

Maggie Valley ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

June 22, 2026

CHAIRMAN:
Hank Bauer

Maggie Valley ABC Board
Joe Moody, Chair
2721 Dellwood St.
Waynesville, NC 28786

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

David Sherlin
Raleigh

Chairperson Moody,

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

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

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

Respectfully,

Michael DeSilva
Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

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

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

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, Reports, and Administrative Policies
- Verify compliance with Commission and Board policies
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits
- Review ABC Board reporting and documentation reports
- Visit the store(s)
- Interview key ABC Board personnel

Maggie Valley is a town in western North Carolina, located in Haywood County. The town is best known as a tourism hub, offering scenic views, access to national parks, ski resorts, and as a popular stop for motorcycle enthusiasts. The current estimated population for the town is 1,753 residents, which is almost a 4% increase from the 2020 census. Maggie Valley ABC has two stores and is one of three boards in Haywood County.

Chapter 213 of the 1979 Session Laws authorized the Town of Maggie Valley to hold an election for an ABC store. The referendum was held on June 13, 1979, and it passed 67 to 18. The first retail sale occurred on August 1, 1979. A mixed beverage election was held on the same date and also passed 65 to 20. Since 2012, the Town of Maggie Valley appoints a chairperson and four (4) additional board members to serve on the ABC board. Current members are Joseph Moody, Chair, Al Matthews, Danny Mitchell, Myra Glover, and Brad Pendley.

The last performance audit for the Maggie Valley ABC Board concluded in 2023. The Commission audit serves as an ongoing method to provide local boards with information and best practices that target areas for improvement.



Store #1 - 3931 Soco Rd.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On April 15, 2026, ABC Commission Program Analyst Edwin Strickland visited the Maggie Valley ABC Board and interviewed the General Manager, Nancy Grant, and other board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



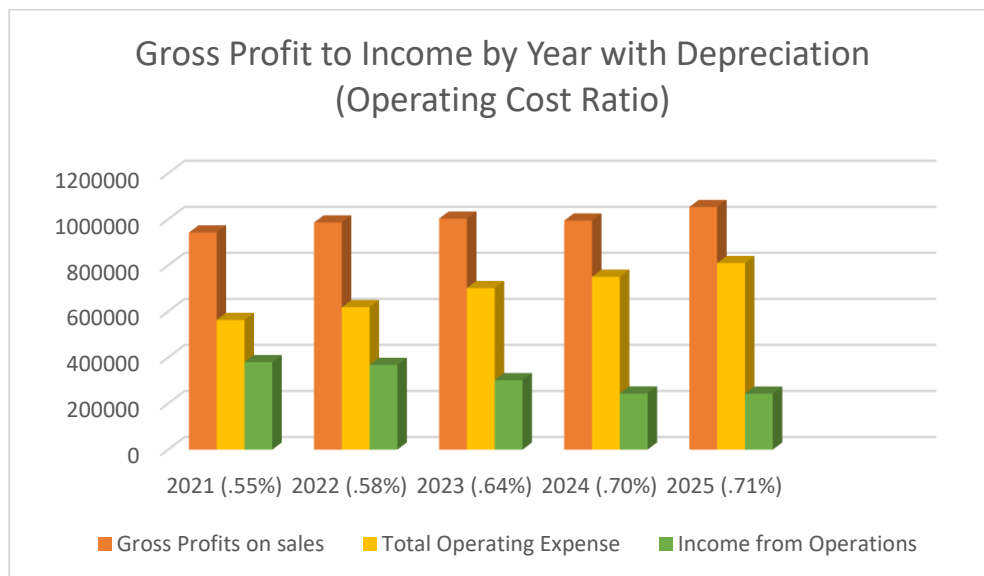
Store #2 - 2721 Dellwood Rd.

FINANCIAL ANALYSIS

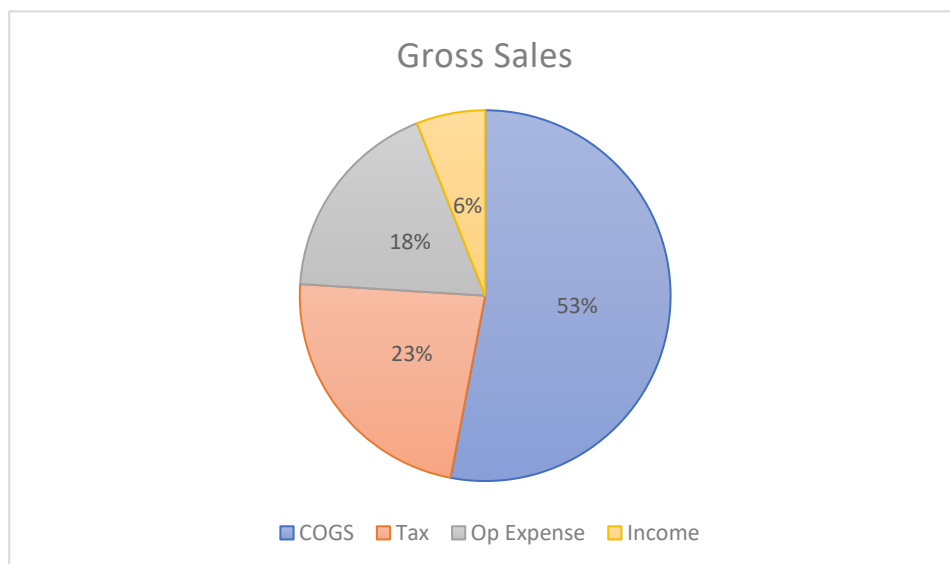
SALES, PROFIT PERCENTAGE, & OPERATING COST RATIO

- In FY 2025, the Maggie Valley ABC Board had gross sales totaling \$4,367,686.
 - This was an approximate 6.7% increase from the previous fiscal year and an approximate 14% increase from FY 2021.
- In FY 2025, the board’s profit percentage to sales ratio was 5.57%.
 - *The profit percentage to sales ratios over the previous four completed fiscal years were 5.95%, 7.43%, 9.37%, and 9.92%, respectively.*
- Maggie Valley ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was 0.71 in FY 2025. *The 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).
- *The ABC Commission is currently working to re-evaluate 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 2025	FY 2024
Gross Profit on Sales	\$1,053,572	\$994,591
Total Operating Expense	\$810,415	\$750,884
Income from Operations	\$243,157	\$243,707



- 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:*
 - There are three other North Carolina ABC Boards with a store within a 30-mile radius of a Maggie Valley ABC store.
 - The Tribal ABC Commission's store is approximately 16 miles away.
 - Canton ABC Board's store was closed most of FY 2025 because of flooding.
 - A 3.9% unemployment rate in Haywood County in June of 2025 with a 0.5% increase from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
 - Approximately 13.1% of the population in the county is below the poverty level. *The North Carolina average is 12.8%.*
 - In FY 2025 mixed beverage sales accounted for around 10% of gross sales.

INVENTORY TURNOVER

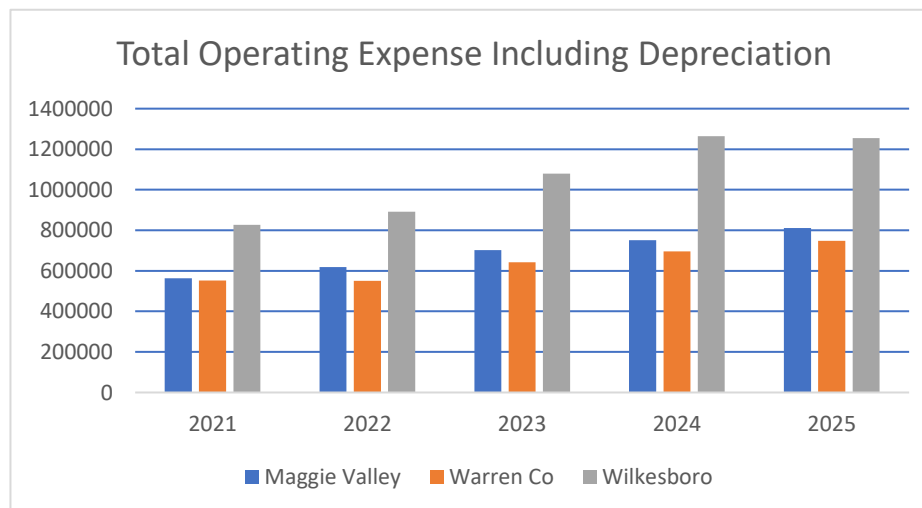
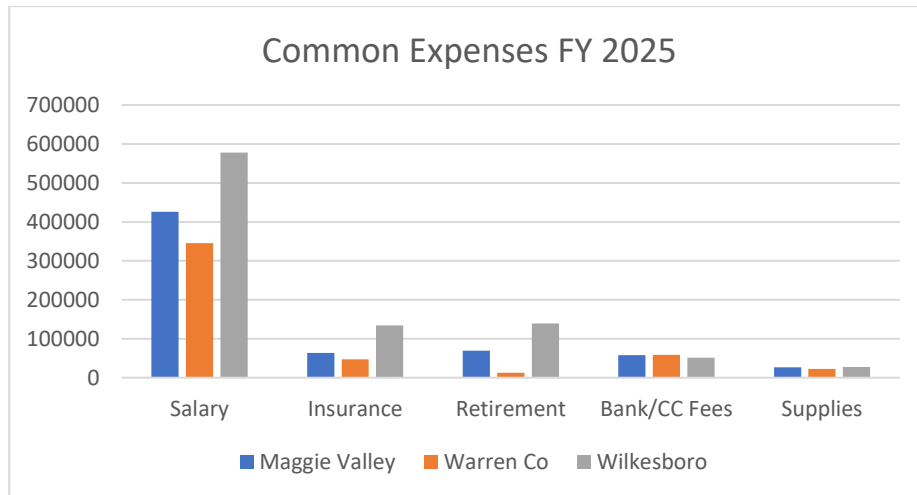
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times 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 Maggie Valley ABC Board receives shipments twice per month, with a target inventory turnover rate of around 5. The inventory turnover rate in FY 2025 was 3.7, which is somewhat below the official goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- In FY 2025, total operating expenses increased by nearly 8% from the last fiscal year and were around 18.5% of total annual sales.
- Board salaries were approximately 10% of total annual sales and increased around 10% from the previous fiscal year.
- Insurance, health, life, and general, increased by approximately 12% from the previous fiscal year.
- Cost of Goods Sold (COGS) was 53% for the fiscal year with a normal range being 52% to 54%.

➤ A common expense report and a total operating expense report show the Maggie Valley ABC Board has similar or lower categorical and total operating expenses compared 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	\$4,280,000	\$4,373,255	\$93,255	2.2%
Total Expenditures	\$4,141,800	\$4,042,774	\$99,026	2.4%
Distributions	\$122,700	\$159,589		
Revenue over/under Expenditures & Finance		\$170,892		
After Reconciling Items		\$89,182		

- In reviewing the budget-to-actual analysis of the FY 2025 financial audit, actual total revenues were 2.2% above the final budget amendment and expenditures were 2.4% below the final budget amendment.
 - The change in net position during the fiscal year was \$89,182. *The board's collective net position on June 30, 2025, was \$2,297,572; the net position has increased 15% since FY 2021.*
- Based on sales trajectory for the current fiscal year with nine months (75%) of the budget year completed, the board is tracking around 79% 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 2025, \$1,000,888 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Haywood County.
- In FY 2025, Maggie Valley ABC accrued funds for other statutory distributions totaling \$159,589 (*The net profit recipient received \$134,411*).
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 100% to Maggie Valley General Fund of which 10% must be used for law enforcement and 10% used for community service activities and alcohol education.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Maggie Valley ABC board has made net profit distributions for three (3) of 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 at or above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been accrued or disbursed at or above the standard 7% statute amount for the last five (5) FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Maggie Valley 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	\$122,887	FY-2025	\$134,411
FY-2024	\$114,556	FY-2024	\$74,556
FY-2023	\$114,123	FY-2023	\$91,299
FY-2022	\$110,587	FY-2022	\$222,591
FY-2021	\$108,488	FY-2021	\$119,545

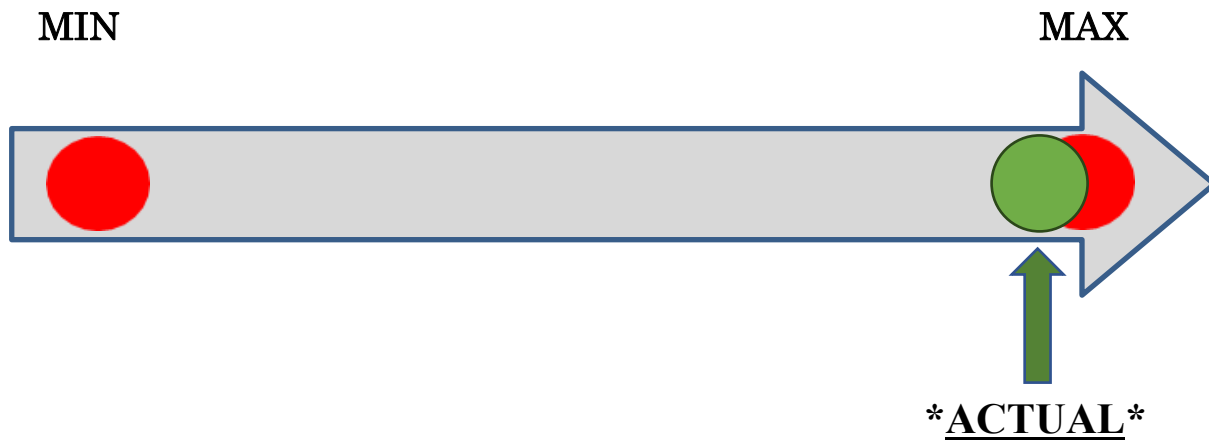
- The column on the right in the chart above shows funds directly distributed to the town’s general fund with no restrictions for the town.
 - The right column of the chart does not include funds accrued or distributed for law enforcement or alcohol education.
 - As an example, in FY 2023 the total of other statutory distributions, including law enforcement and alcohol education, would have totaled the minimum mandatory net profit distribution of \$114,123.

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 means 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 Maggie Valley ABC Board is required to maintain a minimum working capital of \$128,312 with a maximum working capital amount of \$834,027.
 - The Maggie Valley ABC Board had a working capital balance of \$833,968, which is above the minimum and below 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 four members and a chairperson whose per meeting compensation for their services follows G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - One member was recently appointed, and all other members are serving consecutive terms.
 - All members are compliant with the ethics training requirement, with both a recently appointed member and a recently reappointed member needing to take the training in the coming months.
 - At least one copy of a member's oath of office is available in the board's administrative records, however, copies of all member's oaths were not available at Commission visit.
 - Members have professional experience in a variety of businesses and local government.
- Meetings are generally held on the third Tuesday of each month with announcements posted in the store and with the town.
- Meeting minutes are organized, follow the proper order of proceedings, and include the conflict-or-interest statement.
 - Financial data is presented and discussed at board meetings to include profit and loss statements, bank account charts, supply invoices, and sales comparisons. *The board ensure budget-to-actual comparisons for sales and expenditures are routinely discussed.*
 - 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 was 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 Maggie Valley Police Department that was reconfirmed in 2022.
- Law enforcement reports are entered regularly by the General Manager with data supplied by the police department's records personnel.
 - Submitted reports contain data for accountability as outlined in G.S. 18B-501(f1).
 - In FY 2025, the board accrued or distributed funds to its contracted law enforcement agency in the amount of \$12,589.

Board Personnel

- The board currently staffs nine full-time and four part-time employees.
- The General Manager has recently been appointed to an interim position.
 - She is full-time and was previously the Finance Officer and manager for Store #2.
 - She is currently responsible for all board operations including the accounting-related activities.
 - *The board will either need to request a waiver from the Commission to allow the General Manager to also be the Finance Officer or designate another board employee as the Finance Officer.*
 - The board has at least one employee who occasionally provides some statutory duties required of a finance officer. For this person to continue with these duties, the board should properly designate this person or any others performing the same function(s) as a deputy finance officer.
- G.S. 18B-803(a) requires each store operated by the board to employ at least one manager for each store it operates.
 - While one approved board policy indicates the board has a current employee titled the Assistant Manager, the board may not have officially designated a manager for its store #1.
- Two part-time employees primarily assist with truck deliveries.
- All other employees are responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees is on the job and mentorship-style.
 - Product knowledge discussions are regular between staff on new and existing products. Additionally, the manager shares literature and other information provided by broker representatives with the sales team.
 - Cross training opportunities have been extended for administrative positions.
 - RASP training has been attended by most employees.
- A file for each employee is kept in the administrative office and includes a personnel manual acknowledgment form and other applicable employment documents.
- No conflicts pertaining to nepotism were found or identified through discussions with the General Manager.

Policies

- The board has a thorough personnel manual which covers the requirements of Rule 15A .1006 and additional work and behavioral expectations.
- The board has also adopted additional policies, including a code of ethics, credit card usage, vehicle usage, mixed beverage sales, and a policy permitting the budget officer to transfer limited funds without board approval.
- The board should craft and adopt a shelf management policy which corresponds with Rule 15A .1708.
- The board may wish to consider additional policies such as allocated product sales or a policy for in-store tastings if they decide to allow these in the future.
- 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

- Full inventory is conducted twice annually with all team members participating.
 - Categories and store sections are routinely inventoried, and the process is also incorporated into the ordering procedure.
 - Scanners are used and discrepancies are discussed with management, who ultimately makes any adjustments.
 - *A small sample of products was inventoried during the Commission visit with no notable discrepancies found.*
 - Slow moving products are relocated in the store or moved between stores.
- The board receives deliveries of liquor at both stores on the first and third Monday of each month.
 - Deliveries alternate between the two stores.
 - Pallets are down stacked using order sheets or the manifest and forklifts.
 - Any variances are re-checked before the report is submitted to LB&B.
 - The warehouses have rack systems to accommodate extra products.
- The board has a vehicle (van) to make product transfers between stores, and to haul boxes.
- Orders are made by walking the store and reviewing stock status.
 - Monthly SPA lists are reviewed and buy-in investments are made when appropriate.
 - Special order requests are always considered and typically ordered for local customers or mixed beverage accounts.
- The board retains breakage reports and includes the reports for credit with their suppliers. *For compliance with Rule 15A .1701(c), the board emails copies of the reports to the Commission, usually each quarter.*
- The board currently has seventeen active mixed beverage customer accounts.
 - Store #1 is the MXB outlet and conducts all sales.
 - Orders are rechecked by a second employee and again at the transaction.
 - Invoices are provided for permittees, and signed copies are retained for each account.
 - The board stamps bottles as required by NCA 15A .1901.
- Allocated products are initially available for mixed beverage customers with others being shelved or sometimes reserved for local customers.
- The board has not hosted tastings but is planning to have their first one soon.

Financial, Administrative, and Internal Controls

- The Interim General Manager is currently the acting Finance Officer.
- The General Manager pays the liquor invoices after each delivery. *A small sample of payment dates reviewed indicates orders are paid within the thirty-day requirement.*
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q) and signed by the finance officer and a board member.
- The Finance Officer signs and approves the preaudit certificate for liquor and some other orders as required by G.S. 18B-702(m).
- During the Commission visit, the manager indicated that a full-time key team member sometimes signs checks or approves orders. The board could consider appointing this person as the finance officer or properly designating a deputy finance officer to assist with these statutory requirements.
- The board has Positive Pay with their bank to combat fraudulent checks.
- The board has a credit card in the possession of the General Manager.
 - Purchases are limited to less than \$500 without board approval, and itemized receipts for purchases are retained with the board's administrative records.
- Cash-handling procedures are in place and known by all staff.
 - Sales associates are issued tills and are responsible for any overages or shortages.
 - Adding machine tape is used to verify funds in drawers at the end of shifts.
 - A deposit is compiled from all four tills and taken to the bank the following business day.
 - *A small sample of recent deposits was reviewed with no significant variances noted.*
 - The General Manager routinely reviews accounts and conducts month-end reconciliation.
- Payroll is processed weekly by the General Manager or another key employee through QuickBooks.
 - Timecards are used and reviewed by the General Manager before being processed.
- The annual CPA audit was received by the Commission on September 17, 2025.
- The board has a bond secured by a corporate surety in the amount of \$50,000.
 - The bond message indicates fourteen people are covered for premium purposes.
 - While likely included in this bond, the board should verify they are meeting the statutory requirements of G.S. 18B-700(j) and 18B-803(b).
 - All board members, the general manager, finance officer, and store manager(s) should be secured by the bond.
- As stipulated by its local enabling act, the board is required to distribute 10% of its net profits to the Town of Maggie Valley for community activities and alcohol education.
 - Over the last three fiscal years, the board has met this requirement and accrued or distributed funds in the amount of \$12,589 in FY 2025.
 - *For general accountability and possible compliance with G.S. 18B-805(h), the board should request reports from the town or any person or agency receiving alcohol education funds from the board annually describing how these funds were spent.*

STORE INSIGHT & OVERVIEW

- Both board stores are located on the main thoroughfare through the town and area.
 - The stores are in high commercial areas, and both have easily viewable roadside and building signs.
 - Both are free-standing buildings with ample parking.
 - The exterior areas and landscaping are well maintained and free of trash and debris.
- The interiors of both stores are well lit and organized.
 - 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.
 - Special colored shelf tags highlight items that are currently on sale.
 - Category signs indicate where most products are shelved.
 - Endcaps and other displays are well utilized.
 - Stores have either a North Carolina products section or cross-merchandise these products.
- Shelf management practices are mostly implemented but the store's older shelves complicate full compliance with Commission rules.
 - Products are fronted, dusted, and most often, in their designated category.
 - Premium products are found at eye-level or on the top shelf.
 - Bottles are not arranged so they increase in size from left to right for the same item.
 - Shelf space for products is usually set to follow the factors identified in Rule 15A .1708(5).
- A sample of around one hundred items was selected to determine if uniform pricing is displayed. Of those selected, no discrepancies were noted.
 - 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.
- Stores open daily at 9:00 a.m. and close at 9:00 p.m. Monday through Friday.
- The store is closed every Sunday and the five previously required holidays.
- Security systems are in place and functional and include cameras, alarms, and panic buttons.

REQUIRED & REQUESTED ACTIONS

- Item #1: All board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: For compliance with G.S. 18B-702(j), the board should designate an employee other than the general manager to be its finance officer. With consent of its appointing authority, the board may designate the appointing authority's finance officer to fulfill this role. Alternatively, the board may request a waiver from the Commission to allow the general manager to serve as the finance officer in a dual-role capacity.
- Item #3: For compliance with G.S. 18B-803(a)(b), the board should employ a store manager for each store it operates, and ensure each manager is bonded in an amount not less than fifty thousand dollars (\$50,000). *One person cannot be the designated manager for more than one store.* Additionally, the board should verify with its insurance agent that all board members, the general manager and finance officer, and store manager(s) are included in its current bond.
- Item #4: Local boards shall establish and maintain a shelf management plan per Rule 15A .1708, Shelf Management. The board should work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right.
- Item #5: 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

- Continue progressing towards operating as one unified board rather than two sometimes independent or competitive stores.
 - Consider both stores' stock status and needs when placing orders and routinely make transfers between stores for low or out of stock products.
 - If available through the current computer system or other means of communication, enable front-line team members to check if products are available at the other store to aid with customers' inquiries and overall experiences.
 - Continue allowing or requesting employees to work at both stores on occasion to help strengthen similar operations of the two stores. *Additionally, this practice may aid in the transfer of knowledge and best practices between team members.*
- The board could continue exploring industry trends and modernization opportunities such as tastings, barrel picks, or social media.
 - Reach out to other boards, association committees, broker representatives, or consider attending conferences for additional ideas and best practices.
- The board could consider adopting a written policy for the sale of allocated products. *In addition to providing clear guidelines, such a policy would inform patrons about the distribution of these high-demand items and assist sales associates when having to manage what can sometimes be challenging customer interactions.*

- While the board’s local enabling act doesn’t follow G.S. 18B-805(c)(3), for accountability the board could consider verifying or requesting reports from its appointing authority on how the portion of funds distributed that are allocated for alcohol education or rehabilitation are spent.
- The board may wish to consider exploring the benefits of having an ATM on site, especially as it pertains to its policy that requires credit cards to match the customer’s name on their ID.

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 the beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by September 30th of each year.
 - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission’s board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc.
- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include sales adjustment for current fiscal year sales estimates.
- 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.
- 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.
- 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 (2023)

- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- Board meeting minutes should have a conflict-of-interest disclosure statement, for proper adherence to G.S. 18B-201 (f)(k) and referencing G.S. 18B-700(h). Currently, no written statement exists on meeting minutes / agendas reviewed for calendar year 2022 to show where the Chairperson / board members are ensuring no conflict of interest is present. Meeting minutes should be signed referencing guidance in Commission's Operations Manual.
- Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. Electronic copies of a business credit card policy & vehicle use policy are recommended to be adopted and emailed to Commission personnel. Templates have been emailed for consideration to help expedite efforts.
- Local boards shall establish and maintain a shelf management plan per Commission Rule 15A .1708 Shelf Management. The board needs to work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right.
- In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by applicable board members/personnel, and email to Commission personnel for records.
- Referencing the local enabling act for the board, alcohol education distributions and law enforcement distributions are normally to be made in accordance with G.S. 18B-805(c)(2)(3) and are typically 5% and 7% of gross receipts remaining after net profit distribution amount has been calculated under 18B-805(c)(1). However, the local enabling act is designated for Town of Maggie Valley to use 10% of total net profit distribution for law enforcement and 10% of total for community service activities & alcohol education. The remaining 80% of net profit received goes specifically to the town's general fund. Because of this, the ABC board is recommended to issue three (3) checks each time net profit distributions are made to the town. This would include one check for 80% of total net profit distribution amount, second check for 10% representing law enforcement, and a third check representing the community activities & alcohol education portion. This will ensure the ABC board can reasonably work to ensure the town is made fully aware of the designated use of the net profit distribution funds.
- The ABC board is recommended to consider working with the Town of Maggie Valley to establish formal approval for an annual distribution of net profit instead of being on a quarterly distribution schedule. Alternately, the ABC Board could try to receive approval from the town for a semi-annual distribution
- 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 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: This would be most reasonably accomplished by signing & stamping the summary total of the Order Edit List from inventory system before any liquor orders are placed with state warehouse.

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

Good Morning Mr. Strickland,

We do now have a store manager for the Maggie Valley ABC Store #1, her name is Lora Carter. We are working together to build a better team and communication between stores. Our board has gone through with the decision to keep Nancy Grant as General Manager and Finance Officer, however she is also currently training other people to be able to cover financial duties when needed. We have assigned Debra Edwards as Deputy Finance Officer. We also have started to cross train all employees in both stores, which means they will be working between both stores. This includes training in mixed beverage sales and being able to pull orders for the restaurants. All employees have gone through the B.A.R.S. Training with local A.L.E. officers to make sure everyone is up to date about fake ID's.

We always check for special orders and products for our customers in order to insure we offer the best possible service to our customers. We often sell our allocations through mixed beverage to the restaurants, but when we do get enough to sell to the public, we do clearly mark the high-demand item and what the conditions are about the product. i.e. one per customer.

We have also had three tastings at the Dellwood ABC Store #2. We will start offering tastings in the Maggie Valley Store #1 in the near future.

Please let me know if there are any more recommendations that you may have. I appreciate your time and guidance with this past year.

Thank you,

Nancy Grant