

# Lake Waccamaw ABC Board

## Performance Audit Report



Alcoholic Beverage Control Commission  
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**ABC**  
COMMISSION  
NORTH CAROLINA

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**Alcoholic Beverage Control**

June 22, 2026

CHAIRMAN:  
Hank Bauer

Lake Waccamaw ABC  
Board  
Brent Jernigan, Chair  
102 Top Tobacco Rd.  
Lake Waccamaw, NC 28450

COMMISSIONERS:  
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Chairperson Jernigan,

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

Lake Waccamaw is a town located in southeastern North Carolina in Columbus County. The town's highest estimated population is 1,770 residents, up 36% from the 2020 census. The board has one store and is one of five boards in the county.

Lake Waccamaw ABC Board was organized under the provisions of House Bill #764 of the NC Legislature, General Assembly of 1967, and implemented by a town-wide election. The first retail sales occurred on December 9, 1967. The Lake Waccamaw Town Council appointed three (3) individuals to serve on the board. Current members are Brent Jernigan, chair, Alex Hux and Jackie Brooks.

*The last performance audit for the Lake Waccamaw ABC Board concluded in 2021. 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 March 24, 2026, ABC Commission Program Analyst Edwin Strickland visited the Lake Waccamaw ABC Board and interviewed the General Manager Tara Mizelle and Chairperson Brent Jernigan. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



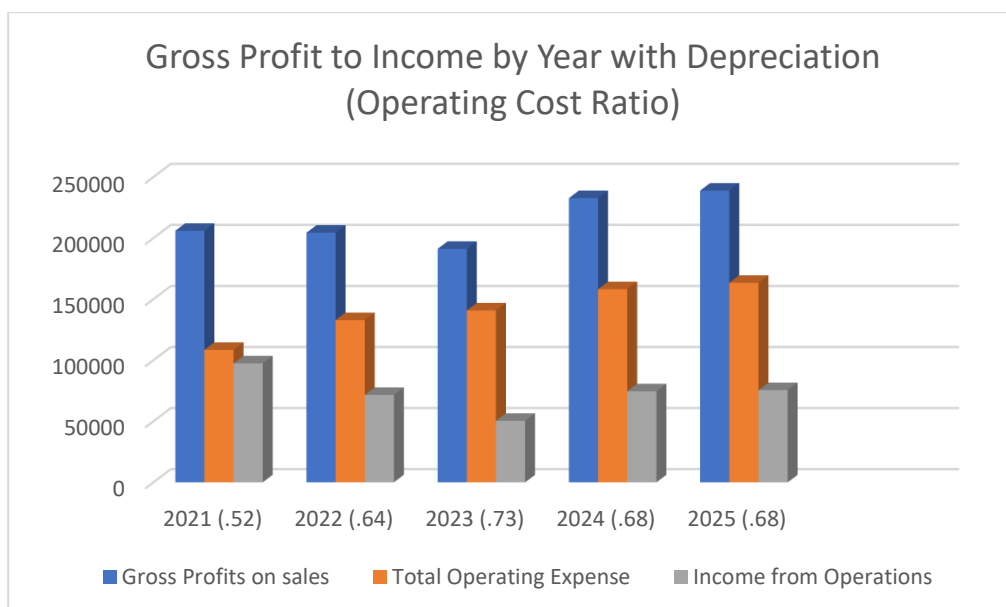
**102 Top Tobacco Rd.**

# FINANCIAL ANALYSIS

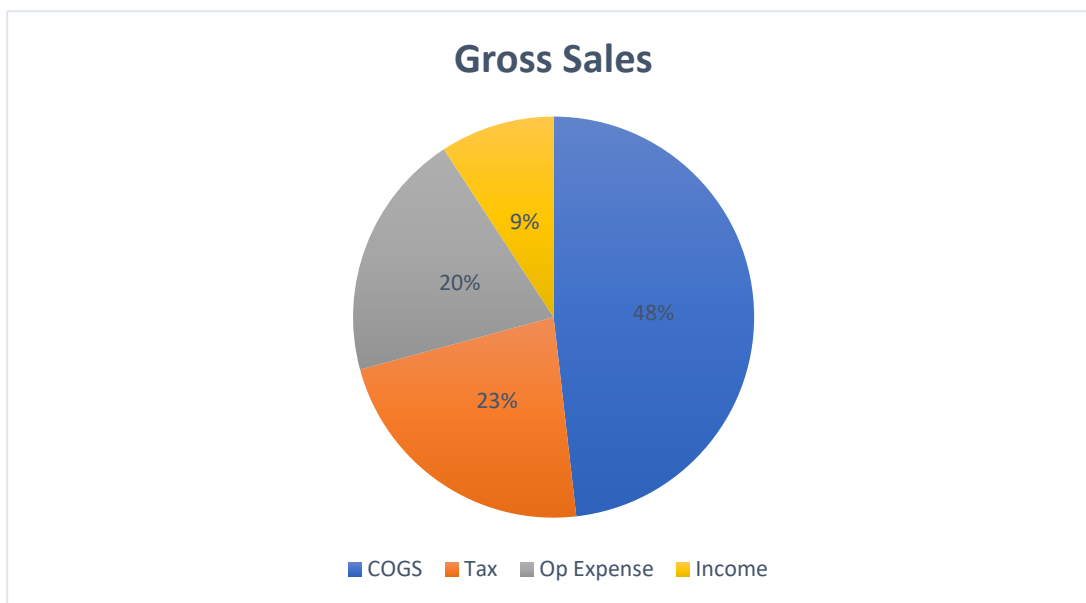
## PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2025, the Lake Waccamaw ABC Board had a profit percentage to sales ratio of 9.22%. The NC ABC Commission historical profit to sales standards 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 8.55%, 5.86%, 8.79%, and 12.42%, respectively.*
  - The Lake Waccamaw ABC Board’s gross sales totaled \$818,163, which was an approximate 6% decrease from the previous fiscal year.
  - The board’s sales have increased by over 4% compared to FY 2021 sales.
- Lake Waccamaw ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .68 in FY 2025. The NC ABC Commission historical 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).
- Thus, the Lake Waccamaw ABC Board met both the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2025.
- 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
<b>Gross Profit on Sales</b>	\$238,833	\$232,683
<b>Total Operating Expense</b>	(\$163,370)	(\$158,138)
<b>Income from Operations</b>	\$75,463	\$74,545



- 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.



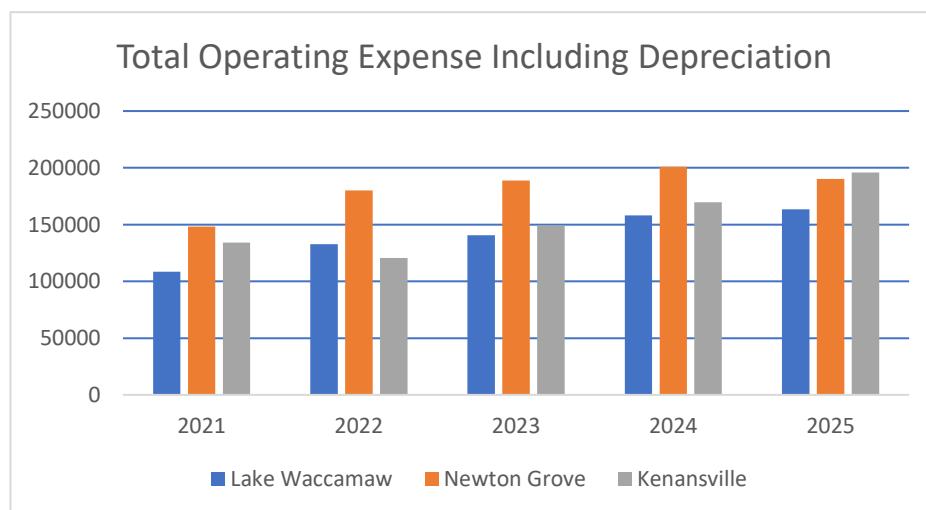
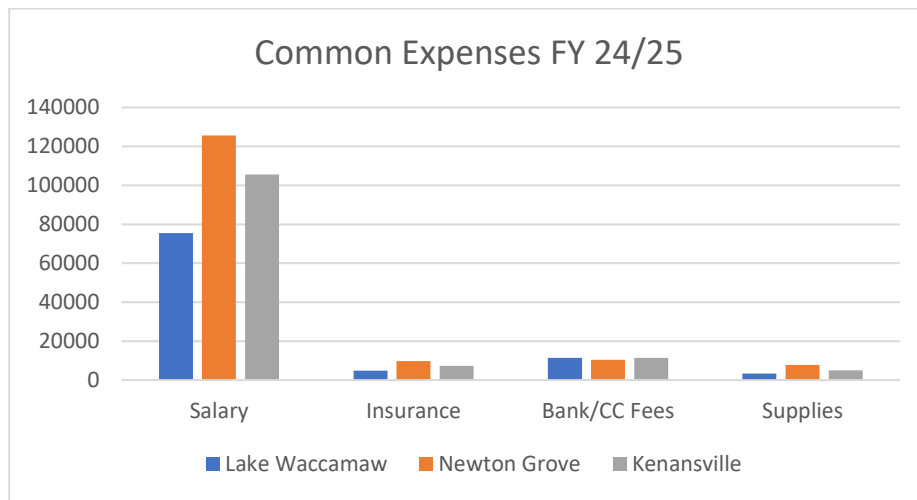
- *Factors affecting sales:*
  - Columbus County has four other ABC Boards and surrounding counties have additional ABC stores.
  - South Carolina is around 25 miles away, with additional possible outlets.
  - A 4.6% unemployment rate in Columbus County in June of 2025 with a .2% increase from the previous year. *The North Carolina average in June 2025 was 3.7%.*
  - Approximately 21% of the population in the county is below the poverty level. *The North Carolina average is 12.8%.*
  - In FY 2025, mixed beverages accounted for around 1.4% 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 Lake Waccamaw ABC Board receives shipments twice a month with a target inventory turnover rate of around 5. The inventory turnover rate in FY 2025 was 1.8, which is well below the official goal.

## FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
  - Total operating expenses increased around three percent (3%) from the last fiscal year and were around twenty percent (20%) of total annual sales.
  - Board salaries were just over nine percent (9%) of total annual sales and decreased around five percent (5%) from the previous fiscal year.
  - Cost of Goods Sold (COGS) was 48.2% for the fiscal year, with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Lake Waccamaw ABC Board has mostly lower categorical and total operating expenses compared to other ABC boards within a somewhat 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

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	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$800,600	\$819,826	\$19,226	2.4%
<b>Total Expenditures</b>	\$806,800	\$753,466	\$53,334	6.6%
<b>Distributions</b>	\$28,250	\$77,126		
<b>Revenue over/under Expenditures &amp; Finance</b>		(\$10,766)		
<b>After Reconciling Items</b>		\$-		

- In reviewing the budget to actual analysis of the FY 2025, financial audit, actual total revenues were 2.4% above the final budget amendment and expenditures were 6.6% below the final budget amendment.
  - There was no change in net position for the fiscal year. *The board's collective net position on June 30, 2025, was \$274,392; the net position has increased by ten percent (10%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year, with eight months (67%) of the budget year completed, the board is tracking at around 71% of annual budgeted sales.

## DISTRIBUTIONS

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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 2025, \$184,669 in primary distributions, and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Columbus County.
- In FY 2025, Lake Waccamaw ABC accrued funds for other statutory distributions totaling \$77,126 (*the net profit recipient received \$55,909*).
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
  - 50% to the Lake Waccamaw General Fund
  - 45% to the Columbus County General Fund
  - 5% to the Lake Waccamaw Fire Department General Fund

**DISTRIBUTIONS (cont.)**

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➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The Lake Waccamaw ABC board has made net profit distributions for the last five (5) fiscal years 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.

<b>NC GENERAL STATUTE: 18B-805 (c)(1)</b>			
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>		<b>Lake Waccamaw ABC Board Net profit distribution made annually by fiscal year</b>	
<i>Note: Referencing CPA Audit Reports</i>			
<b>Calculated Amount</b>		<b>Total paid to recipient(s)</b>	
FY-2025	\$23,327	FY-2025	\$55,909
FY-2024	\$24,794	FY-2024	\$67,475
FY-2023	\$22,284	FY-2023	\$36,839
FY-2022	\$23,433	FY-2022	\$55,033
FY-2021	\$22,705	FY-2021	\$57,206

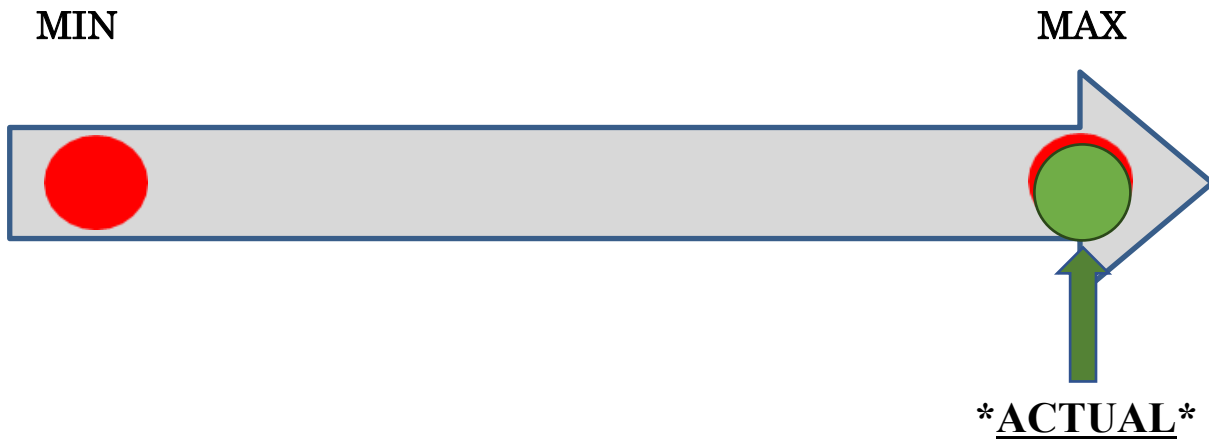
- Since inception, the board has made distributions to the Town of Lake Waccamaw in the amount of \$143,378, Columbus County in the amount of \$128,188, and to the Lake Waccamaw Fire Department in the amount of \$14,340 (totaling \$285,906). *Over ninety-five percent (95%) of this has been distributed in the last five fiscal years.*

## WORKING CAPITAL

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- 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 Lake Waccamaw ABC Board is required to maintain a minimum working capital of \$24,366 with a maximum working capital amount of \$211,164.
  - The Lake Waccamaw ABC Board had a working capital balance of \$211,164, which is the maximum allowed per Commission rule 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 two members and a chairperson whose per-meeting compensation for their services complies with G.S. 18B-700(g).
  - Current board members' terms are appropriately staggered, all members are current with the ethics training requirements, and all are serving consecutive terms.
  - Members have not taken an oath of office per G.S. 11-7. *Once administered, copies of the oaths should be available at the board's administrative office.*
  - Members have professional experience in the fields of IT, law enforcement, and education.
- Meetings are generally held on the first Friday of each month, and announcements for the meetings are posted in the store. *The board should ensure the town is notified if its meeting dates or times were to be changed.*
- Meeting minutes are organized, available, generally follow the order of proceedings, and include a no conflict-of-interest statement.
  - While financial data is discussed at meetings, the board should ensure budget-to-actual comparisons for sales and expenditures are routinely reviewed.
  - 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 has 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 Lake Waccamaw Police Department from 2022 and accrued or disbursed funds in the amount of \$7,169 in FY 2025.
- The board submits the required law enforcement reports monthly, however, the reports do not contain applicable data outlined in G.S. 18B-501(f1).
  - *The board should consider reviewing the reporting requirements with their contracted law enforcement agency and request more detailed reports for accountability.*

### **Alcohol Education**

- The board has multiple alcohol education distribution recipients and accrued or disbursed funds in the amount of \$14,048 in FY 2025.
- While the board has received correspondence from some of its recipients, the board should include in its meeting minutes how their alcoholism funds are to be spent and verify any person or agency receiving funds from the board reports to the board at least annually describing how these funds were spent.

## **Board Personnel**

- The board currently staffs three employees.
- The General Manager is full-time and is currently learning to oversee all board operations.
  - Having been with the board for a few months, the General Manager will need to satisfy the ethics training requirement soon.
- The board has two part-time sales associates. One is a recent hire, and the other is more tenured and able to assist the manager with general operations.
- All store employees are responsible for providing friendly customer service, general store upkeep, and stock maintenance.
- The board's CPA firm conducts month end reconciliations for accounts.
- Training for new employees is mentorship-style.
  - Product knowledge and other cross-training is perpetual and administered through conversation and on the job training.
  - RASP training will be offered to all employees who are able to attend.
- A file for each employee is kept in the board's office.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism were found and per discussion with the General Manager.

## **Policies**

- The board has a personnel manual that covers many requirements of Rule 15A .1006.
  - The manual does not include policy for employee grievance procedures and may not fully cover policy for vacation or sick leave.
- Other policies on file with the Commission include a code of ethics, sales associate job description, and a daily operations SOP.
- A required policy not on file with the Commission is a shelf management plan. *Rule 15A.1708 requires the board to maintain a written shelf management plan that should be available for staff and Commission employees.*
  - Policies not on file with the Commission that the board may wish to consider include debit card usage, mixed beverage sales procedures, and allocated product sales.
- For travel, the board follows the state travel plan and would reimburse when needed per G.S. 18B-700(g2).

## Operations

- Board personnel conduct a running categorical inventory with plans to conduct full inventory quarterly.
  - Scanners are used and all team members participate.
  - Variances are recounted before adjustments are made by the general manager. The board members may wish to consider a method to monitor adjustments, particularly given limited personnel.
  - *A sample of products was inventoried during Commission visit with no discrepancies noted.*
  - Strategies for slow-moving products include relocating items within the store. The board is also aware of opportunities to address these products through price reductions or at-cost sales between other boards.
- The board receives deliveries of liquor on the second and fourth Tuesday of each month.
  - Pallets are dropped and down stacked using scanners.
  - Colored dot stickers are placed on cases to indicate their order date, helping to prevent offload errors.
  - Any variances are re-checked before a discrepancy report is issued to LB&B.
- The General Manager places orders by building on previous orders and monitoring store shelves.
  - Monthly SPA lists are reviewed and special orders are considered.
- The board retains breakage reports and includes the reports for credit with its suppliers. For compliance with Rule 15A .1701(c), board personnel should email copies of any reports to the Commission quarterly.
- The board currently has one active mixed beverage customer account.
  - Pulled orders are rechecked by another employee if possible.
  - Invoices are provided to the permittee, and a signed copy is retained.
  - Bottles are stamped to meet the specifications of Rule 15A .1901, except, the name of the board is not on the stamp.
- Allocated products are available to mixed beverage customers and others are sold with a one-bottle per customer limit.
- 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 paid per truck by the General Manager and typically within one week of delivery.
  - The board pays distillery and other invoices through their bank's Bill Pay system.
  - Some other disbursements are paid via check and countersigned.
- The board's office has both preaudit and disbursement certificate stamps.
  - The preaudit certificate should be stamped on any purchase order, including liquor orders, and signed by the Finance Officer, or properly designated deputy finance officer, per G.S. 18B-702(m).
  - The disbursement certificate should be stamped on any checks or to a list of the bill pay recipients and signed by the Finance Officer, or properly designated deputy finance officer, in accordance with G.S. 18B-702(q).
- The board has a debit card with itemized receipts kept at the administrative office.
- Sales associates are responsible for their till and funds are routinely counted.
  - Deposits are not made daily, as the town no longer has a bank. A separate deposit is prepared for each day and taken to the bank on a staggered basis.
  - *Post Commission visit, the board received waiver approval to stagger deposits as long as deposits are made at least twice weekly.*
  - The General Manager routinely verifies actual deposits match the register totals.
  - *A small sample of recent deposits was reviewed with no significant variances noted.*
- The board's CPA firm receives monthly packets and completes account reconciliation.
- Payroll is processed twice monthly through QuickBooks by the General Manager and available to be reviewed by board members.
  - Members are paid by check for their services and not included in payroll.
- The annual CPA audit was received by the Commission on September 30, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i).

## **STORE INSIGHT & OVERVIEW**

- The board's store is located near a U.S. Highway exit, in a multi-tenant retail building with a gun shop and large gas station.
  - The store has easily viewable road and building signs, and ample parking.
  - The exterior and applicable surrounding areas are well maintained and free of trash and debris.
- The interior is well lit and organized, with ceiling features and décor that contribute to a distinctive atmosphere.
  - Floors and shelves are clean, and counters are not overly cluttered.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
  - A quarterly price book is available at the counter, and an SPA pricing list would be available upon request.
  - Specially priced shelf tags are used to highlight items currently on sale.
  - Category signs are displayed and endcaps are utilized.
  - North Carolina products are found in their designated category.
- Shelf management practices are implemented.
  - Products are fronted, dusted, and in their designated category.
  - Premium products are found at eye-level or on the top shelf.
  - Bottles are arranged so they increase in size from left to right of the same item.
  - Shelf space for products is set to follow market share and the factors identified in Rule 15A .1708(5).
- A sample of around one hundred items were selected to determine if uniform pricing is displayed. Of those selected, five item's prices were incorrectly posted.
  - Price discrepancies are handled in the customer's favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associates value customer service, and all are attentive and courteous.
- The store is open daily from 11:00 am until 8:00 pm.
- The store is closed every Sunday, the five previously required holidays, and possibly Memorial Day.
- Security systems are in place and functional.

## REQUIRED ACTIONS

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- 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. *A written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: The board should update its personnel manual to include policy addressing vacation and sick leave, employee grievance procedures, and to ensure all other provisions in Rule 15A .1006(a) are current and addressed. *This can often be easily accomplished by using the template provided on the Commission's website and simply revising the language as needed.*
- Item #3: Ensure all purchase orders include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with G.S. 18B-702(m) with the finance officer's signature. The specific statement should read, "This instrument has been pre audited in the manner required by G.S. 18B-702." The board can best accomplish this by stamping and having finance officer signing the last page of applicable Order Edit Lists from the inventory software.
- Item #4: G.S. 18B-702(q) states all checks or drafts must bear a certificate, and the certificate shall take substantially the following form: "This disbursement has been approved in the manner required by G.S. 18B-702." This is most applicable for the payment of liquor invoices.
- Item #5: When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports to be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- Item #6: The board should work with its contracted law enforcement agency, the Town of Lake Waccamaw Police Department, to reestablish law enforcement reporting to comply with the provisions of G.S. 18B-501(f1). Reports are to include as applicable the number of arrests made for ABC law, number of agencies assisted with ABC law, and other metrics for ABC law contribution such as compliance checks and alcohol education classes presented. If current law enforcement agencies are not completing ABC enforcement law activities on behalf of the board, it is recommended that the board to consider entering a contract with a different agency such as Alcohol Law Enforcement (ALE) state agency or the local sheriff's department.
- Item #7: The board should continue to monitor shelf tags for price accuracy. One method often used is coordinating price checks with inventory spot checks.
- Item #8: 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

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- While the board already has quality oversight and procedures in place, the board could consider adopting in writing a policy for the use of the board's debit 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.*
- Other written policies the board may wish to consider adopting include mixed beverage and allocated product sales. The board should adopt a written shelf management plan.
- While the board has sometimes received informational correspondence from some of its alcohol education distribution recipients, for full compliance with G.S. 18B-805(h), the board should include in its meeting minutes how their alcoholism funds are to be spent and verify all persons or agencies receiving funds from the board report to the board at least annually describing how these funds were spent.
- The board may wish to consider properly designating a deputy finance officer to help facilitate required action items #4 and #5. The board may also wish to use a written list of the disbursements made through its bank's Bill-Pay service for one period and stamp the list.
- If the board were to purchase new mixed beverage tax stamps or a new stamp dispenser, please ensure the new stamps indicate the board's name on the tax stamps.

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

## **ADDITIONAL CONSIDERATIONS & GUIDANCE ....**

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- 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.
- 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 general manager will need to complete the training in the near future.*
- 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 when an adjustment of funds is necessary. Ensure budget amendments are submitted to the ABC Commission as required by G.S. 18B-702(h), to include a final reconciliation budget amendment for the FY 2020-2021 period.
- ABC Boards are required to work within general minimum and maximum limits for working capital, as established by 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 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 (2021)**

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- 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. Ensure budget amendments are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the FY 2020-2021 period.
- The personnel policy manual needs to be forwarded to the Commission. NCAC Rule 15A .1102 states, “A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective.”
- A copy of the latest board capital improvement plan approved by the appointing authority should be forwarded to the Commission, per 18B-805(d) section.
- All purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with G.S. 18B-702(m).
- Recipients of alcohol education/research funds must provide an annual report to the Lake Waccamaw ABC Board, describing how the funds were spent [Referencing 18B-805(h)]
- Law enforcement reports must reflect and capture applicable occurrences of regulatory activity and training provided by contracted law enforcement agencies per G.S. 18B-501(f1). If the board is submitting the monthly reports, law enforcement agencies should be communicating any applicable activities and compliance checks completed.
- A new law enforcement contract reflecting current town officials must be provided to the Commission per G.S. 18B-501(f).
- All reappointed board members are required to complete ethics training within one (1) year of their reappointment date per G.S. 18B-706(b). Per Commission records, at least one member does not reflect as current on this training.
- Cash revenues are to be deposited daily with an official depository per NCAC 15A .0905(a). Alternately, per item (d) of this Rule, the board may request a waiver through the Commission if adequate security for the funds is demonstrated.

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

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

6/15/2026

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: \*\*\*\*\***

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

**Item 2: \*\*\*\*\***

**The board will update its personnel manual to include policy addressing vacation and sick leave, employee grievance procedures and to ensure all other provisions in rule 15A .1006(a) are current and addressed.**

**Item 3: \*\*\*\*\***

**The board is ensuring that all purchase orders include obligations evidenced by a contract or agreement requiring the payment of money, shall bear or include a certificate (stamp) that the order has been pre-audited to ensure compliance with G.S. 18B-702(m) with the finance officer's signature**

**Item 4\*\*\*\*\***

**The board will continue to insure that all checks and drafts bear a certificate (stamp) stating that this disbursement has been approved in the manner required by G.S. 18B-702.**

**Item 5\*\*\*\*\***

**The board will continue to report unsaleable merchandise (breakage) report to the Commission quarterly and retain original copies for three years per NCAC Rule 15 A .1701(c).**

**Item 6\*\*\*\*\***

**The board will work with the Town of Lake Waccamaw Police Department, it's contracted agency to reestablish reporting to comply with the provisions of G.S.18B-501(f1)**

**Item 7\*\*\*\*\***

**The board will continue to monitor shelf tags for price accuracy along with inventory spot checks to verify.**

**Item 8\*\*\*\*\***

**The board has forwarded a signed Certificate of Accountability to the Commission with this letter.**

5 1 2026  
Month Day Year

Lake Waccanaw  
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).

Dana C. Mizelle  
General Manager

Yackie Brooks  
Financial Officer

Brent Jones  
Chairman

Allen Hux  
Board Member

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Board Member

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Board Member

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Board Member