

Lillington ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
400 East Tryon Road, Raleigh, NC 27610
p: 919-779-0700 | f: 919-661-5927 | <http://abc.nc.gov>



ABC
COMMISSION
NORTH CAROLINA

TABLE OF CONTENTS

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



ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

April 29, 2026

CHAIRMAN:
Hank Bauer

Lillington ABC Board
Marshall Page, Chair
5 East Duncan St.
Lillington, NC 27546

COMMISSIONERS:
La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

Chairperson Page,

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 Lillington ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

LOCATION:
400 East Tryon Road
Raleigh NC 27610

MAILING:
4307 Mail Service Center
Raleigh NC 27699-4307

PHONE: (919) 779-0700
<http://abc.nc.gov/>

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

The Town of Lillington is located in central North Carolina and is the seat of Harnett County. The town's estimated population is around 4,800 residents, reflecting a marginal increase from the 2020 census. The Lillington ABC Board operates one retail store and is one of three ABC boards in the county.

Chapter 798 of the 1963 Session Laws authorized the Town of Lillington to hold an election upon a petition of at least 15% of registered voters. The referendum was held on October 8, 1966, and passed 351 to 243. The first retail sale occurred on December 12, 1966. A mixed beverage election was held on September 21, 2004, and passed 214 to 91. As the appointing authority of the ABC board, the Town of Lillington appoints a chairperson and two (2) board members to serve for three-year terms on the ABC Board. Current members are Marshall Page, Chair, Frank Powers, and Frank Lewis.

The last performance audit for the Lillington ABC Board was conducted in 2022. 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, REQUESTED ACTIONS, & RECOMMENDATIONS

On March 11, 2026, ABC Commission Program Analyst Edwin Strickland visited the Lillington ABC Board and interviewed the General Manager, Courtney Davis. Below is a financial analysis followed by operational observations, findings, and recommendations related to the performance audit.



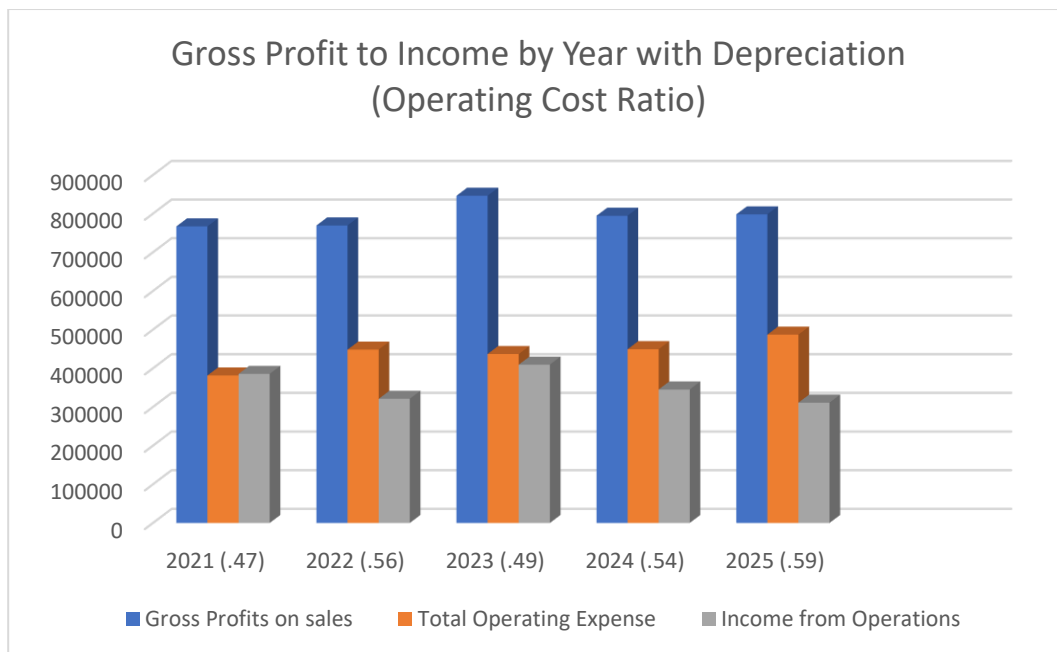
5 East Duncan St., Lillington

FINANCIAL ANALYSIS

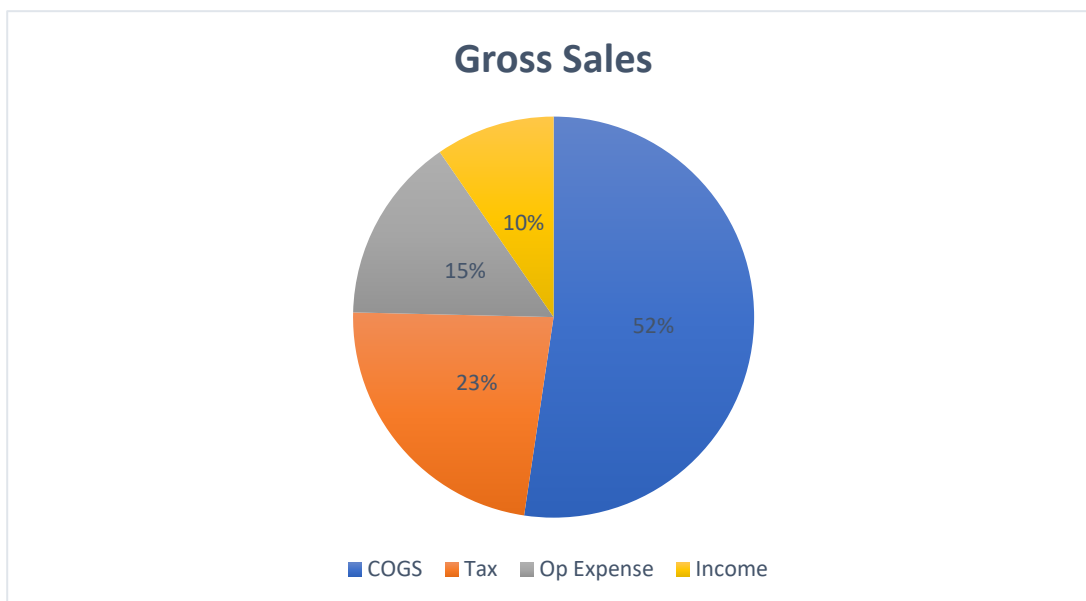
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2025, the Lillington ABC Board had a profit percentage to sales ratio of 9.63%.
 - *The profit percentage to sales ratios over the previous four completed fiscal years were 10.51%, 12.24%, 10.07%, and 13.03%, respectively.*
 - The board’s gross sales totaled \$3,230,207, which was an approximate 1.6% decrease from the previous fiscal year.
 - The board’s sales have increased by over 9% from their FY 2021 sales.
- Lillington ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .59 in FY 2025. *The previous four years are in the chart below.*
 - The 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).
- *The ABC Commission is currently working to reevaluate performance standards for profit percent to sales and operating cost ratios.*
- 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	\$798,069	\$794,454
Total Operating Expense	(\$487,040)	(\$449,351)
Income from Operations	\$311,029	\$345,103



- 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.



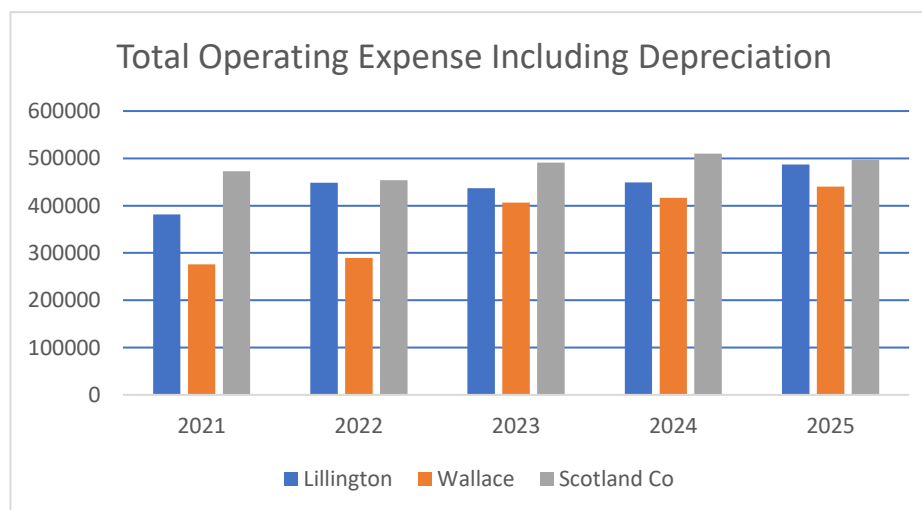
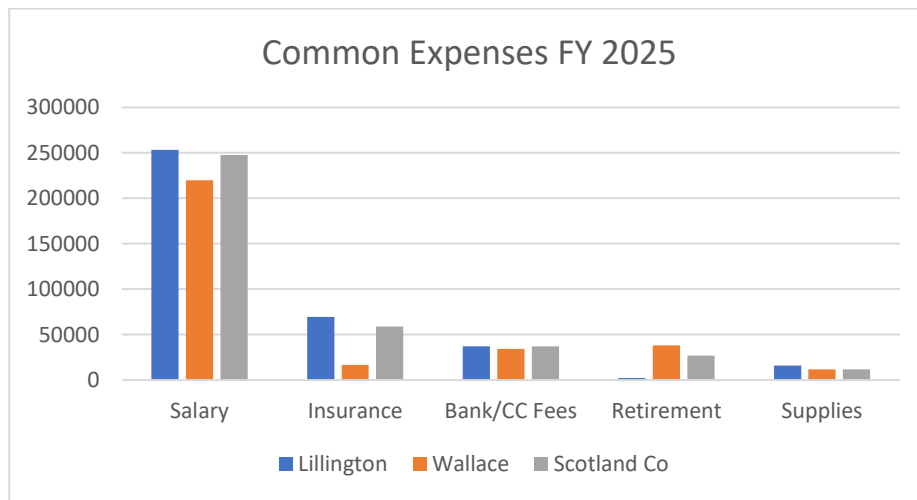
- *Factors affecting sales and revenues:*
 - There are seven ABC boards with a store less than thirty miles from the Lillington ABC Board’s store.
 - A 4.2% unemployment rate in Harnett County in June of 2025 with little change from the previous year. *The North Carolina average in June 2025 was 3.7%.*
 - Approximately 13.5% of the county’s population is below the poverty level. *The North Carolina average is roughly 13%.*
 - In FY 2025, mixed beverage accounted for almost 11% of gross sales.
 - In FY 2025, the board had \$11,006 in non-operating revenue.

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 Lillington ABC Board receives shipments twice a month, depending on the season, with a target inventory turnover rate of around 5. The inventory turnover rate in FY-2025 was 6.7, which is above the current goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased by less than fifteen percent (15%) from the last fiscal year and were around eight percent (8%) of total annual sales.
 - Non-operating expenses were \$0.
 - Board salaries were just under eight percent (8%) of total annual sales and increased by around eleven percent (11%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was 52.3% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Lillington 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	\$2,978,765	\$3,248,784	\$270,019	9%
Total Expenditures	\$2,720,905	\$2,909,160	(\$188,255)	(7%)
Distributions	\$257,860	\$299,524		
Revenue over/under Expenditures & Finance		\$40,100		
After Reconciling Items		\$30,082		

- In reviewing the budget to actual analysis of the FY 2025 financial audit, actual total revenues were around 9% above budget and expenditures were 7% above the final budget.
 - The change in net position during the fiscal year was \$30,082. *The board's collective net position on June 30, 2025, was \$1,250,197; the net position has increased by more than 12% since FY 2021.*
- Based on sales trajectory for the current fiscal year with eight months (67%) of the budget year completed, the board is tracking around 65% 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).***

- The amount of \$742,515 in primary distributions and other taxes was paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Harnett County.
- In FY 2025, Lillington ABC accrued funds for other statutory distributions totaling \$299,524 (*the net profit recipient received \$270,738*).
- Per the local enabling act, the distribution formula for net profit recipients is as follows:
 - 75% to the Lillington General Fund
 - 25% to Harnett County Public Library

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The Lillington ABC board has made net profit distributions for the last five (5) fiscal years well above the minimum mandatory distribution in reference to G.S. 18B-805I(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 I(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Lillington 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	\$89,717	FY-2025	\$270,738
FY-2024	\$91,567	FY-2024	\$291,928
FY-2023	\$93,397	FY-2023	\$374,049
FY-2022	\$88,799	FY-2022	\$293,458
FY-2021	\$82,831	FY-2021	\$349,540

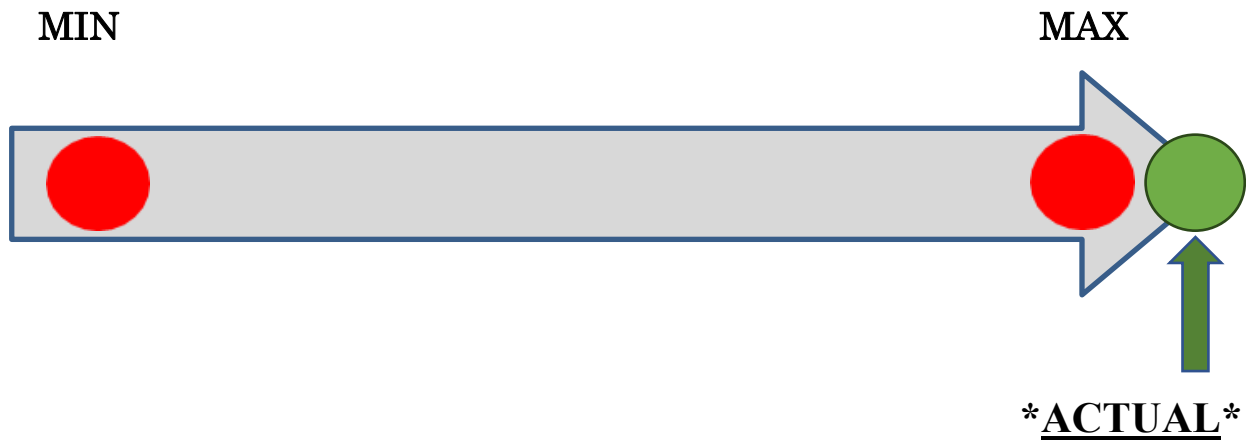
- Since inception, the board has made distributions to the Town of Lillington in the amount of \$2,242,290 and to the Harnett County Library in the amount of \$815,020 (totaling \$3,057,310). *Nearly 52% of this has been distributed in the last five fiscal years.*

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 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 Lillington ABC Board is required to maintain a minimum working capital of \$95,680 with a maximum working capital amount of \$621,923.
 - On June 30, 2025, the board had a working capital balance of \$763,018 which is more than the maximum allowed per Commission requirement for this section (*).

*** FY 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 2019, the Town of Lillington Board of Commissioners passed Resolution FY 2019-16 which allows the Lillington ABC Board to retain additional capital, up to 10% of the remaining gross receipts, as a fund for specific capital improvements.

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 is slightly higher than the maximum allowed under G.S. 18B-700(g). *Payroll records reviewed indicate board members are compensated at a rate slightly higher than the approved amount in order to result in a net payment that is nearly equal to the approved per-meeting compensation after taxes are withheld. The Board should either seek formal approval from the appointing authority for this adjusted gross pay rate or revise its payment practice to ensure compensation is issued strictly at the approved rate prior to tax withholdings.*
 - Board members' terms are correctly staggered, and all members are serving consecutive terms.
 - All members are compliant with ethics training, but one recently reappointed member will need to retake the training course in the coming months.
 - Oaths of office have been administered to all members and copies are retained in the board's personnel records.
- Meetings are generally held on the third Monday of each month, with an additional meeting held quarterly with the finance officer.
- Meeting minutes are organized, available, and follow the proper order of proceedings and reference the no conflict of interest statement.
 - Financial data is provided at each meeting with full statements of revenues, expenses, and net position provided from the finance officer.
- 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 an active law enforcement contract with the Lillington Police Department.
- Law enforcement reports are input by Chief Frank Powers and usually contain data for accountability as outlined in G.S. 18B-501(f1).

Alcohol Education and Rehabilitation

- Alcohol education distributions are made to the town and two other recipients.
 - The two private recipients have reported to the board how these funds were spent in the last year.
 - For compliance with G.S. 18B-805(h), the ABC Board should ensure they include in their meeting minutes how these funds are to be spent and receive reports of expenditures from all recipients of these funds at least annually.

Board Personnel

- The board currently staffs eleven total employees with three working full time.
- The General Manager is full time and responsible for all board operations. She has been employed by the board for nearly six years and has been the manager for around four years.
- The Finance Officer is a contracted accounting service and responsible for most accounting related activities and general financial oversight.
- The board typically maintains an assistant manager position; however, this position is currently vacant.
- 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 conducted through on-the-job mentorship. The general manager covers basic expectations and trainees work with a full-time team member for around two weeks.
 - Cross training opportunities are extended to full time employees in the event the manager is unavailable.
 - Most team members have received RASP training with plans to continue.
 - Product knowledge training is generally conversations with staff, the public, and sales representatives.
- Employee files are kept in the administrative office and include tax and other employment documents, and some have evaluations.
- Employees are not enrolled in LGERS.
- No conflicts pertaining to nepotism were identified per discussion with the General Manager.

Policies

- The board has a recently updated personnel manual which covers the requirements of Rule 15A .1006.
- Other separate policies approved by the Commission include a code of ethics, price discrepancy, mixed beverage order and pickup, and register shortages.
- While already understood and implemented, the board should adopt a shelf management plan consistent with Rule 15A .1708.
- Additional policies the board may wish to consider are policies for petty cash usage, tastings, and allocated product sales.
- For travel, the board follows the state travel plan per G.S. 18B-702(g2), with reimbursements made pursuant to G.S. 138-6.

Operations

- Board personnel conduct full inventory quarterly with weekly spot checks.
 - Scanners are used and multiple team members participate.
 - Discrepancies are thoroughly reviewed, and adjustments are ultimately made by the general manager.
 - Strategies for moving slow-selling products currently include moving products in the store and price reductions.
- The board receives liquor deliveries on the first and third Fridays of each month.
 - The board's store does not accommodate pallets, and offload is conducted via conveyer belt.
 - Discrepancy reports are rechecked before being reported to LB&B.
- Full-time employees scan the store to prepare for the liquor order.
 - The General Manager reviews and adjusts for special pricing and limited time offers.
 - All special order requests are considered for mixed beverage accounts and residents.
- The board retains breakage reports and regularly includes the reports for credit with its suppliers. For compliance with Rule 15A 1701(c), the board has usually emailed copies of the reports to the Commission.
- The board currently has twenty regular mixed beverage customer accounts.
 - Pulled orders are rechecked for accuracy.
 - Invoices are provided to the permittees, and signed copies are retained in a file for each account.
 - The board stamps bottles as required by Rule 15A .1901.
 - A mixed-beverage sales policy is available for permittees.
- Allocated products are reserved for permittees.
- Tastings have recently been held at the store.
- The board has a social media account which provides awareness for general information.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed soon after each delivery by the general manager and forwarded to the finance officer.
 - Checks are cut and signed by the finance officer and counter-signed by the board's chairperson.
 - The board's checks are stamped with the required disbursement certificate for compliance with G.S. 18B-702(q).
 - *A sample of payment dates reviewed indicates orders are paid well within the thirty-day requirement.*
 - The board has positive pay with their bank to help combat possible fraud.
- The preaudit certificate is applied on the receiving report after the order has been placed and delivered. Board personnel should ensure that this certificate is applied before the order is placed.
- The board has petty cash and no credit card.
 - Itemized receipts for petty cash are retained, and a log is kept with employee initials.
 - The account is replenished by the finance officer periodically.
 - Most supply purchases are made through the board's accounts, with additional purchases made through employees' personal accounts and reimbursed by check.
- A mileage log is kept to document routine travel, including trips to the bank, for supplies, and to meet with the finance officer.
 - Mileage reimbursements are made monthly at the federal rate.
 - Other travel is limited to conferences, with registration, meals, and lodging reimbursed to the applicable board representatives.
- Cash-handling procedures are in place, known to staff, and overages and shortages are addressed in the personnel manual.
 - Team members sign a document stating they have counted their drawers.
 - Deposits are made nightly by closers and the accounts are periodically reviewed by the general manager.
 - The general manager reviews deposits for accuracy when entering data into Traverse.
 - *A sample of recent deposits were reviewed with no variances noted.*
 - The finance officer conducts full month end reconciliation for accounts.
- The general manager completes the tax and other primary distribution forms monthly and forwards them to the finance officer for payment.
- Payroll is processed weekly by the finance officer and currently paid via check.
 - Time sheets are verified and compared to the schedule and applicable notes by the general manager.
- 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.
- For compliance with G.S. 18B-805(h), the board has received reports from their alcoholism fund recipients.

STORE INSIGHT & OVERVIEW

- The board's store and administrative office is located on a major thoroughfare and near the town's two business districts.
 - The store has easily viewable signs and somewhat limited parking.
 - The exterior and applicable surrounding areas are well maintained and free of trash and debris.
- The interior is well lit and organized.
 - Floors and shelves are clean, and the counter is not overly cluttered.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
 - A quarterly price book is available at counters with an SPA pricing list available by request.
 - Broker supplied shelf tags are used to highlight items on sale.
 - Category signs are prominently posted, and endcaps and multiple displays are used to enhance visibility.
 - There is a section for North Carolina products, and special shelf tags are used to highlight these products when displayed in their respective categories.
- Shelf management practices are properly implemented.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are found at eye-level or top shelf.
 - Bottles are arranged so they increase in size left to right of the same item.
 - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of around one hundred items were selected to determine if uniform pricing is displayed with no variances noted.
 - Price discrepancies should be 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 opens daily from 9:00 am and closes at 8:00 pm Monday through Wednesday and 9:00 pm Thursday through Saturday.
- The store closes the five previously required holidays, Easter Monday, Memorial Day, and the day following Christmas.
- Security systems are in place and functional at both stores to include cameras, alarms, and panic buttons.
- All employees are aware loitering is prohibited at stores.

REQUESTED ACTION ITEMS

- Item #1: Board members receive compensation slightly above the amount approved by their appointing authority. The board must provide the Commission documentation for this approval in accordance with G.S. 18B-700(g) or discontinue paying board members above the statutory limit.
- Item #2: 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 #3: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS

- The board could consider adopting the following written 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.*
 - Allocated product sales: In addition to establishing guidelines, this policy can be informative for patrons who question the board's current distribution of these high demand products and help support sales associates who are tasked with these challenging conversations.
 - Petty cash usage: While a good system is already in place to include documentation of usage, it may be beneficial to have a written policy in the event a procedural change is made.
 - Shelf-Management: While the factors identified by Commission rule are already being followed, Rule .1708(a) requires all ABC boards to have a copy of their shelf-management plan at each store.
- The preaudit certificate should be completed by the finance officer prior to orders being placed, rather than after deliveries are received.
- The board may wish to consider obtaining a credit card for the payment of recurring and incidental purchases. In addition to alleviating the need for employee reimbursements for supplies or registrations, many credit cards offer rewards that may be redeemed for cash which can then be added to working capital or investments as non-operating revenue.
- Board personnel could consider exploring more options available through their back-office system for ordering. *Some of these options may be less time-consuming and allow staff more data-driven guidance for ordering.*

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 and 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 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 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.
- The board may wish to consider options for reducing the number of checks that are written. Many boards have switched to ACH transfers for recurring payments while others are also paying liquor suppliers via ACH. Other boards combine deliveries and pay vendors once monthly. *The board is already exploring direct deposit for payroll.*
- Any ABC board members who also serve on the board of the appointing authority must recuse themselves from voting on or being involved in any decisions involving net profit distributions or other applicable distributions that will be dispersed to the appointing authority, adhering properly to avoiding conflicts of interest referenced in G.S. 18B-201.
- While having been done routinely until last quarter, please continue sending quarterly breakage reports to the Commission by email each quarter.
- The board should continue exploring ideas for product knowledge growth for current and future team members. Consider reaching out to other boards or the Association's Internal Support Committee for best practices.
- 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 (2022)

- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget or sales are projected to be below the annual budget amount. Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- Ensure all new policies or updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. The Commission needs to secure an electronic copy of the board's personnel policy.
- Local boards shall establish and maintain a shelf management plan per Commission Rule 15A .1708 Shelf Management. The board needs to work to rearrange all liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right.
- Because the board exceeded the maximum working capital calculation referenced in the FY-2021 annual CPA audit, an official capital improvement plan must be coordinated with the appointing authority per 18B-805(d). Once a plan has been finalized and approved with the Town of Lillington, please forward a copy via email to the Commission for review. In any instance the board exceeds maximum working capital allowances, a capital improvement plan should continue to be coordinated with the appointing authority and applicable copies routinely forwarded to the Commission each fiscal year.
- Ensure 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) with a signature by the finance officer. The specific statement should read, "This instrument has been pre audited in the manner required by G.S. 18B-702." Special note: The general manager [GM] (or in combination with the off-site finance manager) would ensure the board has enough available funds in advance before each liquor order is officially submitted to the state warehouse. With the finance officer being external and not physically at the board location, this action would be most reasonably accomplished routinely by the general manager (GM) signing & stamping the last page of the Order Edit List from the inventory software.
- Recipients of alcohol education/research funds must annually provide an annual report to the Lillington ABC Board, describing how the funds were spent [Referencing 18B-805(h)]. Consider the request to obtain documentation before the funds are officially awarded or transmitted to the recipient.
- Terms for all board members are not to exceed three (3) years at which time reappointment is necessary, referencing G.S. 18B-700(a).
 - Realignment of board member terms: The board will need to explore term realignment based upon the term expiration dates for BM Powers & BM Lewis both occurring in October 2023. The board would need to work with the Town of Lillington as the appointing authority communicating that board member terms must be staggered to ensure term expirations are roughly one (1) year apart.
- The board has an existing code of ethics. The following is an additional needed administrative action: A Certificate of Accountability attestation form should be reviewed and signed by applicable personnel. A signed copy should be emailed to the Commission.

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

Lillington ABC Board
Lillington, North Carolina

Edwin E. Strickland
ABC Auditor
400 E. Tryon Rd.
Raleigh, NC 27610

April 27, 2026

Dear Mr. Strickland,

We genuinely appreciate your support and recommendations from the recently conducted performance audit. 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 Member Compensation

All recommendations will be followed.

Item 2: Fiscal Year Independent Audit Submission

The board, finance officer and general manager will provide the financial records to the auditor for a timely submission to the commission.

Item 3: Certificate of Accountability

The Certificate of Accountability will be completed, signed and remitted to the commission.

All other recommendations from the performance audit will be followed. Please find enclosed the Shelf Management Policy and Allocated Items Policy.

Sincerely,


Marshall Page, Chairman
Lillington ABC Board

April 27 2020
Month Day Year

Lillington ABC Board
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).

Courtney Davis
General Manager

[Signature]
Financial Officer

[Signature]
Chairman

[Signature]
Board Member

[Signature]
Board Member

Board Member

Board Member