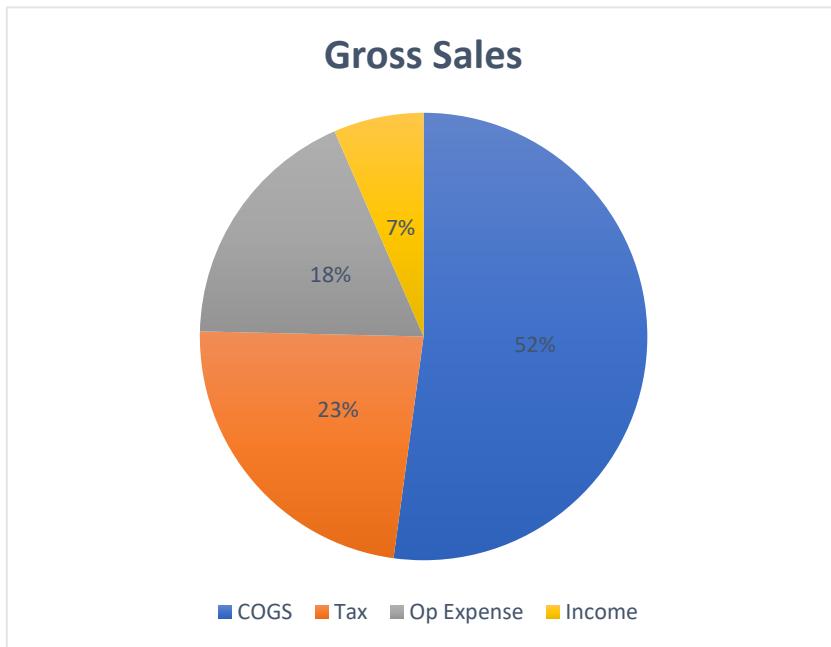
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Craven County ABC Board had a profit percentage to sales ratio of 6.51%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$10M is 9%.
 - The Craven County ABC Board's gross sales totaled \$17,755,772 which was an approximate 6.2% increase from the previous fiscal year.
 - The board's sales have grown over 37% over the last five completed fiscal years.
- Craven County ABC Board operates six retail stores with mixed beverage sales. The operating cost ratio for the board was .68 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 Craven County ABC Board does not meet the profitability standard or operating cost standard 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	\$4,382,576	\$4,110,778
Total Operating Expense	(\$3,226,516)	(\$2,837,104)
Income from Operations	\$1,156,060	\$1,273,674



- 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 Pitt, Lenoir, Jones, Pamlico, and Carteret Counties' ABC Boards.
 - A 4.0% unemployment rate in Craven County in June of 2024 with a .3% increase from the previous year.
 - The board currently has 79 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for nearly 16% of gross sales.*

INVENTORY TURNOVER

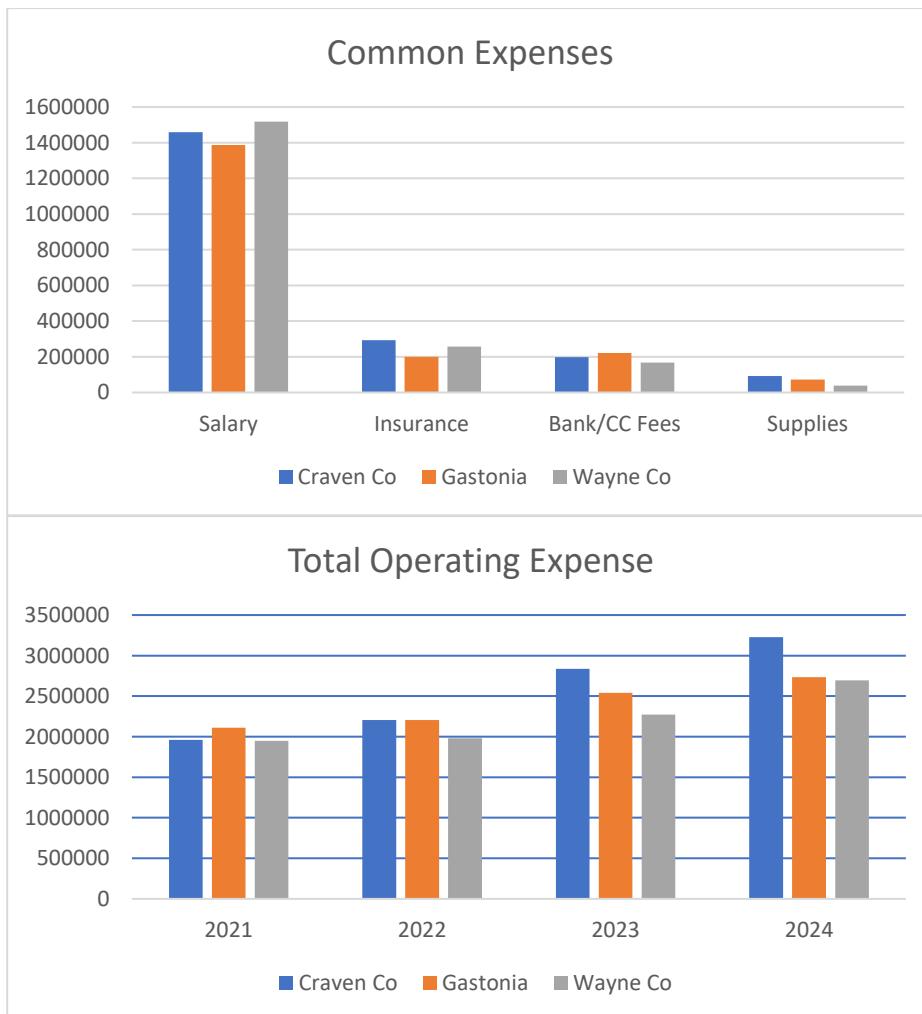
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times 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 Craven County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory turnover rate in (FY) 2023-2024 was 7.3, which is above the goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased almost fourteen percent (14%) from the last fiscal year and were around eighteen percent (18%) of total annual sales in FY-23/24. *An increase in depreciation accounted for almost 20% of the increase in total expenses.*
- Board salaries and were around eight percent (8%) of total annual sales. Salaries and wages increased approximately four- and one-half percent (4.5%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.1% for the fiscal year with a normal range being 52% to 54%.

➤ A common expense report and a total operating expense report show the Craven 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. Total operating expense reports include the depreciation expense.*



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
Total Revenues	\$16,820,051	\$17,818,161	\$998,110	5.9%
Tax/COG/OP EX	\$15,293,724	\$16,221,915	(\$928,191)	(6.1%)
Distributions	\$1,456,327	\$1,181,628		
Revenue over/under Expenditures & Finance		(\$493,853)		
After Reconciling Items		\$-		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 5.9% above budget and taxes/costs/operating expenses were above the final budget amendment by 6.1%.
 - The net income change during the fiscal year was \$0. *The board's collective net position on June 30, 2024, was \$3,169,930; the net position has remained constant 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, Craven County ABC accrued funds for other statutory distributions totaling \$1,181,628 (Net profit distribution recipient received \$1,001,048).
- The amount of \$4,115,550 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Craven County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 10% to Towns with stores
 - Remainder to the Craven County General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Craven County ABC board has made net profit distributions for the last five (5) fiscal years well above 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 <i>Note: Referencing CPA Audit Reports</i>	Craven County ABC Board Net profit distribution made annually by fiscal year
Calculated Amount	
FY-2024	\$491,223
FY-2023	\$462,857
FY-2022	\$423,840
FY-2021	\$411,223
FY-2020	\$364,032
Total paid to recipient(s)	
FY-2024	\$1,001,048
FY-2023	\$1,109,974
FY-2022	\$1,400,848
FY-2021	\$1,433,828
FY-2020	\$1,316,814

- Since inception, the board has made distributions to the Craven County General Fund in the amount of \$26,358,989 and to the towns in the amount of \$3,059,965.

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 Craven County ABC Board is required to maintain a minimum working capital of \$524,624 with a maximum working capital amount of \$3,410,056.
 - The Craven County ABC Board had a working capital balance of \$816,410 which is more than the minimum and less 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.

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 not fully staggered to comply with G.S. 18B-700(a). The board should consider requesting their appointing authority realign term end dates so that all years have at least one term ending.
 - Board members are currently compliant on ethics training, and there is a mix of first term and multi-term members.
 - Members have professional experience in business and a variety of local and state government offices. *One current member is also the Chair for the Board of County Commissioners.*
- Members have taken an oath of office per G.S. 11-7. *Copies of oaths are available at the board's administrative office.*
- Meetings are generally held the third Tuesday 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 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, mixed beverage sales and others.
 - 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 locations.

Law Enforcement

- The board has a law enforcement contract with Craven County Sheriff's Department from 2024 and a copy is now in Commission records.
- Law enforcement reports are submitted regularly by the general manager with data supplied from Investigator Sawyer of the Sheriff's Department.
 - Law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).
 - Law enforcement activities are reported and discussed at board meeting.

Board Personnel

- The board currently staffs forty-two total employees with twenty-two working full time.
- General Manager has been with the board for over twenty years but is new in their current role. They have previously held the positions of assistant general manager, store manager, and clerk.
 - 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 focus on working directly with store managers, administrative staff, vendors, and ordering.
- The Assistant General Manager is new with the board and full time.
 - Their responsibilities include working to learn the finance officer's and other administrative tasks, and they serve as the warehouse manager for inventory, breakage, and pricing.
- The Finance Officer is full time, has been with the board for around four years, and they are compliant on ethics training.
 - Their responsibilities include account reconciliation, distributions, billing, payroll oversight, and working with the administrative team on budgets and other financials.
- All stores have a designated store manager, including the MXB outlet, and there is one manager who rotates between stores.
 - Their responsibilities include store inventory, schedules, employee discussions, and they report directly to the general manager.
- The board has one team member who only delivers products from the warehouse to stores and mixed beverage customers.
- 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 store managers and each store has a designated trainer.
 - The board has an on-boarding program hosted by the administrative team.
 - All store and administrative employees receive an annual performance review.
 - RASP training has been extended to most employees, with regularly scheduled events.
 - The board works to promote RASP training to permitted establishments.
 - A guide to spirits is provided to new employees and others periodically with an accompanying quiz.
 - The board has a special-order request form and system allowing customers to request products.
- Employee files are kept in a locked office and include tax and banking information, performance reviews, disciplinary documents, and personnel manual and other policy acknowledgements.
- 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, and all additional requirements of Rule 15A .1006.
 - The personnel manual includes copies of forms, other sample documents, and an acknowledgment sheet.
 - The board has a variety of additional policies in Commission records including:
 - Code of ethics
 - Mixed beverage sales and delivery
 - Allocated products
 - Board member milage
 - Credit card usage
 - Motor vehicle
 - Price discrepancy
 - Tastings
 - Shelf management
 - Investment
 - Spot bonus
- For travel, the board has chosen to follow the state's travel policy for compliance with G.S. 18B-700(g2).
 - The board has an additional policy to supplement members milage for visiting stores and other events, through a monthly per diem.

Operations

- Board personnel conduct full inventory weekly at all stores and twice weekly at their warehouse.
 - Counts are made using scanners or check lists and all team members participate with their manager's lead.
 - Investigations are conducted for discrepancies to include camera footage review.
 - Adjustments and transfers are made only by the administrative team.
 - Strategies for slow moving products include moving between stores and price reductions.
- Board receives deliveries for goods each Wednesday at their central warehouse.
 - Pallets are dropped and cases are checked against an offload spreadsheet and subdivided for each store.
 - Self-distribution from the warehouse is conducted similarly with some stores receiving shipments weekly and others bi-weekly.
 - Any variances are investigated over a five-day period, before notification is sent to LB&B.
- Liquor orders are made per store using min/max or by reviewing a 15-day sales history, with frequent adjustments to the min/max. The general manager reviews and processes the final order. Buy ins are conducted and the general manager adjusts store's orders based on warehouse stock status.
- Allocated products are split between stores with the MXB outlet receiving a share for their accounts. All products are shelved at opening on the first Saturday after receipt.
- The board has a website with general information about the board, contact, employment, pricing, frequent questions, and other helpful links.
- The board keeps thorough records for the destruction of unsaleable merchandise reports and unprocessed and historical records for these reports are available.
 - For compliance with NCAC 15A .1701(c), the board emails copies of the reports to the Commission at least quarterly.
- The board currently has around seventy-nine mixed beverage customer accounts.
 - Invoices are provided to permittees at the time of the transaction and signed copies are retained.
 - The board stamps bottles in the manner required by NCAC 15A .1901 but should verify their name is included on the stamp.
 - When being pulled, orders are checked by two team members, again before delivery, and a fourth time at the permittee's location.
 - The board delivers to many accounts except on Fridays. Permittees sometimes visit the warehouse to review current stock and product options, or for emergency orders.
- The board has an active and innovative tasting agenda program.
 - Stores managers are directed to implement frequent tasting events at their stores.
 - An event tracking document is supplied by the manager which records the products, quantities, dollar amounts, and other pertinent information for the event. *This document is provided to board members and assessed for productivity evaluation.*
 - The board's new store #7 has a permanent tasting station set up in the tradition of a bar.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed monthly by the finance officer.
 - The board pays many suppliers using ACH drafts and others are paid via check.
 - *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, finance officer, and the chairperson.
- While the finance officer does stamp invoices when they are being paid, the 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 and one at the administrative office. Itemized receipts are maintained and reviewed by the finance officer when the account is fully settled monthly.
- Each store has a change fund, and the board does not use petty cash.
- Each store uses two or three registers with tills starting at \$500.
 - Tills are verified at shift change and full-time employees have an assigned drawer.
 - Each employee makes a deposit which are verified by the store manager before being taken to the bank.
 - Deposits are made daily and at different times.
 - Finance officer verifies deposits match receipts with weekly copies being transfer to the administrative office on truck deliveries.
 - *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 bi-weekly with oversight from the finance officer using Traverse.
 - Store managers send time sheets which are verified to a summary report.
 - *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 Dare Program and to the county.
 - For compliance with G.S. 18B-805(h), the board receives a report from the Dare recipient on how funds were spent. *The board should verify this information is provided to the board of county commissioners.*
- The annual CPA audit was received by the Commission on September 19, 2024.
- All board members and the general manager and finance officer and store managers are bonded for at least \$50,000 per G.S. 18B-700(i) and G.S. 18B-803(b).

STORE INSIGHT & OVERVIEW

- Commission staff visited the board's administrative office, warehouse, MXB outlet, and three retail stores.
- The board's MXB store, warehouse, and administrative office are located in the same building, and store #7 is across a parking lot in another free-standing building.
 - This complex is approximately two years old and is designed to accommodate future growth in the specific vicinity as well as warehouse obligations for the whole system.
 - The board's store #5 is in an outparcel free-standing building within a shopping center.
 - The board's store #6 is in a multi-unit strip shopping center.
 - All stores visited are in high commercial and all are located directly on or in the vicinity of major thoroughfares.
 - Signage is easily viewable at all stores, and each include the board's brand logo.
- All facilities visited are well lit, modern, and organized.
 - Floors, counters, and shelves are clean.
 - Stores have alluring illuminated categorical signage.
 - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are displayed.
 - Quarterly price book and special priced items lists are available to customers.
 - North Carolina products are mixed throughout the stores with special shelf tags.
 - Outside areas around the buildings are free of trash and debris.
 - At least one store visited has an ATM.
- Shelf management practices are implemented, and a plan is now available.
 - 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 arranged so they increase in size left to right of the same item.
 - Special shelf tags are used to highlight all items on sale and all tags feature the board's logo.
 - Additional shelf tags are utilized to promote knowledge of products, customer service, and for awareness of surveillance cameras.
 - Brochures are available which offer customers general information about the board and provide a visual description of the revenue distributions.
- 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.
 - 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.
- Store hours vary per location with all stores opening at 9:00 am or 10:00 am. Most stores close at 9:00 pm with store #2 and #5 closing earlier.
- All stores are currently closed every Sunday, New Year's, Independence Day, Thanksgiving, and Christmas, and select stores close on other holidays.
- Security systems are in place and functional in all designated areas.
 - *The stores have at least 15 cameras, alarms, and panic buttons.*
 - *Deputies provide security at stores on holidays and weekends.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- Board member term end dates are not staggered to comply with G.S. 18B-700(a). Current term end dates have three members ending in one year, two in another, and a gap year. *The board should request their appointing authority realign term end dates to have no more than two and at least one each year.* Additionally, the board could consider requesting term end dates are realigned to end in the same month as there are currently both June and July end dates.
- While quality oversight on purchases is in place, 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.*
- 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.
- 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.
- 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. *All board member terms will end in the next twelve months and each appointed or reappointed member should satisfy the ethics training requirement when applicable.*

- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. ABC Boards can limit the number of personnel travelling to conference and convention events across the state. Other ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and credit card processing companies.

- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. *Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.*

- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.

- 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 (2016)

- To ensure correct pricing on the store shelves and in the computer system, audit shelf tags on a regular basis by incorporating this practice during or in between the regularly scheduled inventory counts.
- Adopt a policy on the use of the signature stamp.

While having addressed considerations from previous Commission review (2016), board should still monitor and strive to satisfy previously noted recommended actions.

CAVEN COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

Ken Morris, Chairman
Jack Veit, Member
Edward Heins, Member

Dred Mitchell, Vice Chair
Guy Gregg, Member
Brooke Saylor, General Manager

November 18, 2025

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

Subject: Follow-Up Response to Performance Audit – Craven County ABC Board

Dear Members of the ABC Commission,

On behalf of the Craven County ABC Board, I would like to extend our appreciation for the recent performance audit and the thorough review of our operations. We value the Commission's guidance and are committed to implementing the recommendations to ensure continued compliance and to enhance our operational effectiveness.

Regarding the areas identified for improvement, please find below our progress updates:

1. Preaudit Certificates on Purchase Orders:

The General Manager is now working directly with the Finance Officer to ensure all purchase orders and original liquor orders include the required signatures and preaudit certificates. This process is being followed consistently to meet statutory requirements and improve financial oversight.

2. Store Management Assignment:

The Board has designated the General Manager as the acting manager for Store #2 located in Vanceboro. This designation ensures proper oversight and accountability for store-level operations at that location.

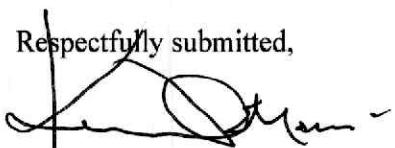
3. Working Capital Retention Discussions:

The Board is currently engaged in internal discussions regarding the possibility of retaining working capital amounts above the state-mandated minimum. These discussions focus on exploring long-range goals, potential capital improvement projects, and financial stability while remaining compliant with statutory guidelines.

4. Staggered Board Appointments:

The Board is actively working with the Craven County Commissioners to re-establish staggered board member appointments. Due to the unfortunate illnesses and passing of former members, previous appointment schedules were disrupted. The Board is now making every effort to return to the standard appointment structure and ensure continuity in governance.

Respectfully submitted,


Kenneth Morris

Chairman, Craven County ABC Board

11 18 2025
Month Day Year

Craven

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.

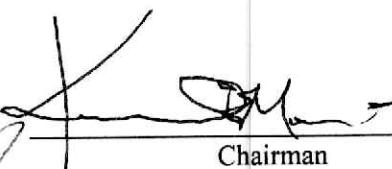
1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted 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.



General Manager



Financial Officer



Chairman



Board Member



Board Member



Board Member



Board Member