

Ocean Isle Beach

ABC Board

Performance Audit Report



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Alcoholic Beverage Control

July 30, 2025

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

Ocean Isle Beach ABC
Board

George Montague, Chair
1505 Ocean Isle Beach Rd.
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DEPUTY COMMISSIONER:
Mike DeSilva

Chairperson Montague,

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

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

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

Respectfully,

Michael DeSilva
Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

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

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

To achieve the objectives of the audit, auditors:

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

Ocean Isle Beach is located in southeastern North Carolina in Brunswick County. The town's population per the 2020 census was 867 residents, up 57.6% from 2010. The town was incorporated in 1959 and is best known for its beach and waterways, and as a tourist destination.

Chapter 344 of the 1961 Session Law authorized the Town of Ocean Isle Beach to hold an election upon a written petition of at least fifteen percent (15%) of registered voters. The first retail sale occurred on August 11, 1961. A mixed beverage election was held on March 20, 1979, and passed 36 to 34. The first mixed beverage sale occurred on July 25, 1979. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairman and two board members to serve three staggered year terms. Current board members are George Montague, board chairman, Bob Dausen and Dave Grantham, board members. The Ocean Isle Beach ABC Board operates one retail store and is one of nine (9) boards with stores in the county.

The last performance audit for the Ocean Isle Beach ABC Board concluded in 2015. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Thursday, April 3, 2025, ABC Commission Program Analyst Edwin Strickland visited the Ocean Isle Beach ABC Board and interviewed the General Manager, Kevin Dillow. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



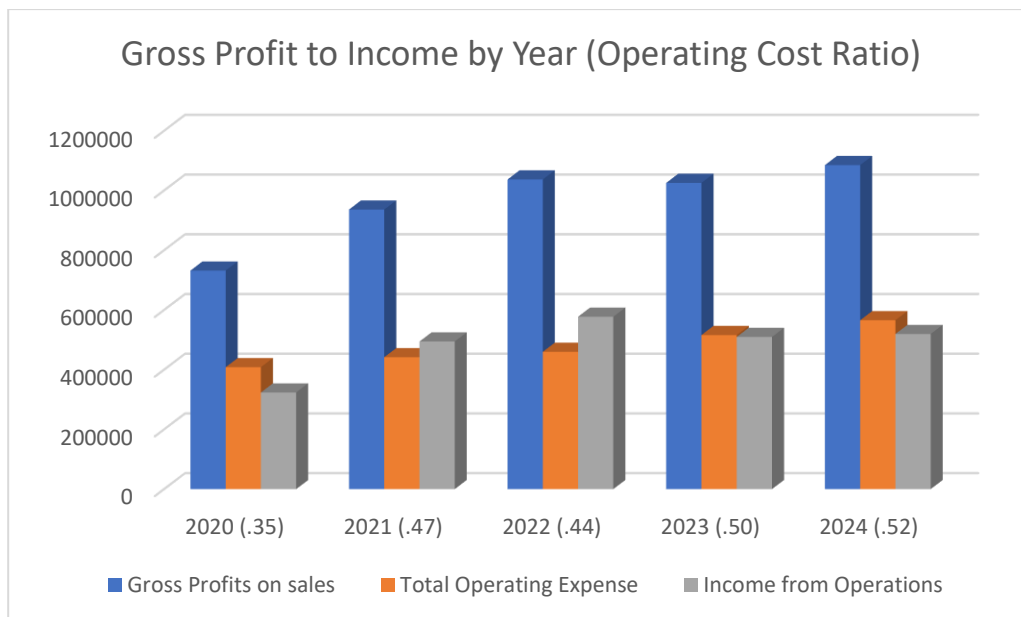
1505 Ocean Isle Beach Rd. Ocean Isle Beach, N.C.

FINANCIAL ANALYSIS

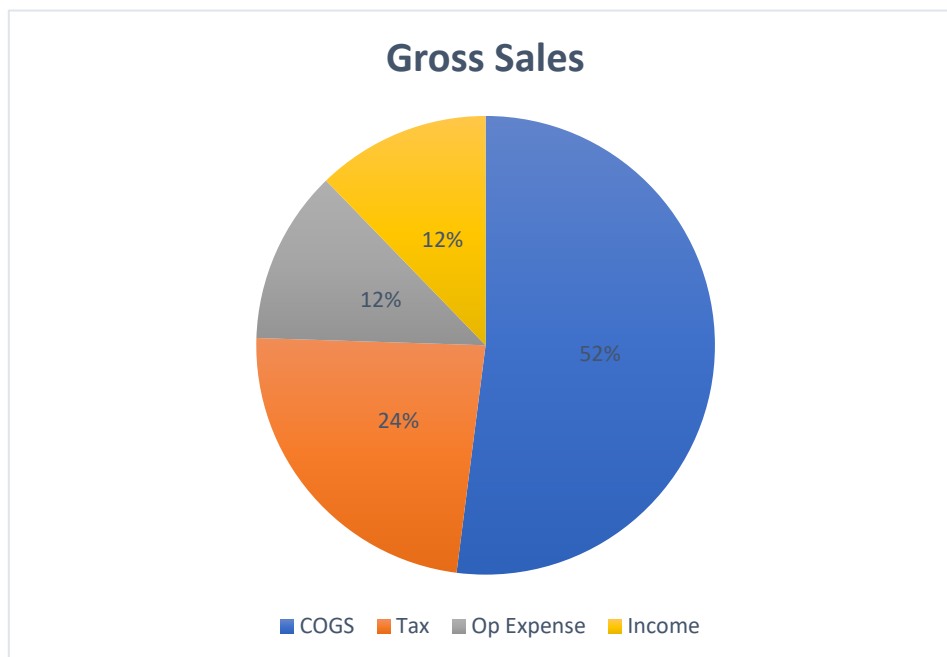
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Ocean Isle Beach ABC Board had a profit percentage to sales ratio of 12.14%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - The Ocean Isle Beach ABC Board's gross sales totaled \$4,280,871, which was an approximate 4.1% increase from the previous fiscal year.
 - The board's sales have grown almost 50% over the last five completed fiscal years.
- Ocean Isle Beach ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .52 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.
 - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Ocean Isle Beach ABC Board exceeds both the profitability and the operating cost standards set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$1,085,284	\$1,025,771
Total Operating Expense	(\$565,743)	(\$516,091)
Income from Operations	\$519,541	\$509,680



- *Factors affecting sales:*
 - Ocean Isle Beach ABC is one of 9 boards in Brunswick County and South Carolina is approximately 10 miles away with other outlets.
 - A 4.5% unemployment rate in Brunswick County in June of 2024 with a .3% increase from the previous year.
 - The board currently has approximately 16 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for over 15% of gross sales.*
- 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, or as additional distributions beyond the minimum requirement.



INVENTORY TURNOVER

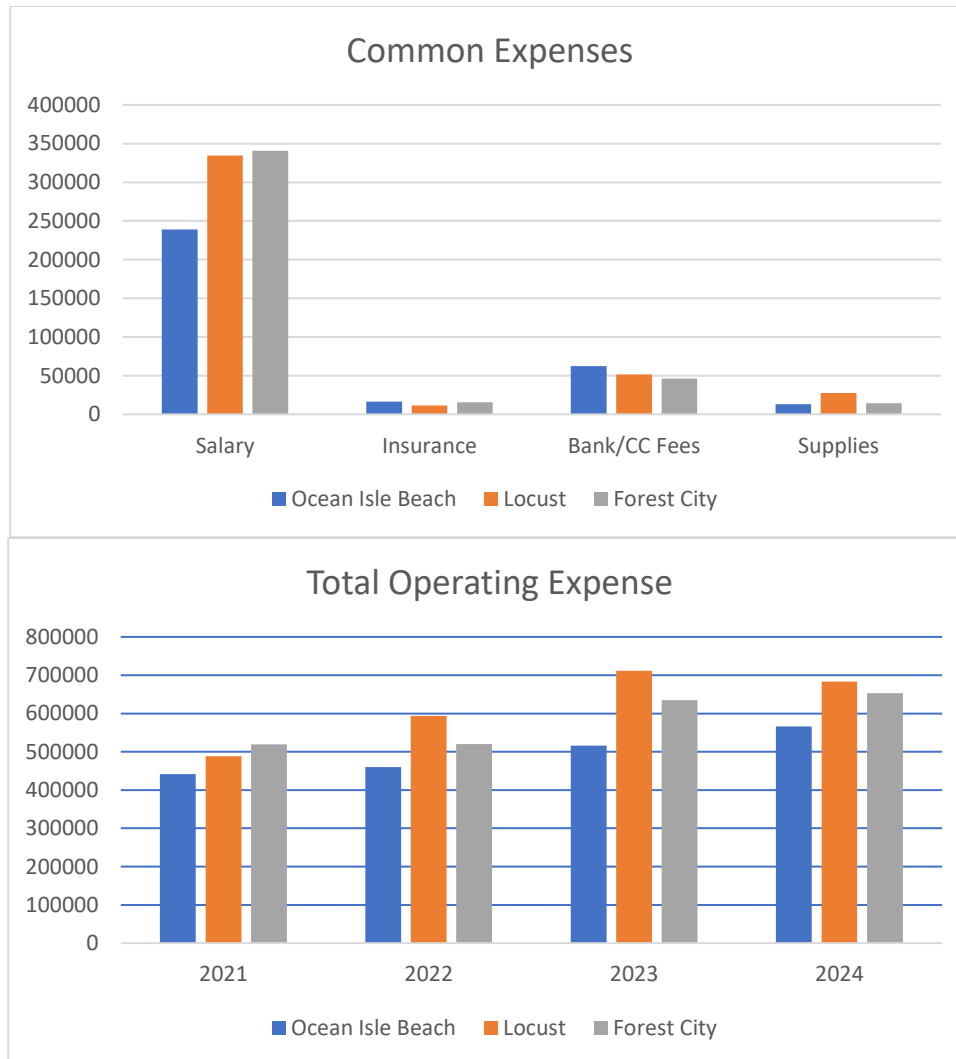
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times 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 Ocean Isle Beach ABC Board receives two shipments monthly with a target inventory turnover rate of 5. The inventory rate in (FY) 2023-2024 was 3.6, which is somewhat below the goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased approximately ten percent (10%) from the last fiscal year and were roughly thirteen percent (13%) of total annual sales in FY-23/24.
- Board salaries and wages were a little less than six percent (6%) of total annual sales. Salaries and wages increased around three percent (3%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 51.4% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Ocean Isle Beach ABC Board has mostly lower categorical and lower total operating expenses comparable to other ABC boards within a similar gross sales range. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items.*



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
Total Revenues	\$4,241,625	\$4,280,912	\$39,287	.9%
Total Expenditures	\$3,606,969	\$3,677,727	(\$70,758)	(2%)
Distributions	\$634,645	\$604,148	\$30,317	
Revenue over or (under) Expenditures		(\$963)		
After Reconciling Items		(\$84,566)		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were .9% above final budget amendment.
 - The net income change during the fiscal year was (\$84,566). *The board's collective net position on June 30, 2024, was \$288,812; the net position has decreased around 24% over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with nine months (75%) of the budget year completed, the board is tracking at around 67% of annual budgeted sales.
 - *A comparison of the board's current P&L to their FY 2024-2025 budget indicates no significant variations in line-item expenditures through February 2025.*

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 2023-2024, Ocean Isle Beach ABC made other statutory distributions totaling \$604,148 (Net profit distribution recipient received \$555,915).
- The amount of \$993,332 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Brunswick County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 100% to Ocean Isle Beach General Fund out of which the town shall make an annual distribution to Union Primary, Shallotte Middle and West Brunswick Schools in amounts to be determined by the Ocean Isle Town Council.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Ocean Isle Beach ABC board has made robust net profit distributions the last five (5) fiscal years well above the minimum mandatory distribution in reference to NCGS 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 properly disbursed at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount over the last five (5) FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Ocean Isle Beach 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-2024	\$117,637	FY-2024	\$480,800
FY-2023	\$113,305	FY-2023	\$466,700
FY-2022	\$109,553	FY-2022	\$269,686
FY-2021	\$93,634	FY-2021	\$452,326
FY-2020	\$79,715	FY-2020	\$298,388

- Since inception, the Ocean Isle Beach ABC Board has made net profit distributions to the Ocean Isle Beach General Fund in the amount of \$3,916,319*.

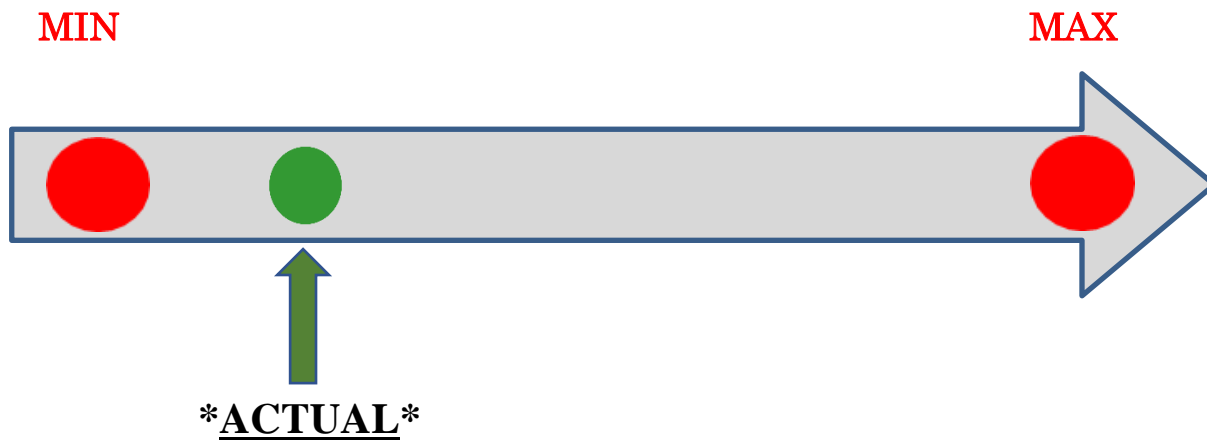
WORKING CAPITAL

- 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).

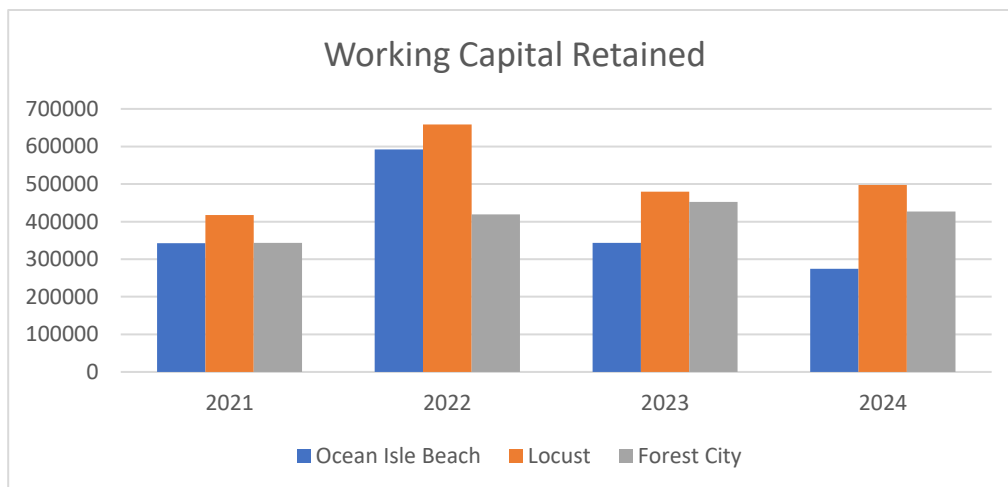
WORKING CAPITAL (cont.)

- Based upon the existing rules, as of June 30, 2024, the Ocean Isle Beach ABC Board is required to maintain a minimum working capital of \$124,744 with a maximum working capital amount of \$810,837.
 - The Ocean Isle Beach ABC Board had a working capital balance of \$274,744 which is more than the minimum and less than the maximum Commission requirements for this section (*).

*** FY 2023-2024: 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.
- The chart below comparing working capital amounts for like boards over the last four years indicates Ocean Isle Beach ABC Board has a working capital lower than the other boards with similar sales and other variables for the last two FYs.



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, each receiving compensation for their services at or below the maximum \$150.00 per meeting.
 - All board members are currently compliant on ethics training and terms are appropriately staggered. *Two recently appointed members will need to complete training in the coming months.*
 - The board consists of one first term member, and two who are serving consecutive terms, with the chairperson having served multiple terms for the board.
 - Members have professional experience in business, management, and local government.
- Members have taken an oath of office per G.S. 11-7 and copies of oaths are available at the board's administrative office.
- Meetings are generally held the fourth Tuesday of each month and public notice is posted at town hall. *Board could also consider posting announcements at their store.*
- Meeting minutes are well organized and available and follow the order of proceedings, providing detail of business discussed in a transparent and easily comprehensible manner.
 - Minutes reviewed contained all required notations including time and date, approval of previous meetings minutes, and no conflicts of interest statement.
 - Financial reports are discussed at meetings including balance sheets, budget and sales comparisons, and other relevant data.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll. Boards should also, routinely review any notes and recommendations provided by the CPA firm on annual audits.
- The board's login website had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store location.

Law Enforcement

- The board has a law enforcement contract with the Ocean Isle Police Department from 2014, and the Commission has a copy in record retention.
- Law enforcement reports are submitted regularly by the general manager with data supplied from Detective Richard Heycock with the OIPD.
 - Reports sometimes provide details of activities for accountability per G.S. 18B-501(f1); mostly in summer months where the local activity is more prevalent.

Board Personnel

- The board currently staffs seven (7) total employees, with three (3) full time, and four (4) part time. *The board utilizes a contracted third-party accounting firm.*
- General Manager has served in this role with the board since 2011, was previously the assistant manager, and was formerly the proprietor of a liquor store in another state.
 - General manager is full time, their salary is below the maximum allowable compensation per G.S. 18B-700(g1), and they are compliant on ethics training.
 - Their responsibilities include full oversight of all daily store operations, human resources, scheduling, inventory, deposits, and billing.
- The Finance Officer is part time and is also on the Town Council. Their responsibilities include signing checks and providing general financial oversight.
- The Assistant manager has been with the board for around ten years and has held this position for about three years. They are responsible for ordering and assisting with other aspects of store operations.
- The board utilizes a third-party accounting firm for many things accounting including payroll, taxes, and reconciliation.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided to new employees from management and other personnel and is on the job and mentorship styled. *The board has limited turnover.*
 - Management focuses on procedures and legal sales with new employees.
 - RASP training has been completed by some employees and future training is planned.
 - Product knowledge training is handled informally between team members.
- Employee files are kept in the administrative office and include tax and banking information and some policy change notifications. *Management should consider utilizing their personnel acknowledgment form from their personnel manual.*
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Policies

- The board has a comprehensive personnel manual that details various policies, behavioral standards, cash management, equipment usage, legal sales, job descriptions, pay scales, and employee benefits. *An updated copy is in Commission records retention.*
- For travel, the board chooses to adhere to their appointing authority's travel policy. *To comply with G.S. 18B-700(g2), the board should obtain annual approval from the town board to adopt a travel policy that conforms to the town's policy.*
- Additional policies in Commission records include a mixed beverage, code of ethics, and a delivery service policy.
- The board could consider adopting or updating written policies for allocated products, tastings, and employee tastings.

Operations

- Full inventory is conducted twice yearly with category and sections checked frequently.
 - All team members participate in full inventory and full time usually process categorical counts.
 - Adjustments are made by the general manager and sheets are retained.
 - A sample of items were selected to verify accurate current inventory. Of those selected no real variations in actual inventory verses theoretical found.
 - The board has not done price reductions since 2008.
- Board receives deliveries for goods on the first and third Monday of each month.
 - Offload is conducted using a purchase order receipt list checking off cases by code.
 - Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has sixteen mixed beverage customer accounts.
 - Invoices are provided to permittees at the time of the transaction and copies are retained in a binder for each account.
 - An updated mixed beverage policy is now in Commission records.
 - The board has a delivery policy but does not currently have any delivery requests.
- The general manager and assistant manager collaborate on the liquor order. The General Manager orders specially priced monthly and quarterly items. The Assistant Manager orders other items code by code and references inventory and previous month and yearly historical sales data.
- Allocated products are reserved for mixed beverage accounts or shelved randomly with a one bottle per customer limit.

Financial, Administrative, and Internal Controls

- Invoices for liquor are usually processed per delivery and paid by check.
 - *A sample of payment dates was reviewed and indicated invoices were paid within the thirty-day requirement.*
- Board's checks have the required disbursement certificate in compliance with G.S. 18B-702(q).
 - The finance officer, general manager, and a board member (usually the Chairperson) sign check(s).
- While the pre-audit stamp required by G.S. 18B-702(m) is being properly affixed to some purchase orders and invoices, it is not being utilized for liquor purchases. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- The board does not have a credit card.
- Deposits are made daily for the previous business day and dropped in bank box on Saturday. Deposit slips and other banking information are retained at board and their accounting firm conducts month end reconciliation.
 - *A review of one month's deposit information was conducted, and no discrepancies were found between deposits and register receipts.*
- The board usually uses two or registers in their showroom with tills beginning with \$300.00.
 - Drawers are counted at the beginning and end of each shift and cash is matched to register receipt.
 - The opening full-time employee compiles the deposit and the general manager reviews deposits routinely.
 - There is a change fund but not used as petty cash.
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is bi-weekly and processed by the general manager using QuickBooks.
 - Time is kept by their schedule and only the managers can change rates.
 - *A review of recent payroll records indicates accurate pay rates for board members and the general manager.*
- Board keeps records for unsaleable merchandise reports but does not email copies of the claims to the Commission. *Management should work to make sure they are sent quarterly in compliance with NCAC 15A .1701(c).*
- The board does not receive report(s) describing expenditures of funds from their alcohol education and rehabilitation recipient in compliance with G.S. 18B-805(h). *Funds are dispersed directly to the town. The board should verify the town's board is including a report regarding how these funds are expended in their minutes and should consider retaining a copy of this at the board's administrative office.*
- The annual CPA audit was received by the Commission on September 20, 2024, and an updated version was supplied to the Commission in March of 2025.
- All board members and the general manager and finance officer are each bonded for \$50,000 per G.S. 18B-700(i).

STORE INSIGHT & OVERVIEW

- The board's store and administrative office is located on a service road off a busy commercial thoroughfare near other retail businesses and the entrance to a shopping center.
 - The building is freestanding and has both road and building signage.
 - Outside area surrounding the store is free of trash or debris and has well-maintained landscaping.
 - The store has ample parking, easy ingress/egress, and access for deliveries.
- The retail area is well-lit and shelving, endcaps, and other displays are well organized.
 - Show room space is modern and aesthetically pleasant and allows for easy flow for patrons and staff.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
 - The board is planning an expansion of the building which will allow for up to an additional 4,000 sq. ft., most of which will be retail space.
 - Part of the additional space will be reserved for reach in coolers, allowing for more cold beverage sales.
- The warehouse and administrative areas are attached to the showroom.
 - The area is well lit, organized, and stocked.
 - Delivery drivers can easily drop pallets.
 - Portions of this space will be reappropriated with the new addition.
- A shelf management plan was not available for store personnel. The board should establish and provide awareness to associates a shelf management plan which corresponds, when applicable, to NCAC 15A .1708.
 - Products are fronted and dusted and are placed within designated categories.
 - Premium products are generally found at eye-level or top shelf.
 - *Bottles are not always arranged so they increase in size left to right of the same item.*
- Sales associate interactions with customers are attentive, courteous, and the staff is eager to meet the needs of the customers.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all but a few prices were accurately posted.
 - *Two of the three inaccurate shelf tags were SPAs where the broker's tags were not yet supplied, and the quarterly price tag was correct. Additionally, price checks were conducted on the second business day following monthly price changes.*
 - Price discrepancies are handled in the customers favor if the shelf tag were to be lower than the current price mandate.
- The store is open from 9:00 am until 9:00 pm most of the year but does close at 8:00 pm during some offseason months. They are currently closed every Sunday, and the five (5) previously required annual holidays except the board will remain open July 4th this coming year.
- Security systems are in place and functional in all designated areas.
 - *The store has fourteen (14) cameras with monitors in the office and near the counter, and panic buttons.*
 - *They plan to upgrade cameras for the new addition.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- Local boards shall establish and maintain a shelf management plan per NCAC 15A .1708, Shelf Management. While mostly followed, the board could consider working to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.
- The board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission a copy of this approval per G.S. 18B-700(g2). *NOTE: 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 instead formally adopting the state government travel policy at an official board meeting and providing a copy of minutes to the Commission.*
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- While already being done for certain purchases, the board should re-establish compliance with GS 18B-702(m) preaudit approval certificate for liquor orders to take substantially the following form, “This instrument has been preaudited in the manner required by GS 18B-702”. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- 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.

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 dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc.
- Board should work to ensure shelf prices match the cash register price. *Price checks could be completed each quarter or for monthly price changes and could be incorporated in routine inventory spot counts.*
- 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. While the board does meet the minimum requirements for NCAC 15A .0902, the board could consider retaining more of their income from operations as working capital. *As of June 30, 2024, the board was only \$150,00 over minimum working capital and \$536,093 below maximum.* Distributions to the town per G.S. 18B-805(c)(1) far exceed the minimum requirement.
- ABC Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b). *Board could also consider having the assistant manager or other employees take the training course as well as refresher courses for the general manager or finance officer.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* Other ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and *credit card processing companies.*
- 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.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2015)

- Consider the following to increase inventory turns: o Incorporating a shelf management plan that analyzes sales data to targeted shopping patterns; o Utilizing end caps and empty shelf space as much as possible to highlight slow moving and new products; o Moving stock within the store to increase visibility and to encourage more impulse shopping; o Splitting cases with other boards or taking advantage of the Special Purchase Allowance and the Boutique collections to increase variety; o Eliminating poor performing items to drive category sales and increase shopper satisfaction.
- Consider additional training opportunities through the Commission and other ABC boards on specific areas such as customer service, best retail and marketing practices, etc.
- Have an agreed upon law enforcement contract and submit to the Commission. All local boards are required to have an agreement, even if the agreement results in no enforcement activity without pay.
- Request approval annually from the town to adopt the town's travel policy or adopt the state's travel policy.
- Update the employee manual to incorporate current practices.
- Have the board chairman read the conflict-of-interest statement to all board members at the beginning of each meeting. Reference the conflict-of-interest statement was read in the board minutes.
- When the board discusses and approves any employee salary adjustments, indicate the vote and the amounts of the adjustments in board meeting minutes.
- Update the Commission website to reflect current information on board members and the general manager.
- When getting a verbal authorization, upon the next visit provide the documentation to the finance officer for signature.

While having addressed most considerations from previous Commission review (2015), board should still monitor and strive to satisfy previously noted recommended actions.

Ocean Isle Beach ABC Board

1505 Ocean Isle Beach Rd.

Ocean Isle Beach, NC. 28469

To: NC ABC Commission,

7/25/2025

We have taken your recommendations and made the appropriate measures to fix said items.

- 1) We will be doing a complete shelf reset after our expansion is done.**
- 2) We will obtain approval of the Town's travel policy as soon as they redo the one they have now. They said they needed to do an update on the one they have.**
- 3) We are working on getting a new scanner now. Had to wait for the new fiscal year to do.**
- 4) We have our Finance Officer stamping and signing all Approve to Pay Items now.**
- 5) We have done a Certificate of Accountability. It will be delivered to Edwin in Greensboro at summer conference.**

Sincerely,

Kerrie Dillow

**General Manager, Ocean Isle Beach ABC
Board**

04 29 2025
Month Day Year

OCEAN ISLE BEACH
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).

Heim Dillon
General Manager

R. Wayne Rouse
Financial Officer

George B. Montague
Chairman

Carl B. Suter
Board Member

R. [Signature]
Board Member

Board Member

Board Member