

Dunn ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
400 East Tryon Road, Raleigh, NC 27610
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ABC
COMMISSION
NORTH CAROLINA

TABLE OF CONTENTS

ABC Commission Statement	3
Objective, Purpose & Background Information ...	4
Financial Analysis, Observations & Findings	6
Actions and Additional Considerations	18-19
Previous Performance Audit Recommendations	20
Appendix A- Dunn ABC Board Response Letter.....	21-22



Alcoholic Beverage Control

October 28, 2025

CHAIRMAN:

Hank Bauer

Dunn ABC Board

Marc Phillips, Chair

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

555 Jackson Rd

Dunn, NC 28334

David Sherlin

Raleigh

Chairperson Phillips,

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 Dunn 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

The City of Dunn is in Harnett County in central North Carolina. It is the largest incorporated city and third largest community in the county. The city's population per the 2020 census was 8,446 residents, a decrease of 8.8% from 2010. The Dunn ABC Board operates two (2) retail stores and is one of three (3) boards in the county.

Chapter 1157 of the 1949 Session Law authorized the town of Dunn to hold an election for an ABC store upon a petition of at least fifteen percent (15%) of registered voters. The referendum was held on February 6, 1962, and passed 1,162 to 726. The first retail sale occurred on May 1, 1962. Mixed beverage elections were held on June 29, 1995 and July 17, 1998, and did not pass. A final mixed beverage election was held on October 30, 2001, and passed 1,190 to 712. The first mixed beverage sale occurred on December 7, 2001. Upon election of an ABC store, the town of Dunn was authorized to create an ABC Board consisting of a chairman and two members. In 2020 the city council voted to increase board membership by two members. Current board members are Marc Phillips, chair, Cindy Smith, Robert Jones, Jerry Smith, and Laura Warren.

The last performance audit for the Dunn ABC Board concluded in 2017. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On October 8, 2025, ABC Commission Program Analyst Edwin Strickland visited the Dunn ABC Board and interviewed the General Manager, Charles Willis, and Finance Officer Rosie Wilson. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



555 Jackson Rd.



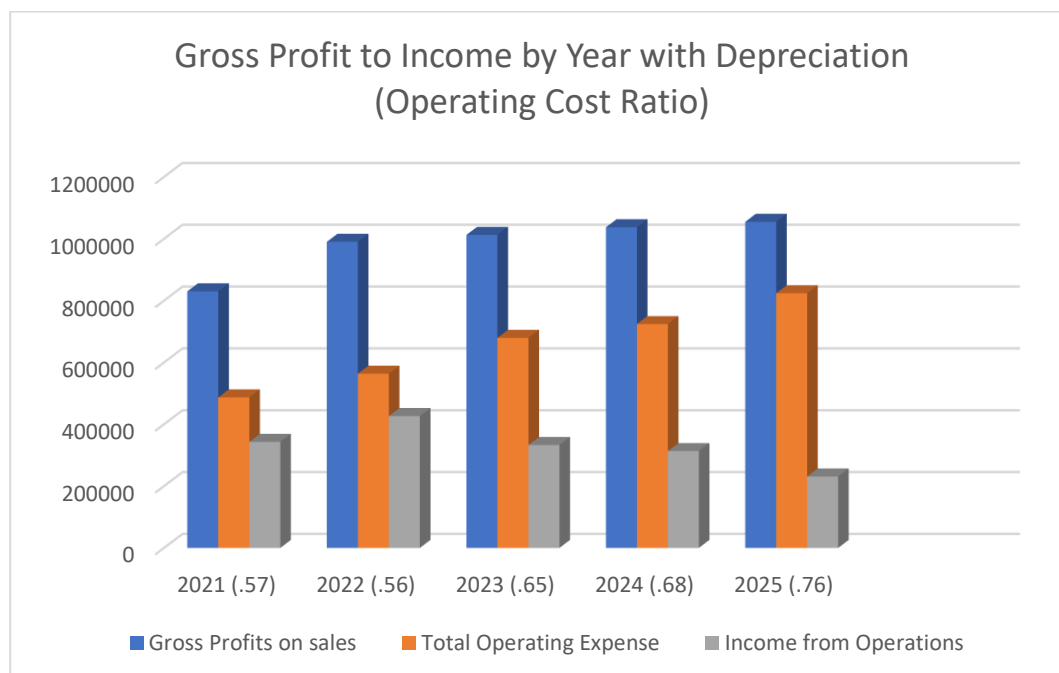
2400 W. Cumberland St.

FINANCIAL ANALYSIS

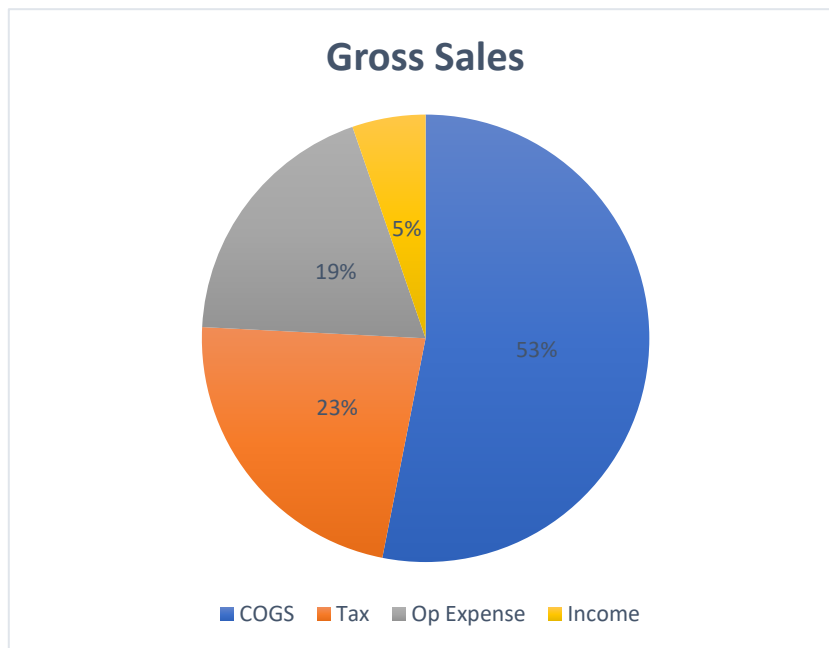
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Dunn ABC Board had a profit percentage to sales ratio of 5.3%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - Profit percent to sales for FY 2023-2024 was 7.28%.
 - The Dunn ABC Board's gross sales totaled \$4,362,586, which was an approximate 1.3% increase from the previous fiscal year.
 - The board's sales have grown almost 27% in the last five complete fiscal years.
- Dunn ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .76 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with two stores and mixed beverage sales is .73 or less.
 - Operating cost ratio is calculated by dividing total operating expense less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Dunn ABC Board did not meet the profitability standard or the operating cost standard set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses including depreciation, and income from operations for recent years.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$1,054,828	\$1,037,442
Total Operating Expense	(\$823,691)	(\$724,059)
Income from Operations	\$231,137	\$313,383



- 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, debt service. or as additional distributions beyond the minimum requirement.



- *Factors affecting sales:*
 - There are seven other ABC Boards with a store(s) within a 30-mile radius of a Dunn ABC store.
 - A 4.2% unemployment rate in Dunn in June of 2025 and June of 2024.
 - The board currently has approximately 17 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for around 7% of gross sales.*

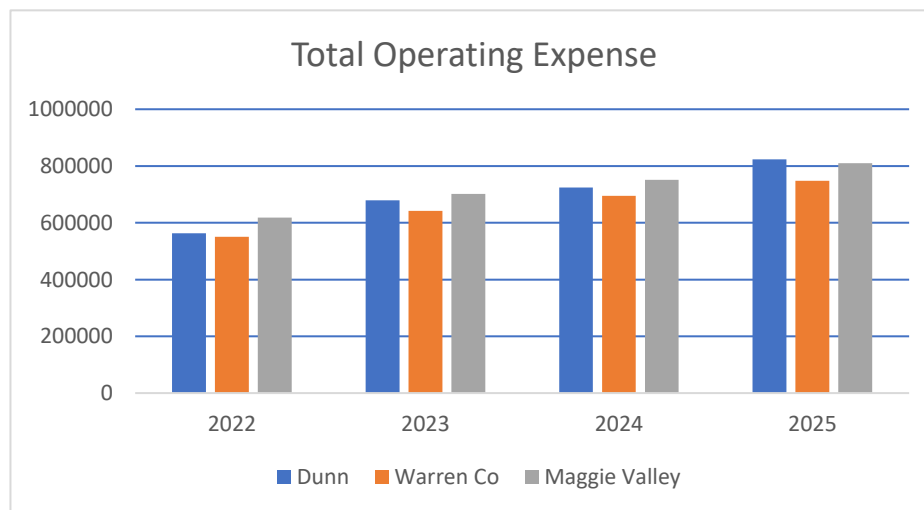
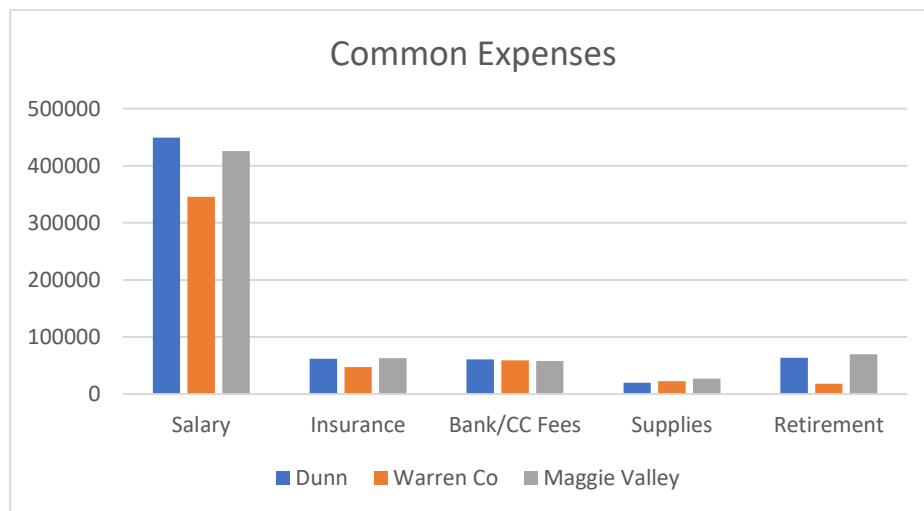
INVENTORY TURNOVER

- 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 Dunn ABC Board receives shipments the first four Fridays of each month with a target inventory turnover rate of near 6. The inventory turnover rate in (FY) 2024-2025 was 3.4, which is somewhat below the goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased by almost fourteen percent (14%) from the last fiscal year and were around nineteen percent (19%) of total annual sales in FY-24/25.
 - Board salaries were just over ten percent (10%) of total annual sales and increased around eighteen percent (18%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 53.1% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Dunn 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.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	<i>FY2024-2025 Actual</i>	Variance	Variance %
Total Revenues	\$4,371,300	\$4,371,373	\$73	-%
Total Expenditures	\$4,188,250	\$4,203,269	(\$15,019)	(.4%)
Distributions	\$183,050	\$183,850		
Revenue over/under Expenditures & Finance		(\$15,746)		
After Reconciling Items		\$56,074		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were very close to budget and expenditures were .4% above the final budget amendment.
 - The change in net position during the fiscal year was \$56,074. *The board's collective net position on June 30, 2025, was \$1,569,903; the net position has increased by forty-seven percent (47%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with three months (25%) of the budget year completed, the board is tracking at over 22% of annual budgeted sales.

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 2024-2025, Dunn ABC accrued funds for other statutory distributions totaling \$183,850 (Net profit distribution recipient(s) received \$150,000).
- The amount of \$989,220 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Harnett County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 100% to Dunn General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Dunn ABC board has made net profit distributions for last five (5) fiscal years at or 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 for three (3) the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for three (3) of the last five (5) FYs.

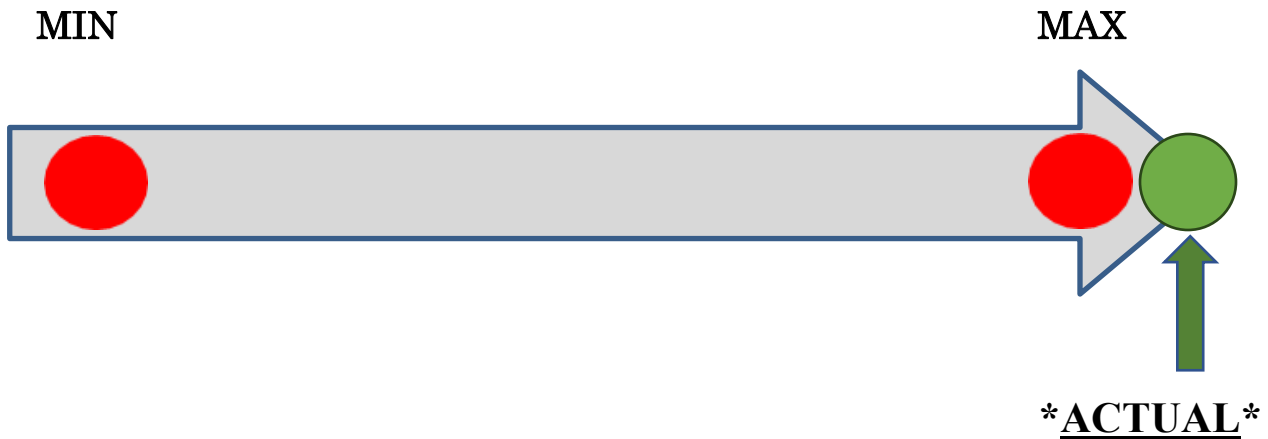
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Dunn ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$123,649	FY-2025	\$150,000
FY-2024	\$122,581	FY-2024	\$200,000
FY-2023	\$118,670	FY-2023	\$200,000
FY-2022	\$116,285	FY-2022	\$150,000
FY-2021	\$99,122	FY-2021	\$150,000

- Since inception, the board has made net profit distributions to their county and municipalities in the amount of \$5,574,375. *Over the last five years the board has made distributions accounting for more than 15% of their total historical distributions.*

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, 2025, the Dunn ABC Board is required to maintain a minimum working capital of \$129,745 with a maximum working capital amount of \$843,341.
 - The Dunn ABC Board had a working capital balance of \$909,593, which is more than the maximum allowed per Commission requirement for this section (*).

*** FY 2024-2025: 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 each receiving compensation for their services at the maximum \$150.00 per meeting and in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - Board members are currently compliant with the ethics training requirements.
 - Members are a mixture of initial appointees and multi-term appointments.
 - Members have professional experience in a variety of business sectors, education, administration, and other community organizations and local boards.
- Members have taken an oath of office per G.S. 11-7 and copies are available at the board's administrative office.
- Meetings are generally held on the fourth Tuesday of each month, and meeting dates are posted at both stores and on the city's website.
- Meeting minutes are organized, available, and follow all the order of proceedings to include the required no conflict-of-interest statement.
 - Financial data is provided and discussed at meetings to include statements of revenues and expenditures with comparisons, balance sheets, and sales for other ABC Boards.
 - 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 the Dunn Police Department from 2011.
- Law enforcement reports are submitted regularly by board personnel with data provided from Sgt. Sikorski with the Dunn Police Department.
 - The law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).

Board Personnel

- The board currently staffs fifteen total employees with four working full-time.
- The General Manager has been with the board since 2019, becoming the manager in 2020. He has many years of experience in a variety of other alcohol industry businesses.
 - He is responsible for all board operations, his salary is below the maximum allowable compensation per G.S. 18B-700(g1), and he is compliant with the ethics training requirement.
- The Finance Officer is full-time and has been with the board for around six years and has held this position since 2020.
 - Their responsibilities include all accounting related activities, and they serve as the mixed beverage and inventory coordinator.
- The board has a store manager for their #2 store and is currently planning to hire or promote a manager for their #1 store. The manager is responsible for their store's upkeep and other areas.
- 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 for new employees from management and seasoned employees and is on-the-job mentorship styled.
 - Board personnel use a modified new hire checklist.
 - Some cross-training opportunities are extended, and the board is considering assistant store managers for team building and back-up.
 - All employees have attended RASP training.
 - Product knowledge training is provided through conversations, a library in the administrative office, and is part of their performance evaluations.
 - Special order requests forms are used, and all product requests are considered.
- A file for each employee is kept in the administrative office and includes application, tax information, some documents related to call ins or other similar occurrences, and policy acknowledgment forms.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

Policies

- The board has a thorough personnel manual with additional policies that details various work requirements, behavioral standards, leave and other benefits, scheduling and holidays, and the requirements of Rule 15A .1006.
 - The manual includes policies for gift acceptance, alcohol sales, register shortages, price discrepancies, and others.
 - Additional policies on file with the commission include a code of ethics, allocated products, mixed beverage sales and delivery, and credit card usage.
- For travel, the board follows the reimbursement schedule for state employees in G.S. 138-6.

Operations

- Board personnel conduct full inventory quarterly at both stores with perpetual spot checks for stocking and other reasons.
 - Counts are made using scanners by multiple team members.
 - Variance reports are re-checked and reviewed by the general manager and finance officer before adjustments are made.
 - Strategies for slow moving products include price reductions, moving in or between stores, and employee-focused sales.
- The board receives deliveries of liquor most Fridays with deliveries alternating between their two stores.
 - Pallets are dropped and cases are down stacked using the order edit list which is cross-referenced with the manifest.
 - The administrative team and multiple other team members participate.
 - Any variances are recounted and balanced against store and warehouse stock before reports are sent to LB&B.
- Liquor orders are made by scanning each item and comparing 14-day sales to stock status.
 - Investments for buy in top selling products are made.
 - Additional considerations for buy ins are made for 750ml products popular with mixed beverage accounts.
- The board has an allocated product policy which clarifies shelving, purchase limitations, and eliminates requests for products to be held. A portion of these products are made available to mixed beverage customers.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. For compliance with Rule 15A 1701(c), the board regularly emails copies of the reports to the Commission quarterly.
- The board currently has around seventeen mixed beverage customer accounts.
 - Store #1 serves as their mixed beverage outlet.
 - Several checks and cross-checks are made by different team members to ensure order accuracy and to verify bottles are properly stamped.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles in the manner required by NCAC 15A .1901.
 - A mixed beverage sales policy is available for permittees.
- The board holds tastings at their store #2 and plans to continue.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed per truck by the finance officer.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are cut and signed by the finance officer, and counter-signed by the general manager.
 - The finance officer does pay a few suppliers via ACH disbursements.
 - The board has positive pay which is checked routinely by the finance officer.
- The finance officer preaudits stamps invoices for liquor purchases for compliance with G.S. 18B-702(m).
- The board maintains petty cash in their safe. Itemized receipts are retained until the cash is reconciled.
- Both the General Manager and Finance Officer have a board issued credit card.
 - The board's credit card policy defines usage and clarifies the process for maintaining invoices and receipts.
 - The cards are most frequently used for utility bills, gas, and supplies.
 - Reward points from their credit cards are or are planned to be invested for interest income.
- Cash-handling procedures are in place with multiple fund counts daily.
 - A clerk's sales and cash report is completed per shift to include denominations, checks, over/shorts, credit card totals and deposit amount.
 - The Finance Officer inputs deposits in a spreadsheet to cross-reference with their accounts and point of sale system.
 - The general manager and finance officer conduct month end reconciliation.
 - *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances.*
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- In FY 24/25, the board distributed a total of \$18,850 to a variety of alcohol education recipients including schools, programs, and individuals through scholarships. For general accountability and compliance with G.S. 18B-805(h), the board should ensure their meeting minutes describe the activity for which these funds are to be spent, and any agency or person receiving funds submits an annual report describing how the funds were spent.
- Payroll is processed weekly by the finance officer through QuickBooks.
 - Timesheets are used and compared with the schedule for review by the administrative team before payroll is processed.
 - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The annual CPA audit was received by the Commission on September 24, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i) and G.S. 18B-803(b).

STORE INSIGHT & OVERVIEW

- Store #1 is located near the interstate and a few blocks from the city's main thoroughfare.
 - The building is free standing, has ample parking, and a tall sign easily viewable from a distance.
 - The board tentatively plans to remodel the building in the near future to include a new office area and retail showroom expansion.
- Store #2 is located on the opposite side of the city and on the main throughfare in an area with other commercial and retail businesses.
 - The building is free standing with ample parking and both road and building signs.
 - The board has recently completed construction on a loading area to include 400 Sq ft of offload and storage space.
- The interior of the stores and warehouses are well lit and organized.
 - Floors, counters, and shelves are clean.
 - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are displayed.
 - Quarterly price books are available.
 - Category signs are prominently displayed.
 - There is not a North Carolina product section, and these products are found in their corresponding category. Shelf tags indicating NC products are used.
 - Specially priced items' shelf tags are highlighted or identified with a broker supplied sign.
 - Showrooms are modern, aesthetically appealing, and displays are utilized.
- Shelf management practices are implemented.
 - Products are fronted, dusted, and in their designated category.
 - 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.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items' shelf price tags at both stores 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.
- Hours for both stores are 10:00 am through 7:00 pm daily with both stores remaining open until 8:00 pm on Fridays and Saturdays.
- All stores are closed every Sunday, the five previously required holidays, and Memorial Day.
- Security systems are in place and functional in all designated areas.
 - *The store has cameras, alarms, and panic buttons.*
 - *All staff are aware that loitering is prohibited*

REQUIRED ACTIONS

- Item #1: The board's FY 2024/2025 audit indicates an excess in set working capital per NCAC 15A .0902(a)(2). The board should make additional distributions to their net profit recipient(s) to comply with administrative code. *Alternately, with approval from their appointing authority, the board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements per G.S. 18B-805(d).*
- Item #2: While the board has made attempts to receive reports on their Alcoholism Fund recipient's activities, the board should verify full compliance with G.S. 18B-805(h). *The board's meeting minutes should describe the activity(s) for which the funds are to be spent, and recipient(s) should submit an annual report describing how the funds were spent.*
- Item #3: 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.

RECOMMENDATIONS

- The board has already made an enterprising addition to one store and has plans for an additional remodel and expansion to their other store. The new plan includes more space for their administrative office and showroom. The board could consider the feasibility of additional warehouse space to accommodate what will likely be the availability of more products in the future. Moreover, additional warehouse space affords the board the opportunity to increase buy-in investments in specially priced liquor.

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

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.
- ABC Boards are required to work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. 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.
- Boards must keep full and accurate minutes of all official meetings, including all closed sessions, *referencing G.S. 143-318.10*. Regular minutes should make a general reference to the reason for closed session occurring. Closed sessions minutes could either be kept at the board location secured under lock and key, or with board attorney (or appointing authority attorney) for proper stewardship.
- 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.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2017)

- 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.
- Require any agency receiving funds for alcohol education/rehabilitation purposes to provide the board a report annually detailing how the funds were spent.
- Consider the following to increase traffic flow in both stores:
 - Utilizing resources that would provide effective practices, i.e. shelf management, customer service, and inventory management, using the board's sales history.
 - Modernizing both locations to generate more traffic and to further enhance customer shopping experiences and increase profits.
- All ABC Board meetings are required to be noticed to the public. Post signage at the store locations or with the city administrative offices.
- Adopt a personnel manual that incorporates board practices. The ABC Commission encourages ABC boards to model personnel policies and procedures of the appointing authority. However, certain ABC procedures must be clearly presented in the employee manual.
- Submit the required law enforcement activity information on the NC ABC Commission's website. If no information is available, submit "0" for all fields. In the future, all ABC boards are required to obtain law enforcement activity reports for agencies. G.S. 18B-501 (f) states "...every local board's ABC officers and those law enforcement agencies subject to an enforcement agreement entered into pursuant to subsection (f) of this section shall report to the local board, by the fifth business day of each month... The local board shall submit a copy of the enforcement report to the appointing authority and the Commission not later than five business days after receipt of the enforcement report by the local board."

While having addressed many considerations from the previous Commission review (2017), board should still monitor and strive to satisfy previously noted recommended actions.

CITY OF DUNN
ALCOHOLIC BEVERAGE CONTROL BOARD
PO BOX 70, DUNN, NORTH CAROLINA 28335

October 28, 2025

Mr. Edwin Strickland
ABC Board Auditor/Program Analyst
Boards and Pricing Section
400 E. Tryon Road
Raleigh, NC 27610

Mr. Strickland,

The Dunn ABC Board appreciates your support and joining us for our monthly Board meeting today to review the findings and recommendations from your recent performance audit conducted on October 8, 2025. This performance audit will help us to ensure compliance with the statutes and regulations set by the state of North Carolina and the ABC Commission. Please find below our responses to the findings and recommendations.

- Item # 1: *The Board will request approval from their appointing authority to set aside a portion of the remaining gross receipts as a fund for specific capital improvements per G.S. 18B-805(d).*
- Item # 2: *The Board's meeting minutes will describe the activity(s) for which the funds are to be spent, and recipients will submit an annual report describing how the funds were spent.*
- Item # 3: *In connection with the periodic audit, The Board has submitted a signed Certificate of Accountability to Commission personnel for recordkeeping.*

Respectfully,


Marc Phillips / Chairman

Board Members

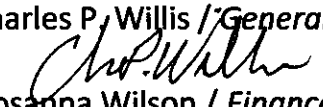
Cindy Smith

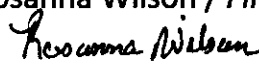
Rob Jones

Jerry Smith

Laura Warren

Charles P. Willis / General Manager


Rosanna Wilson / Finance Officer


Rosanna Wilson

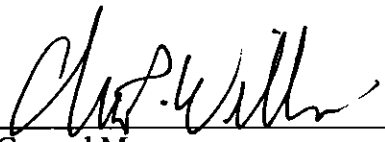
10 28 2025
Month Day Year

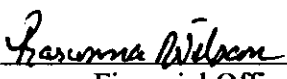
DUNN
ABC Board

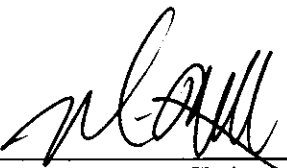
Certificate of Accountability

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).

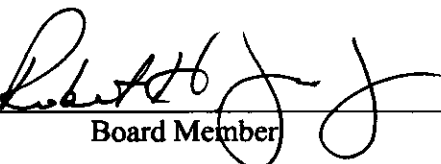

General Manager


Financial Officer


Chairman


Board Member


Board Member


Board Member

Board Member