

Calabash 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

December 11, 2024

CHAIRMAN:
Hank Bauer

Calabash ABC Board
Suzy King, Chair
10203 Beach Dr. SW
Calabash, NC 28467

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

David Sherlin
Raleigh

Chairperson King,

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 Calabash 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

Calabash is a town southeastern North Carolina near its border with South Carolina. The town is known as “the seafood capital of the world”, because of its distinctive style of fried seafood and plentiful restaurants. The town’s population per the 2020 Census was 2,011 residents which was an approximate twenty one percent (21%) percent increase from 2010.

Chapter 1179 of the 1974 Session Law authorized the Town of Calabash to hold an election for an ABC store. The referendum was held on July 10, 1974, and passed 41 to 16. The first retail sale occurred on May 6, 1978. A mixed beverage election was held on January 27, 1979, and passed 32 to 14. The first mixed beverage sale occurred on March 27, 1979. Upon election of an ABC store, the town’s mayor and commissioners were authorized to create an ABC Board consisting of a chairperson and two members to serve for three-year terms. Current board members are Suzy Moore King (Chair), Martin Keefe, and Michael Little.

The Calabash ABC Board operates one (1) retail store and is one of nine (9) boards in Brunswick County. The board currently staffs thirteen (13) total employees, with two (2) full time, and eleven (11) part time. The general manager is full time and responsible for communications, transfer of knowledge, bank reconciliation, payroll, inventory management, ordering, and human resources. The finance officer is also full time and responsible for billing-invoices, product research, mixed beverage, truck verification, reporting, and pricing. All other store employees are part time and primarily responsible for providing friendly customer service, general store upkeep, and stock maintenance, with some employees focused more on warehouse activity and others on showroom upkeep and service.

The last performance audit for the Calabash ABC Board concluded in 2014. 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 Wednesday, October 30, 2024, ABC Board Program Analyst Edwin Strickland visited the Calabash ABC Board and interviewed the General Manager, Julianne Ramp, and the Finance Officer, Jessica Duncan. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



10203 Beach Dr. SW, Calabash, NC.

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 Calabash ABC Board received shipments 2 times a month with a target inventory turnover rate of approximately 5. The inventory rate in (FY) 2023-2024 was 5.6, which is above the goal.

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

In fiscal year (FY) 2023-2024, the Calabash ABC Board had a profit percentage to sales of 13.9%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The Calabash ABC Board's gross sales totaled \$3,276,689, which was an approximate 4.5% increase from the previous fiscal year. The board's sales have grown an impressive 54% over the last five completed fiscal years.

Calabash ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .44 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales is .73 or less.

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

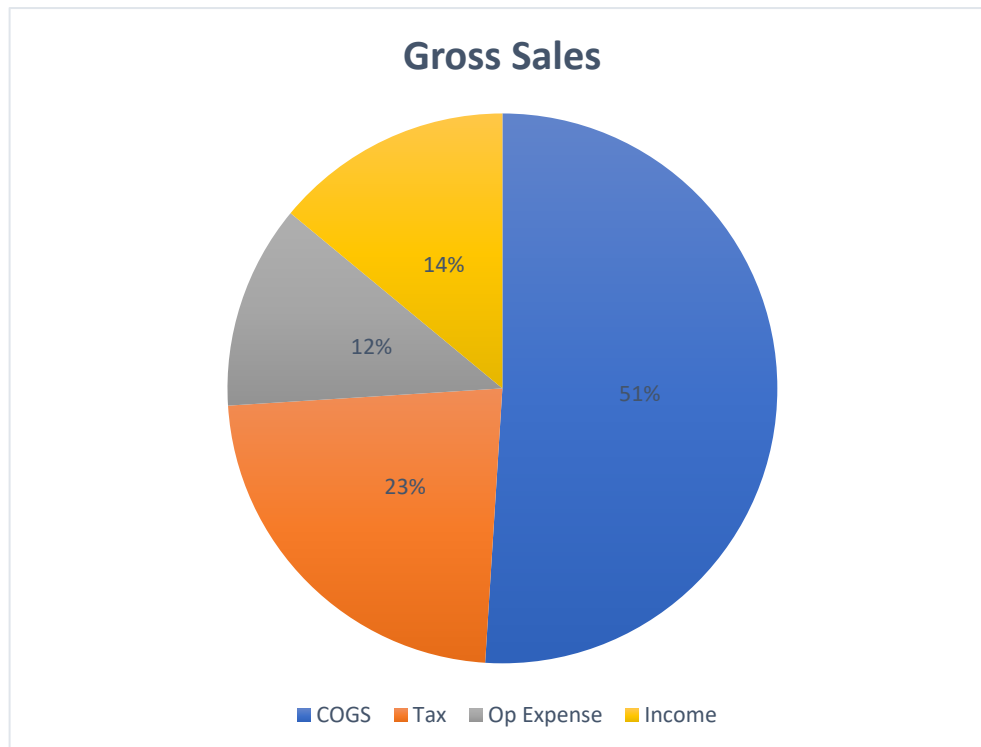
	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$839,804	\$780,160
Income from Operations	\$455,980	\$422,958

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting sales and profitability include:*

- Brunswick County has eight (8) ABC boards in addition to Calabash ABC.
- South Carolina is less than 1 mile from the store with additional spiritous liquor outlets.
- A 4.5% unemployment rate in Brunswick County in June of 2024 with a .3% increase from the previous year.
- The board currently has twenty (20) active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for approximately twenty (20%) percent of sales.*
- Cost of Goods Sold (COGS) was roughly 50.9% for the fiscal year with a normal range being 52% to 54%.
- Board owns its store's building/property and has purchased a new property to relocate their store in 2025.

- 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 five percent (75%) 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.



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
Sales	\$3,298,000	\$3,276,689	(\$21,311)	(.6%)
Revenue over or (under)				
Expenditures		\$398,894		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were .6% below final budget amendment. In addition, the net income change during the fiscal year was \$380,309. *The board's collective net position on June 30, 2024, was \$1,564,039; the net position has increased approximately 149% in the last five (5) fiscal years.*

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, Calabash ABC made other statutory distributions totaling \$139,482 (Net profit distribution recipients received \$92,440 of this). The amount of \$770,329 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Brunswick County.

- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 100% to Calabash General Fund
 - *Board has been distributing net profits on an 85% to Calabash General Fund and a 15% to Calabash VFD schedule in conflict with a 2011 Town resolution currently in Commission record retention.*

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Calabash ABC board has made net profit distributions over the last five (5) fiscal years at or above the minimum mandatory distribution in reference to NCGS 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 disbursed at or above the standard 7% statute amount for the last five (5) FYs.

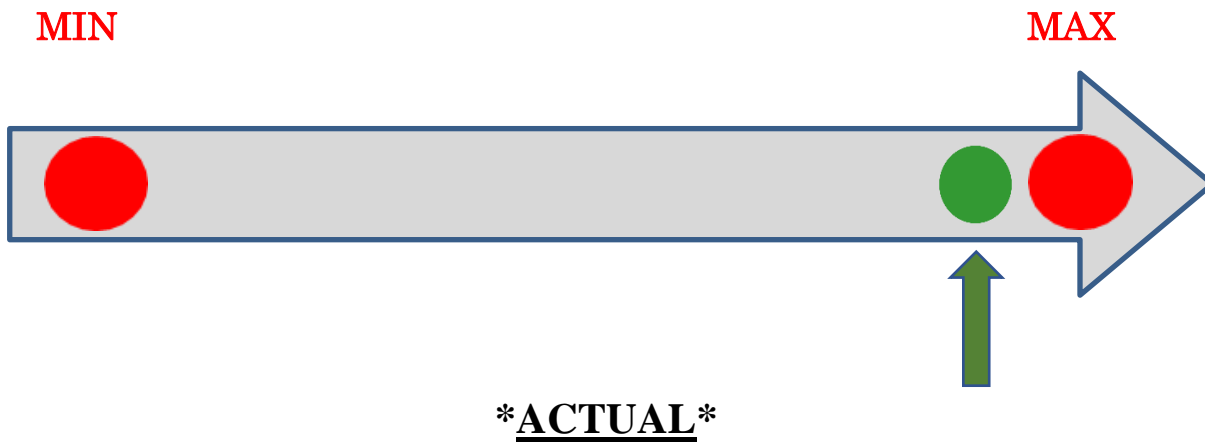
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Calabash ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$91,482	FY-2024	\$92,440
FY-2023	\$87,951	FY-2023	\$88,269
FY-2022	\$81,733	FY-2022	\$113,180
FY-2021	\$72,257	FY-2021	\$202,481
FY-2020	\$60,081	FY-2020	\$241,988

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. 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 sales revenue.

Based upon the existing rules, as of June 30, 2024, the Calabash ABC Board is required to maintain a minimum working capital of \$96,398 with a maximum working capital amount of \$626,592. The Calabash ABC Board had a working capital balance of \$596,881 which is greater than the minimum and 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 meetings: The board generally holds meetings the third Wednesday of each month. They record regular meeting minutes and provide public notification and awareness for these meetings. The meeting minutes are organized by session and kept for review. Board meeting minutes were viewed and followed the order of proceedings, providing sufficient detail that a reasonable person would be able to follow what transpired. Board member terms are appropriately staggered with no more than one term end date per year.
- Oaths of Office: Board 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.*
- Training records review: Board members and board personnel are compliant on ethics training referencing NCGS 18B-706(b), with one reappointed member needing to complete training in the coming months.
- Board member compensation: Board members receive compensation for their services at or below the maximum \$150.00 per meeting.
- General Manager (GM) salary: The General Manager has updated their salary for Commission records and the salary is well below the maximum. *Any future salary changes should be relayed to the ABC Commission for record retention.*
- Board website review: The board's login website was updated by the Commission in 2022 for board member term tenure information (*begin dates & end dates*). **Special note**: As part of a revalidation effort, the Commission has worked to revalidate term tenure information for all ABC boards across the state, working directly with the appointing authorities. As a value-added measure for all ABC boards and Commission records tracking in summer 2022, the term begin dates as well as term end dates were entered on all individual ABC board websites.
 - *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.*
- Board Personnel & Board Members: Board personnel provide financial reports for the board's review at meetings including P&L, balance sheets, bank statements, credit card and petty cash logs, and any future business. Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll; also, boards should routinely review any notes and recommendations provided by the CPA firm on annual audits.
- POLICIES: The board has a personnel handbook, and the Commission has a copy in record retention.
 - Board has a mixed beverage sales policy on file with the Commission from 2006 that does not currently reflect their operating procedures. *Board should provide an updated mixed beverage sales policy to the Commission for records retention.*
 - Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings and employee tastings, overage and shorts, social media, lotteries, price discrepancies, or any others.
 - For travel policy, the board adheres to their county's policy but have not received approval from their appointing authority since 2023.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- **BUDGETS:** In FY 23/24, the board’s actual sales were .6% less than the final amended budgeted sales. *Based on sales trajectory for the current fiscal year with three months (25%) of the budget year completed, the board is tracking along very well at 26% of annual budgeted sales*
- **FINANCIAL INSIGHT:** Invoices for liquor are processed per truck, or occasionally per month, by the finance officer with checks being cut by their bank. Invoice records for recent liquor purchases reflect them as being paid within 30 days. Other payments, taxes and distributions are paid either monthly or quarterly by the finance officer. Full bank reconciliation is completed monthly by the general manager.
 - All checks have the required disbursement approval and are signed by the finance officer and a board member with all members and general manager as alternates. *Board could consult their bank regarding positive pay or other means to prevent check fraud.*
 - Pre-audit stamp verification is not being properly implemented on liquor orders. *Board could consider using purchase orders for non-liquor purchases and having them pre-audited.*
 - Bank deposits are currently being made each weekday by the finance officer or applicable personnel in their absence. General Manager and finance officer review and verify deposit slips to bank statements routinely, and again at monthly reconciliation.
 - Tills start at \$250.00 daily with two registers generally operating. Drawers and change fund are verified at shift change and routinely by general manager and finance officer.
 - Payroll is weekly and processed by the general manager using QuickBooks. Paper checks are cut and signed by the finance officer and a board member.
 - Employee files are kept in a locked portion of their administrative office and include application, policy acknowledgment signatures, and tax, banking, and medical documents.
 - Petty cash (\$100) is kept in locked administrative office. General manager has only access and supplies receipts in a log for any usage.
 - Board keeps thorough records for unsaleable merchandise reports and sends reports to the Commission. *Commission requests unsaleable reports be sent quarterly and by email.*
 - The annual CPA audit was received and by the Commission on September 8, 2024.
- **LAW ENFORCEMENT (LE) CONTRACT:** The board has a law enforcement contract with “Matt Hayes” on file with the Commission from 2009. The board currently distributes their law enforcement distribution to the Brunswick County Sheriff’s Department. *The board should clarify their existing law enforcement contract and provide the Commission an updated copy.*
- **LAW ENFORCEMENT (LE) REPORTS:** Reports are being submitted routinely by board and are current to date. Staff indicates no data is supplied from law enforcement. *Board could work to reemphasize the reporting requirements when discussing an updated law enforcement contract.*
- **INVENTORY:** Full inventory is conducted approximately every other month by categories with multiple staff members participating. Final discrepancies are reviewed by general manager and adjustments are made. Board’s strategies for slow moving stock include moving stock to end caps, registers, or middle shelves, cross merchandising products, price reductions, and a clearance space during Holidays.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

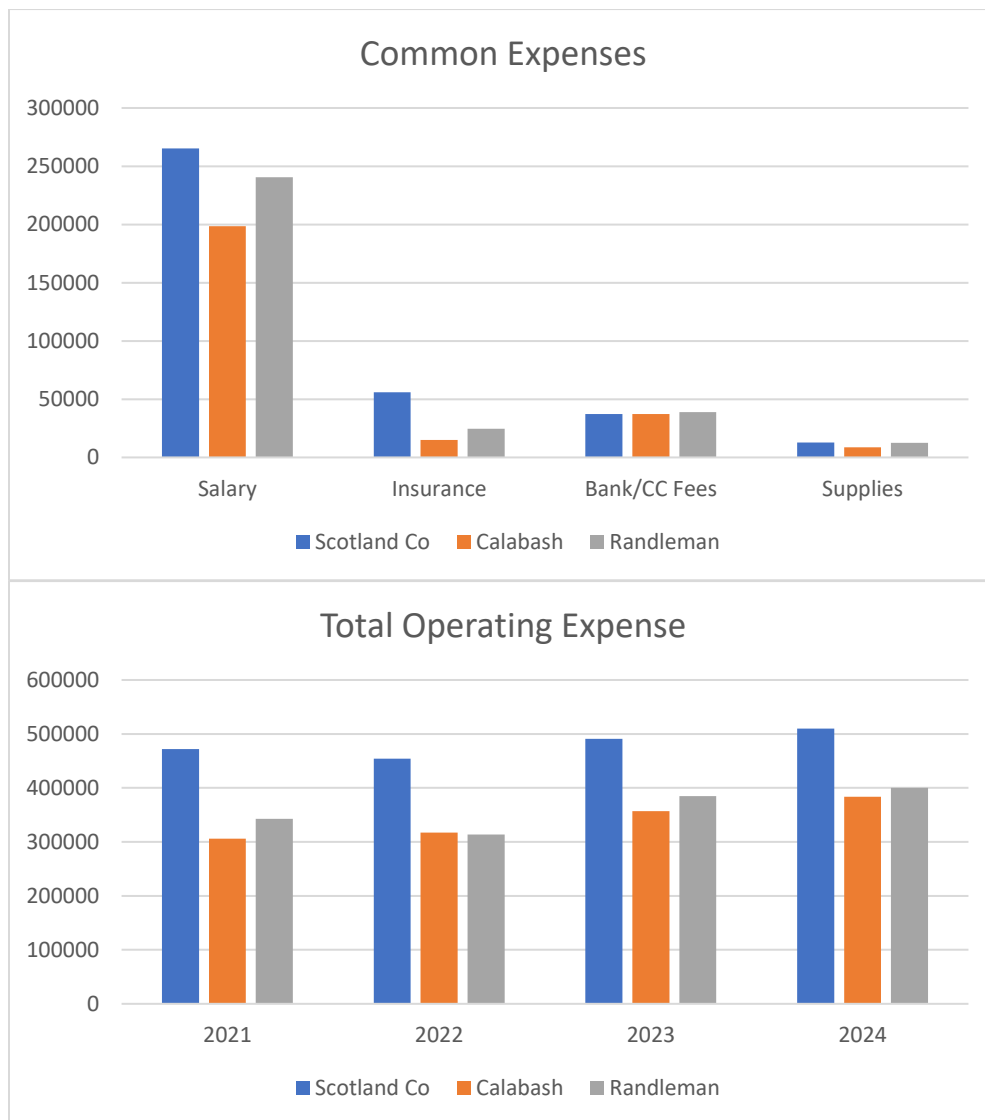
➤ INTERNAL CONTROLS:

- The general manager has worked for the board for approximately seven years, was previously the finance officer, and has been the general manager for about six years.
- The finance officer has been with the board for approximately six years in this role.
- The Board members and Chairperson have a variety of professional experience, and all have served the board for multiple terms.
- All board members, General Manager - Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i). *Board could consider insuring bonds cover other applicable staff to include other employees per G.S. 18B-803(b)(c).*
- The board receives reports describing expenditure of funds from their alcohol education and rehabilitation recipient, Anchor Initiative, and includes these reports in board meetings and minutes.
- All employees are subject to RASP training and various behavioral standards. While the board does not have a formal checklist for new hires, they do have systems in place including having new employees help with truck deliveries to learn the variety of products.
- Full time employees are enrolled in LGERS.
- General manager makes liquor order by analyzing recent historical sales and trends, mixed beverage sales and requests, current inventory, and adjusts for length between trucks and other occasions such as spring break or end of summer. Both DSD and Boss are utilized for special orders.
- Board receives two deliveries monthly on the first and third Mondays. Counts are made using load sheets and any variances are recounted, and actual discrepancies are reported to LB&B.
- Board has credit cards to include one for the general manager and another kept locked in the board office for members if needed. The finance officer is responsible for the credit card account reconciliation.
- Board keeps thorough logs for petty cash and credit cards transactions, and all are reviewed by finance officer and at board meetings.
- Board uses scanners for larger denomination dollar bills to prevent counterfeit exchanges.
- No conflicts pertaining to nepotism found and per discussion with general manager.
- Board has a code of ethics policy on file with the Commission.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

➤ EXPENSES:

- Total operating expenses increased around seven percent (7%) from the last fiscal year and are roughly twelve percent (12%) of total annual sales in FY-23/24.
- Board salaries were approximately six percent (6%) of total annual sales. Salaries and benefits increased by around seven percent (7%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 50.9% for the fiscal year with a normal range being 52% to 54%.
- Board strategies to reduce expenditures include staggered scheduling on the quarter hour, shopping prices for supplies, using bank service for invoice postage, and liquor buy ins.
- An operating expense report and common expense report shows the Calabash ABC Board has mostly lower categorical and total operating expenses comparable to other ABC boards within a similar gross sales range.



STORE INSIGHT & OVERVIEW

- Board's store is a free-standing building owned by the board and is located on the town's major commercial thoroughfare. It has good exterior signage and parking. The interior is well lit, aesthetically pleasant, and the retail space is approximately 1,800 sq. ft. The warehouse area is similarly sized and has a rack system that allows for maximized storage but requires each case to be hand lifted from pallets and placed. *The board has purchased property nearby to build and relocate their store in the latter half of 2025. In addition to more retail and warehouse space, the new store will have more parking, receive easier deliveries, and will have a sales area devoted to mixed beverage accounts.*
- Outside area surrounding the store is well-maintained and free of debris or trash.
- The store displays the required Fetal Alcohol Syndrome poster required by G.S. 18B-808, and the quarterly price book is available.
- Sales associate interactions with customers are attentive, courteous, welcoming, and all are eager to meet the needs of the customers.
- Products are placed within the designated categories; premium products are generally found at eye-level or top shelf. Bottles were fronted and dusted, and shelf space is maximized. While shelf management practices were generally followed, the board does not have a formal written shelf management plan available.
- Product knowledge growth is accomplished through literature from brokers about new products or flavor notes, and from scheduling the more knowledgeable staff with newer or less knowledgeable team members with regards to product knowledge.
- Board keeps a special-order sheet for customer requests.
- Board prioritizes mixed beverage customers with limited and allocated products. They also have had lotteries and shelve others.
- The board does not have a web page.
- The board has twenty (20) mixed beverage (MXB) customers according to board records. Board provides an invoice to customer at transaction and retains an invoice on file for each account. Most orders are placed on-line via the board's point of sale system.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items except one reflected the current quarterly or monthly SPA price.
- A random sample of approximately 20 items was selected to verify accurate current inventory. All items actual quantities except two matched with system data correctly.
- General manager indicates price discrepancies are not handled in the customers favor if the shelf price is lower than the cash register and the customer objects. Board puts a sign on door notifying customers while price changes are being conducted. *The board should craft a price discrepancy policy that complies with NCAC 15A .1705 and submit a copy to the Commission.*
- The board's store is generally open from 9:00 am until 8:55 pm Monday through Saturday. They are currently closed every Sunday, the five (5) previously required annual holidays.
- Security systems are in place and functional in all designated areas.
 - *Currently eight (8) cameras operating and panic buttons behind the registers and in office.*

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.*
- In 2011, the Governing Body of the Town of Calabash passed a resolution to amend the distributions of proceeds from the operation of liquor control stores in the Town of Calabash, with the Town receiving 100% of the net profit distributions (See Appendix A). *The board should consult with their appointing authority for clarification on any further resolutions or reestablish 100% distributions to their appointing authority.*
- To comply with G.S. 18B-501(a)(f), the board should hire a local ABC Officer or contract to pay its enforcement funds to a sheriff's office, city police department, or other local law-enforcement agency for enforcement of the ABC laws within the law-enforcement agency's territorial jurisdiction. *If the board has already contracted with the county's sheriff's office, as they are the recipient for law enforcement distributions, a copy of the contract should be supplied to the Commission for records retention.*
- The board should craft a price discrepancy policy that adheres to NCAC 15A .1705(b). *Management should work to make sure all staff is fully aware and attends to this policy.*
- To comply with GS 18B-702(m) 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.
- 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 Oct 1st.
 - 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.*

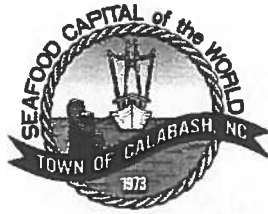
- Board members and applicable personnel are encouraged to satisfy requirements of G.S. 18B-706(b) in a prompt manner and before the twelve (12) month mandate. *The board currently has one recently reappointed member who should complete their ethics training requirement when able.*
- Board could consider adopting or updating any policies to include, but not limited to, mixed beverage sales, tastings, employee tastings, credit card, lotteries, social media, vehicle, or others. *Personnel manual may cover some of the afore mentioned suggested policies or could be updated to include.*
- 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.
- The board shall submit a copy of the law enforcement report to their appointing authority and the Commission by the 5th business day of each month per G.S. 18B-501(f1). If current law enforcement agencies are not completing ABC enforcement law activities on behalf of the board, it is recommended for the board to consider entering a contract with a different agency such as Alcohol Law Enforcement (ALE) state agency or local municipal police departments.
- While already understood by personnel, board should establish and maintain a shelf management plan to comply with NCAC 15A .1708 (a)(3). *Once established, board administration should keep a copy at their store and, upon request, provide a copy to Commission representatives.*
- 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.
- 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 AUDIT RECOMMENDATIONS (2014)

- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
 - *Board members are current on ethics training with only one recently reappointed member needing to satisfy the requirement in the coming months.*
- As a reminder, have an annual approval from appointing authority to adopt the town's travel policy.
 - *Board currently adheres to the state's travel policy and no annual approval is required.*
- Update the commission website to reflect current information on board member and general manager.
 - *Board personnel have updated website and current information is reflected accurately.*
- Complete all law enforcement activity reports for the months specified.
 - *Reports are being submitted but contain no data. Board should work with their contracted law enforcement agency to establish submission of the required statistics.*
- Audit shelf tags more frequently. Incorporate such practices within spot check time periods.
 - *All boards should continue to conduct shelf tag audits to ensure correct pricing to help eliminate any customer frustrations and the loss of revenues.*

While having addressed most considerations from previous Commission review (2014), board should still monitor and strive to satisfy previously noted recommended actions.



TOWN OF CALABASH

A RESOLUTION TO AMEND THE DISTRIBUTION OF PROCEEDS FROM THE OPERATION OF LIQUOR STORES IN THE TOWN OF CALABASH, NC

WHEREAS, during the 1973 Session of the North Carolina General Assembly, Chapter 1179 of Senate Bill 933 specified conditions for the establishment of liquor stores in the Town of Calabash; and

WHEREAS, in accordance with Senate Bill 933 a Special Election was held by the Brunswick County Board of Elections on July 10, 1974 to answer the question as to whether or not a town liquor control store may be operated in the Town of Calabash; and

WHEREAS, a majority of the eligible voters of the July 10, 1974 Special Election voted "For Town Liquor Control Store"; and

WHEREAS, the Calabash Mayor and Board of Commissioners were authorized by Section 4 of Senate Bill 933 to immediately create "The Town of Calabash Board of Alcoholic Control" (hereinafter referred to as the Calabash ABC Board), which they so did in accordance with Section 4 of Senate Bill 933; and

WHEREAS, Section 6 of Senate Bill 933 states that: "The net profits derived from the operation of liquor control stores in the Town of Calabash shall, after deducting necessary working capital, salaries, and expenses, be distributed quarterly as follows: 70% to the general fund of the town to be used for any lawful purpose; 5% to the Union Elementary School; 5% to the Shallotte Middle School; 5% to the West Brunswick High School; and 15% to the Volunteer Fire Department for the purpose of providing fire protection to the Town of Calabash"; and

WHEREAS, during the 1983 Session of the North Carolina General Assembly, Chapter 1010 of House Bill 1594 amended Section 6 Senate Bill 933 from 1973 to read as follows: "Sec. 6. The net profits derived from the operation of liquor control stores in the Town of Calabash shall, after deducting necessary working capital, salaries, and expenses, be distributed quarterly as follows: 70% to the General Fund of the Town to be used for any lawful purpose including a yearly appropriation to the Brunswick County School System; 15% to the nearest Volunteer Fire Department for the purpose of providing fire protection to the Town of Calabash; 15% to the nearest rescue squad providing service to the Town of Calabash"; and

WHEREAS, in 2011 the Town of Calabash reviewed both the 1973 and 1983 legislations and became concerned of the language included in the distributions in that the fire department

providing service to the Town is not volunteer but rather a private corporation and that the former rescue squad is now an EMS department; and

WHEREAS, the concern prompted the Town to contact the Alcoholic Beverage Control Commission in Raleigh who felt the language of the legislation(s) was very specific and if these agencies were no longer applicable then those portions of the Bill are considered null and void and the 15% distributions to each should go back to the Town; and

WHEREAS, the Town Attorney concurred with the Alcoholic Beverage Control Commission in that said portions of the legislation were null and void; and

WHEREAS, the Town then inquired from the Alcoholic Beverage Control Commission in Raleigh if the legislation could be amended and further the Town inquired if it was a normal practice that local ABC funds are distributed in this manner; and

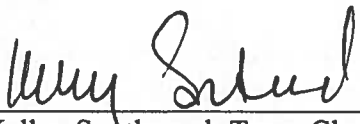
WHEREAS, the Alcoholic Beverage Control Commission informed the Town that NC G.S 18B-805(e) states in part: "if the governing body of each city and county receiving revenue from an ABC system agrees, those governing bodies may alter at any time the distribution to be made under this subsection or under any local act." Further, the ABC Commission relayed that there are few ABC boards that distribute directly to fire departments, schools, hospitals, libraries etc. but rather the vast majority of boards distribute 100% to the appointing authority. The ABC Commission stated that it would not be necessary for the Town to request a revision to the legislation through the General Assembly but rather the Calabash Board of Commissioners may change the distribution formula by vote of the Town Council.

NOW THEREFORE BE IT RESOLVED by the Governing Body of the Town of Calabash that beginning the Fiscal Year 2011/2012 and continuing in perpetuity until such time as the Governing Body sees fit to change the distribution formula, the net profits derived from the operation of liquor control stores in the Town of Calabash shall, after deducting necessary working capital, salaries, and expenses, be distributed quarterly as follows: 100% to the General Fund of the Town of Calabash to be used for any lawful purpose.

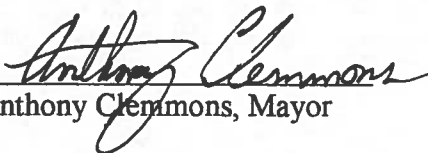
Adopted this the 12th day of July 2011 and shall be fully effective beginning July 1, 2011.

(SEAL)

Attest:


Kelley Southward, Town Clerk




Anthony Clemmons, Mayor

Calabash ABC Board 0129
10203 Beach Drive, SW
Calabash, NC 28467

ABC Commission

400 E. Tryon Road
Raleigh, NC 27610

11/29/2024

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

Item 1: Per G.S. 11-7. Board members take an oath before taking office.

All recommendations will be followed.

Item 2: Town receiving 100% Profit Distributions.

All recommendations will be followed.

Item 3: Per G.S. 18-501(a)(f): The Board should hire or contract to pay law enforcement.

All recommendations will be followed.

Item 4: Policy NCAC 15A .1705(b)

All recommendations will be followed.

Item 5: Per G.S. 18B-702(m). The finance officer's signature on the order to LB&B.

All recommendations will be followed.

Item 6: Certificate of Accountability.

The Board signed and submitted the COA form

Sincerely,

Suzy M King, Chairman

Calabash ABC Board of Directors