

Pasquotank County

ABC Board

Performance Audit Report



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Alcoholic Beverage Control

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

DEPUTY COMMISSIONER:

Mike DeSilva

LOCATION:

400 East Tryon Road
Raleigh NC 27610

MAILING:

4307 Mail Service Center
Raleigh NC 27699-4307

PHONE: (919) 779-0700

<http://abc.nc.gov/>

May 13, 2025

Pasquotank County ABC
Board

Roy Daniels, Chair
860 Halstead Blvd.
Elizabeth City, NC 27909

Chairperson Daniels,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Pasquotank 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 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

Pasquotank County is located in northeastern North Carolina. The seat, and largest Community is Elizabeth City, and the area is best known for their rich history and waterfronts. The county's population per the 2020 census was 40,568 residents, down .2% from 2010. Elizabeth City's population per the 2020 census 18,629.

Chapter 493 of the 1935 Pasquotank Act authorized Pasquotank County to hold an election for an ABC store. The referendum was held on May 6, 1935, and passed 1,527 to 494. The first retail sale occurred on July 24, 1935. A county-wide mixed beverage election was held on May 6, 1986, and did not pass. A second mixed beverage election for Elizabeth City limits occurred on October 6, 1987, and passed 1,542 to 1,312. Upon election of an ABC store, an ABC board was created consisting of a chairperson and two members to serve for three-year terms. Special legislation authorized the county to increase board membership from three to five members. Current board members are Roy Daniels, chair, Samuel Davis, Dr. Andrea Williams, Brenda Layden, and a current vacancy. The board operates one (1) retail store and is the only board and store in the County.

The last performance audit for the Pasquotank County ABC Board concluded in 2014. 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 Wednesday, March 26, 2025, ABC Commission Program Analyst Edwin Strickland visited the Pasquotank County ABC Board and interviewed the General Manager, Natasha Reid. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



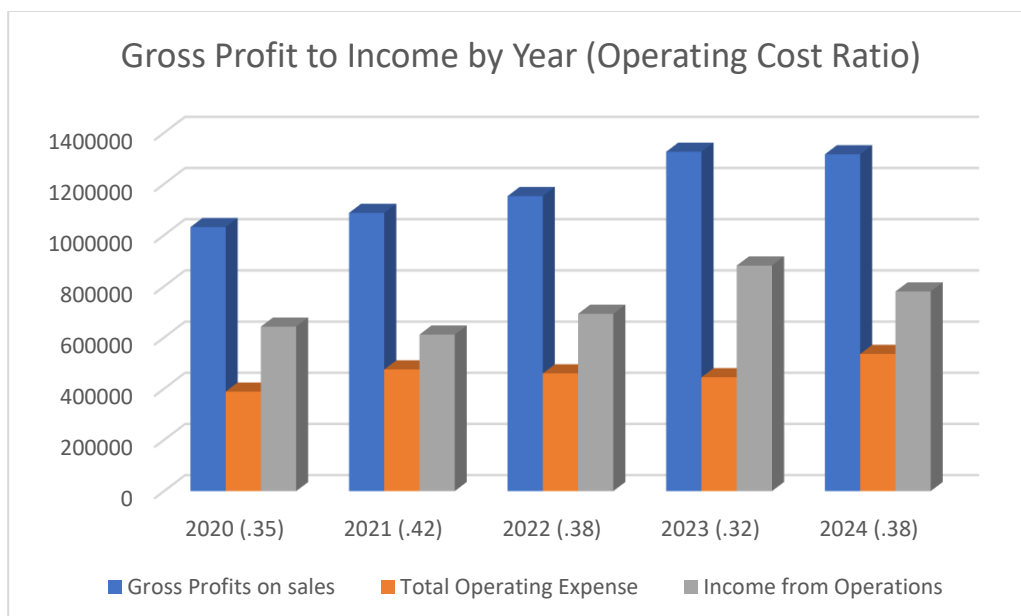
860 Halstead Blvd. Elizabeth City, N.C.

FINANCIAL ANALYSIS

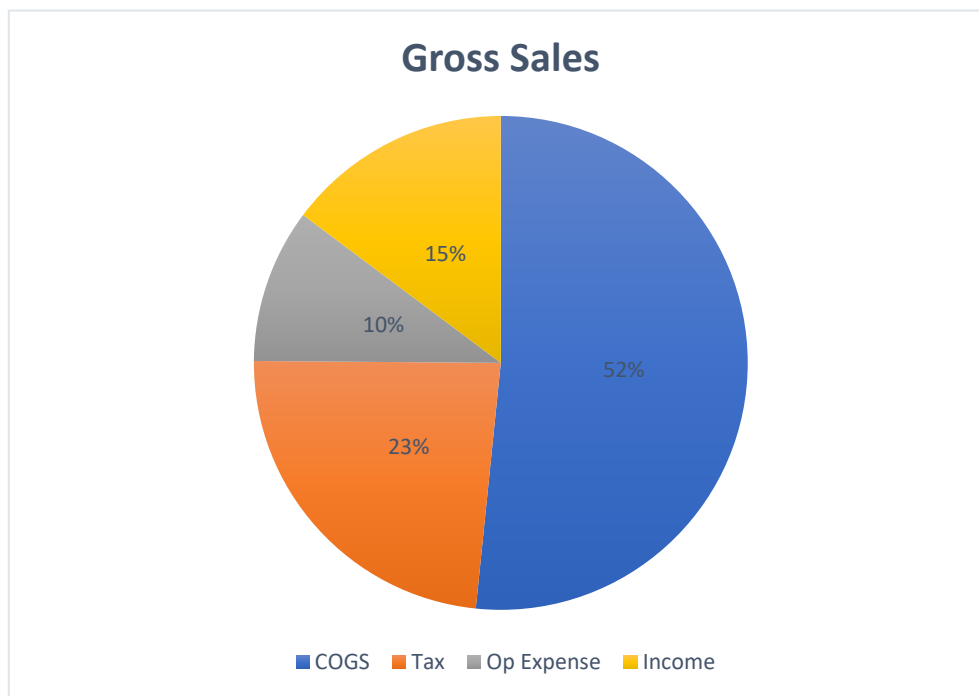
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Pasquotank County ABC Board had a profit percentage to sales ratio of 14.77%; fifth highest in the state. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - The Pasquotank County ABC Board's gross sales totaled \$5,282,161, which was an approximate .5% decrease from the previous fiscal year.
 - The board's sales have grown over 26% over the last five completed fiscal years.
- Pasquotank County ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .38 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.
 - This was the third lowest operating cost ratio (third best) in the state.
 - 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 Pasquotank County 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	\$1,316,081	\$1,326,203
Total Operating Expense	(\$536,063)	(\$444,913)
Income from Operations	\$780,018	\$881,290



- *Factors affecting sales:*
 - Other ABC boards with stores within a 30-mile radius include Hertford (Perquimans), Camden County, Chowan County, Currituck County, and Gates County.
 - A 4.2% unemployment rate in Pasquotank County in June of 2024 with a less than .1% change from the previous year.
 - The board currently has approximately 27 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for almost 20% 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

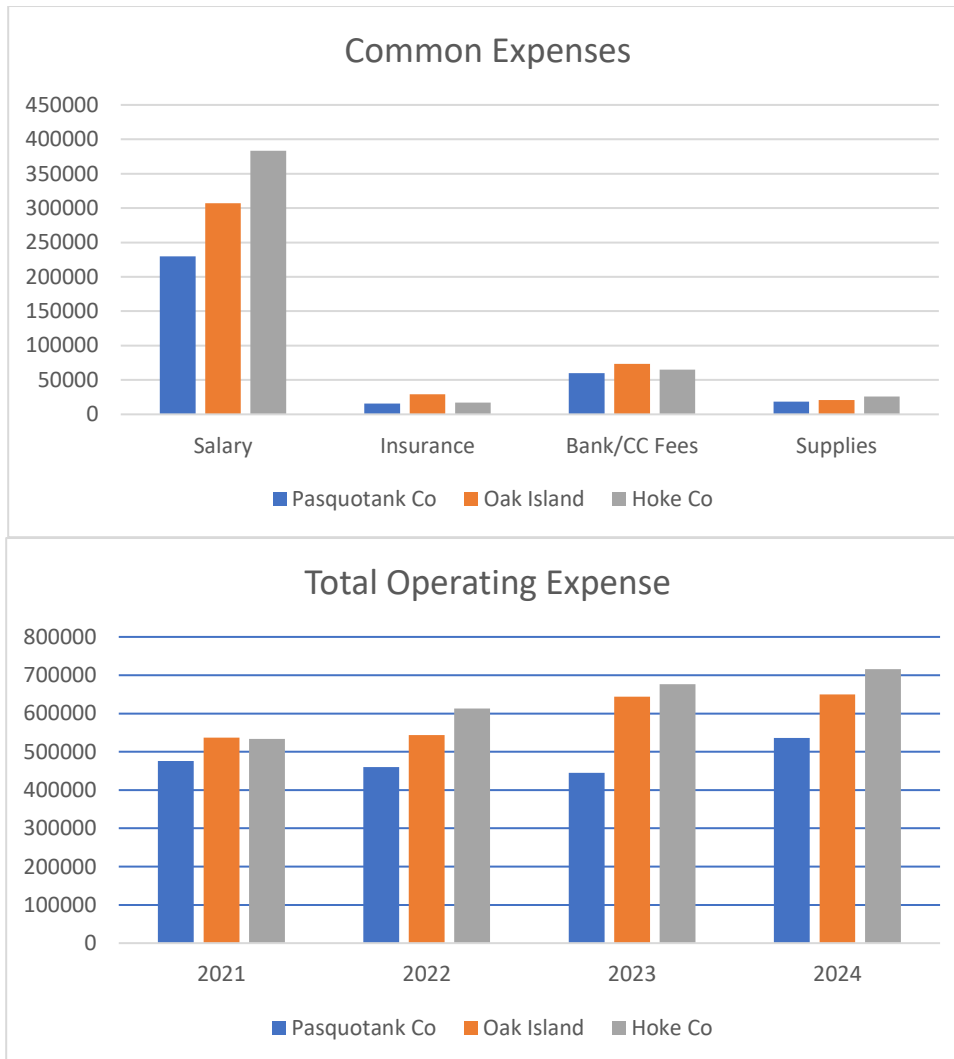
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times 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 Pasquotank County ABC Board receives two shipments monthly with a target inventory turnover rate of 5. The inventory rate in (FY) 2023-2024 was 7.9, which is above the goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased approximately twenty percent (20%) from the last fiscal year and were roughly ten percent (10%) of total annual sales in FY-23/24.
- Board salaries and wages were a little more than four percent (4%) of total annual sales. Salaries and wages increased around thirteen percent (13%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 51.6% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Pasquotank County ABC Board has lower categorical and 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	\$5,351,430	\$5,286,614	(\$64,816)	(1.2%)
Total Expenditures	\$4,705,686	\$4,589,402	\$116,284	2.5%
Distributions	\$735,744	\$764,471	(\$28,727)	
Revenue over or (under) Expenditures		(\$67,259)		
After Reconciling Items		\$20,000		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 1.2% below final budget amendment.
 - In addition, the net income change during the fiscal year was \$20,000. *The board's collective net position on June 30, 2024, was \$735,046; the net position has increased almost 6% over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with eight months (66%) of the budget year completed, the board is tracking along very well at over 66% 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 2023-2024, Pasquotank County ABC made other statutory distributions totaling \$764,471 (Net profit distribution recipient received \$687,812).
- The amount of \$1,242,217 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Pasquotank County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 50% to the Elizabeth City General Fund of which no more than 10% is for education.
 - 50% to the Pasquotank County General Fund of which no more than 10% is for education.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Pasquotank County 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		Pasquotank 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-2024	\$145,649	FY-2024	\$687,812
FY-2023	\$147,195	FY-2023	\$816,516
FY-2022	\$131,154	FY-2022	\$616,942
FY-2021	\$123,504	FY-2021	\$545,142
FY-2020	\$118,594	FY-2020	\$581,868

- Since inception, the Pasquotank County ABC Board has made net profit distributions to the Pasquotank County General Fund in the amount of \$6,460,201, and the Elizabeth City General Fund in the amount of 6,469,815.

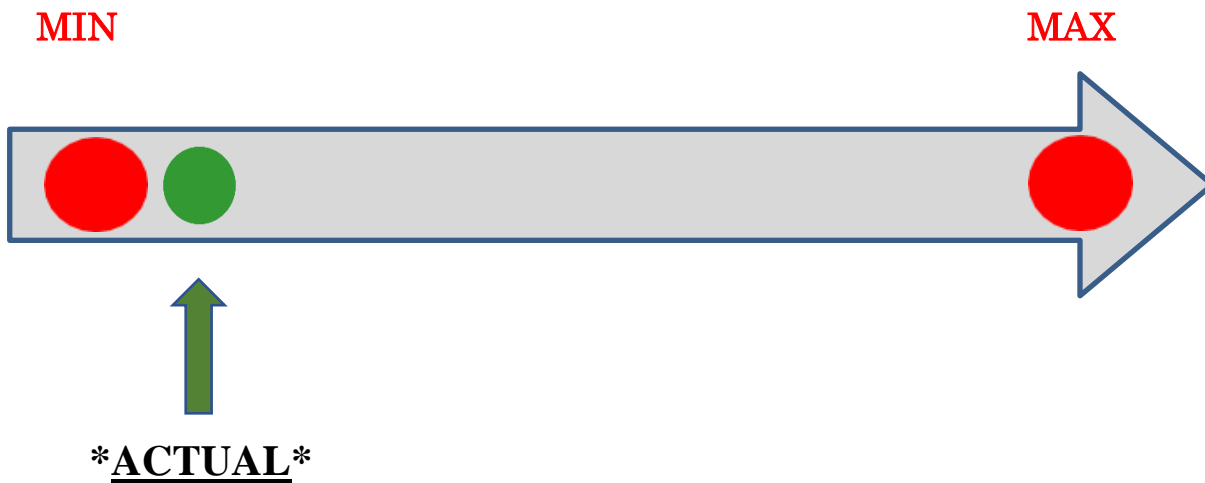
WORKING CAPITAL

- 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).

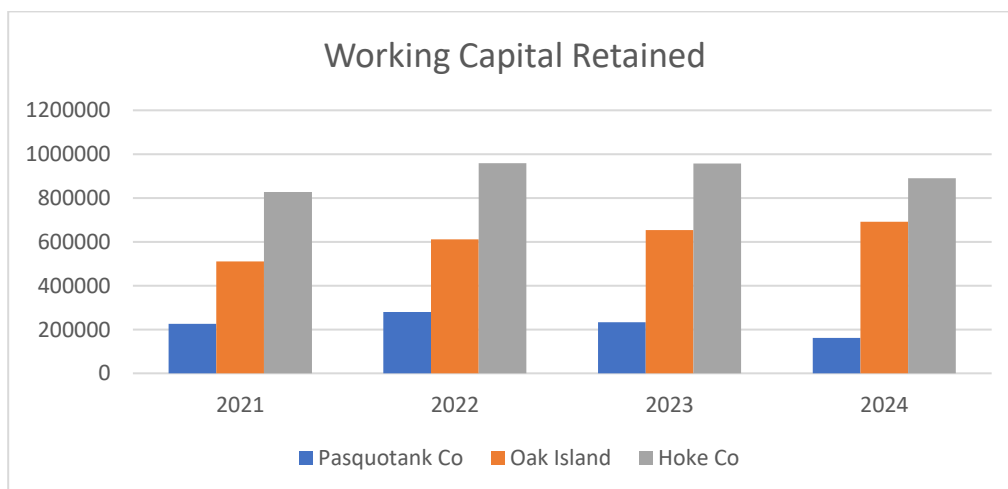
WORKING CAPITAL (cont.)

- Based upon the existing rules, as of June 30, 2024, the Pasquotank County ABC Board is required to maintain a minimum working capital of \$155,382 with a maximum working capital amount of \$1,009,986.
 - The Pasquotank County ABC Board had a working capital balance of \$161,689 which is only slightly more than the minimum 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 showing working capital amounts for boards with similar sales over the last four years indicates Pasquotank ABC Board has a working capital considerably less than other boards with similar sales and other variables.



PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

Board Members

- The board consists of four members and a chairperson, each receiving compensation for their services at or below the maximum \$150.00 per meeting.
 - *There is currently one vacancy on the board.*
 - All board members are compliant on ethics training and terms are appropriately staggered. *Members are appointed for four-year terms rather than the statutory three-year traditional term schedule.*
 - The board consists of two two first term appointees and two who have served many consecutive terms.
 - Members have professional experience in law-enforcement, business, and education.
- Members may have taken an oath of office per G.S. 11-7, but copies of oaths are not available at the board's administrative office.
- Meetings are generally held the third Thursday of each month. *Public notices for meetings are not posted at the board's store and the general manager is not sure if the county is notified on meeting times and locations.*
- 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 sales compressions, operating expenses and comparisons to other boards.
 - 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 not provided the Commission with a law enforcement contract as required by G.S. 18B-501(f).
- The board has provided the Commission agreements between the board and the sheriff's department and city police department to provide assistance with identification checks at the store on weekend nights. These agreements indicate direct pay to the officers providing the service.
- Law enforcement reports are submitted regularly by Carol Barclift from the Elizabeth City Police Department and are current to date.
 - Reports do not provide details of activities for accountability per G.S. 18B-501(f1).

Board Personnel

- The board currently staffs nine (9) total employees, with three (3) full time, and six (6) part time. *Board has hired an additional employee who had not started at Commission visit.*
- General Manager has served in this role with the board since 2018 and has previous retail management experience.
 - 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, ordering, inventory, deposits, and payroll.
- The Finance Officer is part time and was previously a full-time sales associate with the board. Their responsibilities include billing and other invoices, deposits, reconciliation, and help with budgets.
- 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.
 - 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 other applicable information and personnel manual acknowledgment form.
- 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, and aspects of employee benefits. *An updated copy was provided at Commission visit for records retention.* Some of the headlines included in the manual are as follows:
 - Ethics standards and customer, employee, and personnel relationship.
 - Media, internet, equipment usage and cell phones.
 - Alcohol sales for identification of age, intoxication, employee, or families.
 - Cash handling including deposits, price discrepancies, and shortages.
 - Pay, leave and benefits including holidays, timekeeping, scheduling, overtime, insurance, illness, medical, military, pregnancy, and employment categories.
 - Conduct standards including appearance, attendance, etiquette, drug or alcohol use, smoking, discipline, and harassment.
 - Employee evaluations, discipline, and problem resolution.
- For travel, the board chooses to adhere to the state's travel policy in compliance with G.S. 18B-700(g2) and has provided documentation for Commission records.
- Additional policies in Commission records include a mixed beverage, credit card, and code of ethics.
- The board could consider adopting or updating written policies for credit/bank card usage, allocated products, and employee tastings. *The board has a credit card policy that does not fully indicate who can use the card(s) and what the card(s) could be used to purchase.*

Operations

- Full inventory is conducted once a year with spot checks daily for stocking.
 - All team members participate.
 - 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 variations in actual inventory verses theoretical found.
 - Strategies for slow moving products include moving products in store and to end caps, and price reductions.
- Board receives deliveries for goods on the second and fourth Tuesday of each month.
 - Offload is conducted using the manifest.
 - Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has twenty-seven mixed beverage customer accounts.
 - Invoices are provided to permittees at the time of the transaction and copies are retained in a file 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.
- General manager makes liquor order by printing current inventory and reviewing monthly and yearly sales history. SPA pricing and mixed beverage trends and factors are considered before ordering each product.
- Some allocated products are reserved for mixed beverage accounts, and a list of interested patrons is kept called in chronological order for other products received.

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 and general manager or board member sign checks.
- The pre-audit stamp required by G.S. 18B-702(m) is not being properly affixed to purchase orders. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- The general manager has a credit card in their possession.
 - Itemized receipts for purchases are maintained and the account is reconciled monthly.
 - *Although the board does have a credit card policy, they could consider updating to include more precise verbiage on who can use the card and for what purpose(s).*
- Deposits are made daily for the previous business day except Saturday. Deposit slips and other banking information are retained at board and the finance officer and general manager conduct 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 three registers in their showroom with tills beginning with \$150.00.
 - *The board recently purchased a "lane-buster" which allows a team member to process bank card transactions via the device when there are long lines at the register.*
 - Drawers are counted at the beginning and end of each shift and cash is matched to register receipt.
 - The opening manager, finance officer, or full-time sales associate compiles the deposit and takes to the bank. General manager routinely reviews deposit slips.
 - 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 SAGE.
 - Time is kept by their calendar and only the general manager changes 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 and emails 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 has received reports describing expenditures of funds from their alcohol education and rehabilitation recipient in compliance with G.S. 18B-805(h).
- The annual CPA audit was received by the Commission on September 27, 2024.
- 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 busy commercial thoroughfare.
 - The freestanding building is on a corner lot with a stoplight.
 - There is a sign that states "ABC Liquor Store" between the parking lot and the road.
 - Outside area surrounding the store is free of trash or debris and has very well-manicured land scaping.
 - The parking area is somewhat small for the land parcel size but does allow easy ingress-egress and access for deliveries.
- The showroom-retail area is large and shelving, endcaps, and other displays are well organized.
 - Show room space is modern and aesthetically pleasant, well-lit, 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.
 - Recent updates to the retail space include floors, shelving, display cases, new doors, and painting.
- The warehouse and administrative areas are attached to the showroom.
 - The area is well lit, organized, and stocked.
 - Delivery drivers can easily drop pallets.
- Shelf management practices are fully implemented, and a written plan is now available for store personnel which corresponds with NCAC 15A .1708.
 - Products are fronted and dusted, and most are placed in categorized areas.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are generally 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 very familiar with many of their patrons.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all item's prices were accurately posted.
 - *The board uses pink tags to identify products that are on sale.*
 - Price discrepancies are handled in the customers favor if the shelf tag were to be lower than the current price mandate.
- Store is generally open from 9:00 am until 9:00 pm daily. They are currently closed every Sunday, the five (5) previously required annual holidays, Martin Luther King Jr. Day, Easter Monday, and Memorial Day.
- Security systems are in place and functional in all designated areas.
 - *The store has twenty-two (22) cameras and panic buttons.*
 - *The board contracts with both the police and sheriff departments to aid with reviewing identification cards on alternating weekends.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- To comply with G.S. 18B-501 (a)(f), the board should either hire a law enforcement officer(s) or contract with a law enforcement agency to perform the duties described in the chapter, and to comply with the accountability reports described in G.S. 18B-501(f1). *The board currently has agreements for officers/deputies to provide in store assistance on the weekend nights with compensation paid by check directly to the officer/deputy.*
- Board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *A written account of the oaths should be available at board administration.*
- In accordance with G.S. 143-318.12 the board should provide public notice of board meetings. This could be accomplished by advertising the meetings at the store(s) or town administration building(s).
- 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 should consider retaining some of their income from operations as working capital. Currently, they are only marginally over the minimum requirement with ample opportunity to retain additional, allowable funds. *As of June 30, 2024, the board was only \$6,307 over minimum working capital and \$848,297 below maximum.*
- The board should re-establish compliance with GS 18B-702(m) preaudit approval certificate 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.
- While already providing sufficient procedural oversight, the board should consider crafting a credit card policy that clearly defines the purposes for usage of the card(s), people that may use the card(s), and the method for retaining records of usage. In accordance with Rule 15A .1102, the board should send the Commission all rules for approval and record retention.
- With the anticipated construction of a new state warehouse in the foreseeable future, boards should evaluate the need for updates or expansions to efficiently accommodate the expected increase in products and their availability.
- While board personnel do keep good records and do send copies of unsaleable merchandise reports, please continue to send quarterly when possible.
- 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 (2014)

- 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.
- Appoint a finance officer other than the general manager or request an extension from the Commission.
- Keep all original travel receipts on hand and refer to the Records Retention Schedule when to discard.
- Monitor budget more closely. Actual expenses cannot be more than budgeted expenses. If so, make budget amendments to remain in balance.

While having addressed most considerations from previous Commission review (2014), board should still monitor and strive to satisfy previously noted recommended actions.

Edwin Strickland,

We appreciate your support and recommendations from the audit performed. Please find below our Responses to the findings and recommendations.

1.To comply with G.S. 18B-501 (a)(f), the board should either hire a law enforcement officer(s) or contract with a law enforcement agency to perform the duties described in the chapter, and to comply with the accountability reports described in G.S. 18B-501(f1). The board currently has agreements for officers/deputies to provide in store assistance on the weekend nights with compensation paid by check directly to the officer/deputy.

We have requested a contract with the City of Elizabeth City police department. We have requested an update on the request. We were last updated that the chief of police and mayor would be meeting. Since that meeting the contract was with the clerk no further update has been passed to the board at this time. The board will forward a copy of the contract to the commission when received from the City of Elizabeth City police department.

2.Board members should take an oath before taking office or before the execution of the office per G.S. 11-7. A written account of the oaths should be available at board administration.

The board members have all taken an oath of office before an execution of office per G.S. 11-7 and are on file at Pasquotank ABC.

3.In accordance with G.S. 143-318.12 the board should provide public notice of board meetings. This could be accomplished by advertising the meetings at the store(s) or town administration building(s)

The board now displays a bulletin board within the store visible to patrons. The board displays public notice of board monthly meeting.

4.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 should consider retaining some of their income from operations as working capital. Currently, they are only marginally over the minimum requirement with ample opportunity to retain additional, allowable funds. As of June 30, 2024, the board was only \$6,307 over minimum working capital and \$848,297 below maximum.

The board has discussed and will budget ways to retain more working capital over the minimum going forward.

5.The board should re-establish compliance with GS 18B-702(m) preaudit approval certificate to take substantially the following form on checks, "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.

The board has re-established use of the preaudited approval certificate.

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.

All recommendations will be followed. The board will provide the ABC commission with a signed Certificate of Accountability attestation form.

Sincerely,

M. Roy Cantel, Board Chair

Natasha (N) General Manager

Pasquotank ABC Board

pasqabc@raleigh.twbc.com