

# Pitt County ABC Board

## Performance Audit Report



Alcoholic Beverage Control Commission  
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**ABC**  
COMMISSION  
NORTH CAROLINA

## **TABLE OF CONTENTS**

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ABC Commission Statement .....	3
Objective, Purpose & Background Information .....	4
Financial Analysis, Observations & Findings .....	6
Recommended Actions & Additional Considerations .....	14-16
Pitt County ABC Response Letter .....	17-18



# ABC

COMMISSION  
NORTH CAROLINA

## Alcoholic Beverage Control

April 30, 2026

CHAIRMAN:  
Hank Bauer

Pitt County ABC Board  
Mike Fitzpatrick, Chair  
2082 Central Park Dr, Suite B  
Winterville, NC 28590

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

David Sherlin  
Raleigh

Chairperson Fitzpatrick,

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 Pitt 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, and Administrative Policies
- Review applicable reports and studies of ABC Boards with similar size and geography.
- 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.

Pitt County ABC Board is in Winterville, North Carolina. Winterville is a small town located in Pitt County in the eastern part of the state, just south of the larger city of Greenville. Over the past several decades, Winterville has grown from a quiet rural community into a steadily expanding suburban town while still maintaining a small-town atmosphere. Its proximity to Greenville and East Carolina University has helped fuel residential growth as many people choose to live in Winterville while working, studying, or conducting business in the surrounding area.

The town's history dates to the late nineteenth century when it developed as an agricultural community serving nearby farms. Tobacco, corn, and other crops played an important role in the early local economy, and the arrival of the railroad helped the area grow as a small trading and shipping center for farmers. As agriculture declined as the primary economic driver in the region, Winterville gradually shifted toward a residential and service-oriented economy connected to the broader Greenville metropolitan area.

Today, Winterville is known for its family-oriented neighborhoods, local parks, and community events. One of the town's most recognized traditions is the annual Watermelon Festival, which celebrates the town's agricultural heritage and brings residents together for parades, live entertainment, and local food. The event has become a regional attraction and reflects the strong sense of community pride that exists in the town. Winterville's location provides residents with convenient access to healthcare, education, shopping, and employment opportunities in nearby Greenville while still offering a quieter and more relaxed setting. The town has continued to invest in infrastructure, parks, and recreational facilities to support its growing population. With its combination of historical roots, community traditions, and ongoing development, Winterville represents a blend of small-town character and modern suburban growth in eastern North Carolina.

The general manager is responsible for the oversight of all daily operations, inventory management, human resource organization and other administrative decisions for the board. The board has hired an external accountant who assists with the annual audit and provides additional support, and quarterly audits. All store employees' primary responsibility is to provide friendly customer service to all customers, store upkeep and stock maintenance.

*A referendum occurred on July 6, 1935, and it passed. Currently, the Pitt County ABC Board has a chairperson, four board members and a general manager on the ABC board. The Pitt County ABC Board currently operates eight (8) retail stores. The board staff (82) in total personnel. These include (58) full-time employees and (24) part-time personnel. The general manager is responsible for daily store operations including supervising personnel, inventory management, and various retail functions. The GM provides the board with fiscal management, administrative support, and oversees routine operations of the ABC store. Sales associate responsibilities include selling products, daily stocking, and floor upkeep & maintenance.*

*The last performance audit for the Pitt County ABC Board occurred in 2022. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.*



2082-A Central Park Dr, Winterville NC

**OPERATIONAL OBSERVATIONS, FINDINGS,  
REQUIRED ACTIONS, & RECOMMENDATIONS**

On Tuesday, March 10, 2026, ABC Board Program Analyst II Eric McClary visited the Pitt County ABC Board and interviewed David Byrum (Asst General Manager). Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.

**FINANCIAL ANALYSIS**

**PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO**

- In fiscal year (FY) 2024-2025, the Pitt County ABC Board had a profit percentage to sales ratio of 8.73%.
  - The Pitt County ABC Board’s gross sales totaled \$34,069,714, which was an approximate 1.14% increase from the previous fiscal year.
  - Pitt County ABC Board operates eight retail stores with mixed beverage sales. The operating cost ratio for the board was .61 in FY 2024-2025.  
NOTE: financial metrics (profit percent, operating cost ratio) are subject to being reviewed by Chairman Bauer and his team at some point.
- Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2024-2025	FY 2023-2024
<b>Gross Profit on Sales</b>	\$8,494,588	\$8,512,863
<b>Income from Operations</b>	\$2,973,233	\$3,487,095

*Factors affecting profitability and cost include:*

- Surrounding areas with other ABC systems which are within a 30-mile radius include Greene County ABC, Beaufort County ABC, and Lenoir County ABC.
- The board currently has approximately 132 active mixed beverage customers.

➤ **FINANCIAL ANALYSIS (cont.)**

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➤ *Factors affecting expenses:*

- Total operating expenses increased around (9.8%) from the last fiscal year.
- Cost of Goods Sold (COGS) was roughly 51.7% for the fiscal year with a normal range being 52% to 54%.

**BUDGET ANALYSIS**

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	FY 2024-2025 Budget Projection	FY 2024-2025 Actual	Variance	Variance %
<b>Sales</b>	\$34,000,000	\$34,069,214	\$69,214	0.2
<b>Revenue over or (under)</b>				
<b>Expenditures</b>		\$1,278,166		

In reviewing the budget for actual analysis of the FY 2024-2025 financial audit, actual sales revenues were more than forecasted projections of 0.2%. The Board has submitted a budget amendment. After reconciliation, the change in the Board’s end net position was \$14,463,639.08.

**DISTRIBUTIONS**

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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).* Pitt County ABC made a total of \$7,943,954.44 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), NC Department of Health & Human Services (NCDHHS), and the county commissioners of Pitt County County.

*Per the local enabling act, the distribution formula for recipients of net profits is as follows:*

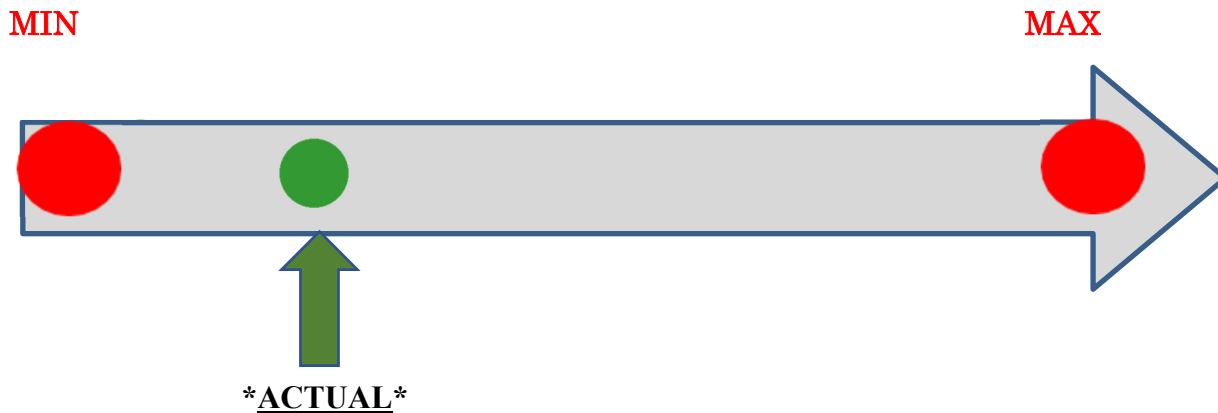
- *100% to Pitt County General Fund*

## WORKING CAPITAL

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- 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 more 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 Pitt County ABC Board is required to maintain a minimum working capital of \$1,004,817.68 with a maximum working capital amount of \$6,531,314.93.
  - The Pitt County ABC Board had a working capital balance of \$2,835,503.85 which is more than the minimum and less than the maximum Commission requirements for this section (\*).

**\* FY 2024-2025: Working Capital (WC) graphic**



Under 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.

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** - The Pitt County ABC Board has routinely made mandatory distributions to the designated recipients over the last three years referencing NCGS 18B-805(c)(1). **The table below references distributions calculated by CPA on the left and total net profit distributions made by the ABC Board for the last three (3) years on the right. An explanation is documented in the Recommended Actions Section.**
- **Law Enforcement Distributions:** Have been properly disbursed at or above the regular 5% statute amount over the last three (3) fiscal years.
- **Alcohol Education Distributions:** Have been disbursed at or above the standard 7% statute amount of the last three (3).

<b>NC GENERAL STATUTE: 18B-805 (c)(1)</b>			
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>		<b>Pitt County ABC Board Net profit distribution made annually by fiscal year</b>	
<i>Note: Referencing CPA Audit Reports</i>			
<b>CPA Calculated Amount</b>		<b>Total paid to recipient(s)</b>	
<b>FY-2025</b>	<b>\$947,173.28</b>	<b>FY-2025</b>	<b>\$1,500,000.00</b>
<b>FY-2024</b>	<b>\$933,502.24</b>	<b>FY-2024</b>	<b>\$1,500,000.00</b>
<b>FY-2023</b>	<b>\$929,952.43</b>	<b>FY-2023</b>	<b>\$1,500,000.00</b>

**PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE**

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

**Board Members**

- ➤ The board consists of General Manager, 4 members and a chairperson, each receiving compensation for their services at a maximum of \$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).
  - One board member is currently compliant with the ethics training.
  - Members have professional experience in the fields of Local Government, Law Enforcement, and Education.
- All members have taken an oath of office per G.S. 11-7 and there are copies on site.
- Meetings are generally held on the third Monday of every month, except for July and December. The board announces the meetings are posted at the board on the board website.
- 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 FO, 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 its own in-house Law Enforcement Department, "Pitt County ABC" and documentation is on file in Commission. Chief T.C. Greene submits the required LE reporting.

### **Board Personnel**

- The board currently staffs (82) total employees, with (58) full-time, and (24) part-time.
- General Manager has served in this role with the board for approximately 7 years.
  - General Manager is full-time; his salary is within the allowable compensation per G.S. 18B-700(g1).
  - The GM responsibilities include full oversight of all daily store operations, human resources, ordering, inventory, and other operational tasks.
- The Asst Manager is the FO and provides the board with accounting-related duties and financial reporting and delivers this data to the board.
- All other store employees are part-time 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 the training manager and other personnel and consists of on the job, and mentorship styled.
  - Product knowledge training is handled informally between the training manager and team members. RASP training is provided.
- Employee files are kept in the administrative office and include tax and other applicable information.
- No conflicts pertaining to nepotism found and per discussion with 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 customer relations, employee relations, workplace violence prevention, drug and alcohol use and conduct, intoxication and customer code of conduct.
  - Additional policies on file with the commission include a personnel manual.
- For travel, the board follows the State travel reimbursement schedule for state employees in G.S. 138-6.

## **Operations**

- ➤ Board personnel conduct full inventory once monthly at the board. Spot checks are conducted weekly and at other times.
  - Counts are made by scanners. Variances are re-checked before being submitted to the administrative office.
  - The General Manager or the Asst MGR, reviews and investigates discrepancies before adjustments are made. The GM and ASST MGR conduct the inventory.
  - Strategies for slow-moving products are conducted by sending a list to the Commission and ask for markdowns.
- The board receives deliveries of liquor every Wednesday of the month.
  - Pallets are removed from the truck to the dock area. Products are then brought to the storage area by pallet jack by board employees. Each store's deliveries are separated by store.
  - Variances are recounted and balanced against store and warehouse stock before reports are sent to LB&B.
  - Liquor orders are made by the Gm and Warehouse MGR.
- Special order procedures are compliant with NCAC 2R .1404 or .1706 (c).
- The board has retained breakage reports which should regularly include 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 132 mixed beverage customer accounts active in the county.
  - 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.

## **Financial, Administrative, and Internal Controls**

- Invoices for liquor are processed for all deliveries and payments are processed via ACH, with some check payments, within 30 days.
- Board's checks have the required disbursement certificate in compliance with G.S. 18B- 702(q). and are signed by the GM and Asst GM.
  - The GM and the Asst GM conducts regularly review liquor orders. The pre-audit stamp required by G.S. 18B-702(m) is properly affixed to purchase orders.
  - The general manager has a credit card, and it's kept in a secure location at the administrative office.
  - Deposits are conducted daily. Deposit slips and other banking information are retained at the board's office.
    - *A review of one month's deposit information was conducted, and no discrepancies were found between deposits and register receipts.*
- Cash management details: All money is counted and deposited daily.
  - The board has 4 registers in their showroom and one MXB register in the warehouse. Tills start at \$200.00.
    - Drawers are counted at the beginning and end of each shift
  - Funds are kept in a pooling bank approved by the North Carolina Treasury Office.
  - Payroll is bi-weekly and processed by the GM.
- Employees use a time clock procedure to document time. The hours are reviewed by the Human Resources Manager and compared hours to the schedule.
  - Board keeps thorough records for unsaleable merchandise reports and emails copies of the claims to the Commission regularly in compliance with NCAC 15A .1701(c).
  - The annual CPA audit was received by the Commission on September 15, 2025.
  - All board members and the general manager are properly bonded for \$50,000 per G.S. 18B-700(i).

## **STORE INSIGHT & OVERVIEW**

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- The board's administrative office is located off a large commercial thoroughfare.
  - Outside area surrounding the board is well-maintained and free of debris or trash.
  - There is ample parking, and deliveries are conducted at the board primary location.
  - The floors are plank flooring.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
- The warehouse and administrative areas are located at the back of the main store.
  - The area is well lit and organized and can accommodate many cases.
- □ Shelf management practices are implemented.
  - Products are fronted and dusted, and most are placed in categorized areas around the store.
  - Premium products are generally found at eye level or top shelves at all retail locations.
  - Bottles are arranged so they increase in size from left to right.
- Sales associate interactions with customers are attentive, courteous, and the staff are 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 there were no prices that were inaccurately posted.
  - 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 8:00 am until 5:00 pm daily, Monday through Thursday. Friday 8:00 a.m. to 4:00 p.m. The other remaining retail stores are 10:00 a.m. to 9:00 p.m. The Aiden store is from 10:00 a.m. to 7:00 p.m. Farmville is Monday through Thursday, 11:00 a.m. to 7:00 p.m. Besides closing on the two (2) required annual holidays and every Sunday, the board may opt to continue closing on New Year's Day, July 4<sup>th</sup>, and Labor Day annually.
- Security systems are in place and functional in all designated areas.
  - *The board has (22) security cameras.*

**(RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES))**

- 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.

### **(GENERAL STATUTE REMINDERS)**

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- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. *Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.*
- Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. Electronic copies of the personnel manual should be emailed to Commission personnel for recordkeeping. A credit card policy is recommended to establish authorized use (sample copy forwarded for consideration).
- 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.

## **ADDITIONAL CONSIDERATIONS & GUIDANCE ....**

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- 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 Sept 30<sup>th</sup>.
- 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. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- 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).* ABC Boards can limit the number of personnel travelling to conference and convention events across the state. 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.*
- ABC boards are encouraged to closely review financial statements monthly, comparing with the annual budget forecast, approving budget amendments when necessary and submitting copies to the Commission for anticipated sales increases as well as other adjustments for budgeted accounts.
- 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.
- NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise (breakage) and retain original copies for three (3) years. *All breakage reports should only be transmitted via email submission to Commission staff; copies should not be mailed.*
- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission as well as partnering with other ABC boards on specific areas such as best retail and marketing practices.



Mike Fitzpatrick, Chair  
Jennifer Corbitt, Member  
Brian Meyerhoeffer, Member  
Ann F. Huggins, Member  
Ralph Whitehurst, Member  
Adam Sullivan, General Manager

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Greenville, NC 27833  
Phone: (252) 756-2350  
Fax: (252) 756-4844

ABC Commission  
400 E. Tryon Rd.  
Raleigh, NC 27610

April 27, 2026

We truly appreciate your support and recommendation from the audit recently performed. This performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

Item 1: A signed copy of the Certificate of Accountability attestation form.  
The Board has signed and submitted a Certificate of Accountability form.

Sincerely,

Adam Sullivan, GM  
Pitt County ABC Board

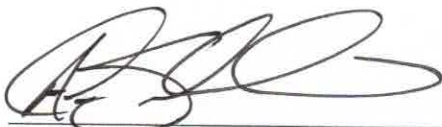
4      27      2026  
Month      Day      Year

Pitt 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).

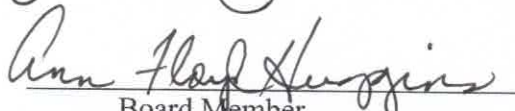
  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Financial Officer

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Board Member

  
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Board Member

  
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Board Member

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Board Member