

Pittsboro ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

TABLE OF CONTENTS

| | |
|---|-------|
| ABC Commission Statement | 3 |
| Objective, Purpose & Background Information | 4 |
| Financial Analysis, Observations & Findings | 6 |
| Recommended Actions & Additional Considerations | 13-15 |
| Pittsboro ABC Response Letter | 16-17 |



ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

April 6, 2026

CHAIRMAN:
Hank Bauer

Pittsboro ABC Board
Jamie Fiocco, Chair
70 Sanford Rd
Pittsboro, NC 27312

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

David Sherlin
Raleigh

Chairperson Fiocco,

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 Pittsboro 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.

Pittsboro ABC is in Pittsboro North Carolina. Pittsboro is a small but steadily growing town in Chatham County, North Carolina, known for its historic character, creative community, and central location in the rapidly expanding Triangle region. Serving as the county seat, Pittsboro plays an important role in local government while maintaining the feel of a traditional Southern courthouse town. Its downtown is compact and walkable, anchored by the historic Chatham County Courthouse and lined with locally owned shops, cafés, galleries, and restaurants that reflect the town's strong arts and crafts culture.

The town has a reputation for being welcoming and community-oriented, with frequent festivals, farmers' markets, and cultural events that bring residents together throughout the year. Pittsboro attracts artists, musicians, and entrepreneurs, contributing to a distinctive local identity that blends rural roots with progressive, creative energy. The surrounding countryside includes rolling farmland, wooded areas, and access to the Haw River, offering outdoor recreation such as kayaking, hiking, and nature exploration.

Pittsboro's growth has accelerated in recent years due to its proximity to Chapel Hill, Durham, Raleigh, and the Research Triangle Park. This has led to new residential developments and expanded amenities, while town leaders and residents continue to emphasize thoughtful planning and preservation of the area's natural and historic assets. Housing options range from historic homes near downtown to newer neighborhoods and rural properties outside town limits. Overall, Pittsboro balances its small-town charm with the opportunities and challenges that come with regional growth. It appeals to those seeking a close-knit community, access to nature, and a slower pace of life, while still being within commuting distance of major employment and educational centers in central 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 hired an external accountant who assists the annual audit and provides additional support. All store employees' primary responsibility is to provide friendly customer service to all customers, store upkeep and stock maintenance.

A mixed beverage referendum occurred on August 14, 1971, and it passed. Currently, the Pittsboro ABC Board has a chairperson, four board members, a finance officer and a general manager on the ABC board. The Pittsboro ABC Board currently operates two (2) retail stores. The board staff (8) in total personnel. These include (6) full-time employees and (2) 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 Pittsboro ABC Board occurred in 2021. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



70 Sanford Rd, Pittsboro NC

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

On Thursday, February 6, 2026, ABC Board Program Analyst II Eric McClary visited the Pittsboro ABC Board and interviewed Scott Cox (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 Pittsboro ABC Board had a profit percentage to sales ratio of 7.9%.
 - The Pittsboro ABC Board’s gross sales totaled \$2,808,862, which was an approximate 7.3% increase from the previous fiscal year.
 - Pittsboro ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .64 in FY 2024-2025.
- Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

| | FY 2024-2025 | FY 2023-2024 |
|-------------------------------|--------------|--------------|
| Gross Profit on Sales | \$685,336 | \$643,708 |
| Income from Operations | \$222,309 | \$ 271,968 |

Factors affecting profitability and cost include:

- Surrounding areas with other ABC systems which are within a 25-mile radius include Chatham County ABC, Siler City ABC, and Sanford ABC.
- The board currently has approximately 15 active mixed beverage customers.

➤ FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased around (23.1%) from the last fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.4% for the fiscal year with a normal range being 52% to 54%.

BUDGET ANALYSIS

| | FY 2024-2025 Budget Projection | FY 2024-2025 Actual | Variance | Variance % |
|---|-----------------------------------|------------------------|-----------|------------|
| Sales | \$2,916,738 | \$2,808,862 | (107,876) | 3.6% |
| Revenue over or (under) Expenditures | | (148,330) | | |

In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual sales revenues were less than forecasted projections of 3.6%. After reconciliation, the change in the Board's end net position was \$1,151,341.

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).* Pittsboro ABC made a total of \$651,276 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 Chatham County.

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

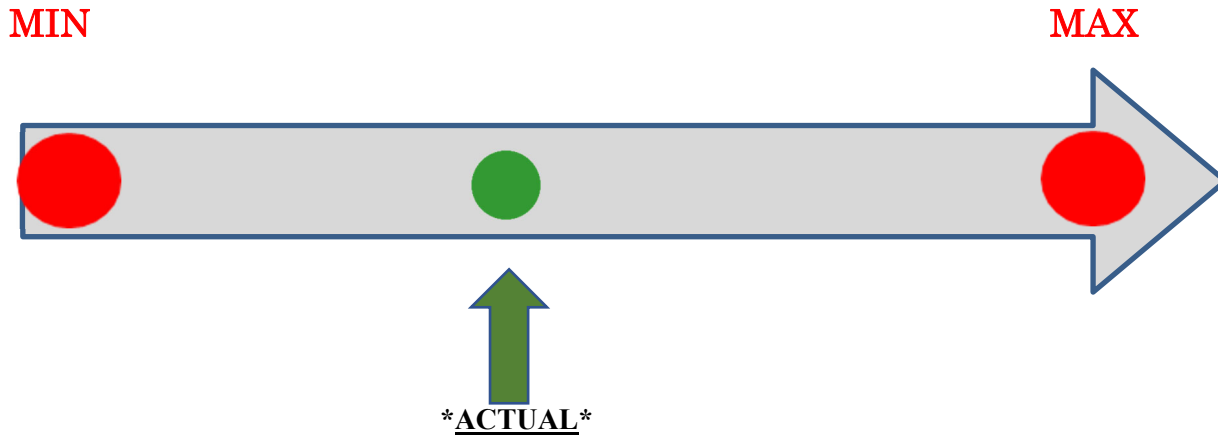
- *100% to Pittsboro ABC General Fund*

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 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 Pittsboro ABC Board is required to maintain a minimum working capital of \$82,984 with a maximum working capital amount of \$539,397.

- The Pittsboro ABC Board had a working capital balance of \$671,662 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 Pittsboro 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).

| NC GENERAL STATUTE: 18B-805 (c)(1) | | | |
|--|-----------------|---|------------------|
| Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients <i>Note: Referencing CPA Audit Reports</i> | | Pittsboro ABC Board Net profit distribution made annually by fiscal year | |
| | | | |
| CPA Calculated Amount | | Total paid to recipient(s) | |
| FY-2025 | \$77,657 | FY-2025 | \$157,016 |
| FY-2024 | \$72,408 | FY-2024 | \$134,513 |
| FY-2023 | \$55,482 | FY-2023 | \$136,888 |

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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). The board has a vacant slot that is in the process of being filled. The town council has received applications and should likely fill the slot within weeks.
 - All other board members are currently compliant with the ethics training requirements, except for Chairman Fiocco. His most recent training was in May 2022.
 - Members have professional experience in the fields of town management, law, business and medicine.
- 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 Tuesday every month. The board announces the meetings by posting at each store location.
- 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. The GM hand delivers distribution payments to the town council.
 - 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 Pittsboro Police Department from 2022, and a copy is on file in Commission records.
- Law enforcement reports are submitted regularly by the Pittsboro Police Department and are current to date.

Board Personnel

- The board currently staffs (8) total employees, with (6) full-time, and (2) part-time.
- General Manager has served in this role with the board for approximately 3 years.
 - General Manager is full time; his salary is within the allowable compensation per G.S. 18B-700(g1). All members are compliant with ethics training.
 - The GM and members' responsibilities include full oversight of all daily store operations, human resources, ordering, inventory, and other operational tasks.
- The Finance Officer is Faye Ward. She supports the general manager with many additional responsibilities. She is cross trained and has other key responsibilities.
- The FO provides the board with accounting-related duties, including payroll and financial reporting.
 - These responsibilities include processing much of the information provided by personnel, providing financial reports for member review and providing general financial oversight and guidance.
- 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 management and other personnel and consists of on the job and mentorship style. Quarterly distillery trips are offered by the GM for additional training and product knowledge.
 - Product knowledge training is handled informally between management and team members.
- 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, MXB delivery and travel.
- For travel, the board follows the State travel reimbursement schedule for state employees in G.S. 138-6.

Operations

- ➤ Board personnel conduct full inventory quarterly at the board, for both retail stores.
 - Counts are made using scanners and count sheets. Variances are re-checked before being submitted to the administrative office.
 - The General Manager reviews and investigates discrepancies before adjustments are made. The GM does the inventory.
 - Strategies for slow-moving products include reaching out to the Commission and requesting reduced prices.
- The board receives deliveries of liquor is first and third Wednesday.
 - Pallets are removed from the truck by LBB driver with an electric pallet jack and placed in the warehouse.
 - Any variances are recounted and balanced against store and warehouse stock before reports are sent to LB&B.
- Liquor orders are made by the general manager. If the permittee agrees, an online order is completed.
 - A suggested order for the store is compiled, and each item is adjusted by comparing it with stock status and buying items that are on SPA to improve profitability for the board.
- 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 15 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 written checks within 30 days. The GM is actively trying to change this process to exclusively ACH payments.
 - *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). and are signed by the GM and the Finance Officer.
- The store manager conducts regularly review liquor orders and the pre-audit stamp required by G.S. 18B-702(m) is being properly affixed to purchase orders.
- The general manager has a credit card, and it's kept in a secure location at the administrative office.
 - Itemized receipts for purchases are generated by the GM for review before the account is balanced.
 - °The board has an updated credit card policy.
- 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.*
- The board has 2 registers in their showroom. Tills start at \$100.00.
 - 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 weekly and processed by the General Manager. The GM sends the hours to the FO and she then processes the payroll.
 - Employees use a sign-in procedure at the register, and hours are reviewed by the GM.
- 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 30, 2025.
- All board members and the general manager are not properly bonded for \$50,000 per G.S. 18B-700(i).

STORE INSIGHT & OVERVIEW

- The board's administrative office is located off a small 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 wood and very nice.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
 - Listings for specially priced items are printed and available for customers to review.
- 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. GM rarely has any.
- Store is generally open from 9:00 am until 8:00 pm daily, Monday through Thursday. Friday and Saturday hours are 9:00 a.m. to 9:00 p.m. The board is closed every Sunday. 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 4th, and Labor Day annually.
- Security systems are in place and functional in all designated areas.
 - *The board has (13) security cameras, while (10) security cameras at the Ramsuer Rd location.*

(RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES))

- ABC Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b).

(GENERAL STATUTE REMINDERS)

- 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 established 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

- 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 30th.
- 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.

Pittsboro ABC Board
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Main Store Tel: 919-542-4421

Eric McClary
Alcoholic Beverage Control Commission
ABC Board Auditor/Program Analyst, Boards and Pricing Section
400 E. Tryon Rd, Raleigh, NC 27610

March 31st, 2026

Dear Eric,

Thank you for your direction and comments from the audit performed last month of the Pittsboro ABC Board. I would like to note in this response letter that the Board is cognizant of the ethics training requirements.

Regards,

Jamie J Fiocco

Jamie Fiocco
Pittsboro ABC Board Chair
jamielpboabc@gmail.com

March 19th 2026

Pittsboro ABC Board


Month Day Year

ABC Board

Certificate of Accountability

This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted for and are lawful.
4. That all taxes due and board expenses have been properly and timely paid pursuant to NCGS §18B-805(b).
5. That all distributions pursuant to NCGS §18B-805 have been properly and timely paid.
6. That the finance officer for the board has properly performed all duties as required pursuant to NCGS §18B-702(k).



General Manager



Financial Officer



Chairman



Board Member



Board Member



Board Member



Board Member