

Washington County ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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Alcoholic Beverage Control

June 8, 2026

CHAIRMAN:
Hank Bauer

Washington County ABC
Board
Jack Faulk, Chair
696 Hwy 64 E.
Plymouth, NC 27962

COMMISSIONERS:
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David Sherlin
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Chairperson Faulk,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Washington County ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva
Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, Reports, and Administrative Policies
- Verify compliance with Commission and Board policies
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits
- Review ABC Board reporting and documentation reports
- Visit the store(s)
- Interview key ABC Board personnel

Washington County is in northeastern North Carolina, with Plymouth serving as the county seat. Other incorporated towns in the county include Roper and Creswell. The county is best known for its rich farmland, forests, and public access to waterways. The current estimated population for the county is 10,700 residents, which reflects an approximate 3% decrease from the 2020 census. The Washington County ABC Board operates one store and is the only board in the county.

Chapter 49 of the 1937 Act authorized Washington County to hold an election for an ABC store. The referendum was held in May 1937, and the vote for an ABC store passed with 80% support and 20% opposition. The date of the first retail sales was July 1, 1937. On November 3, 2009, the county held a mixed beverage election, which passed 668 to 640 votes. Upon election of an ABC store, Washington County was authorized to create an ABC Board consisting of a chairperson and two members to serve for three-year terms. Current board members are Jack Faulk, Chair, Jeremy Oliver, and Bobby Brown.

The last performance audit for the Washington County ABC Board concluded in 2022. The Commission audit serves as an ongoing method to provide local boards with information and best practices that identify areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On April 30, 2026, ABC Commission Program Analyst Edwin Strickland visited the Washington County ABC Board and interviewed the General Manager, Todd Moore, and Finance Officer Eddie Maxwell. Below is a financial analysis followed by operational observations, findings, and recommendations related to the performance audit.



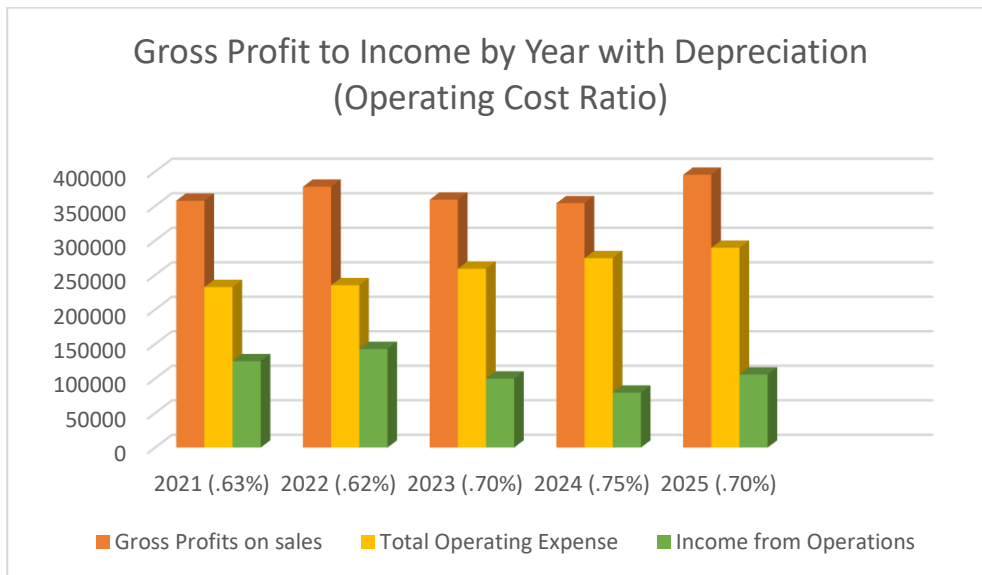
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FINANCIAL ANALYSIS

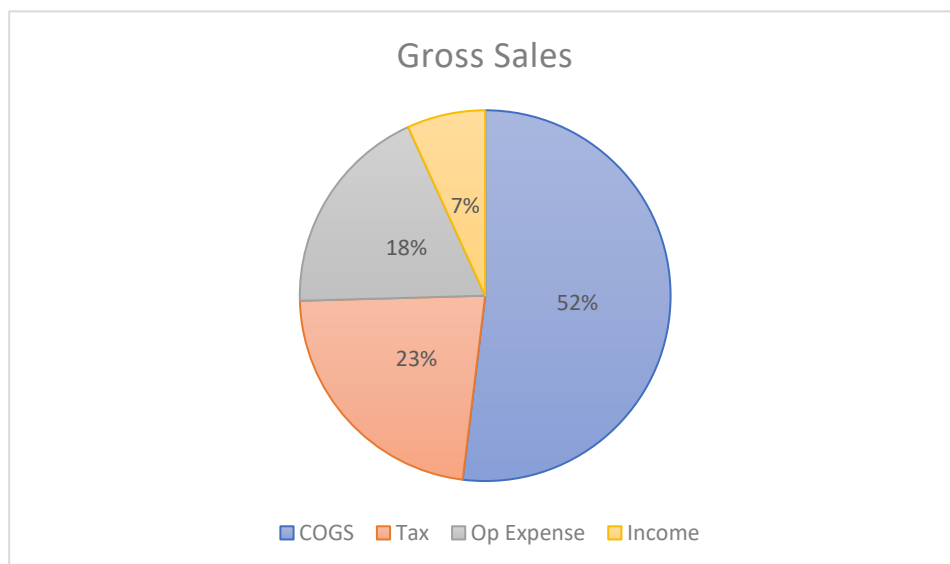
SALES, PROFIT PERCENTAGE, & OPERATING COST RATIO

- In FY 2025, the Washington County ABC Board had gross sales totaling \$1,551,037, which was an approximate 1.2% increase from the previous year.
 - Since FY 2021, the board’s sales have increased almost 4.2%.
- In FY 2025, the board’s profit percentage to sales ratio was 6.82%.
 - *The profit percentage to sales ratios over the previous four completed fiscal years were 5.19%, 6.49%, 9.43%, and 8.40%, respectively.*
- Washington County ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was 0.70 in FY 2025. *The previous four years are shown in the chart below.*
 - Operating cost ratio is calculated by dividing total operating expenses less depreciation by gross profit on sales (Total operating expense less depreciation/gross profit).
- *The ABC Commission is currently working to re-evaluate performance standards for profit percent to sales and operating cost ratios.*
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

	FY 2025	FY 2024
Gross Profit on Sales	\$395,366	\$354,036
Total Operating Expense	\$289,543	\$274,517
Income from Operations	\$105,823	\$79,519



- 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 five other ABC Boards with a store within a 30-mile radius of the Washington County ABC store.
 - The board's store is located on a major thoroughfare that receives significant pass-through traffic from motorists traveling to coastal and other recreational destinations.
 - Washington County had a 5% unemployment rate in June of 2025, with the North Carolina average being around 3.7% at that time.
 - Approximately 24% of the population in the county is below the poverty level. *The North Carolina average is 12.8%.*
 - In FY 2025 mixed beverage sales accounted for less than 2% of gross sales.

INVENTORY TURNOVER

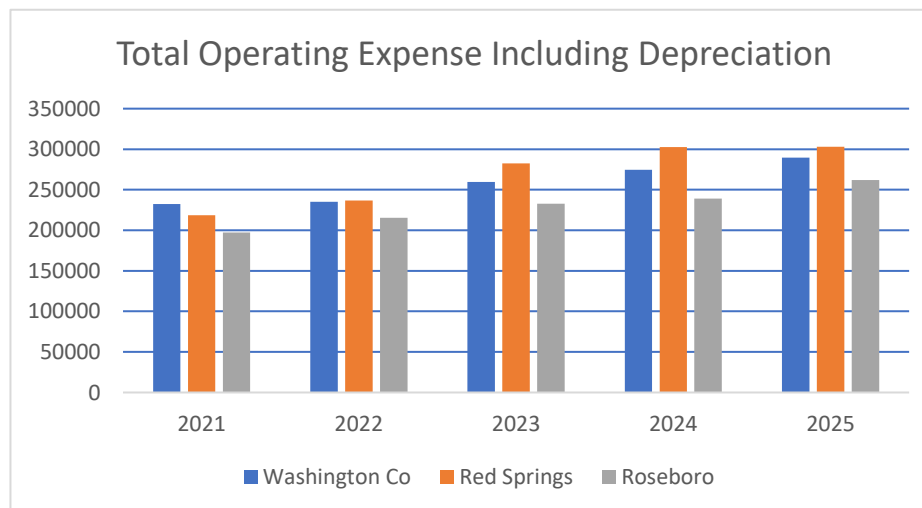
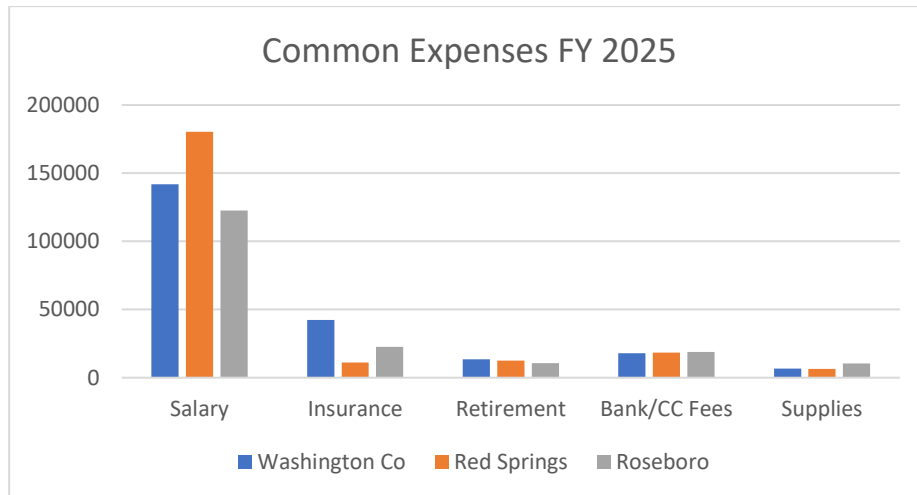
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times or more per year
 - Twice a month deliveries target 5 times or more per year
 - Monthly deliveries target at 4.5 times or more per year
- The Washington County ABC Board receives shipments once per month, with a target inventory turnover rate of around 4.5. The inventory turnover rate in FY 2025 was 3.4, which is somewhat below the official goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- In FY 2025, total operating expenses increased by over five percent (5%) from the last fiscal year and were around nineteen percent (19%) of total annual sales.
- Board salaries were approximately nine percent (9%) of total annual sales and increased by around three percent (3%) from the previous fiscal year.
- Expense for repairs and maintenance was the largest account increase.
- Cost of Goods Sold (COGS) was 51.9% for the fiscal year with a normal range being 52% to 54%.

➤ A common expense report and a total operating expense report show that the Washington County ABC Board has similar categoral and total operating expenses compared to other ABC boards within a somewhat relatable gross sales range and other variables. *Common expense report categories can be unreliable, as different CPAs may allocate costs to line items inconsistently.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$1,545,000	\$1,551,805	\$6,805	0.4%
Total Expenditures	\$1,570,650	\$1,488,364	\$82,286	5.2%
Distributions	\$24,350	\$23,468		
Revenue over/under Expenditures & Finance		\$39,973		
After Reconciling Items		\$83,123		

- In reviewing the budget to actual analysis of the FY 2025 financial audit, actual total revenues were 0.4% above the final budget amendment and expenditures were 5.2% below the final budget amendment.
 - The change in net position during the fiscal year was \$83,123. *The board's collective net position on June 30, 2025, was \$520,021; the net position has increased by over 32% since FY 2021.*
- Based on sales trajectory for the current fiscal year with nine months (75%) of the budget year completed, the board is tracking at around 76% 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 and 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 2025, a total of \$350,390 in primary distributions and other taxes was paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Washington County.
- In FY 2025, Washington County ABC accrued funds for other statutory distributions totaling \$23,468 (*the net profit recipient received \$14,737*).
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 10% to Plymouth General Fund.
 - Remainder to the Washington County General Fund.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The Washington County ABC board has made net profit distributions for three (3) of the last five (5) fiscal years at or above the minimum mandatory distribution as referenced in G.S. 18B-805(c)(1). **The table below shows 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 accrued and/or disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- **Alcohol Education Distributions:** Have been accrued and/or disbursed at or above the standard 7% statute amount for the last five (5) FYs.

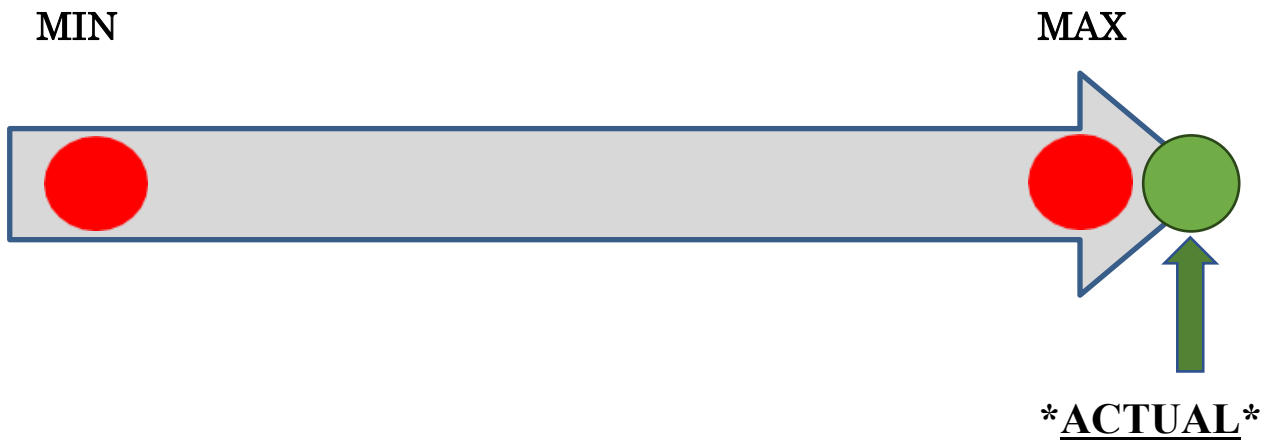
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Washington County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$43,428	FY-2025	\$14,737
FY-2024	\$44,007	FY-2024	\$86,420
FY-2023	\$43,743	FY-2023	\$51,209
FY-2022	\$38,087	FY-2022	\$114,575
FY-2021	\$30,003	FY-2021	\$23,132

WORKING CAPITAL

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

- Based on the existing rules, as of June 30, 2025, the Washington County ABC Board is required to maintain a minimum working capital of \$46,179 with a maximum working capital amount of \$400,216.
 - The Washington County ABC Board had a working capital balance of \$450,216, which is above the maximum allowed per Commission rule 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.
 - The board's annual CPA audit indicates that excess working capital in the amount of \$50,000 has been set aside as a capital improvement fund. The board should forward to the Commission written approval from its appointing authority granting permission for this fund.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

Board Members

- The board consists of two members and a chairperson who receive approved compensation for their services in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - Two members have completed the ethics training requirement with one member needing to complete the training soon.
 - Copies of oaths of office for all members are not available in board records.
 - Members have backgrounds in business, management, military, and community service.
- Meetings are generally held on the first Tuesday of each month. A sign is posted in the store when there are occasional changes in meeting dates or times.
- Meeting minutes are organized, available, and follow the proper order of proceedings.
 - All minutes reviewed reference a conflict-of-interest statement.
 - Financial data are presented and discussed at board meetings, including profit and loss statements, sales information, account balances, and budget comparisons for sales and expenses.
 - 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 in annual audits.
- The board's login website was updated prior to the Commission visit and contains accurate information pertaining to board members, personnel, and store locations.

Law Enforcement

- The board has an active law enforcement contract with the Washington County Sheriff's Office signed in 2015.
- Law enforcement reports are submitted regularly by board personnel.
 - Applicable data for accountability as outlined in G.S. 18B-501(f1), is provided by Sgt. Quintana.
 - In FY 2025, the board made \$4,350 in law enforcement distributions.

Alcohol Education and Rehabilitation

- In FY 2025, \$4,000 in alcohol education distributions were made to the County Sheriff's Office for two different programs.
 - Reports are submitted to the board describing how funds were spent, and the board includes in its official minutes approval of these distributions for compliance with G.S. 18B-805(h).

Board Personnel

- The board currently has two full-time and four part-time employees.
- The General Manager and Finance Officer are full-time and responsible for all board operations and activities.
- The board uses a contracted bookkeeping service to assist with payroll, bill payment, account reconciliations, and general accounting oversight.
- All employees are responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees is on the job and mentorship-based.
 - Cross training opportunities have been extended to the Finance Officer for the General Manager's position.
 - Additional key employees are familiar with some administrative functions.
 - All but one team member has attended RASP training.
 - New products and other general product knowledge discussions are held regularly by management.
- No conflicts related to nepotism were found, based on discussion with the General Manager.
- All store personnel are aware loitering is prohibited on board property and in the store.

Policies

- The board has a code of ethics policy which adheres to the requirements of G.S. 18B-706(a).
- The board has a thorough personnel manual which covers the requirements of Rule 15A .1006.
- The board should craft and adopt a shelf management policy as required by Rule 15A .1708.
- The board may wish to consider additional policies such as debit card usage, allocated-product sales, mixed beverage sales, or a policy for in-store tastings.
- For travel, the board chooses to adhere to its appointing authority's travel policy. *To comply with G.S. 18B-700(g2), the board should obtain and provide the Commission each year an annual approval and copy of the policy from their appointing authority to continue following the county's travel policy.*

Operations

- Full inventory is conducted twice annually, once in the spring and again before the end of the fiscal year.
 - Inventory spot checks are routine and multiple team members participate.
 - Discrepancies are rechecked and reviewed, and adjustments are made by the management team.
 - *A small sample of products was inventoried during the Commission visit with no notable discrepancies found.*
 - Slow moving products are relocated within the store, and the board may consider price reductions in the future as needed.
- Liquor orders are made by the General Manager who reviews each item's stock status on a month- long basis.
 - New products and SPA lists are reviewed and considered.
 - Out of stock or short stock lists are provided by team members.
 - Special order requests are considered and typically fulfilled for local customers or mixed beverage accounts.
- The board receives liquor deliveries on the second Tuesday of each month.
 - Pallets are dropped and down stacked using scanners.
 - Any variances are rechecked before the report is submitted to LB&B.
- The board currently has three active mixed beverage customer accounts.
 - Pulled orders are rechecked and stamped by a second team member.
 - Invoices are provided to the permittees, and signed copies are retained for each account.
 - The board stamps bottles as required by Rule 15A .1901.
- Some allocated products are reserved for mixed beverage customers, with others being shelved or included in an annual lottery.
- The board retains breakage reports and submits them to suppliers for credit. To comply with Rule 15A .1701(c), copies of the reports should be emailed to the Commission quarterly.
- The board has hosted tastings for two North Carolina distilleries.

Financial, Administrative, and Internal Controls

- Invoices for liquor are paid once monthly, and usually within fifteen days of delivery. *A very small sample of payment dates reviewed indicates that orders are paid within the thirty-day requirement.*
 - Invoices are supplied to the bookkeeper who cuts and returns checks to board personnel.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q) and signed by a board member and either the Finance Officer or the General Manager, who is a properly designated deputy finance officer.
- The preaudit certificate is applied to liquor orders and distribution or tax forms as required by G.S. 18B-702(m).
 - Management also stamps the certificate on each distillery invoice.
- Tax and primary distributions are prepared by the General Manager and then forwarded to the bookkeeper for review and processing.
- The board has both petty cash and a debit card. Both are nominally used for incidental purposes as most supplies are purchased through accounts.
 - Itemized invoices and logs are kept for any purchases until reconciliation.
- Reimbursements for travel-related expenses, generally mileage, are issued by board check.
- Cash-handling procedures are in place and known by all staff.
 - Managers count all funds daily and clerks count their own tills.
 - Employees are responsible for shortages.
 - Deposits are compiled daily but not delivered to the bank each day. To continue with staggered deposits, *the board should request that the Commission waive the daily deposit requirements for compliance with Rule 15A .0905 referencing (d).*
 - The management team reviews accounts regularly, and the bookkeeper conducts full month-end reconciliations.
 - *A sample of recent deposits was reviewed with no significant variances noted.*
- Payroll is processed monthly by the bookkeeper through QuickBooks.
 - Notes are kept on any scheduling changes and hours for part-time employees are reviewed before being sent to the bookkeeper for processing.
- All board members and applicable personnel are bonded for at least \$50,000 as required by G.S. 18B-700(i).
- The annual CPA audit was received by the Commission on September 26, 2025.

STORE INSIGHT & OVERVIEW

- The Washington County ABC Board's store and administrative office is a freestanding building located on a major highway in the county's largest town, Plymouth.
 - The store has easily viewable roadside and building signs, and there is adequate parking.
 - The exterior is well maintained and free of trash and debris.
- The interior of the store is well lit and organized.
 - Floors and shelves are clean and displays and end caps are utilized.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
 - A quarterly price book is available at the counter, and an SPA pricing list would be available upon request.
 - Broker supplied shelf tags highlight items that are currently on sale.
 - The showroom has recently been repainted, and category signs are not currently posted.
 - The store has a North Carolina product section and additional North Carolina products are placed within their corresponding category.
- Shelf management practices are properly implemented.
 - Products are fronted and bottles are dusted.
 - Products are most often grouped by category.
 - Premium products are found at eye level or higher.
 - Bottles are usually arranged so that they increase in size from left to right of the same item.
 - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of approximately one hundred items was selected to determine if uniform pricing was displayed. Of those selected, nearly all had correct pricing.
 - *A few sale items had the regular quarterly shelf price displayed, with no indication that they were temporarily reduced for the month.*
 - Price discrepancies are handled in the customer's favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associates value customer service, and all are attentive and courteous.
- The store is open from 11:00 a.m. until 7:00 p.m. Monday through Thursday, and 9:00 a.m. through 9:00 p.m. on Friday and Saturday.
- The store is closed every Sunday and the five previously required holidays.
- The building has a camera system and uses ADT for alarms and security.

REQUIRED OR REQUESTED ACTIONS

- Item #1: All board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: Under G.S. 18B-805(d), the board should provide the Commission with written approval from its appointing authority to retain a portion of its remaining gross receipts, over its specified working capital limit, as a fund for specific capital improvements. In conjunction with this approval, the board may wish to request, in writing, its appointing authority's approval to limit their G.S. 18B-805(c)(1) net profit distribution below the minimum mandatory amount.
- Item #3: Daily cash bank deposits should be made or a waiver request from the Commission should be requested for compliance with Rule 15A .0905 (a)(d). *Commission staff will be happy to assist should the board decide to seek a waiver request.*
- Item #4: When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. Rule 15A .1701(c) requires boards to submit quarterly reports for any unsaleable merchandise and to retain the original copies for three (3) years.
- Item #5: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS OR CONSIDERATIONS

- The board may wish to consider adopting the following written policies. *Written policies can serve to strengthen internal controls and provide good guidelines if updates are made to or are being considered for the procedures already in place.*
 - Allocated product sales: In addition to establishing guidelines, this policy can be informative for patrons who question the board's current distribution of these high demand products and help support sales associates who are tasked with these challenging conversations.
 - Mixed beverage sales: A written policy may be beneficial for permittee accounts who wish to know in advance the board's expectations for these processes or who wish to know the options available.
 - Bank card usage: While the board already has oversight procedures in place, it should consider adopting a written bank card usage policy that outlines who may use board-issued bank cards, as well as when and for what purpose cards may or may not be used.
 - Shelf-Management: While the factors identified by Commission rule are already being followed, Rule .1708(a) requires all ABC boards to have a copy of their shelf-management plan at each store.
- G.S. 18B-706(b) requires each member of a local ABC board to complete ethics education within 12 months after initial appointment to office and within 12 months of each subsequent appointment. *One member, appointed in July 2025, will need to satisfy this requirement within the next two months.*

- The board has already requested approval from its appointing authority to follow the county's travel policy for reimbursed travel expenses. To comply with G.S. 18B-700(g2), the board should forward the written approval and a copy of the approved travel policy to the Commission when received, and annually thereafter.
- Board personnel should continue to audit shelf tags to ensure accurate pricing and may consider incorporating this task into the existing cycle inventory procedure. The board may also consider using in house shelf tags to highlight monthly specials when not provided by its suppliers.
- The board could consider reestablishing category signage for its product areas. While not a mandatory requirement, such signage is customary in ABC stores and can enhance the shopping experience for many patrons.
- Since board personnel already preaudit stamp liquor orders before they are submitted, they could consider discontinuing stamping each invoice as they have already met the statutory requirement and oversight for this action.

Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.

ADDITIONAL GUIDANCE FOR ALL BOARDS

- 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 the 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.
- 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 sales adjustment for current fiscal year sales estimates.
- 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.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2022)

- 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.
- Ensure all policies are submitted to the Commission prior to official board approval. NCAC 15A .1102 states, “A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores, or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective.” The Commission only needs to obtain an electronic copy of the policy / personnel manual from the board.
- Cash revenues are to be deposited daily with an official depository per Rule 15A .0905. / Daily Deposits. Alternately, per item (d) of this rule, the board may pursue a waiver through the Commission via written request where security for the funds involved would include a locked fireproof safe or other container designed for protection of money. This can be sent directly via email request to Greg Stallings and Christine Twining.
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise and the board must retain original copies for three (3) years.
- Board member terms are not currently staggered properly in accordance with 18B-700(a). Two (2) of the three board members were both reappointed near the end of calendar year 2020. For the best continuity of operations for staggered terms, the board would want to explore term realignment to allow for each board member having term expirations which are approximately one (1) year apart.
- The board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission a copy of this approval per G.S. 18B-700(g2). NOTE: As another option, the board can alternately adopt the official State of NC government travel policy referenced under G.S. 138-6. This would allow the board an option to eliminate the annual travel policy update requirement by instead formally adopting the State of NC government travel policy during an official board meeting.
- The board has a code of ethics policy per G.S. 18B-706, and ABC Commission has a copy. The following are needed administrative actions:
 - A Certificate of Accountability form declaring the statutory duties of the board have been properly performed needs to be signed and copy forwarded to the Commission. The COA form has been forwarded to the board.

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

Washington County ABC Board
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Plymouth, NC 27932
252-793-2217
wcabcbd@embarqmail.com

Edwin Strickland
ABC Board Auditor
NC ABC Commission

June 2, 2026
Public Hearing
June Board Meeting

Response to Required or Requested Actions following the Performance Audit conducted by Edwin Strickland, ABC Board Auditor with the NC ABC Commission:

Item #1

A copy of each current Washington County (WC) Board Members' **Oath of Office** is on file at the Washington County ABC Board Office, in each of the Board Members' personnel file.

Item #2

The WC ABC Board will be asking their Appointing Authority, The Washington County Board of Commissioners for written approval for

the retaining of funds for Capital Improvements. The written approval will be forwarded to the NCABCC.

Item #3

The WC ABC Board will be requesting a waiver from the NCABCC for daily cash bank deposits, the WC ABC Board wish to stagger their daily deposits, due to bank hours and only one employee at the ABC store during banking hours. The only retail bank in Plymouth closes 1 – 3 pm. The WC ABC Board had an updated fire proof safe.

Item #4

The WC ABC Board will be more aware of ensuring unsaleable merchandise (breakage) reports being submitted to the NCABCC quarterly.

Item #5

In connection with the periodic audit, the WC ABC Board will be sending a signed Certificate of Accountability attestation form to the NCABCC.

The Washington County ABC Board have adopted written policies for the following issues:

1. Allocated Items
2. Bank Card usages
3. Shelf-Management

06 02 2026
Month Day Year

WASHINGTON 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).

[Signature]
General Manager • DFO • SA

[Signature]
Financial Officer SA • SA

✓ *[Signature]*
Chairman

✓ *[Signature]*
Board Member

Board Member

✓ *[Signature]*
Board Member

Board Member
