

# Kings Mountain ABC Board

## Performance Audit Report



## 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- Kings Mountain ABC Board Response Letter .....	21-23



## Alcoholic Beverage Control

December 16, 2025

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/>

Kings Mountain ABC Board  
Lew Dellinger, Chair  
220 Cleveland Ave.  
Kings Mountain, NC 28086

Chairperson Dellinger,

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

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

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

Respectfully,

Michael DeSilva  
Deputy Commissioner

## **OBJECTIVE, PURPOSE & BACKGROUND INFORMATION**

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

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

To achieve the objectives of the audit, auditors:

- Review applicable General 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

## BACKGROUND INFORMATION

---

Kings Mountain is a city in the southwestern part of the state and is mostly in Cleveland County with a small portion in Gaston County. The most recent estimated population record for the city by the North Carolina Office of Budget and Management was 11,472, an increase of around three percent (3%) from the 2020 census. The Kings Mountain ABC Board operates one (1) store and is one of two (2) boards with store(s) in Cleveland County.

Chapter 832 of the 1969 Session authorized the town of Kings Mountain to hold an election for an ABC store. The referendum was held on January 20, 1987, and passed 1,502 to 1,467. The first sale occurred on December 16, 1987. A mixed beverage election was held on May 5, 2009, and passed 1,143 to 1,062. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairman and two board members to serve for three-year terms. The board expanded from three to five members circa 1998. Current board members are Lew Dellinger, board chair, Shaun Grier, Benjamin Torres, Joy Dixon, and Chip McGill.

*The last performance audit for the Kings Mountain 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 November 18, 2025, ABC Commission Program Analyst Edwin Strickland visited the Kings Mountain ABC Board and interviewed the General Manager, Willie Gibson, and Finance Officer, Athena Hodge. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**2020 Cleveland Ave.**

### FINANCIAL ANALYSIS

---

#### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

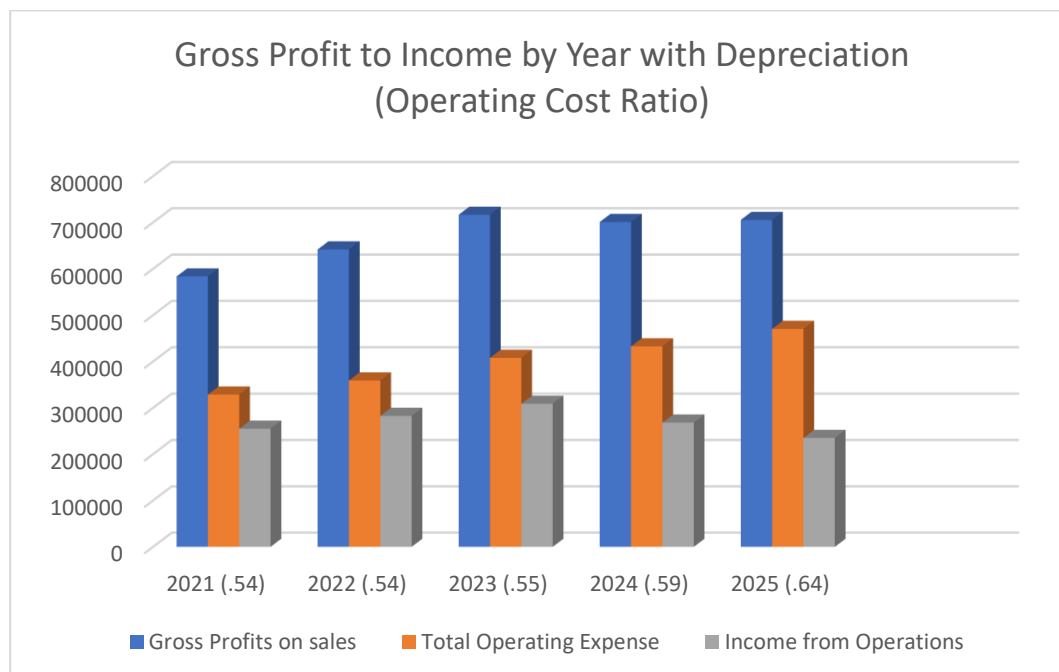
---

- In fiscal year FY 2024-2025, the Kings Mountain ABC Board had a profit percentage to sales ratio of 7.93%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - *The profit percentage to sales ratio over the previous four completed fiscal years are 9.28%, 11.01%, 10.84%, and 10.72%, respectively.*
  - The Kings Mountain ABC Board's gross sales totaled \$2,965,183, which was an approximate 2.6% increase from the previous fiscal year.
  - The board's sales have grown by almost 25% in the last five complete fiscal years.

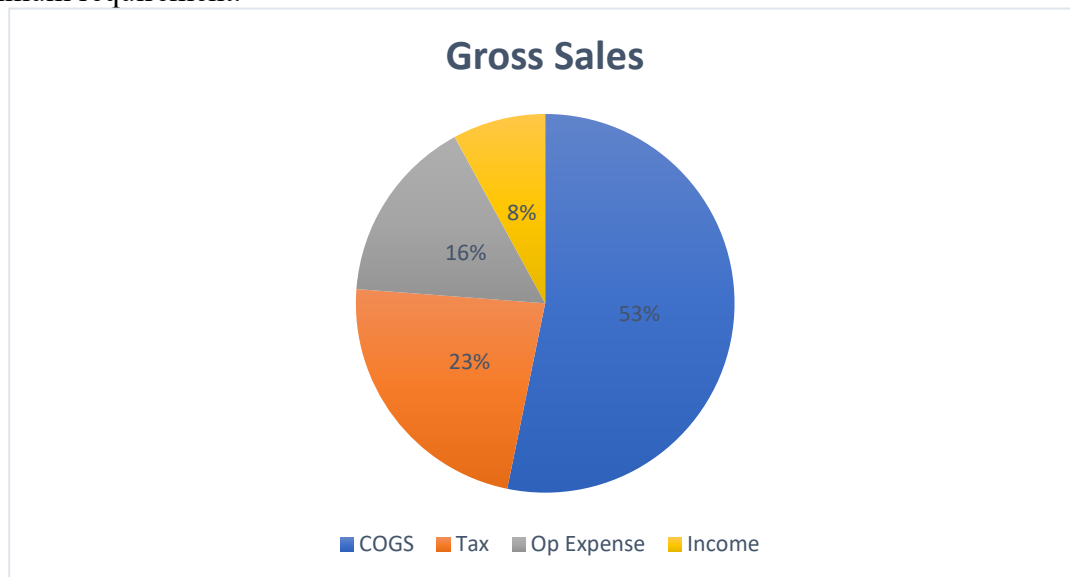
## FINANCIAL ANALYSIS (cont.)

- 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).
- Kings Mountain ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .64 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one store and mixed beverage sales is .73 or less.
- Thus, the Kings Mountain ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2024-2025.
- 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
<b>Gross Profit on Sales</b>	\$705,427	\$700,907
<b>Total Operating Expense</b>	(\$470,324)	(\$432,635)
<b>Income from Operations</b>	\$235,103	\$268,272



- 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:*
  - Kings Mountain ABC Board has ten other ABC Boards within a 35-mile radius.
  - Several new ABC Stores have opened in the extended vicinity.
  - Their county borders South Carolina with additional liquor outlets.
  - A 4.5% unemployment rate in Cleveland County in June of 2025 with an increase of .3% since June 2024.
  - The board currently has 13 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for more than 12% 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 Kings Mountain ABC Board receives shipments twice monthly with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2024-2025 was 8.5, which is well above the goal.
- *Inventory turnover rates for the previous four completed fiscal years (FY 2024-2021) are 8.0, 8.2, 10.7, and 4.4 respectively.*

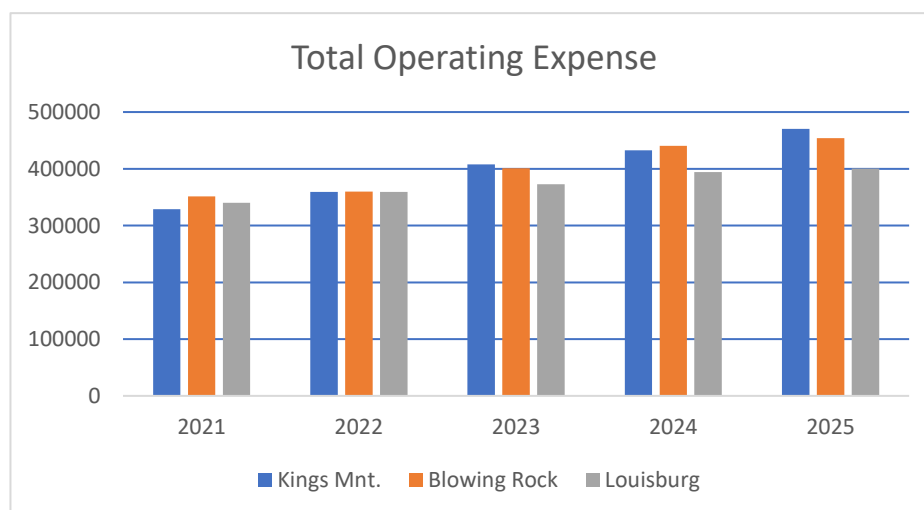
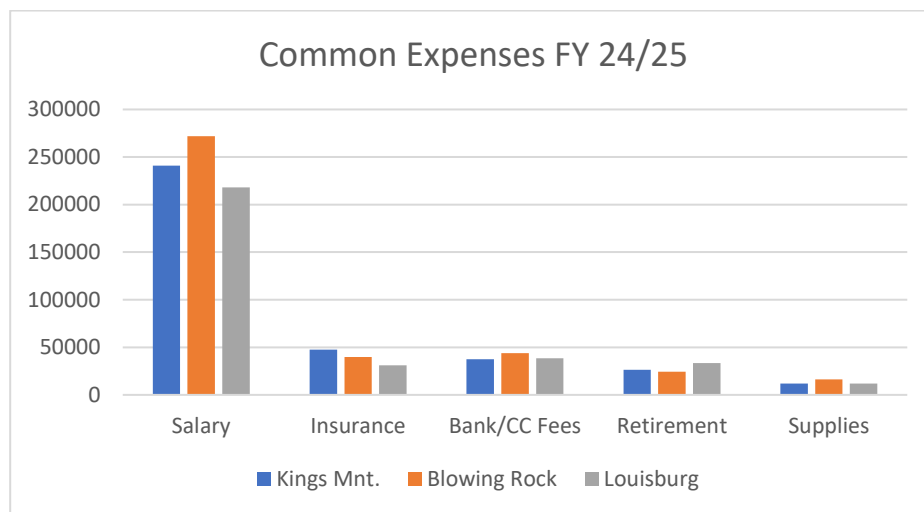


## FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased by almost nine percent (9%) from the last fiscal year and were around sixteen percent (16%) of total annual sales in FY-24/25.
- Board salaries were about eleven percent (11%) of total annual sales and increased less than three percent (3%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 53.2% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Kings Mountain 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 %
<b>Total Revenues</b>	\$2,871,404	\$2,965,934	\$94,530	3.3%
<b>Total Expenditures</b>	\$2,675,422	\$2,721,589	(\$46,167)	(1.7%)
<b>Distributions</b>	\$138,093	\$228,890		
<b>Revenue over/under Expenditures &amp; Finance</b>		\$15,455		
<b>After Reconciling Items</b>		\$6,963		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 3.3% above budget and expenditures were 1.7% above the original budget with no amendments.
  - The change in net position during the fiscal year was \$6,963. *The board's collective net position on June 30, 2025, was \$840,527; the net position has increased by over thirty percent (30%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with four months (33%) of the budget year completed, the board is tracking at around 31% 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, Kings Mountain ABC accrued funds for other statutory distributions totaling \$228,890 (Net profit distribution recipient(s) received \$183,046).
- The amount of \$681,449 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Cleveland County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
  - 100% to Kings Mountain General Fund

## DISTRIBUTIONS (cont.)

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Kings Mountain ABC board has made net profit distributions the 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 accrued or disbursed above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been accrued or disbursed 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		Kings Mountain 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	\$83,045	FY-2025	<b>\$183,046</b>
FY-2024	\$80,531	FY-2024	<b>\$180,531</b>
FY-2023	\$78,591	FY-2023	<b>\$218,592</b>
FY-2022	\$73,790	FY-2022	<b>\$73,790</b>
FY-2021	\$67,967	FY-2021	<b>\$267,967</b>

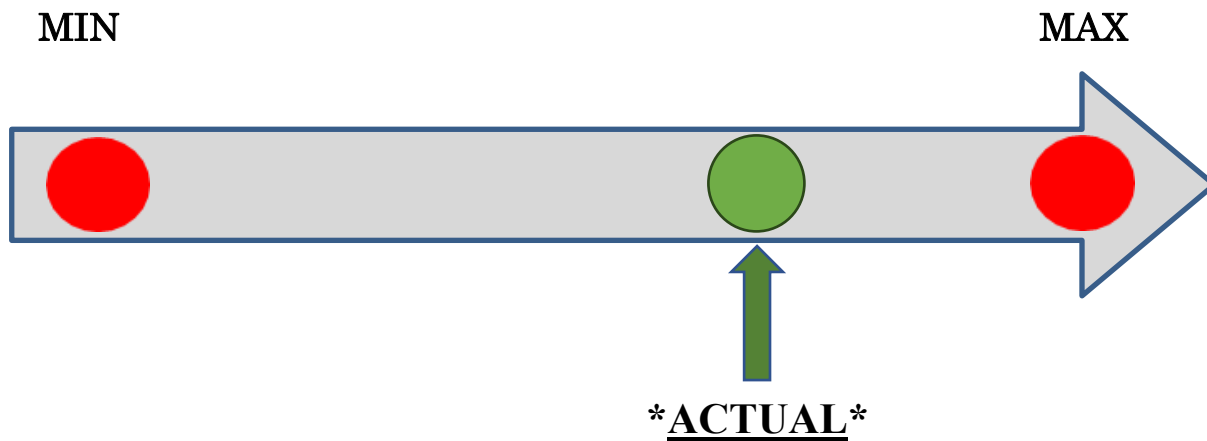
- Since inception, the board has made net profit distributions to the City of Kings Mountain in the amount of \$1,626,935. *Distributions made over the last five years account for roughly 57% of all historical distributions.*

## 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 Kings Mountain ABC Board is required to maintain a minimum working capital of \$87,929 with a maximum working capital amount of \$571,541.
  - The Kings Mountain ABC Board had a working capital balance of \$420,933, which is more than the minimum and less than the maximum 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 above the maximum \$150.00 per meeting.
  - In 2015 the board provided written approval from their appointing authority to increase the board member's per diem in the amount of \$50.00, and therefore, increasing their chairperson's per diem to \$200.00 per meeting. Currently, board members receive \$200.00 per meeting, and the chairperson receives \$250.00. *For compliance with G.S. 18B-700(g), the appointing authority for the Kings Mountain ABC Board should provide in writing their current approved level of compensation for all members and the chairperson.*
  - Current board members' terms are staggered to comply with G.S. 18B-700(a).
  - All board members are currently compliant with ethics training requirements, with two recently appointed members needing to satisfy the requirement in the coming months.
  - Members are a mixture of recent appointees and those serving successive terms.
  - Members have a variety of professional experiences in various businesses, technology, and the alcoholic beverage industry.
- 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.
- Meetings are generally held on the third Monday of each month, and meeting dates are posted at the city's office and on their website. *Currently the city's website indicates a different start time for the meetings.*
- Meeting minutes are organized, available, and follow all the order of proceedings, including the required no-conflict-of-interest statement.
  - Financial data reviewed at meetings to include actual to budget comparisons, and general sales data for the board and other boards in the state.
  - 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 Kings Mountain Police Department.
- Law enforcement reports are provided by the department and input by the finance officer.
  - The law enforcement reports usually contain ample applicable data for accountability as required by G.S. 18B-501(f1).

## **Board Personnel**

- The board currently has eight employees with three working full-time.
- The General Manager is full-time, has been with the board for a few months, and has several years of experience with other ABC Boards and retail management.
  - He is responsible for all board operations, his salary is below the maximum allowable per G.S. 18B-700(g1), and he is compliant with the ethics training requirement.
- The finance officer is part-time and has been with the board around thirteen years. In addition to many regular store responsibilities, she has many general accountings and statutorily required responsibilities.
- 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 will be mentorship styled and will begin with the general manager.
  - Product knowledge education is and will be provided by the general manager.
  - Cross training efforts for different tasks are currently being implemented.
  - Some employees have attended RASP training, and the general manager plans to have all attend in the future.
- Files for employees are kept in the board's administrative office.
- 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 which covers many job and behavioral expectations and all requirements of Rule 15A .1006.
  - Policies not on file with the Commission that could be considered include price discrepancy, shelf management, mixed beverage sales, credit card usage, 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 with daily sectional counts.
  - Scanners are used and all employees participate.
  - Discrepancies are recounted by a different employee before any adjustments are made.
  - *A sample of products were inventoried during Commission visit with no variances noted.*
  - Strategies for slow-moving products include moving to different areas in the store and a last chance section.
- The board receives deliveries of liquor on the first and third Tuesday of each month.
  - Pallets are dropped and offload is checked against the order list and manifest.
  - Any variances are recounted and balanced against stock before discrepancy reports are sent to LB&B.
- Liquor orders are made by the general manager only by walking the store and scanning each product.
  - SPA and quarterly price changes are reviewed before orders are placed.
  - Special order requests from customers are ordered when possible.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. *The board has sent once recently but should more regularly email quarterly breakage reports to the Commission for compliance with Rule 15A 1701(c).*
- The board currently has thirteen active mixed beverage customer accounts.
  - Pulled and stamped orders are rechecked by a second employee and not boxed until the customer arrives for review before the transaction.
  - Invoices are provided to permittees and signed copies are retained in a file for each account.
  - The board tax stamps their customers' bottles in the method required by NCAC 15A .1901.
  - Allocated products are available to mixed beverage customers.
- Tastings have been held at the store with more scheduled.

## **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 a board member. *Per discussion with the finance officer, the board could consider having the general manager counter sign checks in the event a member is not readily available.*
  - The board is currently considering bill pay or ACH options for liquor payments.
- Liquor or other purchase orders are not preaudit stamped or signed by the finance officer for compliance with G.S. 18B-702(m). *For liquor, this is most easily accomplished by having the finance officer stamp the order edit list or another document which reflects the initial cost expectation for an order.*
- The board has a credit card used by the general manager kept in their safe.
  - Itemized receipts are kept in the office and reviewed before the finance officer reconciles the account monthly.
- Tills are counted and verified via signed adding machine tapes at the end of each shift and employees are responsible for any shortages.
- Deposits are staggered to be made every other business day. *Since Commission visit the board has requested and been approved via waiver to continue staggering deposits as long as any procedural changes are reported to the Commission.*
  - The finance officer conducts full account reconciliation monthly.
  - *A sample of deposits were reviewed and compared to the daily reports with one variance noted.*
- The board does not currently utilize positive pay but could explore with their bank's options to protect against check fraud.
- Payroll is processed biweekly by the finance officer through Peachtree.
  - Employees punch timecards which are reviewed by the general manager before being processed.
- The annual CPA audit was received by the Commission on September 30, 2025.
- All board members, the general manager, and finance officer, least \$50,000 per G.S. 18B-700(i).
- The board distributes their alcoholism funds to a drug abuse prevention agency. *For general accountability and full compliance with G.S. 18B-805(h), the board should include in their meeting minutes how these funds are to be spent and verify any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent.*



## **STORE INSIGHT & OVERVIEW**

- The board's store and administrative office are located in a commercial area on one of the city's main roads. The store is near an exit for a major freeway and in the vicinity of the freeway's merger with an interstate.
  - The building is free-standing and has adequate parking.
  - There are a building sign and a roadside sign visible from the freeway.
  - The exterior of the building is professional and presentable, and free of trash and debris.
- The interior of the store is very well lit, organized, and aesthetically pleasant.
  - Floors and shelves are clean, and the counters are not overly cluttered.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is prominently displayed.
  - Quarterly price books are available at the counter and SPA lists are available but were not printed at visit. *The board should consider a method to have the monthly price list available for customer review.*
  - Category signs are prominently posted, and North Carolina products are shelved in their corresponding category.
  - Displays and endcaps are utilized, and retail space is optimized.
  - Broker supplied shelf tags for specially priced items are used but products on monthly or quarterly special are not highlighted if a broker did not supply a shelf tag.
  - Starbursts or other special signs are tagged on products to indicate new items or other information such as additive free.
  - Signs promoting upcoming tastings are posted at the sales counter.
- 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 and brand billboarding is utilized when possible.
- A sample of more than 100 items were selected to determine if uniform pricing is displayed. Of those selected, all item's shelf tags matched current pricing.
- *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 is eager to meet the needs of the customers. *All staff are aware that loitering is prohibited.*
- The store is open from 10:00 am until 8:00 pm daily and closed every Sunday, the five previously required holidays, Martin Luther King Jr. Day, Memorial Day, and Easter Monday.
- Security systems are in place and functional in designated areas to include cameras, alarms, and panic buttons.

## REQUIRED ACTIONS

---

- Item #1: For compliance with G.S. 18B-700(g), the appointing authority for the ABC Board should provide in writing to the Commission their current approved level of compensation for all members of the local ABC Board and the chairperson.
- Item #2: 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 and maintained at the board's administrative office.*
- Item #3: 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 annual forecasted sales or expenditures will differ significantly from budgeted. Ensure budget amendment copies are submitted to the ABC Commission and the board's appointing authority as required per GS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- Item #4: While quality oversight on purchases is in place, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on purchase orders "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- Item #5: For compliance with G.S. 18B-805(h), the board should include in their meeting minutes how their alcoholism funds are to be spent and verify any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent
- Item #6: 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

---

- Consider posting meeting dates at the store and verify their posting with the city. *The city's website currently indicates a different start time for meetings.* If meeting dates or times should change, please verify the city is aware as promptly as possible.
- The board has recently reestablished emailing copies of their destruction of unsaleable merchandise reports to the Commission but should work to continue to send them at least quarterly.
- While likely having already been discussed, the board could consider remaining open until 9:00 pm on certain days to increase sales and deter their core customer base from seeking other outlets in the vicinity that remain open until 9:00 pm.
- With one variance noted while reviewing deposits, recommend more vigilant reviews of deposits and could consider having multiple people routinely reviewing deposits.

- While generally understood by all staff, the board should work to establish the following policies. *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.* Copies of all adopted policies should be forwarded to the Commission for approval and records retention.
  - Credit card usage; While the board already has procedures to include oversight in place, the board should consider crafting a written credit card usage policy.
  - Price Discrepancy; Beneficial for new and existing employees to have in writing the administrative requirements of Rule 15A .1705(b).
  - Mixed Beverage Sales; Particularly beneficial to provide to new accounts.
  - Allocated product sales; *In addition to establishing guidelines, this policy can be informative to patrons who question your current distribution of these high demand products.*
  - Shelf Management: While specifications are already followed, a written plan is required by Rule 15A .1708.

## **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 30<sup>th</sup> 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.
- 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.

- 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 has two recently appointed members who will need to satisfy the training in the coming months.*
- 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.

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

## **PREVIOUS PERFORMANCE AUDIT ACTIONS (2017)**

---

- Recommendation #1: Adopt a law enforcement contract with a local law enforcement agency.
- Recommendation #2: Require any agency receiving funds for alcohol education/rehabilitation purposes to provide the board a report annually detailing how the funds were spent.
- Recommendation #3: Amendments to the adopted budget are required when additional expenses have been incurred. As a reminder, payments cannot be made to any vendor if funds are not available in the budget.
- Recommendation #4: As a reminder, to strengthen internal controls for inventory management, conduct a regular monthly inventory beginning with the warehouse and ending with the retail store. Since the general manager orders liquor, have store employees conduct the physical inventory and make calculations. Once calculations are completed, forward to the general manager so that adjustments can be made and the board reviews. To further ensure accuracy and completeness, throughout the month, have the general manager, finance officer, and board members conduct a spot check.
- Recommendation #5: Include the following items in the current credit card policy
  - Travel on ABC Board business will follow the current travel policy of the NC Office of State Budget and Management
  - Personal and non-employee purchases are prohibited
  - Alcoholic beverage purchases are prohibited.
- Recommendation #6: As a follow up to the recommendations of the external auditors, law enforcement officers must be classified as either an independent contractor or an employee so that applicable tax withholdings are acknowledged. Require all officers that perform duties outside of the law enforcement contract to complete a time sheet or time record stating hours worked on the specified days.
- Recommendation #7: Follow the closed session proceedings as indicated in the ABC Operations Manual. The procedure for entering into closed session is as follows:
  - When in open session, a motion to enter into closed session stating the specific reason is required.
  - A vote is made and if approved, the board will enter the closed session to discuss the stated topic. No vote can be made while in closed session.
  - To re-enter open session from closed session, a vote is made and if approved, open session is resumed.

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

ABC Commission 400 E. Tryon Rd.

Raleigh, NC 27610

12/16/2025

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

#### **Item 1: Board's Compensation**

The board is aware that G.S. 18B-700(g) states board members may not receive more than one-hundred and fifty dollars (\$150.00) per board meeting. The board will work to maintain compliance with the statute and may consider asking the appointing authority for a defined compensation schedule for members if it is determined they may sometimes exceed maximum compensation

#### **Item 2: Oath of Board Members**

All members have taken oaths of office and copies are maintained at the board office.

#### **Item 3: Fiscal Budget**

Kings Mountain ABC Board will operate within a balanced budget each fiscal year, all amendments<sup>21</sup> will be approved by the board

before any transactions and also at any point in time during the fiscal year when annual forecasted sales or expenditures will differ significantly from the budget. The board will submit budget amendment copies to the ABC Board per GS 18B-702(h).

#### **Item 4: Quality Purchases Oversight**

The board will re-establish full compliance per GS 18B-702(m). We will follow the recommendation to stamp and/or sign the edit list or purchase orders.

#### **Item 5: Alcohol Funds**

The board will notate how alcoholism funds are being spent. The verification of any person and/or agency receiving funds will be documented on an annual basis.

#### **Item 6: Certificate of Accountability**

Each board member has reviewed the action report and signed their name. A copy has been sent to the NC ABC Commission.

Sincerely,

**Willie Gibson, General Manager of Kings Mountain ABC Board**



12      15      2025  
Month      Day      Year

Kings Mountain  
ABC Board

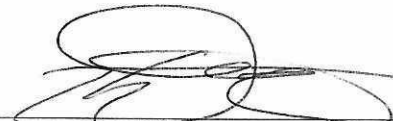
## Certificate of Accountability

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