

Gibsonville ABC Board

Performance Audit Report



TABLE OF CONTENTS

ABC Commission Statement	3
Objective, Purpose & Background Information	4
Financial Analysis, Observations & Findings	7
Recommended Actions & Additional Considerations	15-17
Gibsonville ABC Response Letter	18-21



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/>

October 13, 2026

Gibsonville ABC Board
Paul Koonts, Chair
112 Piedmont Ave
Gibsonville, NC 27249 -
2449

Chairperson Koonts,

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

Greg Stallings
Director Boards and Pricing

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, and Administrative Policies
- Review applicable reports and studies of ABC Boards with similar size and geography.
- 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.

Gibsonville ABC is located in Gibsonville NC. Gibsonville is a small town located in both Guilford and Alamance counties in central North Carolina, situated between Greensboro and Burlington. The community has a population of approximately 9,900 residents and has experienced steady growth over the past several decades. Its location provides residents with convenient access to the larger employment, shopping, educational, and entertainment opportunities available in the Greensboro and Burlington areas while maintaining the character of a smaller community.

Gibsonville has a long history connected to railroad, agriculture, gold mining, and textile manufacturing. The town developed around the railroad in the mid-1800s, with the first train arriving in 1855. Gibsonville was officially incorporated in 1871 and was named for Joseph Gibson, a local farmer who was involved in the development of the railroad. Gold was discovered in the area during the early 1800s, although mining never became the dominant industry. The arrival of the railroad helped establish Gibsonville as a commercial center serving surrounding farms and communities.

During the late 1800s and early 1900s, textile manufacturing became an important part of Gibsonville's economy. Several textile mills were established in and around the town, helping to create jobs and stimulate population growth. The community became known as the "City of Roses" because of the large number of rose bushes that could be seen by railroad passengers, particularly around the Minneola Mill. The rose remains an important symbol of Gibsonville and is reflected in the town's identity and community activities.

Today, Gibsonville has transitioned from its traditional industrial and agricultural economy into a large residential community with a mixture of local businesses, retail establishments, restaurants, and service-oriented businesses. The town's historic downtown remains an important focal point, with restored buildings, locally owned shops, restaurants, and community events. Downtown Gibsonville provides a small-town atmosphere and serves as a gathering place for residents and visitors.

The community places considerable emphasis on preserving its history and maintaining its downtown character. The Gibsonville Museum and Historical Society provides information about the town's past, while the historic railroad depot area and a restored red caboose highlight the important role the railroad played in the community's development. Annual and seasonal activities include Market Days, concerts, festivals, car shows, children's events, holiday celebrations, and other community gatherings.

Gibsonville also offers a variety of recreational and community services. The town provides parks and recreation programs, library services, police and fire protection, water and sewer services, street maintenance, planning and zoning, and other municipal services. Its location near Greensboro and Burlington makes it attractive to people who want access to larger metropolitan areas while living in a smaller-town environment.

Overall, Gibsonville is a growing community that combines its historic railroad and textile heritage with modern residential development. Its historic downtown, community events, local businesses, and convenient location along the Greensboro-Burlington corridor contribute to its appeal. The town's continued population growth reflects its role as both an established historic community and a convenient residential location within the central North Carolina Piedmont.

A referendum was held on October 4, 1988, and it passed. *Currently, the Gibsonville ABC Board has a chairperson, currently two board members, and a general manager on the ABC board.* The Gibsonville ABC Board currently operates one retail store. The board staff (7) total personnel. These include (3) full-time employees and (4) part-time personnel. The general manager is responsible for daily store operations including supervising personnel, inventory management, and various retail functions. The GM provides the board with fiscal management, administrative support, and oversees routine operations of the ABC store. Sales associate responsibilities include selling products, daily stocking, and floor upkeep & maintenance.

The last performance audit for the Gibsonville ABC Board occurred in 2024. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



112 Piedmont Ave, Gibsonville NC

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Tuesday, August 17, 2026, ABC Board Program Analyst II Eric McClary visited the Gibsonville ABC Board and interviewed Rodney Paul Jr (General Manager). Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.

FINANCIAL ANALYSIS

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2025-2026, the Gibsonville ABC Board had a profit percentage to sales ratio of 5.62%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales less than \$5M is 3%.
 - The Gibsonville ABC Board's gross sales totaled \$2,798,740, which was an approximate -2.12% decrease from the previous fiscal year.
- Gibsonville ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .68 in FY 2025-2026. The NC ABC Commission standard for ABC Boards with 1-2 stores and mixed beverage is .73 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).
- Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2025-2026	FY 2024-2025
Gross Profit on Sales	\$656,854	\$692,843
Income from Operations	\$157,388	\$211,055

Factors affecting profitability and cost include:

- Surrounding areas with other ABC systems which are within a 25-mile radius include Greensboro ABC, Alamance Municipal ABC, Liberty ABC, and Reidsville ABC.
- The board currently has approximately 10 active mixed beverage customers.

➤ FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased around 6.2% from the last fiscal year.
 - Cost of Goods Sold (COGS) was roughly 53.8% for the fiscal year with a normal range being 52% to 54%.

BUDGET ANALYSIS

	FY 2025-2026 Budget Projection	FY 2025-2026 Actual	Variance	Variance %
Sales	\$2,859,850	\$2,798,740	(61,110)	(0.02)
Revenue over or (under) Expenditures		\$93,356		

In reviewing the budget to actual analysis of the FY 2025-2026 financial audit, actual sales revenues were less than forecasted projections of (0.02%). After reconciliation, the change in the Board's end net position was \$1,794,994.

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).* Gibsonville ABC made a total of \$635,005 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), NC Department of Health & Human Services (NCDHHS), and the county commissioners of Guilford County.

Per the local enabling act, the distribution formula for recipients of net profits is as follows:

- *100% to Gibsonville General Fund*

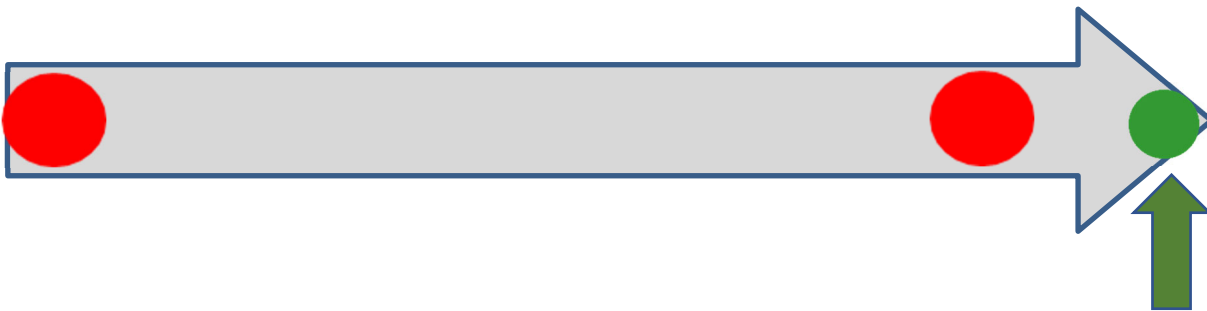
WORKING CAPITAL

- 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 more 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, 2026, the Gibsonville ABC Board is required to maintain a minimum working capital of \$83,196 with a maximum working capital amount of \$540,782.
 - The Gibsonville ABC Board had a working capital balance of \$945,047 which is more than the minimum and exceeds the maximum Commission requirements for this section (*).

*** FY 2025-2026: *Working Capital (WC)*graphic**

MIN

MAX



ACTUAL

Under 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.

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Gibsonville ABC Board has routinely made the minimum mandatory distributions to the designated recipients over the last three years referencing NCGS 18B-805(c)(1). **The table below references distributions calculated by CPA on the left and total net profit distributions made by the ABC Board for the last three (3) years on the right. An explanation is documented in the Recommended Actions Section.**
- Law Enforcement Distributions: Have been properly disbursed at or above the regular 5% statute amount over the last three (3) fiscal years.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount of the last three (3) years.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients <u>Note: Referencing CPA Audit Reports</u>		Gibsonville ABC Board Net profit distribution made annually by fiscal year	
CPA Calculated Amount		Total paid to recipient(s)	
FY-2026	\$79,001	FY-2026	\$88,000
FY-2025	\$80,831	FY-2025	\$88,000
FY-2024	(83,349)	FY-2024	\$84,000

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

Board Members

- ➤ The board consists of General Manager, 2 active members and a chairperson each receiving compensation for their services at a maximum of \$150.00 per meeting and in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered properly to comply with G.S. 18B-700(a).
 - All other Board members are currently compliant with the ethics training requirements.
 - Members have professional experience in the fields of Law Business and Education.
- All members have taken an oath of office per G.S. 11-7, and they are onsite.
- Meetings are generally held on the last Friday of the month at 9:00 a.m. The board announces the meetings by posting at the town office.

- Meeting minutes are organized, available, and follow all the order of proceedings.
 - Comprehensive financial data is provided and discussed at meetings to include quarterly computations from the board's auditor, sales comparisons and other expense reports.
 - 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 Town of Gibsonville Police Department dated 1989. The Commission will require an updated contract.
- Law enforcement reports are submitted regularly by Chief Ron Parrish.

Board Personnel

- The board currently staffs (7) total employees, with (3) full-time and (4) part-time.
- General Manager has served in this role with the board for over 9.0 years.
 - General Manager is full time; his salary is within the allowable compensation per G.S. 18B-700(g1).
 - The GM and members' responsibilities include full oversight of all daily store operations, human resources, ordering, inventory, and other operational tasks.
- The Finance Office is responsibilities are handles by the CPA firm Cobb, Ezekiel, Lloyd. The firm supports the general manager with many additional responsibilities, which include financial checks and balances and also reconciling the checking and savings accounts.
- The firm also provides the board with accounting-related duties and financial reporting.
 - These responsibilities include processing much of the information provided by personnel, providing financial reports for member review and providing general financial oversight and guidance.
- All other store employees are part-time 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 other personnel and consists of on the job and mentorship style.
 - Product knowledge training is conducted informally between management and team members.
- Employee files are kept in the administrative office and include tax and other applicable information.
- No conflicts pertaining to nepotism found and per discussion with 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 additional policies for customer relations, employee relations, equal employment opportunities, business ethics and conduct, intoxicated patrons, pricing discrepancies, and a job description for part-time employees.
 - Additional policies on file with the commission include a code of ethics, allocated products, and mixed beverage sales.
- For travel, the board follows the State's reimbursement schedule for local municipality employees in G.S. 138-6.

Operations

- Board personnel conduct full inventory twice annually and spot checks when needed at the board.
 - Counts are made by scanner. Variances are re-checked before being submitted to the administrative office.
 - The GM reviews and investigates discrepancies before adjustments are made.
- The board receives deliveries of liquor weekly, "Thursday".
 - Pallets are removed from the truck by the employees and placed in the warehouse by forklift. Products are hand delivered into the warehouse by the driver. The board does not have a loading dock.
 - Any variances are recounted and balanced against store and warehouse stock before reports are sent to LB&B.
- Liquor orders are made by the GM. with the assistance of the associate manager.
- 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 reports to the Commission as applicable.*
- The board currently has 10 mixed-beverage accounts active in the county.
 - MXB 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.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed for all deliveries and payments are processed via ACH within 30 days. There are a small number of orders that are paid by check.
 - *A sample of payment dates was reviewed and indicated invoices were paid within the thirty-day requirement.*
- Board's checks have the required disbursement certificate in compliance with G.S. 18B- 702(q). and are signed by the GM, and the asst GM.
- The GM and the Asst MGR. conducts reviews of liquor orders and the pre-audit stamp required by G.S. 18B-702(m) is being properly affixed to purchase orders.
- The general manager has a credit card, and it's kept in a secure location at the administrative office.
- Deposits are conducted daily. Deposit slips and other banking information are retained at the board's office.
 - *A review of one month's deposit information was conducted, and no discrepancies were found between deposits and register receipts.*
- The board has 1 register in each store's showroom. Tills start at \$100.00.
 - Drawers are counted at the beginning and end of each shift and a slip for each till is signed by the applicable employee.
- Funds are kept in a pooling bank approved by the North Carolina Treasury Office.
- Payroll is bi- weekly and processed by the and approved by the GM and asst GM.
 - Employees use a time clock to document hours worked. The GM makes the schedules.
- Board keeps thorough records for unsaleable merchandise reports and emails copies of the claims to the Commission regularly in compliance with NCAC 15A .1701(c).
- The annual CPA audit was received by the Commission on September 29, 2026.
- All board members and the general manager are properly bonded for \$50,000 per G.S. 18B-700(i).

STORE INSIGHT & OVERVIEW

- The board's administrative office is located off a small commercial thoroughfare,
 - Outside area surrounding the board is well-maintained and free of debris or trash.
 - There is ample parking, and deliveries are conducted at the board warehouse.
 - The floors are wood vinyl and very nice.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
 - Listings for specially priced items are printed and available for customers to review.
- The warehouse and administrative areas form a full horseshoe around the retail spaced.
 - The area is well lit and organized and can accommodate many cases.
- □ Shelf management practices are implemented.
 - Products are fronted and dusted, and most are placed in categorized areas around the store.
 - Premium products are generally found at eye level or top shelves at all retail locations.
 - Bottles are arranged so they increase in size from left to right.

- Sales associate interactions with customers are attentive, courteous, and the staff are very familiar with many of their patrons.
 - Price discrepancies are handled in the customers favor if the shelf tag were to be lower than the current price mandate.
- Stores are generally open from 9:00 am until 9:00 pm daily, Monday through Saturday. Besides closing on the two (2) required annual holidays and every Sunday, the board may opt to continue closing on New Year's Day, July 4th, and Labor Day annually.
- Security systems are in place and functional in all designated areas.
 - *The board has (82) security cameras.*

(RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES))

- 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.
- ABC Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b) “Howard Hendricks”.
- For the fiscal year ended June 30, 2025, the expenditures made by the ABC Board for capital improvements exceeded the authorized appropriations made by the governing board by \$31,631. Management and the Board will monitor the budget process closely in the upcoming year.
- The board is recommended to forward a current law enforcement contract. Please provide a copy to the Commission per G.S. 18B-501(f).

(GENERAL STATUTE REMINDERS)

- 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 utilized, occurring 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.*
- Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. Electronic copies of the personnel manual should be emailed to Commission personnel for recordkeeping. A MXB beverage delivery policy and a credit card policy is recommended to established authorized use (sample copy forwarded for consideration). A tastings policy is recommended if tastings are done routinely.
- 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.

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 Sept 30th.
- 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. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* 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 encouraged to closely review financial statements monthly, comparing with the annual budget forecast, approving budget amendments when necessary and submitting copies to the Commission for anticipated sales increases as well as other adjustments for budgeted accounts.
- 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.
- NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise (breakage) and retain original copies for three (3) years. *All breakage reports should only be transmitted via email submission to Commission staff; copies should not be mailed.*
- 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.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission as well as partnering with other ABC boards on specific areas such as best retail and marketing practices.

9 25 2026
Month Day Year

Gibsonville
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).

Barry D. Paul Jr.
General Manager

Eric B. Richmond
Financial Officer

Paul K...
Chairman

Cheryl H. McNamee
Board Member

Howard O. Hendricks
Board Member

E.
Board Member

Board Member

Official Response to the Performance Audit

Town of Gibsonville Alcoholic Beverage Control Board

North Carolina Alcoholic Beverage Control Commission
400 E. Tryon Road
Raleigh, NC 27610

September 25, 2026

Dear Mr. McClary,

On behalf of the Town of Gibsonville Alcoholic Beverage Control (ABC) Board, we would like to thank you for your continued support and for the valuable recommendations provided following the recent periodic performance audit.

We appreciate the Commission's guidance and recognize the importance of implementing the recommended improvements to strengthen operational efficiency, enhance internal controls, and ensure compliance with applicable laws and regulations.

Please find below the Board's responses to the audit findings, including the corrective actions planned or implemented and the anticipated completion dates. The Board and management are committed to addressing each finding and maintaining accountability throughout the implementation process.

I. Certificate of Accountability

Audit Recommendation:

In connection with the periodic audit, the Certificate of Accountability attestation form should be reviewed and signed by all board members and applicable personnel. Once completed, a signed copy should be submitted electronically to the Commission for recordkeeping.

Board Response and Corrective Action:

The Gibsonville ABC Board will ensure that all board members and applicable personnel review and sign the Certificate of Accountability attestation form. Upon completion, a signed copy will be submitted electronically to the North Carolina ABC Commission for recordkeeping.

Target Completion Date: October 2026

II. Board Member Ethics Training

Audit Recommendation:

Pursuant to N.C.G.S. § 18B-706(b), all ABC Board members must complete ethics training within one year of their initial appointment and following each reappointment. This requirement applies to Howard Hendricks.

Board Response and Corrective Action:

The Gibsonville ABC Board will ensure that all board members complete the required ethics training within one year of their initial appointment and each subsequent reappointment. Additionally, the Board will provide the North Carolina ABC Commission with a certificate of completion documenting Howard Hendricks' ethics training.

Target Completion Date: October 2026

III. Capital Improvement Expenditures and Budget Oversight

Audit Finding:

For the fiscal year ended June 30, 2025, the Board's expenditures for capital improvements exceeded the appropriations authorized by the governing board by \$31,631. Management and the Board were advised to closely monitor the budget process during the upcoming fiscal year.

Board Response and Corrective Action:

The Board and management will strengthen budget monitoring procedures to ensure that expenditures remain within approved appropriations. Budget performance will be reviewed regularly, and appropriate action will be taken when necessary to maintain compliance with approved budgetary limits.

Status: Completed September 2026

IV. Law Enforcement Contract

Audit Recommendation:

The Board should provide the Commission with a current law enforcement contract in accordance with N.C.G.S. § 18B-501(f).

Board Response and Corrective Action:

The Gibsonville ABC Board will review and update its existing law enforcement contract to ensure that it reflects current requirements and operational needs. Upon completion, a copy of the updated contract will be submitted electronically to the appropriate North Carolina ABC Commission personnel.

Target Completion Date: October 2026

V. Budget Amendments and Fiscal Year-End Reconciliation

Audit Recommendation:

ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the Board before funds are transferred between accounts or expended in accordance with revised appropriations. Amendments should be adopted when adjustments become necessary, including when actual or anticipated sales exceed the annual forecast. Copies of budget amendments must be submitted to the Commission as required by N.C.G.S. § 18B-702(h), including a final budget amendment reconciling the budget at fiscal year-end.

Board Response and Corrective Action:

The Gibsonville ABC Board will ensure that all necessary budget amendments receive Board approval before implementation and that copies are submitted to the North Carolina ABC Commission in accordance with N.C.G.S. § 18B-702(h). Management will monitor budget performance throughout the fiscal year and ensure that a final reconciliation amendment is completed and submitted at fiscal year-end, as applicable.

Implementation Timeline: Ongoing, as needed throughout each fiscal year

VI. Board Policies and Procedures

Audit Recommendation:

In accordance with NCAC 15A .1102, newly adopted and revised policies should be submitted

electronically to the Commission for review and recordkeeping. An electronic copy of the personnel manual should also be provided. The Commission further recommends establishing or updating policies addressing MXB beverage delivery, credit card usage, and routine tastings, as applicable.

Board Response and Corrective Action:

The Gibsonville ABC Board will review its existing policies and procedures and identify areas requiring revision or the development of new policies. This review will include the personnel manual, MXB beverage delivery procedures, credit card usage, and tasting activities, as applicable to the Board's operations. All new and revised policies will be presented for appropriate approval and submitted electronically to the North Carolina ABC Commission for recordkeeping and review.

Target Completion Date: January 2027

VII. Working Capital Limits and Governing Authority Approval

Audit Recommendation:

ABC Boards must maintain working capital within the minimum and maximum limits established under NCAC 15A .0902(a)(2). When a Board exceeds the maximum working capital limit during a fiscal year due to planned capital improvements, written approval must be obtained from the applicable county or municipal governing authority in accordance with N.C.G.S. § 18B-805(d), and the approval must be forwarded to the Commission. Obtaining the required documentation before exceeding the maximum working capital limit is the preferred approach.

Board Response and Corrective Action:

The Gibsonville ABC Board will review and update the existing resolution or agreement with the Town of Gibsonville, as necessary, to ensure that the documentation appropriately addresses working capital requirements and applicable approvals. The updated documentation will be submitted to the North Carolina ABC Commission upon completion.

Status: Completed October 2026

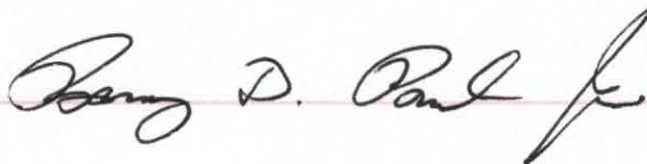
The Town of Gibsonville ABC Board appreciates the Commission's continued guidance and assistance. The Board and management remain committed to implementing the recommended corrective actions, strengthening internal controls, maintaining compliance with applicable statutes and regulations, and promoting responsible and effective management of the Board's operations.

Thank you for your time and consideration. Please do not hesitate to contact us if additional information or documentation is required.

Respectfully submitted,



Board Chairman



General Manager

Town of Gibsonville Alcoholic Beverage Control Board