

Blowing Rock ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

February 28, 2025

CHAIRMAN:
Hank Bauer

Blowing Rock ABC Board
Susie Green, Chair
7960 Valley Blvd.
Blowing Rock, NC 28605

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

David Sherlin
Raleigh

Chairperson Greene,

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 Blowing Rock 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, 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.

Blowing Rock is a town in north-western North Carolina, and the town's limits extend into both Watauga and Caldwell Counties. The town is best known for its scenic views, resorts, and tourism attractions. The town's population per the 2020 census was 1,376 residents which was an approximate eleven percent (11%) percent increase from 2010. The Blowing Rock ABC Board has one (1) retail store and is one of two boards with stores in Watauga County.

Chapter 745 of the 1965 Session Law authorized the Town of Blowing Rock to hold an election for an ABC store based upon a written petition of at least fifteen percent (15%) of registered voters. The referendum was held on August 3, 1965, and passed 331 to 132. The first retail sale occurred on October 1, 1965. A mixed beverage election occurred on March 18, 1986, and passed 335 to 233. The first mixed beverage sale occurred on May 1, 1986. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairperson and two board members to serve three-year staggered terms. Current board members are Susie Green (Chair), Sylvia Tarleton, and Jerry Starnes.

The last performance audit for the Blowing Rock ABC Board concluded in 2015. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Tuesday, February 4, 2025, ABC Commission Program Analyst Edwin Strickland visited the Blowing Rock ABC Board and interviewed the General Manager, Edith Nations, and the Finance Officer, Brent Jesse. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



7960 Valley Blvd. Blowing Rock, N.C.

FINANCIAL ANALYSIS

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 goals for determining an effective rate based on the frequency of deliveries. Below are the turnover rates based upon the delivery schedule:

- Once a week deliveries target at 6 times or more per year
- Twice a month deliveries target at 5 times or more per year
- Monthly deliveries target at 4.5 times or more per year

The Blowing Rock ABC Board usually receives deliveries twice a month with a target inventory turnover rate of around 5 times per year. The inventory rate in (FY) 2023-2024 was 3.7, which is somewhat below the goal.

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

In fiscal year (FY) 2023-2024, the Blowing Rock ABC Board had a profit percentage to sales of 11.65%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales over \$2M is 6.5%.

- The Blowing Rock ABC Board’s gross sales totaled \$3,120,386, which was an approximate 2.3% increase from the previous fiscal year.
- The board’s sales have grown more than 46% over the last five completed fiscal years.

Blowing Rock ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .54 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.

- Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).

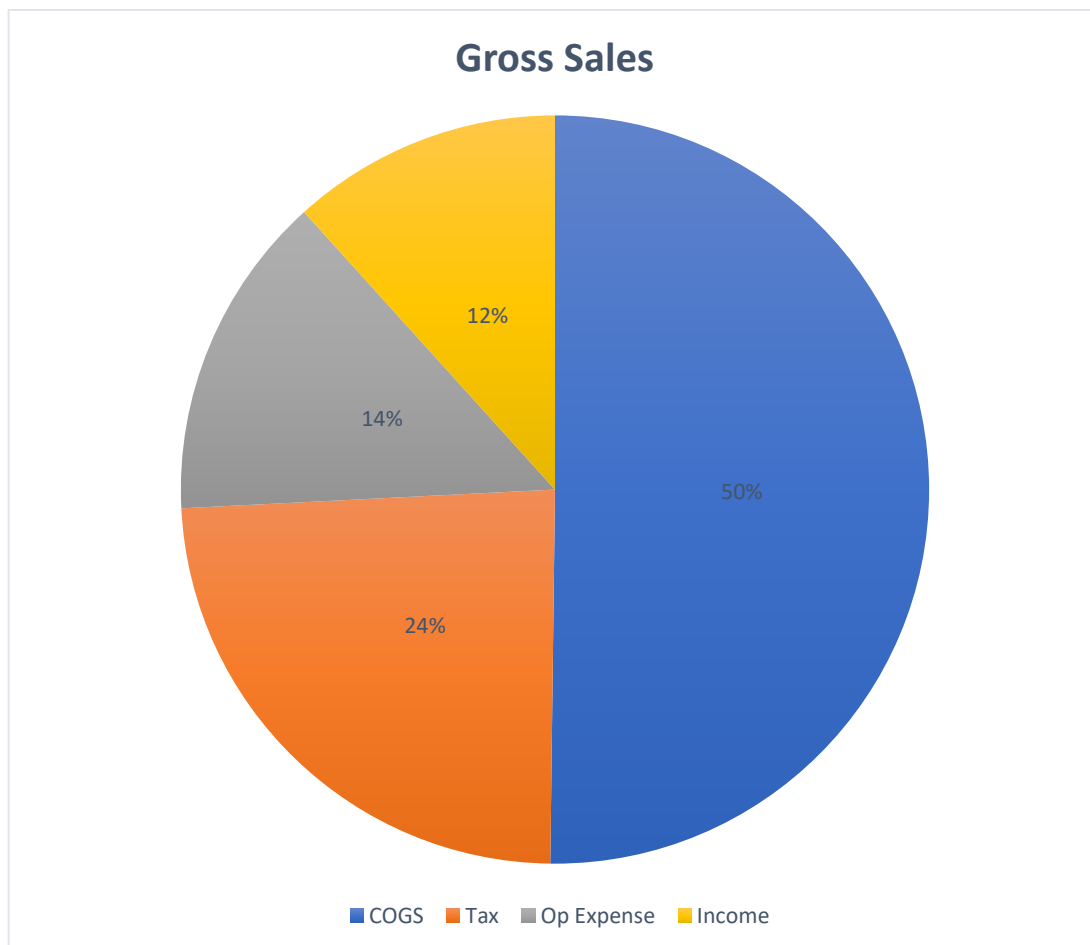
Thus, the Blowing Rock ABC Board exceeds both the profitability and the operating cost standards set by the NC ABC Commission. Below is a chart showing gross profit on sales and income from operations for the previous two years.

	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$804,121	\$782,609
Income from Operations	\$363,409	\$381,490

FINANCIAL ANALYSIS (cont.)

- *Factors affecting sales:*
 - Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of Blowing Rock ABC: Boone, West Jefferson, Lenoir City, and High-Country ABC Boards.
 - A 3.7% unemployment rate in Watauga County in June of 2024 with a .5% increase from the previous year. Caldwell County was 4.1% in June of 2024.
 - The board currently has approximately 29 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for almost 38% of gross sales.*

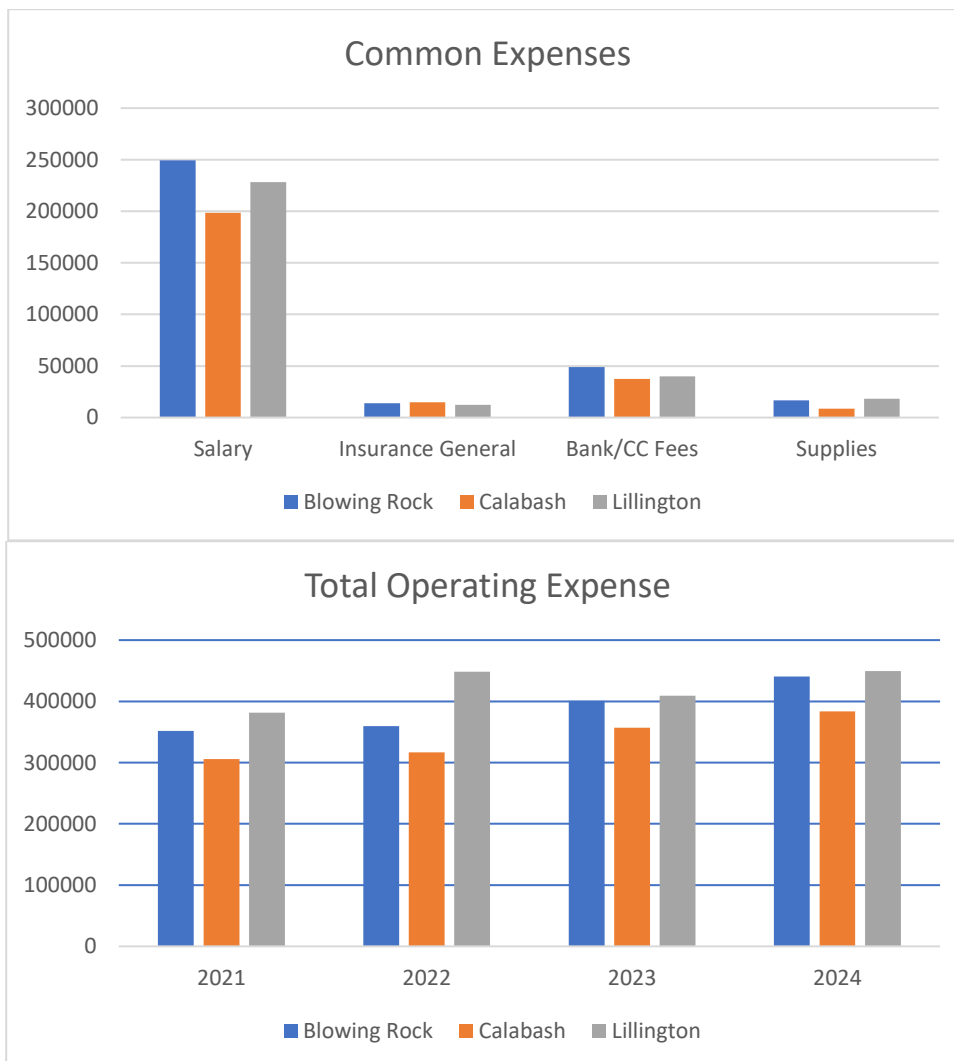
- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy six percent (76%) of any board's gross receipts, with the remainder used to operate the system and as income. In turn, the income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



FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased almost ten percent (10%) from the last fiscal year and were roughly fourteen percent (14%) of total annual sales in FY-23/24.
 - Board salaries were approximately eight percent (8%) of total annual sales. Salaries increased approximately eleven percent (11%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 50.2% for the fiscal year with a normal range being 52% to 54%.

- An operating expense report and common expense report show the Blowing Rock ABC Board has mostly higher categorical but similar total operating expenses comparable to other ABC boards within the same gross sales range. *Common expense report categories can be unreliable as different CPAs may include different expenses in their line items.*



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
Total Revenues	\$3,240,000	\$3,123,543	(\$116,457)	(3.6%)
Total Expenditures	\$2,878,000	\$2,762,156	\$115,844	4%
Distributions	\$368,100	\$341,938	\$26,162	7.1%
Revenue over or (under)				
Expenditures		\$19,449		
Reconciled items		\$5,179		
Change in Net Position		\$24,628		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 3.6% below final budget amendment. In addition, the net position change after reconciling items was \$24,628. *The board's collective net position on June 30, 2024, was \$946,447; the net position has increased approximately 8% in the last five (5) fiscal years.*

Based on sales trajectory for the current fiscal year with seven months (58%) of the budget year completed, the board is tracking at 56.7% of annual budgeted sales. A review of the board's P&L statement through December 2024 did not reveal any substantial deviations for budgeted operating expenses in FY 2024-2025.

DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).*

In FY 2023-2024, Blowing Rock ABC made other statutory distributions totaling \$341,938 (Net profit distribution recipients received \$308,000 of this). The amount of \$749,560 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Watauga County.

- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 100% to Blowing Rock General Fund.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The Blowing Rock ABC board has made robust net profit distributions over the last five (5) fiscal years well above the minimum mandatory distribution in reference to G.S. 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- **Law Enforcement Distributions:** Have been properly disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- **Alcohol Education Distributions:** Have been scheduled 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		Blowing Rock ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$83,743	FY-2024	\$308,000
FY-2023	\$82,078	FY-2023	\$348,000
FY-2022	\$83,764	FY-2022	\$390,000
FY-2021	\$77,193	FY-2021	\$314,000
FY-2020	\$58,187	FY-2020	\$140,000

WORKING CAPITAL

G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross sales {Gross sales means gross receipts from the sale of alcoholic beverages less distributions as defined by G.S. 18B-805(b)(2)(3)(4) and (5)}, within the limits set by the rules of the Commission, as cash to operate the ABC system. The NC ABC Commission has set a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of gross sales.

Based upon the existing rules, as of June 30, 2024, the Blowing Rock ABC Board is required to maintain a minimum working capital of \$90,911 with a maximum working capital amount of \$590,925. The Blowing Rock ABC Board had a working capital balance of \$575,163 which is less than the maximum Commission requirements for this section (*).

*** FY 2023-2024: 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.

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, all receiving compensation for their services below the maximum \$150.00 per meeting.
 - Board members are compliant on ethics training, and all have served multiple terms.
 - Members terms are appropriately staggered with all end dates the same month and in different calendar years.
 - Members have professional experience in accounting, education, business, and other community activities.
- Members should take an oath before taking office or before the execution of the office per G.S. 11-7. *Written copies of oaths should be available at the board's administrative office.*
- Meetings are generally held the third Thursday of each month, and public notice for meetings are posted inside the board's store.
- Meeting minutes are kept available and follow the order of proceedings, providing sufficient detail of business discussed in a transparent and easily comprehensible manner.
 - Minutes reviewed included the date and time of meeting, approved previous meeting minutes, conflict of interest statement, discussed old and new business, and were signed by the general manager before being forwarded to the chairperson.
 - Financial reports are provided and discussed at meetings including P&L, balance sheet, sales comparisons, law enforcement, and other business.
- The board's login website has been updated at Commission visit and contains accurate information pertaining to board members, personnel, and store location.
 - *The expectation going forward is that ABC boards will routinely manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*

Law Enforcement

- The board has a law enforcement contract with the Blowing Rock Police Department from 2014.
- Law enforcement reports are submitted by the finance officer with data supplied from Officer T. Gunnells from the Blowing Rock Police Department.
 - Reports provide sufficient detail of activities for accountability.
 - The Officer often attends board meetings and discusses activities including inspections at mixed permitted establishments.

Board Personnel

- The board currently staffs nine (9) total employees, with two (2) full time, and seven (7) part time.
- The General Manager has served in their role with the board since 2002 and started working at the board the previous year.
 - General manager is full time, and their salary is below the maximum allowable compensation per G.S. 18B-700(g1).
 - Their responsibilities include for full oversight of all daily store operations, human resources, scheduling, ordering, and other administrative decision making.
- The Finance Officer is full time, has been in this role for four years, and started working for the board in 2020.
 - They are responsible for all financial matters including approving purchases, billing, payroll, taxes, distributions, and other front-line activities.
- All other store employees are part time sales associates and primarily responsible providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Job training is provided by management and other staff for new employees.
 - While there is no formal training manual, job requirements and general performance standards are discussed within the employee handbook.
 - Board personnel have received RASP training.
 - Product knowledge training is provided by management with a written guide for different liquor categories. Information includes the history, production, tastes, recipes, and other value-added details. *Additional guidance from broker representatives is shared with team members.*
- Employee files are kept locked in the administrative office and include application, tax and banking information, and personnel manual acknowledgment form.
- Full time employees are enrolled in LGERS and participate in OPEB.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Operations

- Inventory is conducted biannually with multiple personnel participating.
 - Scanners are used and adjustment needs are verified and made only by the general manager and finance officer.
 - A small sample of items were selected to verify accurate current inventory. Of those selected, only one substantial variance was found with the other items actual inventory matching the theoretical.
- Board receives deliveries twice monthly, and scanners are used for offload.
 - Pallets are now used for deliveries. Cases are then placed on a conveyor belt to move across warehouse. Most cases are unpacked, and bottles are shelved in warehouse to help accommodate mixed beverage purchases.
- Board retains an invoice for every transaction in a file for each mixed beverage account.
- Management makes liquor order by reviewing monthly sales history and adjusting for inventory, season, and mixed beverage expectations.
 - Portions of allocated products are reserved for mixed beverage customers and the board shelves the rest on truck delivery day.

Policies

- The board has a personnel handbook and a mixed beverage delivery policy, and copies are approved in Commission records retention. Their handbook covers many specific policies and conduct on behavioral standards and has an employee acknowledgment form. Policies covered include:
 - Employment categories and job classifications.
 - Salary and raises, benefits, holidays, job class, leave, and disciplinary.
 - Price discrepancy, register shortages and public funds.
 - Nepotism, gifts, politics, and safety.
 - Travel, meals, and reimbursements.
 - Alcohol sales for identification of age and intoxication.
- Policies not currently on file or approved by the Commission include:
 - Mixed beverage sales.
 - Tastings and employee tastings.
 - Shelf management.
 - For travel, the board has previously chosen to follow their appointing authority's municipal travel policy but is considering officially adopting the state's policy.
 - Board should request approval to continue following the city's travel policy annually and provide documentation to the Commission of approval.
 - If the board decides to follow the state's travel policy, they could simply forward a copy of their board minutes chronicling the approval to the Commission and no future approvals would be required.
 - For accountability and transparency, and in compliance with G.S. 18B-702(g2), the board should report any excess expenses related to travel to their appointing authority and the Commission.

Financial, Administrative, and Internal Controls

- Invoices for liquor are most often processed monthly for two deliveries.
 - *A sample of check payment dates were 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(m).
 - *The finance officer and a board member countersign all checks.*
- Pre-audit stamp verification is not being properly implemented on liquor orders and other purchase agreements.
 - *This could be most easily accomplished by having the finance officer place the certificate on the full liquor order before final entry to LB&B.*
- The board does not have credit/bank cards.
 - *Most purchases for supplies are paid through account invoices, with some supplementary purchases being made by staff and reimbursed.*
- Deposits are made each weekday for the previous business day and Friday and Saturday night deposits are dropped at their bank. Deposit slips and other banking information are retained at board and the finance conducts month end reconciliation.
 - *A review of one month's deposit information was conducted, and no discrepancies were found between point of sale and account data.*
- The board generally uses two registers with six tills available daily beginning with \$100.00. Funds are verified before and after each shift.
 - *The board has shortage policy included in their personnel manual.*
 - *Store has a change fund and no petty cash.*
- Payroll is bi-monthly and processed by the finance officer using QuickBooks.
 - *Hours and rates are reviewed, and payment is issued via direct deposit.*
- Board keeps records for unsaleable merchandise reports and emails copies of the claims to the Commission quarterly in compliance with NCAC 15A .1701(c).
- The board receives reports describing expenditures of funds from their alcohol education and rehabilitation recipients.
 - *Reports reviewed were for distributions in FY 2023/2024.*
- All funds are kept in a pooling bank approved by the North Carolina Treasury Office.
- The annual CPA audit was received by the Commission on September 10, 2024.
- All board members, General Manager, and Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i).
- Board has an approved code of ethics policy on file with the Commission.

STORE INSIGHT & OVERVIEW

- The board's store and administrative office is on the town's major thoroughfare.
 - There is an easily viewable street sign near the highway and public sidewalk.
 - Outside area surrounding the store is well-maintained and free of debris or trash.
 - A pond in the front of the building separates the parking area from the main road and adds a special character to the property.
- The interior retail area is well lit and organized.
 - Space is fully maximized but does allow for easy flow for customers and staff.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available.
 - The television was tuned to a news program.
- A shelf management plan was not available for store personnel. The board should establish and provide awareness to associates a shelf management plan which corresponds, when applicable, to NCAC 15A .1708.
 - Products are fronted and dusted and are placed within designated categories.
 - Premium products are generally found at eye-level or top shelf.
 - *Bottles are not always arranged so they increase in size left to right of the same item.*
- Sales associate interactions with customers are attentive, courteous, and welcoming, and all are eager to meet the needs of the customers.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, five item's prices were inaccurately posted.
 - *Price checks were conducted at the beginning of the third business day following a quarterly price change.*
- General manager indicates price discrepancies are handled in the customers favor if the shelf tag price is lower than the cash register and the customer objects.
 - *The board's employee handbook includes a price discrepancy policy.*
- The store is generally open from 9:00 am until 8:00 pm daily. They are currently closed every Sunday and the five (5) previously required annual holidays.
- Security systems are in place and functional in all designated areas.
 - Eleven cameras can be viewed in the office.
 - Panic buttons are located at register.

RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

- Board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *A written account of the oaths should be available at board administration.*
- Board should ensure all purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with G.S. 18B-702(m) with a signature by the finance officer. The specific statement (certificate) should read, *“This instrument has been pre audited in the manner required by G.S. 18B-702.”* *Special note:* This could be most reasonably accomplished by signing & stamping the summary total of the Order Edit List from inventory system *before* any liquor orders are placed with state warehouse.
- Board should work to ensure shelf prices match the cash register price. *Price checks could be completed each quarter or for monthly price changes and could be incorporated in routine inventory spot counts.*
- Board should adopt a mixed beverage policy for transparency and accountability. Once adopted, the board should submit a copy to the Commission for approval in compliance with NCAC 15A .1102(a).
 - Board could consider adopting or updating additional policies to include tastings, employee tasting, social media, or others.
- Local boards shall establish and maintain a shelf management plan per NCAC 15A .1708 Shelf Management. While mostly followed, the board could work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.
- 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.

ADDITIONAL CONSIDERATIONS & GUIDANCE

- The Commission's primary focus for ABC board members:
 - ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by September 30th of each year.
 - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc. *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.*
- 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 government travel policy at an official board meeting and providing a copy of minutes to 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. Board could also consider ACH payments as a means of reducing expenses and eliminating fraud.*
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.

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

PREVIOUS PERFORMANCE REVIEW RECOMMENDATIONS (2015)

- Adopt a law enforcement contract with a local law enforcement agency or contract with the local Alcohol Law Enforcement (ALE) agency.
- Obtain a written approval from the appointing authority allowing the board to set aside a portion of profits to fund specific capital improvements.
- Consider the following to increase inventory turns:
 - Incorporating a shelf management plan that analyzes sales data to targeted shopping patterns.
 - Utilizing end caps and empty shelf space as much as possible to highlight slow moving and new products.
 - Moving stock within the store to increase visibility and to encourage more impulse shopping.
 - Splitting cases with other boards or taking advantage of the Special Purchase Allowance and the Boutique collections to increase variety.
 - Eliminating poor performing items to drive category sales and increase shopper satisfaction.
- Consider these effective but practical ways to improve shelf management or product placement, such as the following:
 - Cross-merchandising by placing products that mix together on the same shelves. Intermingle North Carolina products within their specific category as well as having a designated area.
 - Reallocating shelf space from declining categories to those showing growth; o Optimize the floor space and end caps to incorporate valuable displays.
 - Vertical brand blocking similar products.
 - Allow more space for your more popular brands and re-allocating space when eliminating underperforming brands.
- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
- Consider additional training opportunities through the Commission and the ABC Officers Association on specific areas. The NC ABC Officers Association offers ABC Inspection training for local law enforcement officers.
- As a reminder, request approval annually from appointing authority to adopt the town's travel policy.
- Begin to work on a plan to designate someone other than the general manager as finance officer. The intent is to generate stronger internal controls and checks and balances.
- Place the pre-audit certificate with the finance officer's signature on the order to LB&B. When ordering supplies, have a purchase order or order confirmation that will have authorization from the finance officer before the transaction takes place.

The board currently complies with most of the recommendations from the Commission's previous performance audit in 2015.



Blowing Rock ABC Board

February 28, 2025

Edwin E. Strickland
ABC Commission
400 E. Tyron Street
Raleigh, North Carolina 27610

Dear Mr. Strickland:

Thank you for your recent visit and performance audit for the Blowing Rock ABC Store. As a single unit operation, we strive to be profitable and to serve our community. In 2024, our community and our store faced the challenge of the first ever hurricane in not only our area but most of western North Carolina. Although our store had only minimal physical damage, the impact on the store's financials has been ongoing.

With regard to your recommendations, the Blowing ABC Store has been working on and has adopted the following:

- Board members will sign oaths of office and have such retained in files.
- Board will routinely discuss applicable budget amendments as needed.
- Board will ensure pre-audit certificates are present on liquor orders to adhere to NCGS 18B-702(m).
- Board will request and review report on alcohol education contributions.
- Board will audit shelf tags more frequently.
- Board will sign and submit a COA form.

The Board and General Manager appreciate your time and energy in preparing the performance audit. We are pleased with the results and feel confident about our future.

Please let me know if you have any questions.

Sincerely,

Susie L. Greene

Chair, Blowing Rock ABC Board