Northampton County ABC Board

Performance Audit Report

Alcoholic Beverage Control Commission
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COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

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August 31, 2026

Northampton County ABC Board
Iris F. Williams, Chair
205 E. Jefferson St.
Jackson, NC 27845

Chairperson Williams,

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

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 G. DeSilva

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

Northampton County is on the Virginia and North Carolina border between Hertford and Halifax counties. The closest metropolitan area is Roanoke Rapids in Halifax County. Northampton County has a rural landscape with no large urban centers. Jackson is the county seat, and Gaston is the largest community by population. The county's estimated population in 2025 was 16,491 residents which was approximately a 5.5 percent decrease since 2020. The Northampton County ABC Board has four stores and is the only ABC board in the county.

Chapter 493 of the 1935 Pasquotank Act authorized Northampton County to hold an election for an ABC store. The referendum was held on August 14, 1965, and passed 2,922 to 2,092. The first retail sales occurred on October 1, 1965. A county-wide mixed beverage election was held May 6, 2014, and passed 3,075 to 1,652. The Northampton County board of commissioners and mayors of incorporated towns appoint a chairperson and two board members. Current members include Chairperson Iris Williams, Rickie Morris, and Phillip Wray.

The most recent performance audit for the Northampton County ABC Board was concluded in 2024. The Commission audit serves as an ongoing method to provide local boards with information and best practices that identify areas for improvement.

6755 NC HWY 46. Garysburg

205 E. Jefferson St. Jackson

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On August 6, 2026, ABC Commission Program Analyst Edwin Strickland visited the Northampton County ABC Board and interviewed the General Manager, Mia Turro. Below is a financial analysis, followed by operational observations, findings, and recommendations related to the performance audit.

223 W. Main St. Conway

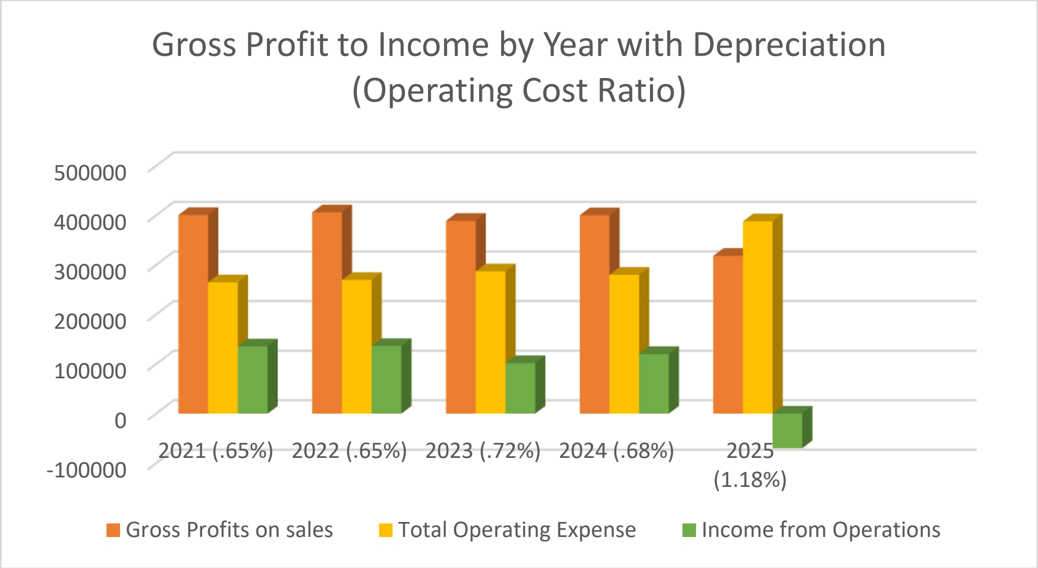
321 N. Main St. Rich Square

FINANCIAL ANALYSIS

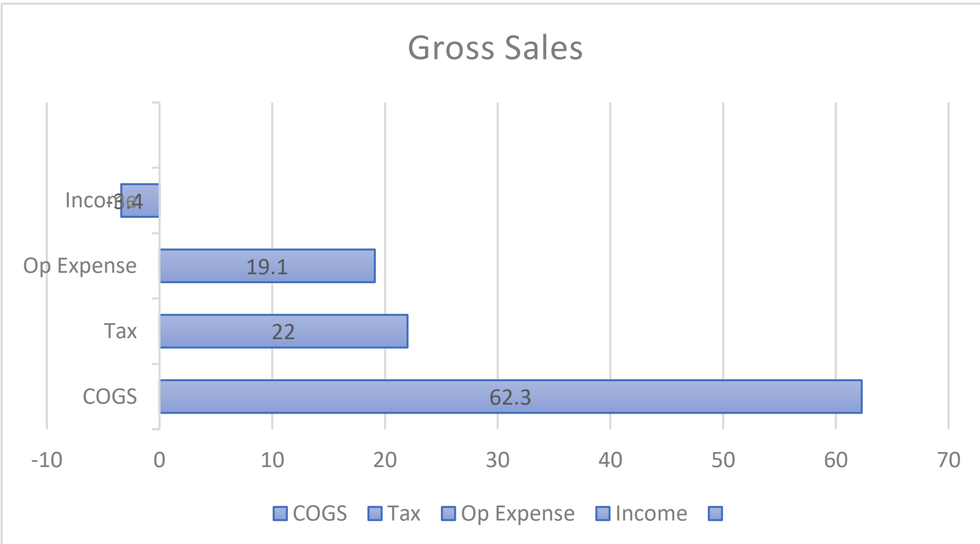
SALES, PROFIT PERCENTAGE, & OPERATING COST RATIO

- In FY 2025, the Northampton County ABC Board had gross sales totaling $2,034,243, an increase of approximately 31.5% from the previous year.
    - Since FY 2021, the board's sales have increased by approximately 24%.
- In FY 2025, the board's profit percentage to sales ratio was -3.42%.
    - *The profit percentage to sales ratios over the previous four completed fiscal years were 7.77%, 6.41%, 8.32%, and 8.26%, respectively.*
    - The ABC Commission's profit percent to sales standard for boards with sales less than $5M is 3% or higher.
- Northampton County ABC Board operates four retail stores with mixed beverage sales. The operating cost ratio for the board was 1.18 in FY 2025. *The previous four years are shown in the chart below.*
    - The ABC Commission standard for ABC Boards with three or more stores is 0.63 or less.
- Therefore, the Northampton County ABC Board did not meet the profitability standard or the operating cost standard set by the 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 2025	FY 2024
Gross Profit on Sales	$318,355	$400,319
Total Operating Expense	$387,948	$280,197
Income from Operations	($69,593)	$120,122



- 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.



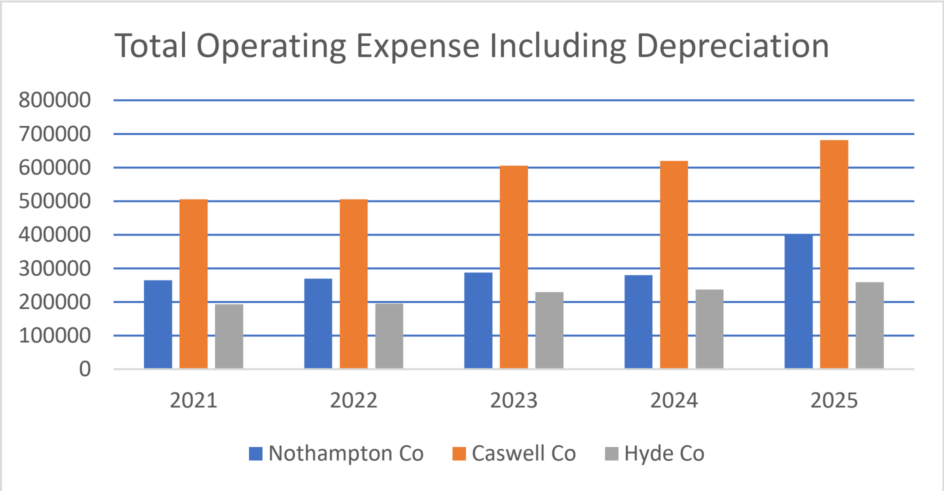
- *Factors affecting sales:*
  - There are three other ABC boards with stores within a 30-mile radius of a Northampton County ABC Board store.
  - The county borders Virginia with other possible outlets.
  - A 5% unemployment rate in Northampton County in June of 2025 with a .3% increase from the previous year. *The North Carolina average in June 2025 was 3.7%.*
  - Approximately 22% of the population in the county is below the poverty level. *The North Carolina average fluctuates around 12.5%.*
  - In FY 2025, the board's mixed beverage sales were 0.67% of total sales.

INVENTORY TURNOVER

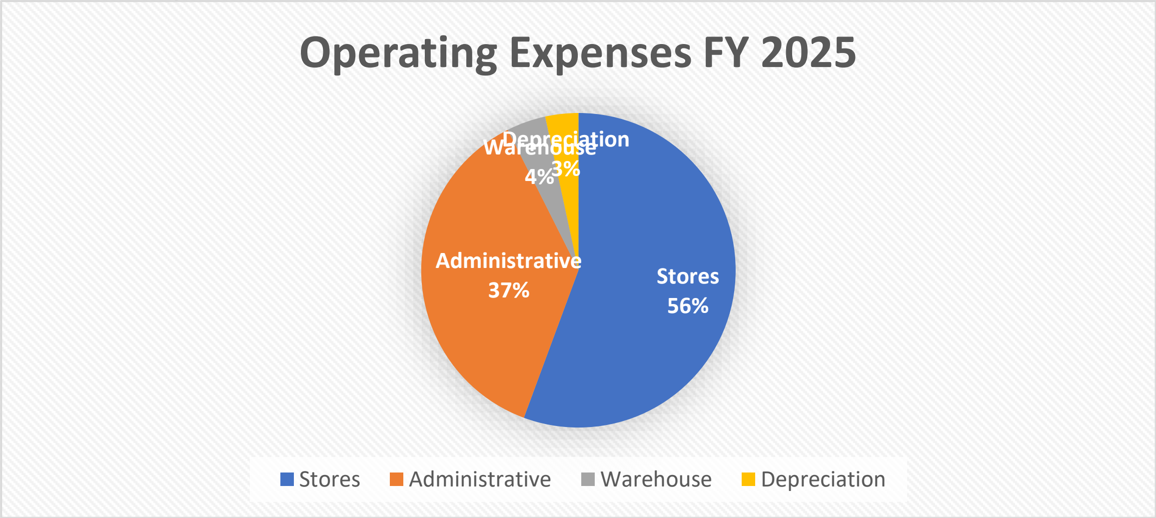
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
  - Once a week deliveries target at 6 times or more per year
  - Twice a month deliveries target 5 times or more per year
  - Monthly deliveries target at 4.5 times or more per year
- The Northampton County ABC Board receives shipments twice a month, with a target inventory turnover rate of around 5. The inventory turnover rate in FY 2025 was 4.4, which is somewhat below the official goal.

EXPENSES

- *Expense Information:*
  - In FY 2025, total operating expenses increased by 38.5% from the last fiscal year and were around 19% of total annual sales.
  - Salaries were over 11% of total annual sales with an increase of almost 40% from the previous fiscal year.
  - No other line-item categories showed significant increases during the fiscal year.
  - Cost of Goods Sold (COGS) was 62.3% for the fiscal year with a normal range being 52% to 54%.
- The chart below compares the total operating expenses over the last five fiscal years Northampton County ABC and two other boards.
  - Caswell County ABC has four stores, and their sales usually exceed $3M.
  - Hyde County ABC has two stores, and their sales are closer to $1.5M annually.



- The chart below illustrates how operating expenses are allocated across the three primary operational categories and depreciation.



BUDGET ANALYSIS

	FY 2025 *Budget Projections*	*FY 2025 Actual*	Variance	Variance %
Total Revenues	$1,584,938	$2,034,243	$449,305	22%
Total Expenditures	$1,525,838	$2,216,819	($690,981)	(45%)
Distributions	$59,100	$0		
Revenue over/under Expenditures & Finance		*($182,576)*		
After Reconciling Items		*($1,172)*		

- In reviewing the budget to actual analysis of the FY 2025 financial audit, actual total revenues were 22% above the final budget and expenditures were 45% above the budget.
    - No budget amendments were submitted to the Commission for FY 2025.
- The change in net position during the fiscal year was (1,172). *The board's collective net position on June 30, 2025, was $461,922; the net position has increased by almost 70% since FY 2021.*

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 and 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, a total of $447,834 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Northampton County.
- In FY 2025, Northampton County ABC did not make or accrue funds for distributions. In FY 2024, the board accrued funds for other statutory distributions totaling $57,328.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
    - 25% to incorporated municipalities in the county based on population
    - Remainder to the Northampton County General Fund

DISTRIBUTIONS (cont.)

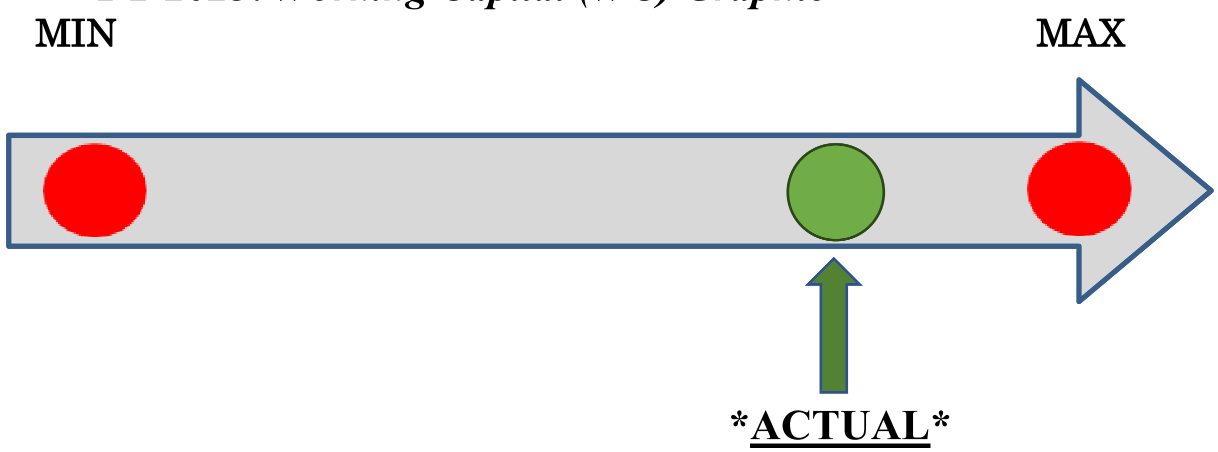
- STATUTORY DISTRIBUTIONS:
    - Net Profit Distributions – The Northampton County ABC board has made net profit distributions for two of the last five fiscal years at or above the minimum mandatory distribution as referenced in G.S. 18B-805(c)(1). **The table below shows distributions calculated on 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 and/or disbursed above the standard 5% statute amount for four the last five FYs.
    - Alcohol Education Distributions: Have been accrued and/or disbursed at or above the standard 7% statute amount for four of the last five FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)				
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients *Note: Referencing CPA Audit Reports*			Northampton County ABC Board Net profit distribution made annually by fiscal year	
Calculated Amount			Total paid to recipient(s)	
FY-2025	*$57,160*		FY-2025	***$0***
FY-2024	*$44,936*		FY-2024	***$48,360***
FY-2023	*$46,199*		FY-2023	***$31,429***
FY-2022	*$47,547*		FY-2022	***$62,644***
FY-2021	*$48,140*		FY-2021	***$0***

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 on the existing rules, as of June 30, 2025, the Northampton County ABC Board is required to maintain a minimum working capital of $61,016 with a maximum working capital amount of $396,602.
    - On June 30, 2025, the board had a working capital balance of $331,710 which is below 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.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

Board Members

- The board consists of two members and a chairperson, each receiving compensation for their services in compliance with G.S. 18B-700(g).
    - Board members' terms are appropriately staggered, and all have satisfied the ethics training requirement for their current term.
    - Members have taken oaths of office and copies are in the board's administrative records.
- Meetings are generally held on the third Wednesday of each month with the second Tuesday as an alternate date.
    - Meeting announcements are posted at the board's administrative office.
- Meeting minutes are well organized, available, and follow the proper order of proceedings.
    - The meeting minutes reviewed include a no-conflict-of-interest statement.
    - Data and reports presented at board meetings include the profit and loss statements, balance sheets, and per store sales views.
    - *While sometimes discussed at board meetings, the Commission requests the board review an income statement or other document to allow for a comparison of budgeted and current sales and expenditures.*
    - 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 in annual audits.

Board Personnel

- The board employs one full-time and fifteen part-time employees.
- The General Manager is full-time, has completed ethics training, and is responsible for overseeing all board operations and activities.
- The board's Finance Officer is contracted and is responsible for most taxes and distributions, account reconciliations, and general accounting oversight.
- The board has an administrative Financial Assistant who is responsible for billing and other finance related tasks.
- Several employees are part of the warehouse team, and these employees also work in the stores.
- Each store has a designated manager.
- All other employees are salesclerks responsible for providing friendly customer service, general store maintenance, and stock management.
- Training for new employees is conducted on the job and is mentorship based.
    - The General Manager is involved with initial training which includes introductory materials for product knowledge.
    - All team members have received RASP training.
    - Files for personnel are maintained in the administrative office and include policy acknowledgments and disciplinary documentation.
- No conflicts related to nepotism were found, based on discussions with the General Manager.
- All store personnel are aware that loitering is prohibited on board property and in the store.

Law Enforcement and Alcohol Education

- The board currently has four law enforcement contracts with the Towns of Jackson, Gaston, Rich Square, and Conway, all of which were signed in 2022.
    - The board makes its distributions to the Northampton County Sheriff's Office and accrued distribution funds in the amount of $3,759 in FY 2025.
    - While permissible to have active contracts with more than one agency, the board should request to enter a law enforcement contract with the county's Sheriff's Office pursuant to G.S. 18B-501(f), since they are the recipient of the board's law enforcement distributions.
- Law enforcement reports are submitted each month by the General Manager without data.
    - Applicable data for accountability as outlined in G.S. 18B-501(f1), are not provided to the board from its contracted law enforcement agency and, therefore, cannot be reported.
- The board allocates its alcohol education distribution to Northampton County.
    - In FY 2025, the board accrued funds for distribution in the amount of $5,263.
    - G.S. 18B-805(h) requires the board to include in its meeting minutes how its alcoholism funds are to be spent and to verify any person or agency receiving funds from the board report to the board at least annually, describing how these funds were spent.

Policies

- The board has a code of ethics policy which adheres to the requirements of G.S. 18B-706(a), and a thorough personnel manual which covers many additional policies including those required by Rule 15A .1006.
- Other written policies the board may wish to consider include mixed beverage sales and an updated credit card usage policy as the one on file in Commission records is outdated.
- 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 monthly at all stores and weekly in the warehouse.
    - Variances are recounted and adjustments are only made by the General Manager or Warehouse Manager.
    - *A small sample of products was inventoried during the Commission visit with only one possible small variance found.*
    - Frequent product resets are conducted to improve the sales performance of slower moving items. Additionally, these products may be moved between stores, and the General Manager is considering price reductions.
- Store managers place orders for their stores which are reviewed by the General Manager before being submitted.
    - Special order requests are considered on a case-by-case basis for retail sales.
- The board receives liquor deliveries on the second and fourth Wednesdays of each month.
    - All deliveries are made to the central warehouse, and transfers are made, usually, on the same day.
    - Pallets are dropped and variances are rechecked before the report is sent to LB&B.
    - Transfer edit lists are reviewed and returned to the administrative office.
- The board currently has three possible mixed beverage accounts.
    - One account sometimes purchases from a neighboring board which had been permitted by the board's previous administrator.
    - Pulled orders are rechecked during the customer transaction.
    - Invoices are provided to the permittees, and signed copies are retained for three years.
    - The board affixes tax stamps to bottles as required by Rule 15A .1901.
- Allocated products are available to mixed beverage customers and others are sold following the General Manager's directive per the board's personnel manual.
- The board retains breakage reports and submits them to suppliers for credit. For compliance with Rule 15A .1701(c), the board is emailing copies of the reports to the Commission quarterly.
- The board has social media account(s) for awareness.
- The board's login website was updated prior to the Commission visit and contains accurate information pertaining to board members, personnel, and store locations.

Financial & Internal Controls

- Invoices for liquor are paid twice monthly by the Financial Assistant and within the 30-day requirement.
  - The board now pays most liquor distilleries via ACH.
- The board's checks are signed by the Finance Officer and counter-signed by the Chairperson and the General Manager.
  - The checks are stamped with the required disbursement certificate for compliance with G.S. 18B-702(q).
- The preaudit certificate is not utilized on liquor or other purchase orders as required by G.S. 18B-702(m).
  - The board may wish to consider properly designating a Deputy Finance Officer to facilitate the preaudit obligation.
- Tax and distributions are processed by the Finance Officer.
- The board has a credit card in the possession of the General Manager.
  - Itemized receipts are retained and provided to the Finance Officer before the account is settled monthly.
- Employees work out of one till each day with all funds counted at the beginning and end of each day, and when a shift change occurs.
  - Deposits are compiled daily and transported to the board's bank on operational weekdays for three of the board's stores.
  - *To comply with Rule 15A .0905 (a) and (d), the board has now received a waiver from the Commission to stagger daily deposits per an agreed upon schedule.*
- The administrative team verifies deposits routinely and the Finance Officer conducts month end reconciliations for all accounts.
  - *A sample of recent deposits was reviewed with no variances noted.*
- Payroll is processed monthly through QuickBooks, and all employees are paid via direct deposit.
  - Store employees clock in through the POS system, and the warehouse team uses time sheets.
  - Time for all employees is reviewed by the General Manager before processing.
  - Board members are not included in payroll.
- All board members and applicable personnel are bonded for at least $50,000 as required by G.S. 18B-700(i) and G.S. 18B-803(b).
- The annual CPA audit was received by the Commission on November 20, 2025, later than the September 30 annual deadline.

STORE INSIGHT & OVERVIEW

- Commission staff visited the Northampton County ABC Board's central administrative office and warehouse complex, and all four retail stores.
- The central office and warehouse are in the same freestanding building owned by the board in Jackson.
  - The warehouse is spacious, well organized, and allows for pallet delivery.
  - The adjacent retail store has recently been remodeled to allow for self-service sales.
  - The store has adequate parking and easy to see building and road signs.
- The Garysburg store is freestanding, and the board's newest store.
  - It is a modern self-service store and aesthetically pleasant.
  - Building signs are easy to see and the store has ample parking.
- Both the Conway and Rich Square stores are portions of multi-use buildings and counter or full-service stores.
  - Both stores have adequate parking and building signs, but these signs are not easily viewable. *The board may wish to consider roadside or other signage means of identification for these stores.*
- The interiors of the stores are well lit and organized.
  - Floors and shelves are clean and displays and end caps are utilized where available.
  - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are displayed.
  - A quarterly price book is available at sales counters.
  - Some broker-supplied shelf tags are used to highlight items that are currently on sale.
  - Other shelf tags are used to identify new items in the Garysburg store.
  - The stores do not have North Carolina product sections but do identify the North Carolina products they have available.
- Shelf management practices are not fully implemented in the self-service stores.
  - Products are fronted and bottles are dusted.
  - Products are grouped by category, and premium products are most often located at eye level or higher.
  - Bottles are not always arranged so that they increase in size from 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 approximately one hundred items was selected at all stores to determine if uniform pricing was displayed. Of those selected, all but one item in one store had the correct price listed.
  - Price discrepancies are handled in the customer's favor if the shelf tag was to be lower than the current price mandate and the customer objects.
- Sales associates value customer service, and all are attentive and courteous.
- Three stores have limited hours, but the Garysburg store is open from 9:00 a.m. to 9:00 p.m.
- The stores are closed every Sunday and at least the two required holidays with some recent adjustments to holiday hours and openings.
- Beginning August 3, 2026, the Conway store is now closed on Mondays and Tuesdays weekly.
- All stores have cameras and most have functional alarm systems.

REQUIRED OR REQUESTED ACTIONS

- Item #1: 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 #2: 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 amendment copies are submitted to the ABC Commission as required per G.S. 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.

- Item #3: The board should re-establish full compliance with G.S. 18B-702(m) by ensuring the preaudit approval certificate appears on purchase orders or liquor orders to take substantially the following form: "This instrument has been preaudited in the manner required by G.S. 18B-702". *This could most reasonably be accomplished by having the Finance Officer or Deputy Finance Officer stamp and sign the order edit list for liquor or other purchase orders and contracts.*

- Item #4: For 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 any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent.

- Item #5: The board has four active law enforcement contracts between the board and towns in the county. Since the board makes its law enforcement distribution to the Northampton County Sheriff's Office, the board should also enter into a contract with this agency per G.S. 18B-501(f). *Upon entering a new contract, the board should consider reaffirming the need for the agency to provide law enforcement activity reports for compliance with G.S. 18B-501(f1).*

- Item #6: The board has a shelf management plan pursuant to Rule 15A .1708, The board should work to rearrange liquor inventory on the shelves to follow shelf management requirements, particularly ensuring bottles increase in size from left to right.

- Item #7: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS OR CONSIDERATIONS

- Now that the board is paying most distilleries via ACH payment, the administrative team should consider a method for attaching the disbursement certificate pursuant to G.S. 18B-702(q) to a record of these payments. *This could be completed on a printed copy of the transaction or a list of payments made after processing.*

- In conjunction with the previous recommendation and other aspects of G.S. 18B-702 such as the preaudit requirement, the board may wish to consider properly designating a Deputy Finance Officer to help facilitate these statutory requirements.

- Per the ABC Board/Commission Operations Manual 4.7.1, the board should review a budget-to-actual comparison of revenues and expenditures at its monthly meetings.

- To promote more visibility, the board could consider roadside or additional building signs for some of its stores.

- With recent changes to advertising rules the board may wish to consider the feasibility of a billboard on highways or the interstate. *Generally, to break even, generated sales from the billboard would need to be slightly over four times the advertising investment.*

- While generally understood by all staff, the board may wish to consider establishing or adopting the following written policies. *Written policies can serve to strengthen internal controls and as effective guidelines if updates are made or are being considered to the procedures already in place.* Copies of all adopted policies should be forwarded to the Commission for approval and records retention.
    - The board should consider updating its credit card usage policy to its current standards and clearly define who is authorized to use the board-issued credit card and specify the type of purchases that are permitted and prohibited.
    - In the event the board experiences an increase in the number of mixed beverage customers, the board should consider a written mixed beverage sales policy. Such a policy can help provide information to new customers about the preferred methods for placing orders and expectations for filling the orders. Additionally, such a policy would demonstrate the board's willingness to provide flexibility in fulfilling orders and reinforce its overall business-friendly approach.
    - While also already being followed, the board should consider adopting a written price discrepancy policy to correspond with Rule 15A. 1705(b).

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

ADDITIONAL GUIDANCE FOR ALL BOARDS

- 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 work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.

- ABC Boards are 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. 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.

- 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 (2024)

- Board should remain in compliance with GS 18B-805(c)(1)(2)(3). If other statutory distributions to the board of county commissioners is less than the minimum requirement, the board should obtain their appointing authority's approval in writing and provide the Commission documentation for records retention.
- Pay all liquor bills within thirty days of receipt of liquor. It is the Commission's policy to stop liquor shipments when liquor invoices become delinquent per NCAC 15A .1406(c).
- The Required Fetal Alcohol Syndrome poster was not displayed in either of the two stores visited as required by GS 18B-808. Posters were provided at Commission visit.
- Board should evaluate and comply with 18B-707(K) regarding potential nepotism with warehouse personnel.
- The recipient(s) of alcoholism fund or education distributions should provide annual documentation to the board describing the activity for which these awarded funds are spent per G.S. 18B-805(h). *The board may want to consider obtaining documentation before the funds are officially awarded / transmitted to any recipients.*
- The board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission with a copy of this approval per G.*S. 18B-700(g2). <u>NOTE</u>: As another option the board can alternately adopt the official State of NC government travel policy referenced under G.S. 138-6. This would allow the board an option to eliminate the annual travel policy update requirement by formally adopting the state government travel policy at an official board meeting and providing a copy of minutes to the Commission.*
- All reappointed board members (and newly appointed members) are required to complete ethics training within one (1) year of their appointment date per G.S. 18B-706(b). General managers and finance officers also complete a one-time training per Commission requirements. Per records review, all board members but one are current on training. General manager will need to complete ethics training at first availability.
- The board shall submit a copy of the law enforcement report to the appointing authority and the Commission by the 5th business day of each month per G.S. 18B-501(f1). Reports have been submitted regularly online but none reference any data or statistics. If current law enforcement agencies are not completing ABC enforcement law activities on behalf of the board, it is recommended for the board to consider entering a contract with a suitable agency such as Alcohol Law Enforcement (ALE) state agency or the county sheriff's department.
- Board could consider rescinding policy of allowing neighboring counties to handle mixed beverage sales and fulfilling orders for all permittees within the county. Board could reach out to neighboring counties to discuss options or best method for handling future permitted establishments.
- Board could craft and implement a shelf management plan in compliance with NCAC 15A-1708 particularly with regards to having higher priced items on upper or eye level shelves and have vertical categories.
- Provide additional training that will include alcohol education, customer service, and product knowledge. Contact the Commission for RASP class training and other boards that have other training module(s) to be included in employee professional development.

- Board should consider converting as many stores as possible to self-service, particularly the Gaston store which sells to tourists as well as residents. It is proven that self-service stores generate 10% more in profits.
- Board could consider adopting or updating any policies to include, but not limited to, tastings, credit card, store policies, social media, vehicle, price discrepancies, or others. Board could consider updating *personnel manual to cover some of the afore mentioned suggested policies and a template is available on the Commission's public website.*

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

August 21, 2026

North Carolina ABC Commission
400 East Tryon Road
Raleigh, NC 27610

Subject: Response to 2026 Performance Audit Findings

Dear North Carolina ABC Commission:

The Northampton County ABC Board appreciates the assistance, recommendations, and guidance provided during this year's completed performance audit. The Board has reviewed the audit results and is committed to addressing each finding and improving its policies, procedures, and internal controls.

Please find below our responses to the audit findings and recommendations:

Item 1: The required information was submitted in May and placed on the August 12, 2026, agenda.

Item 2: All recommendations will be followed.

Item 3: We will use the required preaudit certificate for all liquor and other purchase orders.

Item 4: We received a waiver from the North Carolina ABC Commission allowing the Board to limit the number of trips made to the bank.

Item 5: We will contact Northampton County by email to inquire about how the alcohol education funds were spent.

Item 6: We contacted Sharon with the Northampton County Sheriff's Office. She will provide the required reports to the Board at the beginning of each month.

Item 7: All stores have rearranged their shelves so that bottle sizes increase from left to right.

Item 8: The Certificate of Accountability has been signed by all required parties and is included with this response.

The Northampton County ABC Board will continue working to ensure compliance with all applicable laws, regulations, and recommendations of the North Carolina ABC Commission.

Sincerely,

Iris Williams, Chairperson

Mia Nina Turro

Mia Nina Turro, General Manager

Board Member

Board Member

8 / 11 / 2026
Month Day Year

Northampton County ABC Board #73
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).

Mia Nina Turno
General Manager

Kristina Boone
Financial Officer

Chairman

Board Member

Board Member

Board Member

Board Member