

Pamlico County 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

April 14, 2026

CHAIRMAN:
Hank Bauer

Pamlico County ABC Board
Robert Sadler, Chair
13932 NC Hwy 55.
Alliance, NC 28509

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

David Sherlin
Raleigh

Chairperson Sadler,

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 Pamlico 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.

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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

Pamlico County is a rural coastal county located in eastern North Carolina, bordered by the Pamlico Sound and the Neuse River. Established in 1872, the county is characterized by its small communities, maritime heritage, and strong ties to commercial fishing, agriculture, and tourism. Bayboro serves as the county seat and primary governmental center. The county's estimated population in 2024 is 12,550 residents, up 2.2% from 2020. The board has two stores and is the only board in the county.

S.L. 1937-49 authorized Pamlico County to hold an election for an ABC Store. The referendum was held on March 22, 1952, and passed 767 to 697. The first retail sale occurred on May 15, 1952. A county-wide mixed beverage election occurred on June 5, 1990, and did not pass. Subsequent mixed beverage elections have passed for Arapahoe, Grantsboro, Oriental, and Minnesott Beach. Upon vote passage, the county was required to create an ABC board consisting of a chairperson and two board members. Current board members include Robert Sadler, Chair, Jimmy Spain, and Maurice Benton.

The last performance audit for the Pamlico County ABC Board concluded in 2018. 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 January 29, 2026, ABC Commission Program Analyst Edwin Strickland visited the Pamlico County ABC Board and interviewed the General Manager Rachel Smith, Assistant General Manager La'Dontay Gardner, and Chairperson Robert Sadler. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



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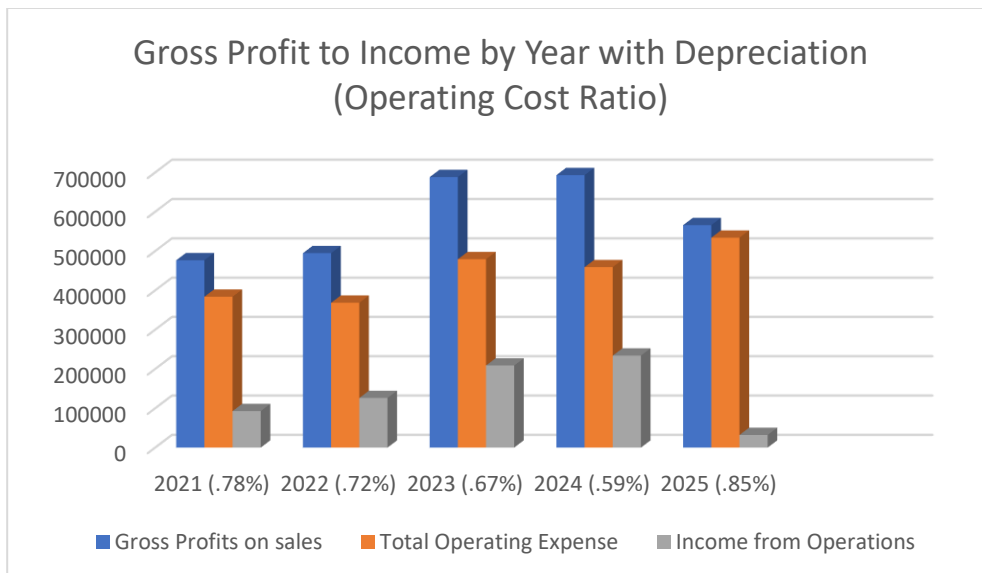
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FINANCIAL ANALYSIS

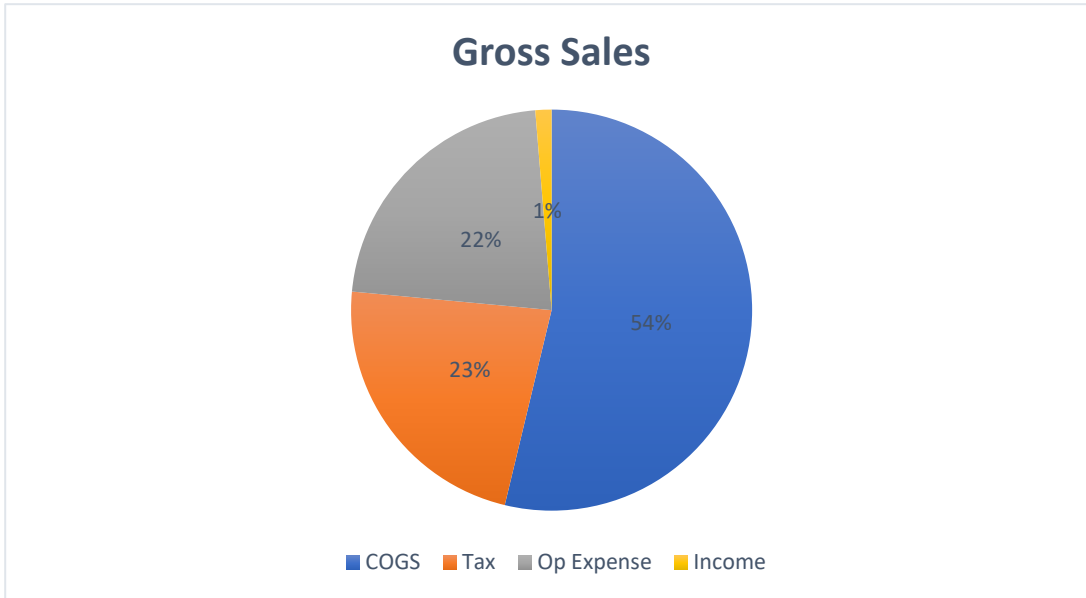
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Pamlico County ABC Board had a profit percentage to sales ratio of 1.33%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M has historically been 6.5%.
 - *The profit percent to sales ratio over the previous four completed fiscal years were 9.71%, 8.53%, 5.16%, and 4.15%, respectively.*
 - The Pamlico County ABC Board’s gross sales totaled \$2,406,021, which was an approximate 0.1% decrease from the previous fiscal year.
 - The board’s sales have grown almost 8% since FY 2020-2021.
- Pamlico County ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was 0.85 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales has historically been 0.73 or less. *Previous four years are in the chart below.*
 - Operating cost ratio is calculated by dividing total operating expense less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- While the Pamlico County ABC Board did not meet the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2024-2025, the board has met these standards for the two or more of the five previous fiscal years. *Additionally, the Commission is reviewing these target metrics which are subject to change.*
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$566,161	\$693,140
Total Operating Expense	\$534,097	\$459,119
Income from Operations	\$32,064	\$234,021



- 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:*
 - While all counties surrounding Pamlico County have an ABC Board, there are two with a store within a 30-mile radius of a Pamlico County ABC store.
 - A 4% unemployment rate in Pamlico County in June of 2025 with a .2% increase from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
 - Approximately 12.4% of the population in the county is below the poverty level. *The North Carolina average is 12.8%.*
 - In FY 2024-2025 mixed beverage sales accounted for around 6% of gross sales.

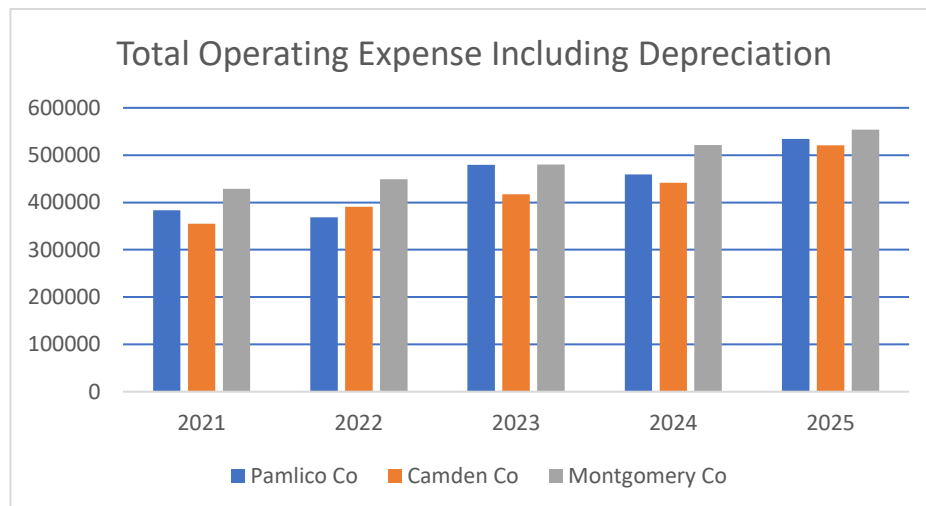
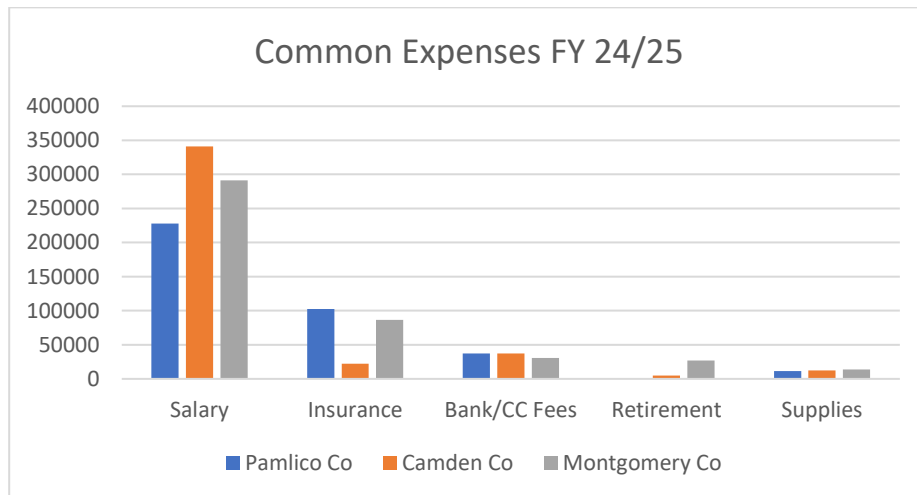
INVENTORY TURNOVER

- 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 Pamlico County ABC Board receives shipments twice a month with a target inventory turnover rate of around 5. The inventory turnover rate in (FY) 2024-2025 was 3.3, which is somewhat below the official goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased around sixteen percent (16%) from the last fiscal year and were over twenty-two percent (22%) of total annual sales.
 - Board salaries were almost ten percent (10%) of total annual sales and increased over five percent (5%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was 53.7% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Pamlico County ABC Board has similar categorical and total operating expenses comparable to other ABC boards within a somewhat reliable gross sales range and other variables. *Common expense report categories can be unreliable, as different CPAs may allocate costs to line items inconsistently.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$2,456,909	\$2,408,800	(\$48,109)	(2%)
Total Expenditures	\$2,334,922	\$2,318,468	\$16,454	.7%
Distributions	\$60,800	\$68,203		
Revenue over/under Expenditures & Finance		\$22,129		
After Reconciling Items		(\$33,360)		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 2% below the final budget amendment and expenditures were 7% below the final budget amendment.
 - The change in net position during the fiscal year was (\$33,360). *The board's collective net position on June 30, 2025, was \$831,745; the net position has increased by almost forty-four percent (44%) since FY 2020-2021.*
- Based on sales trajectory for the current fiscal year with six months (50%) of the budget year completed, the board is tracking at around 52% 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 2024-2025, Pamlico County ABC accrued funds for other statutory distributions totaling \$68,203 (All accruals were for their net profit distribution recipient(s) with \$0 for law enforcement or alcohol education).
 - *Distributions for alcohol education and law enforcement were made during FY 2024-2025 but the statement of revenues, expenses, and change in net position indicate \$0 accrued for both distributions.*
- The amount of \$547,283 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Pamlico County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 100% to Pamlico County General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Pamlico County ABC board has made net profit distributions for 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 disbursed at or above the standard 5% statute amount for four (4) of the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for four (4) of the last five (5) FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Pamlico County 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	\$68,203	FY-2025	\$68,203
FY-2024	\$68,264	FY-2024	\$68,264
FY-2023	\$69,112	FY-2023	\$69,112
FY-2022	\$68,902	FY-2022	\$109,444
FY-2021	\$63,164	FY-2021	\$79,279

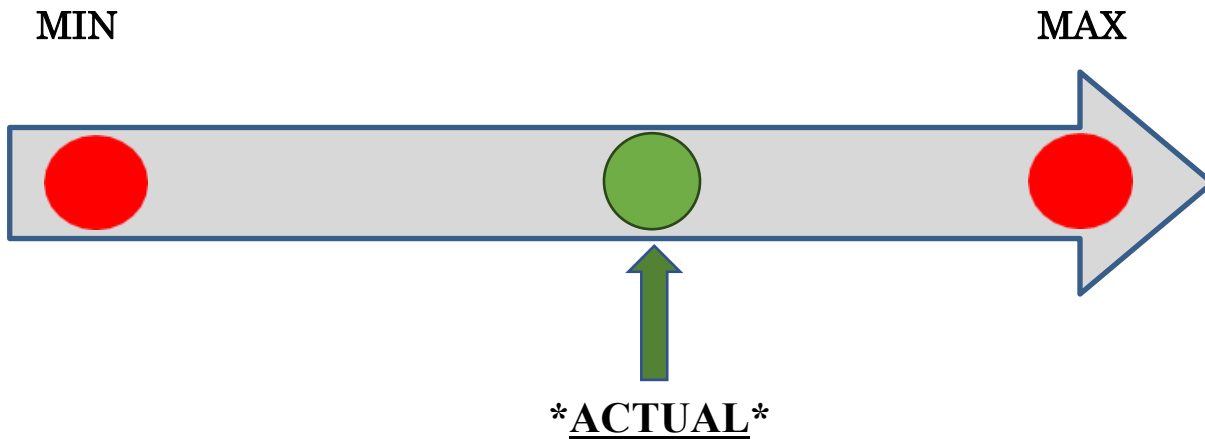
- Since inception, the board has made distributions to the Pamlico County Board of Commissioners in the amount of \$2,306,603. *Over seventeen percent (17%) of this has been distributed in the last five fiscal years.*

WORKING CAPITAL

- G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system.
 - NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales less than \$1.5M as an amount equal to four (4) months of gross sales.
 - G.S. 18B-702(g)(3) defines "Working Capital" as the total of cash, investments, and inventory less all unsecured liabilities. As it pertains to working capital computation, gross sales mean gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).

- Based upon the existing rules, as of June 30, 2025, the Pamlico County ABC Board is required to maintain a minimum working capital of \$71,483 with a maximum working capital amount of \$464,641.
 - The Pamlico County ABC Board had a working capital balance of \$312,109, which is less than the maximum allowed per Commission requirement for this section (*).

*** FY 2024-2025: Working Capital (WC) Graphic**



- Under G.S. 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

The findings for personnel, operational & administrative compliance are as follows:

Board Members

- The board consists of two members and a chairperson whose per meeting compensation for their services has been approved by their appointing authority in compliance with G.S. 18B-700(g).
 - Current board members' terms are not staggered to comply with G.S. 18B-700(a). *Two members term end dates are in August of 2027.*
 - All members are serving successive terms, and all have satisfied the ethics training requirements.
 - Members may have taken an oath of office per G.S. 11-7 but copies of the oaths are not available at the board's administrative office.
 - Members have professional experience in business, farming, and local government.
- Meetings are generally held on the third Monday of each month with announcements posted in at least one store.
- Meeting minutes are organized, available, and follow all the order of proceedings.
 - Minutes do not always include a no-conflict-of interest statement.
 - Financial data is presented and discussed at board meetings and sometimes includes budget vs. actual comparisons.
 - 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 had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store locations.

Law Enforcement

- The board has a law enforcement contract with the Pamlico County Sheriff's Office from 2011.
- Law enforcement reports are submitted regularly by the general manager with data supplied by Major Scott Houston.
 - The reports contain data for accountability as outlined in G.S. 18B-501(f1).

Board Personnel

- The board currently staffs six full-time and one part-time employee.
- The General Manager is responsible for the oversight of all board operations to include many accountings related activities.
 - Her salary is in compliance with G.S. 18B-700(g1), and she is compliant with the ethics training requirement.
- The Assistant General Manager focuses on product ordering and inventory and is presumed the designated manager for their store # 2.
- The Finance Officer is part-time and provides accounting oversight to include reconciliations and budget monitoring.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees is on the job and mentorship styled.
 - Management routinely discusses products with the team.
 - Cross training opportunities are extended when available.
 - RASP training has been attended by all employees.
- No conflicts pertaining to nepotism found and per discussion 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.
- Additional policies adopted by the board include a code of ethics, credit card usage, and shelf management.
- The board should consider adopting a mixed beverage sales policy and provide the policy to current and future permittees.
- The board may wish to consider additional policies such as allocated product sales or in store tastings.
- 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

- The Assistant General Manager, and sometimes other team members, conduct full inventory most months at both stores.
 - Scanners are used and discrepancy findings are rechecked.
 - Final discrepancies are reviewed by both managers and their POS system consultant when applicable, before adjustments are made.
 - Strategies for slow-moving products include moving between stores and a price reduction clearance section.
- The board receives deliveries of liquor at both stores on the second and fourth Wednesday of each month.
 - Pallets are down stacked with scanners and variance reports are checked before the driver leaves at each store.
 - Any variances are re-checked before the report is submitted to LB&B.
- The Assistant General Manager makes the liquor orders for both stores by reviewing each item shelf space in the store and comparing routine sales to current stock status.
 - Monthly SPA lists are reviewed and buy in investments are made when logical.
 - Special order requests are considered on a case-by-case basis.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. For compliance with Rule 15A .1701(c), copies of the reports are submitted to the Commission quarterly.
- The board currently has seven active mixed beverage customer accounts.
 - Online ordering is available, but most orders are placed by phone, email, or in person.
 - Possible substitutions are communicated before the orders are finalized.
 - Orders are checked by employees and again with the permittee at the transaction.
 - Invoices are provided to permittees and signed copies are retained for each account.
 - The board stamps bottles as required by Rule 15A .1901. *Stamps include the orders dates but should include the order number instead.*
- Some allocated products are reserved for mixed beverage customers. Other products are shelved monthly on a specific date and a customer line with signups is formed before the store opens.
- The board held tastings at both stores.
- The board has a social media account administered by management.

Financial, Administrative, and Internal Controls

- Invoices for liquor are usually processed twice monthly by the general manager.
 - Many liquor suppliers are paid via ACH transfer.
 - The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q). *However, checks are signed by the general manager and the chairperson with no signature from the finance officer.*
 - A sample of payment dates reviewed indicates orders are now being paid within the thirty-day requirement. *Some payments earlier in the year were outside of the net thirty-day requirement.*
- The preaudit certificate is not utilized because of the limitations with a remote finance officer. *The board should consider methods to accommodate the provisions of G.S. 18B-702(m) regarding the preaudit/preauthorization of non-recurring payments by the finance officer. One consideration is to properly designate a deputy finance officer to help with this officer's statutory requirements.*
- The board has positive pay with their bank which is regularly reviewed by the manager(s).
- The board has a credit card issued to the general manager. All receipts are retained at the board's office, and the account is paid in full monthly.
- The board has petty cash that is not regularly used. Staff will retain itemized invoices in the event something is purchased with petty cash.
- Cash-handling procedures are in place and known by all staff.
 - Sales associates are responsible for counting tills and deposits are made per store on the following bank business day.
 - The administrative team routinely verifies actual deposits match the register totals through positive pay and when transporting the deposits.
 - *A small sample of recent deposits were reviewed with no significant variances noted.*
 - The finance officer conducts full month end reconciliation for accounts.
- Payroll is processed twice monthly through ADP.
 - Timecards are handwritten and reviewed by the General Manager before processing.
- The annual CPA audit was received by the Commission on September 29, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i) and G.S. 18B-803(b).
- The board distributes their alcoholism funds to Heartworks in Bayboro. *For general accountability and full compliance with G.S. 18B-805(h), the board should include in their meeting minutes how these 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.*

STORE INSIGHT & OVERVIEW

- Both of the board's stores are located on the same highway approximately seven miles apart.
 - The stores have easily viewable road and building signs, and adequate parking.
 - The exterior and applicable surrounding areas are well maintained and free of trash and debris.
 - The board's store #1 recently underwent a major renovation, including a modernized showroom and significant expansion of retail and warehouse space.
- The interiors are well lit and organized.
 - Floors and shelves are clean, and counters are not overly cluttered.
 - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are prominently displayed.
 - A Quarterly price book is available at counters with an SPA pricing list available upon request.
 - Specially colored shelf tags highlight items which are currently on sale.
 - Category signs are prominently displayed and endcaps and other displays are utilized.
 - One store has North Carolina product sections, and the products are cross merchandised in areas at both stores.
- Shelf management practices are mostly implemented.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are found at eye-level or top shelf.
 - Bottles are generally, but not always, arranged so they increase in size left to right of the same item.
 - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of around one hundred items were selected to determine if uniform pricing is displayed at both stores with no variances noted.
- Price discrepancies are handled in the customers 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 are open daily at 9:00 am and close at 7:00 pm Monday through Wednesday and 8:00 pm Thursday through Saturday.
- All stores are closed every Sunday, the five previously required holidays, Easter Monday, and Memorial Day.
- Security systems are in place and functional at both stores.

REQUIRED ACTIONS

- Item #1: Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: While quality controls are already in place with a board member and the general manager signing checks, the board should reestablish full compliance with G.S. 18B-702(p). Checks or Drafts Signed by Finance Officer. – Except as otherwise provided by law, all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer. The chairman of the local board or general manager of the local board shall countersign these checks and drafts.
 - In conjunction with this action item and other provisions of G.S. 18B-702, including preaudit authorization on purchases in G.S. 18B-702(m), the board could simply “properly” designate a board or personnel member as a deputy finance officer.
- Item #3: To avoid possible conflicts of interest, it is recommended that at the beginning of each board meeting, the Chairperson asks fellow board members if there are any potential conflicts of interest regarding agenda items. The following statement should be included in each board meeting's minutes. “In accordance with G.S. 18B-201, it is the duty of every board member to avoid both conflicts of interest and the appearance of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today?”
- Item #4: In accordance with G.S. 18B-700(a) the board should request their appointing authority stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, appoint a new member for the duration of the previous member's term.*
- Item #5: For compliance with G.S. 18B-805(h), the board should include in their 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 #6: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS

- The board should forward their written approval from their appointing authority to limit their distributions to the county for the current fiscal year and any subsequent approvals to the Commission for audit and record retention purposes.
- While the board already has quality oversight and well-established procedures in place, the board could consider adopting in writing additional policies concerning mixed beverage sales, allocated product sales, or store tasting. *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.*

- Per G.S.18B-803(a), the board is required to employ one manager for each store it operates. *The board may want to consider including in a meeting's minutes the person currently designated as the manager for store #2 if that has not been officially discussed.*
- The board has, and generally follows, a shelf management plan that corresponds with and exceeds the requirements per Rule 15A .1708 Shelf Management. While mostly followed, the board could work 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.

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 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.
- 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.
- 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 (2018)

- **REQUIRED ACTION #1:** All ABC Boards are required to operate within a balanced budget. ABC Boards cannot appropriate items or spend money not included in the budget. If budgeted line items are not balanced, adopt budget amendments to correct specific items or add omitted line items.
- **REQUIRED ACTION #2:** The board has exceeded the maximum limit for the capital improvements reserve fund by \$19,244. Distribute the excess amount in the reserve account to the appointing authority following the distribution schedule.
- **REQUIRED ACTION #3:** Begin initiating building projects according to the capital improvement strategy determined in the board minutes and forwarded to the Pamlico County Board of Commissioners. If no building projects are completed, reserve funds must be distributed to the county.
- **REQUIRED ACTION #4:** Begin making distributions toward alcohol education purposes for the upcoming fiscal years if there are sufficient profits. Contact the NC ABC Commission for additional resources to aide in alcohol education distributions efforts.
- **REQUIRED ACTION #5:** As a reminder, members of the immediate family to the general manager and any board member shall not be employed by the board.
- **REQUIRED ACTION #6:** Update the board member appointment dates on the NC ABC Commission website.
- **REQUIRED ACTION #7:** As a reminder, reappointed board members are required to complete ethics training within one year of reappointment status.
- **REQUIRED ACTION #8:** Once appointed, have the finance office complete the required ABC ethics training or any Commission approved training course.
- **REQUIRED ACTION #9:** Place the approved certificate on the summary indicating the payments were approved and verified with the finance officer.
- **REQUIRED ACTION #10:** Begin making liquor payments within thirty (30) days.

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

North Carolina ABC Commission

400 E. Tryon Road

Raleigh, NC 27610

April 7th, 2026

Dear North Carolina ABC Commission,

We appreciate your support and your recommendations from the performance audit recently performed at the Pamlico County ABC Stores.

This performance audit will help us with areas that need improvement. Please find our responses to the findings and recommendations.

1. The Pamlico County ABC Board will make sure that the Oaths of Office are administered for current and future board members.
2. The Pamlico County ABC Board will consider recommendations for having the finance officer administer the required certificates or properly designating a deputy finance officer.
3. The Pamlico County ABC Board will include the No Conflict statement in the board meeting minutes.
4. Pamlico County Board Members' term dates are now staggered to have one member's term ending each year.
5. The Pamlico County ABC Board will request a report from their Alcohol Education Distribution Recipients.
6. The Pamlico County ABC Board has forwarded a signed Certificate of Accountability to the North Carolina ABC Commission with this letter.

Thank you,



Robert Sadler, Board Chairman



Rachel Smith, General Manager


March 23rd 2026
Month Day Year

Pemlico County
ABC Board

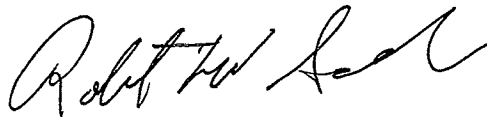
Certificate of Accountability

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).

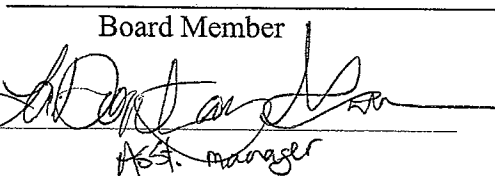

General Manager


Financial Officer


Chairman


Board Member


Board Member

Board Member

Ass. manager

Board Member
