

Pender County ABC Board

Performance Audit Report



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Alcoholic Beverage Control

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Hank Bauer

COMMISSIONERS:

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November 21, 2025

Pender County ABC Board
Diane Q. Chadwick, Chair
116 Hwy 117 S. Bypass
Burgaw, NC 28425

Chairperson Chadwick,

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

Pender County is in southeastern North Carolina, and the seat is Burgaw. The county's population per the 2020 census was 60,203 residents, an increase of 15.3% from 2010. The Pender County ABC Board operates four (4) retail stores and is the only board in the county.

S.L. 1963-50 authorized Pender County to hold an election for an ABC store upon a petition signed by at least fifteen percent (15%) of registered voters. The referendum was held on May 25, 1963 and passed 1,963 to 1,443. The first retail sale occurred on July 10, 1963. A subsequent mixed beverage election occurred on November 2, 1993, and passed 2,825 to 2,071.

S.L. 1963-778 authorized the Pender County Board of Commissioners, Board of Health, Board of Education, and Board of Public Welfare to create an ABC board consisting of a chairman and four members to serve for three-year staggered terms. Current board members are Diane Chadwick, chair, Carol Peay, Amery Wells, Judy Smith, and Owen Honeycutt.

The last performance audit for the Pender County ABC Board concluded in 2016. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



116 US Hwy 117 S. Burgaw

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On October 2, 2025, ABC Commission Program Analyst Edwin Strickland visited the Pender County ABC Board and interviewed the General Manager, Susan Crawford, other key board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



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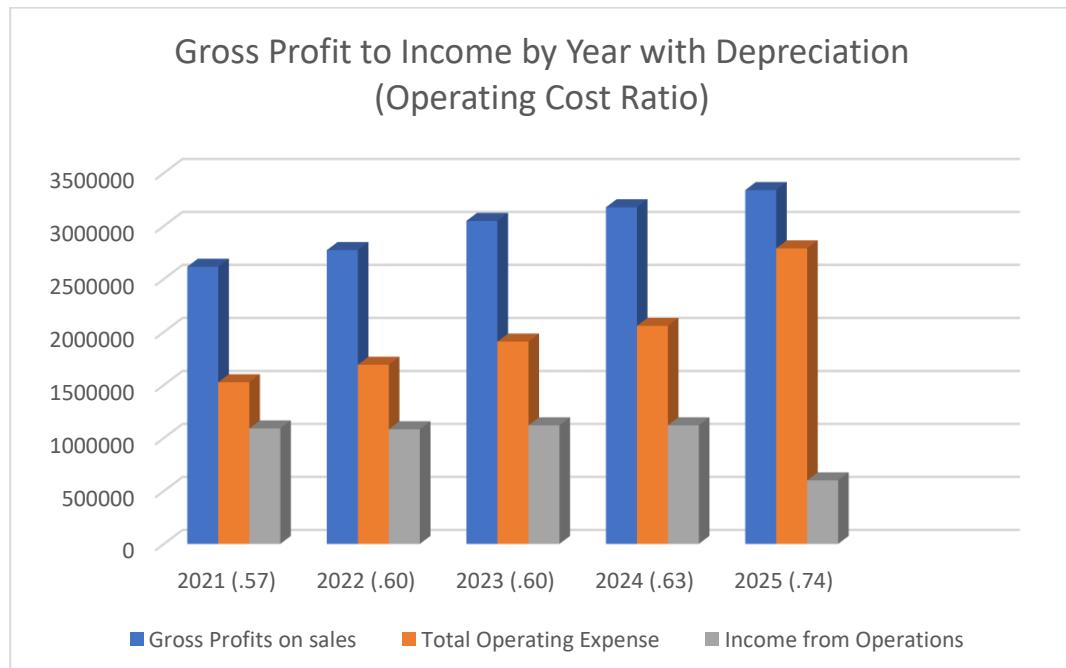
14341 Hwy 17. Hampstead

FINANCIAL ANALYSIS

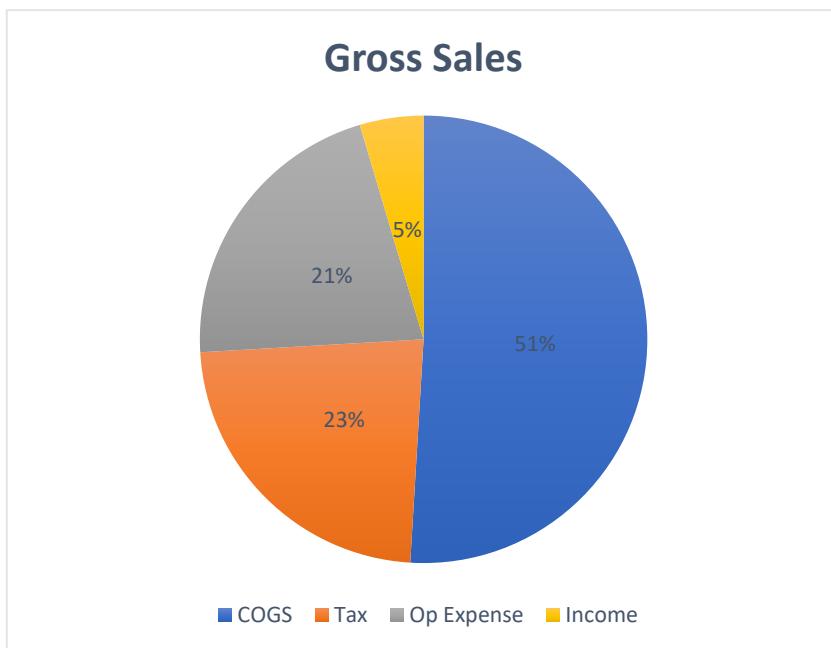
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2024-2025, the Pender County ABC Board had a profit percentage to sales ratio of 4.6%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$10M is 9%.
 - The Pender County ABC Board's gross sales totaled \$13,037,000, which was an approximate 1% increase from the previous fiscal year.
 - The board's sales have grown almost 23% in the last five complete fiscal years.
- Pender County ABC Board operates four retail stores with mixed beverage sales. The operating cost ratio for the board was .74 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with three or more stores is .63 or less.
 - 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).
- Thus, the Pender County ABC Board did not meet the profitability standard or the operating cost standard set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses including depreciation, and income from operations for recent years.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$3,338,279	\$3,176,570
Total Operating Expense	(\$2,788,727)	(\$2,057,501)
Income from Operations	\$599,552	\$1,119,069



- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy-six percent (76%) of any board's gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, debt service, or as additional distributions beyond the minimum requirement.



- *Factors affecting sales:*
 - There are six other ABC Boards with stores within a 30-mile radius of a Pender County ABC store.
 - A 3.7% unemployment rate in Pender County in June of 2025 with a .1% increase from the previous year.
 - The board currently has approximately 54 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for around 13% of gross sales.*

INVENTORY TURNOVER

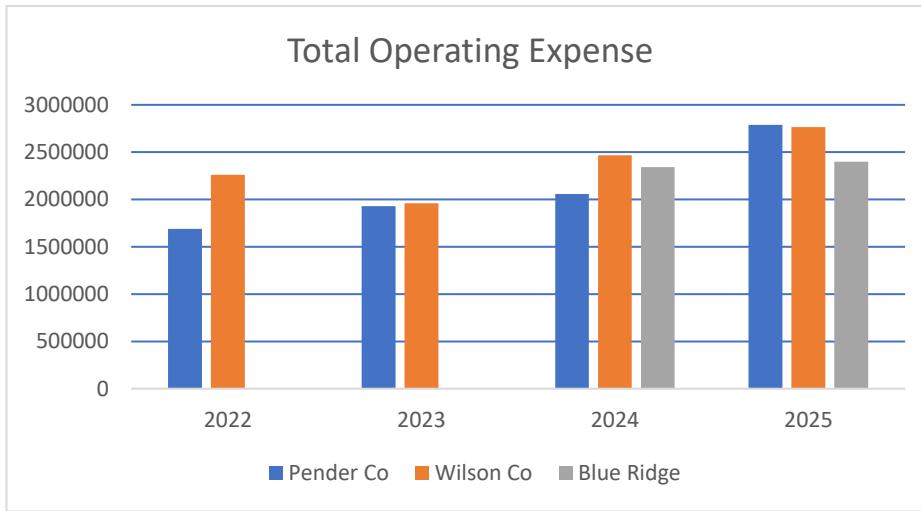
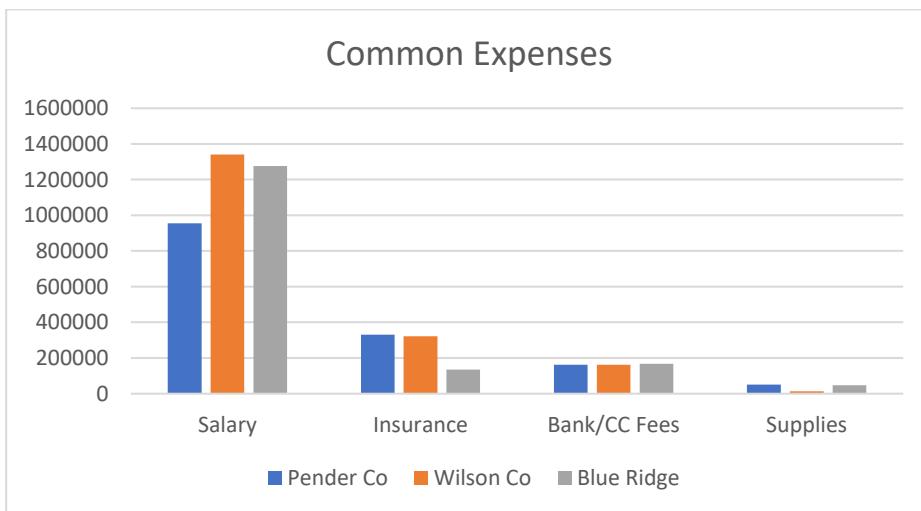
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times 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 Pender County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory turnover rate in (FY) 2024-2025 was 4.3, which is somewhat below the goal.

FINANCIAL ANALYSIS (cont.)

➤ Factors affecting expenses:

- Total operating expenses increased by almost thirty-six percent (36%) from the last fiscal year and were around twenty one percent (21%) of total annual sales in FY-24/25.
- *Interest expense and depreciation were ninety-two percent (92%) of the increase.*
- Board salaries were just over seven percent (6%) of total annual sales and increased slightly less than two percent (2%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 50.9% for the fiscal year with a normal range being 52% to 54%.

➤ A common expense report and a total operating expense report show the Pender County ABC Board has lower or similar categorical and total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items. *Blue Ridge Merger * Wilson County excludes law enforcement.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$13,274,545	\$13,037,157	(\$237,445)	(1.8%)
Total Expenditures	\$12,595,987	\$12,116,936	\$479,051	3.8%
Distributions	\$558,831	\$574,326		
Revenue over/under Expenditures & Finance		\$1,266,116		
After Reconciling Items		\$25,382		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 1.8% below budget and expenditures were 3.8% below the final budget amendment.
 - The change in net position during the fiscal year was \$25,382. *The board's collective net position on June 30, 2025, was \$1,857,945; the net position has increased by seventy three percent (73%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with three months (25%) of the budget year completed, the board is tracking at over 27% 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, Pender County ABC accrued funds for other statutory distributions totaling \$574,327 (Net profit distribution recipient(s) received \$558,295).
- The amount of \$3,010,034 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Pender County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 65% to Pender County General Fund
 - 35% to Municipalities with stores based on sales and other factors

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

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

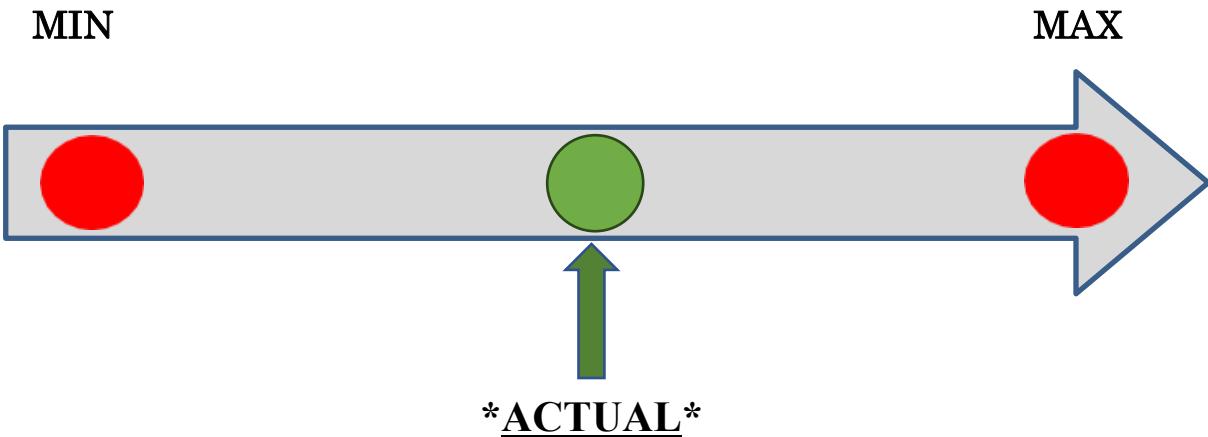
NC GENERAL STATUTE: 18B-805 (c)(1)	
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients	Pender County ABC Board Net profit distribution made annually by fiscal year
<i>Note: Referencing CPA Audit Reports</i>	
Calculated Amount	
FY-2025	\$296,255
FY-2024	\$328,587
FY-2023	\$313,037
FY-2022	\$285,252
FY-2021	\$271,358
Total paid to recipient(s)	
FY-2025	\$532,913
FY-2024	\$693,494
FY-2023	\$674,354
FY-2022	\$963,709
FY-2021	\$889,911

- Since inception, the board has made net profit distributions to their county and municipalities in the amount of \$12,693,102. *Almost thirty percent (30%) of the total distributions were distributed in the last five (5) 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 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).
- Based upon the existing rules, as of June 30, 2025, the Pender County ABC Board is required to maintain a minimum working capital of \$385,661 with a maximum working capital amount of \$3,342,222.
 - The Pender County ABC Board had a working capital balance of \$1,673,865, which is more than the minimum and less than the maximum 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 four members and a chairperson each receiving compensation for their services at the maximum \$150.00 per meeting and in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - Board members are currently compliant with the ethics training requirements. *Two recently appointed or reappointed members will need to satisfy the training requirement soon.*
 - Members are a mixture of initial appointees and multi-term appointments.
 - Members have professional experience in the fields of business, law enforcement, nursing, administration, and two previously worked for the ABC Board.
- Members have taken an oath of office per G.S. 11-7, but copies of the written oaths are kept only with the county. *The board should work to ensure copies of oaths are maintained at the board administrative office.*
- Meetings are generally held on the third Thursday of each month or sometimes the board chooses to meet quarterly. Board personnel announce the meetings by emailing the agenda and time to members, attorney, and the newspaper. *The board will want to ensure the county office is notified of meeting times as well.*
- Meeting minutes are organized, available, and follow all the order of proceedings.
 - Comprehensive financial data is provided and discussed at meetings to include quarterly computations from the board's auditor, sales comparisons and other expense reports.
 - 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 Pender County Police Department beginning in 1995.
- Law enforcement reports are submitted regularly by board personnel with data provided from both the Sheriff's Department and the Surf City Police Department.
 - The law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).

Board Personnel

- The board currently staffs twenty-two total employees with seventeen working full-time.
- The General Manager has been with the board for over twenty-two years and has been both a clerk and a store manager previously.
 - She has been the General Manager since 2018 and is responsible for all board operations.
 - She is full-time, her salary is below the maximum allowable compensation per G.S. 18B-700(g1), and she is compliant with the ethics training requirement.
- The Finance Officer is full-time and has been with the board for over fifteen years and has held this position since 2013.
 - Their responsibilities include accounting related activities such as payroll, purchase order approvals, and billing.
 - The board has a part-time office assistant who works with the finance officer and other administration for billing and other data related support.
- The board has a warehouse manager who is responsible for ordering, deliveries, and price changes.
 - The board has one warehouse personnel and utilizes contract employees on truck days.
- Each store has a manager responsible for their team and store's upkeep.
- 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 for new employees from management and seasoned employees and is on-the-job mentorship styled.
 - The General Manager reviews rules and alcohol sales requirements during initial on-boarding.
 - Some cross-training opportunities are extended.
 - All employees have attended RASP training.
 - Product knowledge training is provided through conversations between management, team members, broker reps, and from information obtained at conferences.
 - Special order requests are forwarded to the warehouse manager or the administrative office.
- A file for each employee is kept in the administrative office and includes application, tax information, and some manual acknowledgment forms.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

Policies

- The board has a thorough personnel manual with additional policies that details various work requirements, behavioral standards, leave and other benefits, scheduling and holidays, and the requirements of Rule 15A .1006.
 - The manual includes additional policies for gifts, employee grievances, delivery truck usage, alcohol sales, overages/shortages, board member travel to meetings, MXB delivery, and employee purchases.
 - Additional policies on file with the commission include a code of ethics, allocated products, and mixed beverage sales.
 - While procedures and practices currently follow Commission rules, the board should establish in writing both a shelf management and price discrepancy policy.
- For travel, the board follows the reimbursement schedule for state employees in G.S. 138-6.

Alcoholism Fund Recipients

- G.S. 18B-805(h) requires funds distributed under subdivisions (b)(4) and (c)(3) of this section, shall be spent for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse.
 - In FY 24/25 the board made or accrued distributions in the amount of \$20,707 and has made distributions in the amount of \$175,641 over the last five completed fiscal years.
 - For compliance with G.S. 18B-805(h), the board receives a report from the recipient describing how funds were or will be spent. *The board should work to ensure the report for these activities is included in their board meeting's minutes.*

Operations

- Board personnel conduct full inventory monthly at all stores and the warehouse.
 - Counts are made using either scanners or count sheets. Variances are re-checked before being submitted to the administrative office.
 - The General Manager and Warehouse Manager review and investigate discrepancies before adjustments are made.
 - Strategies for slow moving products include moving in stores, moving to different stores, and price reductions.
- The board receives deliveries of liquor each Friday with occasional extra orders during peak times.
 - Pallets are dropped and cases are down stacked using scanners with multiple team members participating.
 - Any variances are recounted and balanced against store and warehouse stock before reports are sent to LB&B.
 - Store deliveries are usually made on Wednesdays and store team members also run a variance report.
- Liquor orders are made by the warehouse manager.
 - A suggested order for each store is compiled and each item is adjusted by comparing with stock status.
 - The board orders extra products on sale when able but has currently paused some buy-in opportunities while funds are being replenished.
- The board has a unique distribution procedure for allocated products, and a policy is available to customers and now in Commission records retention. The policy includes both retail sales and mixed beverage accounts and the warehouse manager works directly with mixed beverage accounts to help meet their requests.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. *For compliance with Rule 15A 1701(c), the board regularly emails copies of reports to the Commission as applicable.*
- The board currently has around fifty-four mixed beverage customer accounts active in the county.
 - Two stores are designated mixed beverage outlets and the board has a mixed beverage only facility in Surf City.
 - Picked orders are checked twice by different team members. and again at the transaction.
 - At the time of the transaction, the permittee and a team member sign a document to verify the permittee has checked the order and agrees all bottles are stamped and the order is accurate.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles in the manner required by NCAC 15A .1901.
 - A mixed beverage sales policy has recently been updated and is available for permittees.
- The board holds tastings and plans to continue.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed per truck by the finance officer and administrative assistant.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are cut and signed by the finance officer, and counter-signed by the general manager or warehouse manager.
 - The board has positive pay which is checked routinely by the administrative team.
- The finance officer preaudits stamps invoices for liquor purchases and other purchase orders for compliance with G.S. 18B-702(m).
- The board does not have a credit card or petty cash.
 - Reimbursements for travel, gas, and possibly other supplies are paid via board check.
 - The board has one local gas station that will accept a check.
 - *The board could consider creating a reimbursement policy to fully explain what is reimbursable regarding vehicle(s) and supplies as applicable.*
- Cash handling procedures are in place with two full fund counts daily.
 - Cash sheets covering denominations and change are utilized.
 - Deposits are compiled nightly and generally taken to the bank at the end of business.
 - Store reports are sent to the office daily and matched with deposits by office personnel to both register totals and bank accounts, and again at month end reconciliation.
 - *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances.*
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed bi-weekly through traverse.
 - Timesheets are provided by store managers and reviewed and compared to schedules by the administrative office.
 - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The annual CPA audit was received by the Commission on September 30, 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).

STORE INSIGHT & OVERVIEW

- Commission staff visited three board stores and the central office and warehouse.
- The warehouse is large with high ceilings and will potentially allow for a rack system to accommodate buy ins and other additional inventory.
 - The office and warehouse are professional, organized, and safely maintained.
- Store #1 in Burgaw is attached to the warehouse and office.
 - The newly constructed facility is modern, spacious, and aesthetically pleasant.
 - The store is on a main thoroughfare with ample parking and visible signs.
- The board's store #6 in Rocky Point is in a strip of businesses off a main throughfare.
 - The building is in a commercial area with other retail businesses, and near both another highway intersection and an exit to the interstate.
 - The store has visible signage and somewhat limited parking.
 - Although a little dated, the building still maintains a professional appearance.
- The board's store #4 in Hampstead is located on a very busy highway in a commercial area.
 - The building is free-standing and has ample parking.
 - There is easily viewable signage, and the appearance of the building is professional and pleasing.
- Landscaping at all stores is well maintained, and exteriors are free of trash or debris.
- The interior of all stores, including floors, counters, and shelves, are clean and organized.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
 - Quarterly price books are available.
 - Category signs are prominently displayed.
 - Specially priced items' shelf tags are sometimes highlighted or identified with a broker supplied sign. *The board could consider uniformity in identifying special prices at all stores.*
 - Displays are featured prominently, and upcoming tasting announcements were witnessed at, at least, one store.
- Shelf management practices are implemented.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are arranged so they increase in size left to right of the same item.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers.
- A sample of approximately 100 items were selected at all three stores visited to determine if uniform pricing is displayed. Of those selected, all items' shelf price tags reflected current pricing.
 - Price discrepancies will be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Stores are open from 9:15 am to 8:00 pm Monday through Thursday and all stores remain open until 9:00 pm on Fridays and Saturdays.
- All stores are closed every Sunday, the five previously required holidays, Easter Monday and Memorial Day.
- Security systems are in place and functional in all designated areas.
 - *The store has cameras, alarms, and panic buttons.*
 - *All staff are aware that loitering is prohibited*

REQUIRED ACTIONS

- Item #1: While procedures are already in place and Commission rules are being followed, the board should write a price discrepancy policy following Rule 15A .1705(b) and provide a written copy to all store staff. In accordance with Rule 15A .1102, the board should send the Commission all rules for approval and record retention.
- Item #2: While all aspects of Rule 15A .1708 are being followed, the board should have a written shelf management plan available to store staff and be able to provide a copy to Commission representatives.
- Item #3: 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.

RECOMMENDED ACTIONS

- While board members have taken an oath of office, the board should maintain a written copy of the oath(s) in their administrative records.
- The board could consider a credit or bank card to eliminate employees from needing to make board related purchases with personal funds. There are additional potential benefits to a credit card including potential reward funds and ease in maintaining and reconciling purchases.
- The board could consider uniformity at all stores regarding how specially priced items shelf tags are displayed.

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.
- 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.
- 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. *The board has two recently appointed or reappointed members who will need to satisfy the training in the coming months.*
- 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 are highly encouraged to find straightforward ways to lower any recurring expenses. 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.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2016)

- Consider the following to increase inventory turns:
 - Incorporating a shelf management plan that analyzes sales data to targeted shopping patterns;
 - Utilizing end caps and empty shelf space as much as possible to highlight slow moving and new products;
 - Moving stock between stores to increase visibility and to encourage more impulse shopping;
 - Eliminating poor performing items to drive category sales and increase shopper satisfaction.
- Consider completing additional training opportunities through the Commission, such as the Responsible Alcohol Sellers Program, and other Commission-approved courses.
- Adopt a mixed-beverage policy that follows current practices.
- Adopt a policy that details the position of the board when an employee is charged with selling to a minor.
- Update and/or revise the employee handbook to include current practices.
- Adopt a vehicle usage policy that would specify the following:
 - Who is able to use the vehicle,
 - Requirement that all drives must have a valid driver's license
 - What purposes vehicle may be used for
 - Requirement that a mileage and/or gas log be filled out for every trip, if applicable.
- As specified in G.S. 143-318, the board must follow and enter into closed session proceedings through motion and vote. The purpose must be specifically stated within the motion and only that topic may be discussed in the closed session. All actions discussed in closed session must be stated and/or voted on in open session and included in open session minutes.
- The board must approve closed session meeting minutes. The required procedure is to hold a new closed session meeting specifically to approve the minutes of an earlier session.
- Adopt a board policy that allows board members to receive travel reimbursement for attending board meetings.

While having addressed many considerations from the previous Commission review (2016), board should still monitor and strive to satisfy previously noted recommended actions.

NCABC Commission

November 20, 2025

The Pender County ABC Board has read and discussed the audit from October 2, 2025. We appreciate the support and the direction for addressing a few things that we can do to make our system function better and to be certain we are compliant in all areas.

We will be keeping copies of our board members Oath of Office for all board appointments in the future.

We are also notifying our county commissioners along with the local newspaper a week before each board meeting.

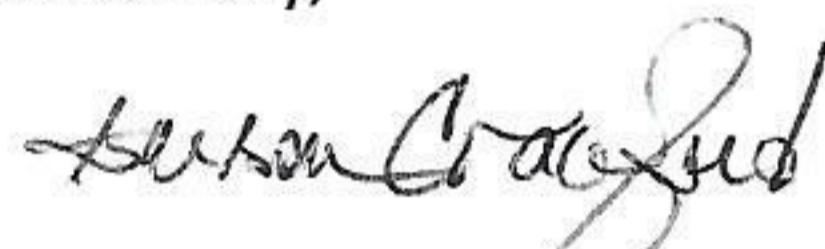
Our updated MXB Policy has been sent out to all MXB outlets.

Our Shelf Management Plan is now in writing and has been sent to all stores and copies have been given to each clerk.

Our Price Discrepancy Policy is now in writing and has been sent to all stores and copies have been given to each clerk.

Our Certificate of Accountability has been signed by each member of the Pender County ABC Board and is attached in an email with this letter.

Sincerely,



Susan Crawford – General Manager
Pender County ABC Board

Nov. 20 2025
Month Day Year

Pender 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).

Susan Clegg
General Manager

John E Cox Jr.
Financial Officer

Shane G Chaderick
Chairman

Carol Peay
Board Member

Steve L. Honeycutt
Board Member

Judy T. Smith
Board Member

Amey Bell
Board Member