

Hyde County ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

February 23, 2026

CHAIRMAN:
Hank Bauer

Hyde County ABC Board
Meredith Nicholson, Chair
20121 US Hwy 264.
Swan Quarter, NC 27885

COMMISSIONERS:
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Chairperson Nicholson,

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 Hyde 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.

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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 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

Hyde County is in eastern North Carolina, and the seat is Swan Quarter. The county is most known for its recreational and wildlife opportunities from its waterways and rural lands, and as a tourist destination with the outer banks and other opportunities. The estimated population as of 2024 is 4,583 permanent residents with little change from the 2020 census. The Hyde County ABC Board operates two (2) retail stores and is the only board in the county.

G.S. 18A-51 (later modified as G.S. 18B-601 (c)) authorized Hyde County to hold an election for an ABC store. The referendum was held on July 29, 1975, and passed 527 to 277. The first retail sale occurred on August 1, 1978. Subsequent mixed beverage elections occurred in 1994 and 2002 and did not pass. A third mixed beverage election occurred on August 22, 2006, and passed. Upon vote passage, the county was required to create an ABC board consisting of a chairperson and two board members. Current board members include Meredith Nicholson, Chair, Glenda Williams and Richard Waldrop.

The last performance audit for the Hyde County 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 December 17, 2025, ABC Commission Program Analyst Edwin Strickland visited the Hyde County ABC Board and interviewed the General Manager, Victoria Gibbs. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



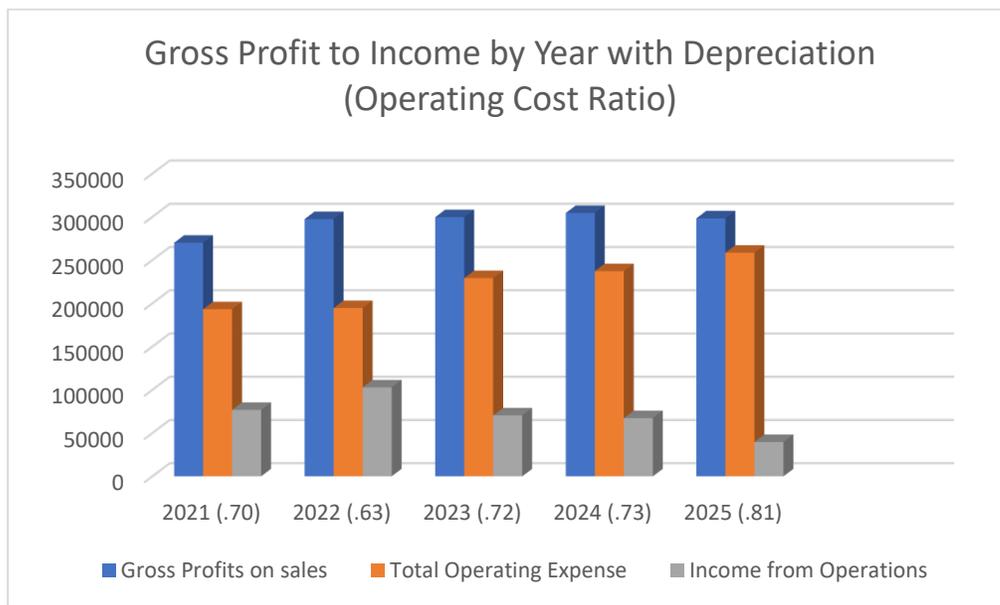
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FINANCIAL ANALYSIS

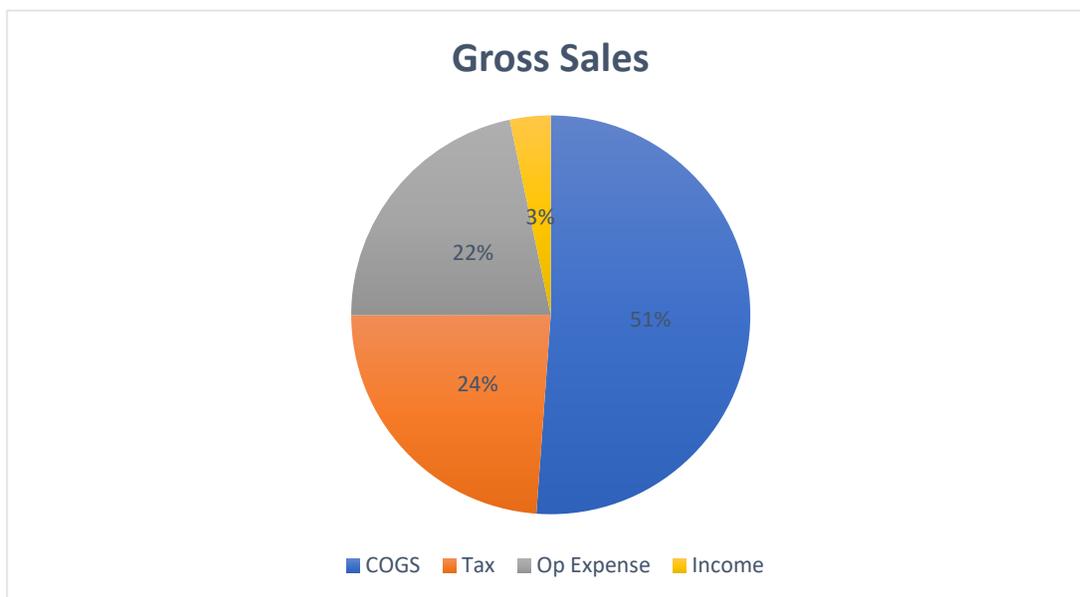
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Hyde County ABC Board had a profit percentage to sales ratio of 3.35%. The NC ABC Commission profit to sales historical standard for ABC Boards with gross sales less than \$2M is 5%.
 - *The profit percent to sales ratio over the previous four completed fiscal years were 5.69%, 5.95%, 9.04%, and 7.32%, respectively.*
 - The Hyde County ABC Board’s gross sales totaled \$1,187,298, which was an approximate .5% increase from the previous fiscal year.
 - The board’s sales have grown over 13% in the last five complete fiscal years.
- Hyde County ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .81 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales is .73 or less. *Previous four years are in the chart below.*
 - 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).
- While the Hyde County ABC Board did not meet the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2024-2025, the board has met both standards for the four most recent completed fiscal years.
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$298,298	\$304,499
Total Operating Expense	(\$258,569)	(\$237,199)
Income from Operations	\$39,729	\$67,300



- 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.



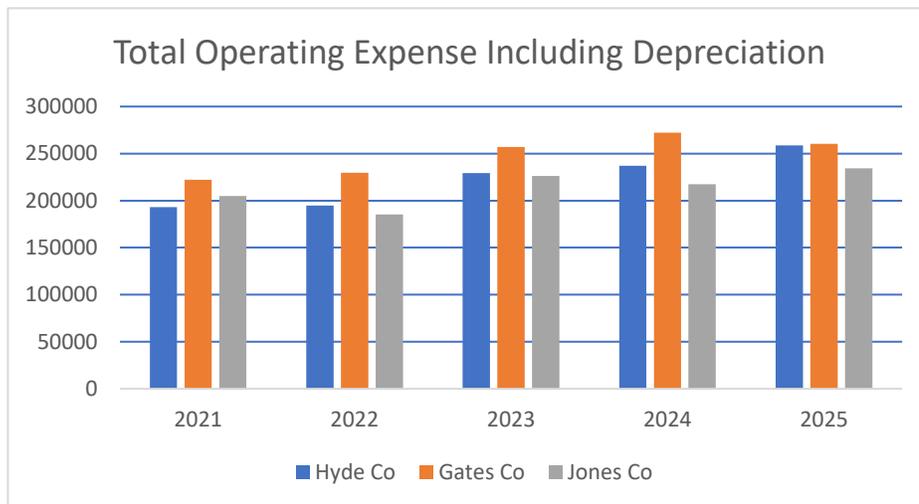
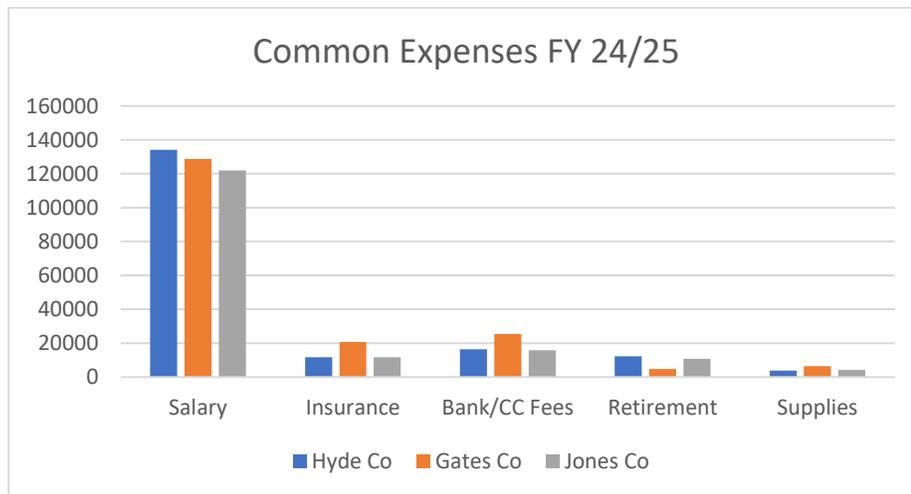
- *Factors affecting sales:*
 - While all counties surrounding Hyde County have an ABC Board, there is only one store within a 30-mile radius of a Hyde County ABC store.
 - A 4.2% unemployment rate in Hyde County in June of 2025 with a .1% increase from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
 - According to the ABC Commission’s website, there are approximately 7 active mixed beverage customers in the county. *In FY 2024/2025 mixed beverage accounted for around 29% 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 Hyde County ABC Board receives shipments either once or twice a month with a target inventory turnover rate of around 5. The inventory turnover rate in (FY) 2024-2025 was 4, which is slightly below the official goal but in a sufficient range when factoring the board’s unique variables.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased around nine percent (9%) from the last fiscal year and were almost twenty-two percent (22%) of total annual sales.
 - Board salaries were about eleven percent (11%) of total annual sales and increased around nine percent (9%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was 51.1% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Hyde 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 be unreliable, as different CPAs may allocate costs to line items inconsistently.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$1,184,600	\$1,190,035	\$5,435	.5%
Total Expenditures	\$1,151,783	\$1,133,760	\$18,023	1.6%
Distributions	\$40,600	\$35,693		
Revenue over/under Expenditures & Finance		\$20,582		
After Reconciling Items		\$6,773		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were .5% above the final budget amendment and expenditures were 1.6% below the final budget amendment.
 - The change in net position during the fiscal year was \$6,773. *The board’s collective net position on June 30, 2025, was \$378,023; the net position has increased by over fifty-seven percent (57%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with six months (50%) of the budget year completed, the board is tracking at around 56% 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, Hyde County ABC accrued funds for other statutory distributions totaling \$35,693 (Net profit distribution recipient(s) received \$32,065).
- The amount of \$282,518 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Hyde County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 100% to Hyde County General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

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

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Hyde County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$32,065	FY-2025	\$32,065
FY-2024	\$32,000	FY-2024	\$32,000
FY-2023	\$32,011	FY-2023	\$32,333
FY-2022	\$30,874	FY-2022	\$31,000
FY-2021	\$28,850	FY-2021	\$28,850

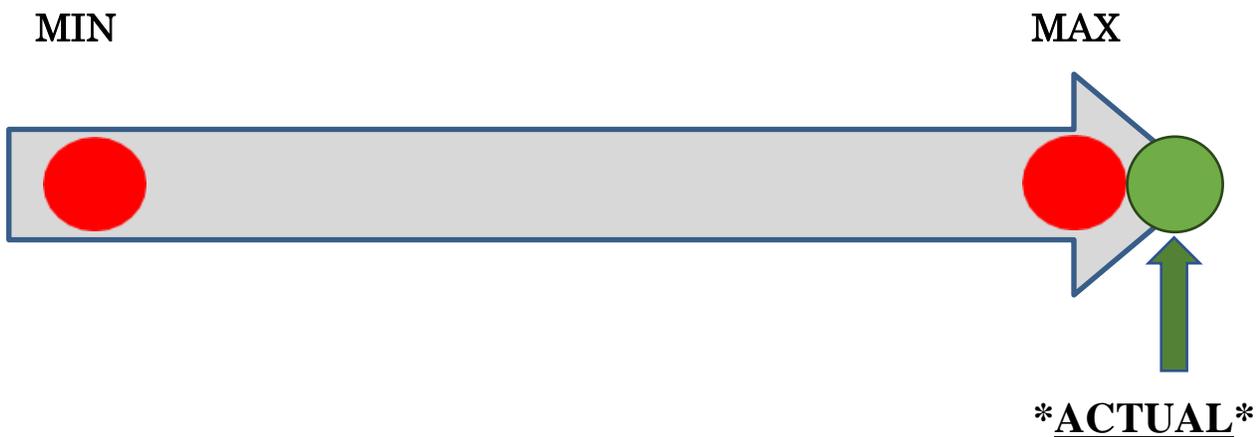
- Since inception, the board has made distributions to the Hyde County Board of Commissioners in the amount of \$249,982. *Almost sixty-three percent (63%) of this has been distributed in the last five fiscal years.*

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 less than \$1.5M as an amount equal to four (4) 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 Hyde County ABC Board is required to maintain a minimum working capital of \$34,799 with a maximum working capital amount of \$301,593.
 - The Hyde County ABC Board had a working capital balance of \$319,157, 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.
- In 2025, the Hyde County Board of Commissioners approved the Hyde County ABC Board's request to exceed their working capital maximum allowance by \$60,000 for capital improvements at the Swan Quarter warehouse and office facility.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

Board Members

- The board consists of two members and a chairperson whose per meeting compensation for their services has been approved by their appointing authority in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - Two members are serving successive terms, and one is in their first term.
 - All are compliant with the ethics training requirements with one recently reappointed member needing to fulfill the requirement in the coming months.
 - Members may have taken an oath of office per G.S. 11-7 but copies of the oaths are not available at the board's administrative office.
 - Members have professional experience in governmental audit, non-profit and community organizations, and business education.
- Meetings are generally held on the second Monday of each month, and announcements for the meetings are posted on the county's website and at the county office.
- Meeting minutes are organized, available, and follow all the order of proceedings and reference the no conflict of interest statement.
 - Financial data is presented and discussed at board meetings to include balance sheets and monthly and yearly profit and loss statements.
 - 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 Hyde County Sheriff's office from 2015.
- Law enforcement reports are submitted regularly by the general manager with data supplied by Captain Joseph Smith. The reports sometimes contain data for accountability as outlined in G.S. 18B-501(f1).
 - *The board could consider reviewing the reporting requirements with their contracted law enforcement agency and request more detailed reports for accountability.*

Board Personnel

- The board currently staffs two full-time and five part-time employees.
- The General Manager is responsible for all board operations and was previously a salesclerk with the board.
 - Her salary is in compliance with G.S. 18B-700(g1), and she is compliant with the ethics training requirement.
- The Finance Officer was formerly an active employee at store #2 but currently works remotely. They are responsible for most accounting-related activities for the board.
- The board does not have an officially designated manager for store #2
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees is on the job and mentorship styled.
 - Initial product knowledge education is conducted by the manager walking the store with new employees to discuss the basics of liquor and product types. Additionally, new products are discussed regularly as are recipes for mixed drinks.
 - Cross training opportunities are extended when available.
 - RASP training has been attended by all store #1 employees and some from store #2.
- A file for each employee is kept in the board's office and includes tax, banking, and other employment documents, and any applicable written disciplinary notices.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

Policies

- The board should adopt and provide the Commission a signed policy containing a code of ethics as required by G.S. 18B-706. *An approved template is available on the Commission's website.*
- The board has a personnel manual which covers some requirements of Rule 15A .1006 and was originally approved in 1999.
 - The board has been working to update their personnel manual and should consider the following additions: promotion, transfer, demotion, and suspension of employees; separation and termination of employees; and employee grievance procedures.
 - The current personnel manual includes a gift acceptance policy that does not correspond with G.S. 18B-201(d), or the provisions of G.S. 133-32.
 - In addition to the personnel manual, the board has an approved policy to limit deposits until they reach an approved monetary level at their store #1, and a mixed beverage delivery policy.
- As the board is already revising its personnel manual, it may consider using the template available on the Commission's website and modifying the language to reflect current practices, thereby ensuring compliance with Rule 15A .1006
 - Additional policies not covered in the personnel manual that should be considered include, a revised gift policy, overages and shortages, and price discrepancy.
 - Policies not on file with the Commission that could be considered include credit card usage, mixed beverage procedures, and allocated product sales.
- For travel, the board follows the state travel plan per G.S. 18B-702(g2).

Operations

- Board personnel conduct full inventory monthly at both stores with perpetual spot checks.
 - All team members participate.
 - Variances are recounted before adjustments are made by the general manager, who, in turn, submits the adjustments to the finance officer for updates and oversight.
 - *A sample of products was inventoried during Commission visit at store #1 with no discrepancies noted.*
 - Strategies for slow-moving products include moving between stores and the board has done price reductions in the past.
- The board receives deliveries of liquor at store #1 on the second Tuesday of each month all year and an additional delivery on the fourth Tuesday during their peak season.
 - Pallets are dropped and down stacked using the manifest.
 - Any variances are re-checked before a discrepancy report is issued to LB&B.
- The General Manager makes the liquor orders by comparing a thirty-day sales history to current stock status.
 - Monthly SPA lists are reviewed and buy in investments are made when logical.
 - Special order requests are considered by the general manager on a case-by-case basis.
- The board retains breakage reports and includes the reports for credit with their suppliers. Although the board does not frequently have many breakage reports, for compliance with Rule 15A 1701(c), board personnel should email copies of any reports to the Commission quarterly.
 - *Since Commission visit, the board has submitted all breakage forms through 2025.*
- The board currently has seven active mixed beverage customer accounts.
 - Orders are phoned in or brought to the store(s).
 - Orders are checked by employees and again with the permittee at the transaction.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles as required by NCAC 15A .1901.
- Some allocated products are reserved for mixed beverage customers. A list is kept for local residents who are called and given the opportunity to purchase, and the board has done drawings for allocated products previously.
- The board has not held tastings.
- The board does not have a website or social media accounts.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed monthly by the general manager with most other bills being paid by the finance officer.
 - Checks are cut and signed by the general manager and counter-signed by the board's chairperson.
 - The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - *A sample of payment dates reviewed indicates orders are paid within the thirty-day requirement.*
- The preaudit certificate is not utilized because of the limitations with a remote finance officer. *The board could consider methods to accommodate the provisions of G.S. 18B-702(m) regarding the preaudit/preauthorization of non-recurring payments by the finance officer.*
- The board has positive pay with their bank and send applicable lists monthly and reviews their deductions regularly.
- The board has a credit card issued to the general manager and all receipts are retained at the board's office and the account is paid in full monthly.
- The board's store #2 has petty cash. Itemized receipts are retained, and the account is settled monthly.
- Cash-handling procedures are in place and known by all staff.
 - Sales associates are responsible for counting tills and deposits are made per store to match the register tape.
 - Nightly deposits are made at store #2.
 - The board has an approval to stagger deposits at their store #1 and they generally make deposits twice weekly.
 - The administrative team routinely verifies actual deposits match the register totals.
 - *A small sample of recent deposits were reviewed with no significant variances noted.*
 - The finance officer conducts full month end reconciliation for accounts.
- Payroll is processed biweekly through QuickBooks.
 - Employees clock in through IMS at store #1 and timesheets are used at store #2.
 - Both the General Manager and Finance Officer review time before processing.
- The annual CPA audit was received by the Commission on October 16, 2025, later than the September 30th requirement.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i). *At Commission visit it was not established if store managers were bonded as required by G.S. 18B-803(b).*
- The board distributes their alcoholism funds to their appointing authority and receives a letter annually from the county's health department describing how the funds were spent.

STORE INSIGHT & OVERVIEW

- Commission staff was unable to visit store #2 on Ocracoke Island but did visit the board's administrative office and store #1 in Swan Quarter. This store is centrally located on a major thoroughfare for the county and between several of the largest residential communities.
 - The store has easily viewable road and building signs, and adequate parking.
 - The exterior and applicable surrounding areas are well maintained and free of trash and debris.
- Store #1 is a counter-service store. *Store #2 is self-service.*
 - The foyer is clean and professional, has a news board for the local community, and special price lists are displayed.
 - The sales counter has displays but is not overly cluttered, and a quarterly price book is available.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is prominently displayed.
 - Products that are not always available but expected to be strong sellers are displayed within view of the sales window.
 - Special shelf tags for North Carolina Products are used at both stores.
- Shelf management practices are mostly implemented although not necessarily required at a counter store.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are generally arranged so they increase in size left to right of the same item.
- Shelf space at Store #2 is limited but staff follow shelf management guidelines when possible.
- A small sample of items were selected to determine if uniform pricing is displayed with no variances noted.
- For Store #2, price discrepancies should be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers. *Excellent customer service and salesmanship witnessed during Commission visit*
- Store #1 opens daily from 10:00 am until 6:00 pm Monday through Saturday. Store #2 opens daily at 11:00 am and closes between 6:00 pm and 7:00 pm depending on the season and sales volume.
- All stores are closed every Sunday, the five previously required holidays and store #1 is closed on Memorial Day.
- Security systems are in place and functional at store #1 with some planned updates for security cameras at store #2.

REQUIRED ACTIONS

- Item #1: Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: To comply with G.S. 18B-706(a) the board should adopt a policy containing a code of ethics to guide actions of the board members and personnel in the performance of their official duties.
- Item #3: *For full compliance with G.S. 18B-803(a)(b), the board should employ a store manager for each store it operates, and ensure each manager is bonded in an amount not less than fifty thousand dollars (\$50,000).*
- Item #4: The board should work to ensure each fiscal year's audit is submitted to the ABC Commission on or before September 30 of each year.
- Item #5: As the board is currently working to update their personnel manual, they should reference Rule 15A .1006 and ensure all provisions of this rule are addressed in the updated manual. Additionally, the board should include in their personnel manual a revision of their gift acceptance policy to correspond with G.S. 18B-201(d). *This can often be most easily accommodated by using the template provided on the Commission's website and simply revising verbiage as needed.*
- Item #6: While not typically an issue, the board should craft a price discrepancy policy that adheres to NCAC 15A .1705(b). If a shelf tag price is mistakenly lower than the current published price and a customer objects, board personnel should honor the shelf tag price and immediately correct the shelf price. Once adopted, the board should provide the Commission with a written copy.
- Item #7: 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

- While the board already has quality oversight and well-established procedures in place, the board could consider adopting in writing an updated policy for the use of the board's credit card(s). *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.*
- The board could consider having a written policy for their sale of allocated products and mixed beverage sales. *In addition to establishing guidelines, these policies can be informative to patrons who question your current distribution of these high demand products or new and existing mixed beverage customers who wish to adjust their usual ordering practices.*

- While quality controls are already in place with a board member and the general manager signing checks, the board should reestablish full compliance with G.S. 18B-702(p). Checks or Drafts Signed by Finance Officer. – Except as otherwise provided by law, all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer. The chairman of the local board or general manager of the local board shall countersign these checks and drafts.
 - In conjunction with this action item and other provisions of G.S. 18B-702, the board could simply “properly” designate the chairperson or other personnel as a deputy finance officer.

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.
- Board members and applicable personnel are encouraged to satisfy the requirements of G.S. 18B-706(b) and Rule 15A .2001 in a prompt manner and before the twelve (12) month mandate. *The board currently has one reappointed member who will need to complete the required training in the coming months.*
- 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.
- 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)

- Consider a computer system that would provide accurate calculations for taxes and cost of goods sold.
- Ask the Commission for a waiver in making daily deposits.
- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
- Consider providing training to other key employees in specific areas, such as inventory management, in the event the general manager is unavailable.
- Adopt a code of ethics to guide local board members and employees of the local board.
- Adopt a travel policy that conforms to the state travel policy or the appointing authority's travel policy. If adopting the appointing authority's travel policy, ask for a written approval from the county allowing the board to adopt the policy. Send a copy of the written approval from the county, a copy of the town's travel policy, and a copy of the ABC board's travel policy to the Commission.
- Update and adopt an employee manual detailing the specifics of employee responsibilities, benefits, if any, procedures, and other policies. Include an addition to the employee handbook detailing what would occur in the event an employee were found to have sold to an underage person. Once completed, provide copies to all employees for acknowledgement. Require all employees to sign an acknowledgement of receipt and include in all personnel files.
- Adopt a mixed beverage policy that details the current practice of ordering, delivery, pickup, and payments.
- Adopt a policy that specifies the procedures to follow when a product price varies between the shelf and the register.
- To ensure strong internal controls for credit card purchases, adopt a written credit card usage policy.
- Monitor budget more closely, particularly towards the year end, to determine whether amendments are needed. Amendments are required when expenses are over budget or have not been budgeted for and when sales are not meeting or are exceeding budgeted amounts.
- Submit all law enforcement activity reports by the 10th of the month. *Refer to Appendix A (6) for statute.*
- To save time, eliminate stamping and signing each liquor invoice; place the pre-audit certificate on the order to LB&B. Authorization should occur before the transaction takes place.
- Pay all liquor invoices within thirty days of receipt.

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

Compliance letter to ABC Commission from Hyde County ABC

After our Performance Audit Review with Edward Strickland, we have adopted and made the following changes to satisfy NC Rules and Requirements.

1. **Certificate of Accountability** signed and included in attachment
2. **Notarized Signatures of Board members Oath of Office:** Signatures are in the Hyde ABC individual file folders in Swan Quarter. You did not require a copy for your records.
3. **Deputy Finance:** We were asked to appoint Board Members for the purpose of signing checks in Gary's absence. Meredith Nicholson and Glenda Williams agreed to the position for this purpose only.
4. **Turn in Audit on time:** We have always turned our audit in on time to the Auditor. May & Place could not get it turned in to Commission by Sept. 30, 2025 for this past audit. We are going to reach out to him to check on his progress the upcoming year.
5. **Ocracoke Store Manager:** Susan Dippold who has been part time help to Vicki (GM) (when Vicki can't get to Ocracoke), has agreed to take the title. Her duties responsibilities may expand. We are discussing. She is very part time.
6. **Ethics Policy:** Adopted included in attachment
7. **Price Change Policy:** Adopted included in attachment
8. **Personnel Manual:** We have started working on the manual again.
9. **Ocracoke Store Pictures:** Included in Attachments. Inside of Store
10. **Ethics Class Completion:** GM Vicki Gibbs and Board Chairman Meredith Nicholosl completed the class in February 2026.
11. **Travel Policy:** We will adopt at our March 2026 Board Meeting and I will send it in to you
12. **Allocated Liquor Policy:** We will adopt at our March board Meeting and I will send it in.
13. **Credit Card Policy:** We will adopt at our March Board Meeting and I will send it in.

Victoria Gibbs

General Manager Hyde ABC 2.23.26

2 5 2024
Month Day Year

Hyde
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).

Victoria M. [Signature]
General Manager

[Signature]
Financial Officer

[Signature]
Chairman

[Signature]
Board Member

[Signature]
Board Member

Board Member

Board Member