

Cumberland County ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
400 East Tryon Road, Raleigh, NC 27610
p: 919-779-0700 | f: 919-661-5927 | <http://abc.nc.gov>



ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

February 12, 2025

CHAIRMAN:
Hank Bauer

Cumberland County ABC Board
Terri Thomas, Chair
1705 Owen Dr.
Fayetteville, NC 28304

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

David Sherlin
Raleigh

Chairperson Thomas,

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 Cumberland 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.

LOCATION:
400 East Tryon Road
Raleigh NC 27610

MAILING:
4307 Mail Service Center
Raleigh NC 27699-4307

PHONE: (919) 779-0700
<http://abc.nc.gov/>

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

Cumberland County is located in southcentral North Carolina. It's largest Community and seat is Fayetteville. The area is best known for its history and military bases, as the home of Fort Liberty and other Army airfields. The county's population per the 2020 Census was 334,728 residents which was an approximate five percent (5%) increase from 2010.

The 1937 Act authorized Cumberland County to hold an election by referendum. The referendum was held on July 20, 1937, and passed 3,217 to 2,214. The first retail sale occurred on September 7, 1937. A mixed beverage election was held on June 19, 1979, and passed 13,121 to 7,769. The first mixed beverage sale occurred on August 1, 1979. Upon election of an ABC store, an ABC board was created consisting of a chairman and two members to serve for three-year terms. The board expanded from three to five members in 1982. Current board members are Terri Thomas (Chair), Jamail George, Jordan Stewart, Delvin McAllister, and Chris Bullard.

The Cumberland County ABC Board operates nine (9) retail stores and is the only board in Cumberland County. The board currently staffs approximately one hundred total employees, with over sixty full time and around thirty-seven-part time. The general manager is responsible for all operations of the system focusing on customer service, profitability, and efficiency. The finance officer oversees staff whose responsibilities include all things accounting, billing, payroll, and maintenance of all accounts. Other administrative positions include an operations manager in charge of store managers and a human resources director. The board has a warehouse manager responsible for processing shipments, inventory, warehouse staff, and delivery. Each store has a manager and assistant manager who are responsible for scheduling, store presentation, pricing, and cleanliness. All other store employees are primarily responsible for providing friendly customer service, general store upkeep, and stock maintenance.

The last performance audit for the Cumberland County ABC Board concluded in 2013. 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 Thursday, November 7, 2024, ABC Commission Program Analyst Edwin Strickland visited the Cumberland County ABC Board and interviewed the General Manager, David Horne, and accounting admin, Lachrista Shull. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



1705 Owen Dr. Fayetteville



102 Westwood Shopping Center Fayetteville



3708 Sycamore Dairy Rd. Fayetteville

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 Cumberland County ABC Board received shipments weekly with a target inventory turnover rate of approximately 6. The inventory rate in (FY) 2023-2024 was 3.9, which is below the goal. *The board has recently acquired an immense warehouse and has conducted large inventory buy ins.*

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

In fiscal year (FY) 2023-2024, the Cumberland County ABC Board had a profit percentage to sales of 12.8%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$10M is 9%. The Cumberland County ABC Board's gross sales totaled \$59,175,220, which was an approximate 1% decrease from the previous fiscal year. The board's sales have grown an impressive 30% over the last five completed fiscal years.

Cumberland County ABC Board operates nine retail stores with mixed beverage sales. The operating cost ratio for the board was .46 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with three or more stores and mixed beverage sales is .63 or less.

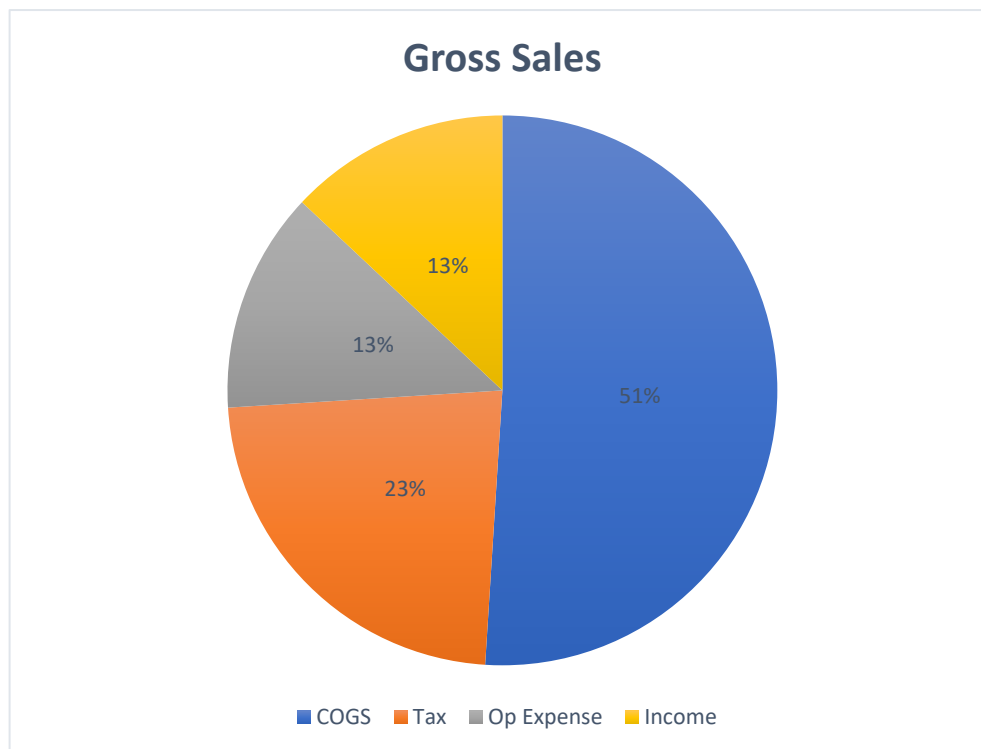
Thus, the Cumberland County ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission. Below is a chart showing gross profit on sales and income from operations for the previous two years.

	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$14,864,141	\$14,870,055
Income from Operations	\$7,598,527	\$8,037,161

FINANCIAL ANALYSIS (cont.)

- *Factors affecting sales and profitability include:*
 - Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of Cumberland County ABC Board stores: Sanford, Angier, Lillington, Dunn, Roseboro, Newton Grove, Clinton, Moore County, and Hoke County.
 - A 4.5% unemployment rate in Cumberland County in June of 2024 with a .5% increase from the previous year.
 - The board currently has one hundred and ninety-five (195) active mixed beverage customers according to Commission records. *In FY 2023/2024 mixed beverage accounted for approximately twenty (17%) percent of sales.*
 - Cost of Goods Sold (COGS) was roughly 50.7% for the fiscal year with a normal range being 52% to 54%.

- 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	\$59,634,400	\$59,207,648	(\$426,752)	(.7%)
Revenue over or (under)				
Expenditures		\$318,317		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were .7% below final budget amendment. In addition, the net income change during the fiscal year was \$136,802. *The board's collective net position on June 30, 2024, was \$13,802,839; the net position has increased approximately 50% 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, Cumberland County ABC made other statutory distributions totaling \$7,494,153 (Net profit distribution recipients received \$6,690,917 of this). The amount of \$13,744,252 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Cumberland County.

- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - G.S. 18B-805 (c) requires the board to distribute at least five percent (5%) of profits to law enforcement. Alcohol education distributions are not required by the board's enabling act. The remaining profits are to be distributed to the Cumberland County General Fund of which up to \$25,000 can be spent on education of alcoholism and up to \$65,000 for commissioners' discretion.

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Cumberland County ABC board has made robust 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. *The board's local act from 1937 does not require the standard 7% generally followed by many ABC Systems.*

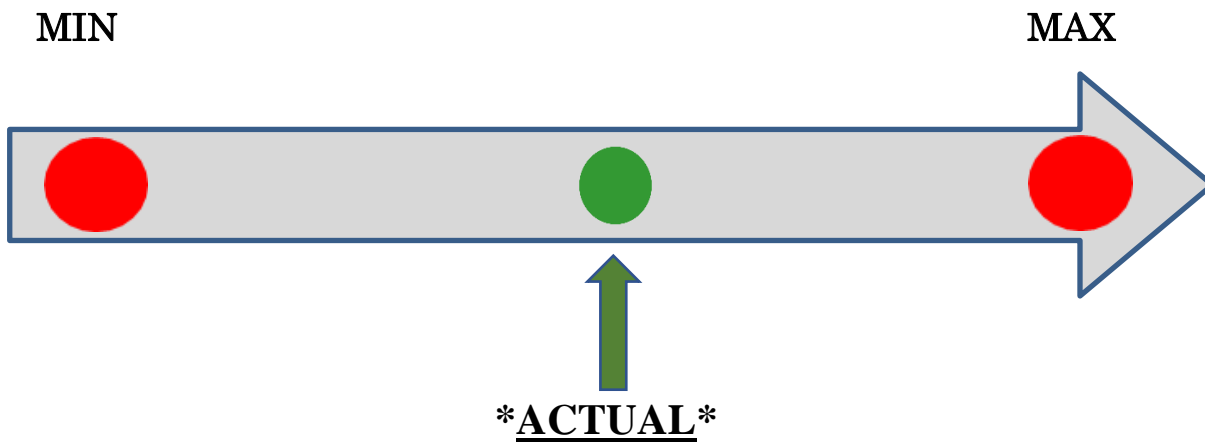
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Cumberland County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$1,637,601	FY-2024	\$6,690,917
FY-2023	\$1,655,027	FY-2023	\$5,111,266
FY-2022	\$1,569,840	FY-2022	\$6,203,554
FY-2021	\$1,497,116	FY-2021	\$5,196,482
FY-2020	\$1,286,333	FY-2020	\$3,837,105

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 \$50M as an amount equal to two (2) months of sales revenue.

Based upon the existing rules, as of June 30, 2024, the Cumberland County ABC Board is required to maintain a minimum working capital of \$1,747,315 with a maximum working capital amount of \$11,357,742. The Cumberland County ABC Board had a working capital balance of \$6,098,680 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 second Monday 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 two term end date per year.
- **Oaths of Office:** Board members take an oath before taking office or before the execution of the office per G.S. 11-7. *Written copies of oaths are 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).
- **Board member compensation:** Board members receive compensation for their services above the maximum \$150.00 per meeting. *An updated compensation schedule was provided at Commission visit and is now in records retention.*
- **General Manager (GM) salary:** The General Manager has updated their salary for Commission records and the salary approval is on file in Commission records. *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, bottle counts, state sales, monthly comparisons, and law enforcement reports. 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.
 - The board's appointing authority has a liaison who often attends board meetings.
- **BUDGETS:** In FY 23/24, the board's actual sales were .7% 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 at 23% of annual budgeted sales*
- **LAW ENFORCEMENT (LE) CONTRACT & REPOTING:** The board has an active internal law enforcement agency who provides substantial documentation on activities monthly to the Commission and to the board as required by G.S. 18B-501.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- POLICIES: The board has a thorough personnel handbook, including an acknowledgment form, and the Commission has a copy in record retention. The manual covers many policies requested by the Commission including, cash handling, overages and shortages, vehicle use, sales to underage and intoxicated, employee purchases, and others.
 - Board has a mixed beverage sales policy which was provided at Commission visit.
 - For travel policy, the board adheres to their county's policy and have provided approval documentation to the Commission for 2024.
 - Board has a credit card use policy on file in Commission records.
 - Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings and employee tastings, social media, lotteries, price discrepancies, or any others.
- FINANCIAL INSIGHT: Invoices for liquor are processed per delivery, on two-week delay, by check or ACH. Invoice account 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's team and full bank reconciliation is completed monthly.
 - Checks have the required disbursement approval and are signed by the finance officer and general manager with all members as alternates.
 - Pre-audit stamp verification is not being properly implemented on liquor orders. *Board could consider having warehouse manager email the finance officer or applicable deputy finance officer final liquor order expected purchase total for compliance with G.S. 18B-702(m).*
 - Bank deposits are currently being made each weekday at the close of business with law enforcement taking deposits to bank on weekdays. Finance officer's team review and verify deposit slips to bank statements routinely, and again at monthly reconciliation.
 - Tills start at \$150.00 daily with a different number of registers operating at different stores. Drawers and change fund are verified at shift change and routinely by store managers and other personnel.
 - Payroll is bi-weekly and processed through ADP. Store managers are responsible for any edits and administrative office reviews for oversight and circumstantial verification.
 - Petty cash is kept in locked administrative office and full log with receipts is balanced and replenished via checks from the finance officer.
 - The annual CPA audit was received by the Commission on September 21, 2024.
- INVENTORY: Full inventory is conducted monthly or quarterly depending on the store. Staff from other stores conduct the inventory with multiple personnel involved. Final discrepancies are reviewed by managers and cross referenced between stores and warehouse before adjustments are made. Board's strategies for slow moving stock include moving closer to the registers and featuring in displays.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

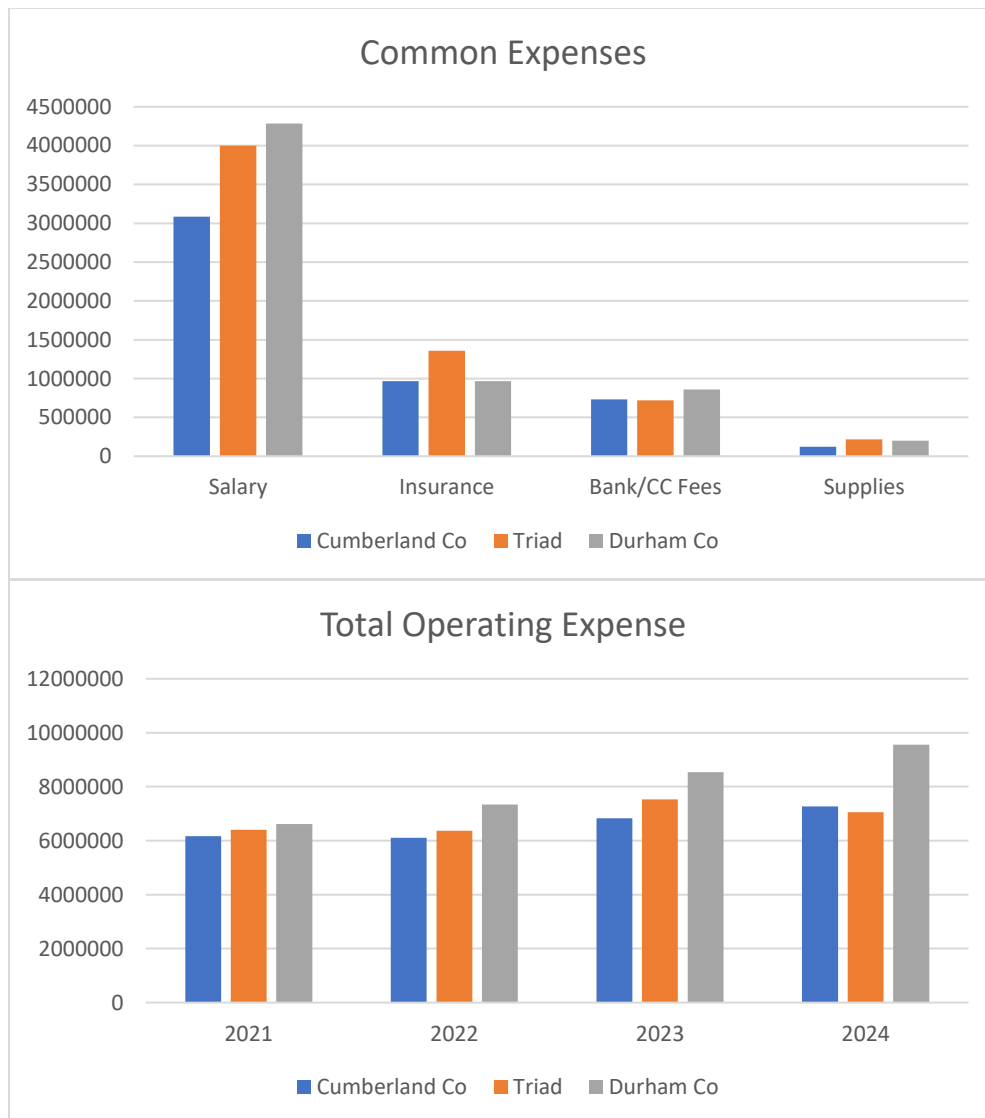
➤ INTERNAL CONTROLS:

- The general manager has worked in their role with the board for over nine years and has previous experience with large scale retail establishments.
- The finance officer has been with the board for approximately twenty-two years and is expected to retire in the coming month(s). Cross training opportunities to fill this position have been scheduled and extended.
- The Board members and Chairperson have a variety of professional experience including law, philanthropy, and health care. Members have a mixture of longer tenured terms and some more recent appointees.
- 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 does not receive a report(s) describing expenditure of funds from their alcohol education and rehabilitation recipient, Cumberland County.
- Employee files are kept in a locked portion of their administrative office and include RASP and Law enforcement training certificates, application, policy acknowledgment signatures, and tax, banking, and medical documents.
- All employees are subject to RASP and additional law enforcement training. Each job position has a formal training plan and cross training opportunities are implemented by position. Expectations on various behavioral standards are discussed with new hires as part of the personnel handbook.
- Full time employees are enrolled in LGERS and OPEB. Law enforcement officers are enrolled in LEOSSA.
- Warehouse manager makes liquor order by analyzing recent sales and trends, current inventory, new items, and current or future pricing.
- Board receives multiple truck deliveries weekly to their central warehouse. Counts are made using load sheets and scanners. Variances are recounted, and actual discrepancies are reported to LB&B.
- Board keeps thorough records for unsaleable merchandise reports and sends copies of the reports to the Commission regularly.
- The boards credit card policy appeared to be properly implemented per review of their log. The finance office team is responsible for the credit card account verification and reconciliation.
- Board keeps thorough logs for petty cash and credit cards transactions, and all are reviewed by financial staff.
- 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 six percent (6%) from the last fiscal year and are roughly twelve percent (12%) of total annual sales in FY-23/24.
- Board salaries were approximately five percent (5%) of total annual sales. Salaries and benefits increased by around six- and one-half percent (6.5%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 50.7% for the fiscal year with a normal range being 52% to 54%.
- Board strategies to reduce expenditures include monitoring supply orders, limiting to once monthly, and controlling labor.
- An operating expense report and common expense report shows the Cumberland County ABC Board has mostly lower categorical and total operating expenses comparable to other ABC boards within a similar gross sales range.



STORE INSIGHT & OVERVIEW

- Of the three stores visited, all have good exterior signage and parking, and all were in highly commercial areas. The board's central warehouse is immense and in good proximity to the board's administrative building and some of their stores.
- Outside area surrounding the stores are well-maintained and free of debris or trash.
- All stores visited display 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.
- All stores were well lit, and the music levels are lively and promote an active but pleasant atmosphere. All had plentiful and appealing product displays.
- Products are placed within designated categories; premium products are generally found at eye level or top shelf. Bottles are fronted and dusted, and shelf space is maximized. While many shelf management practices described in NCAC 15A .1708 are being maintained, board administration has chosen to not to arrange bottles sizes, so they increase from left to right in size for all items.
- Product knowledge growth is accomplished starting in orientation and continues through general merchandise training and with information provided by broker representatives.
- Board prioritizes mixed beverage customers with limited and allocated products. They also hold lotteries through their website and random shelf placement.
- The board has an impressive web site allowing users do view special pricing, new products and events, mixed beverage, and career information amongst other features. The site also has a special-order option and links to a customer satisfaction survey.
- The board has approximately 195 mixed beverage customers according to Commission records. Board provides an invoice to customer at transaction and retains an invoice in the offices of their mixed beverage outlets. Most orders are placed on-line via the board's website.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items, across three stores, reflected the current quarterly or monthly SPA price.
- General manager indicates price discrepancies are handled in the customers favor if the shelf price is lower than the cash register price. *The board should craft a price discrepancy policy that complies with NCAC 15A .1705 and submit a copy to the Commission.*
- The board's stores are generally open from 11:00 am until 9:00 pm Monday through Saturday. They are currently closed every Sunday, the five (5) previously required annual holidays, Martin Luther King Jr. Day, Memorial Day, Easter Monday, and sometimes Veterans Day according to the calendar.
- Security systems are in place and functional in all designated areas.
 - *All stores have security cameras operating and motion detectors.*

RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

- The recipient(s) of alcoholism fund or education distributions (Cumberland County) should provide annual documentation to the board describing the activity for which these awarded funds are spent per G.S. 18B-805(h). *The recipient(s) may either provide a report to the board of county commissioners to be included in their minutes or, preferably, directly to the ABC Board to have included in the minutes of both boards.*

- To comply with GS 18B-702(m) place the pre-audit certificate with the finance officer's signature on the order to LB&B. This certificate shall take substantially, the following form.
"This instrument has been preaudited in the manner required by G.S. 18B-702.
_____ (Signature of finance officer)."

- The board could consider liaising with their appointing authority to reaffirm or change via board of County Commissioner's resolution the verbiage in their original local enabling act from 1937, pertaining to net profit distributions for alcohol education or rehabilitation.

- 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 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).* 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.

- While already understood by personnel, board should establish and provide the Commission documentation for records retention of their price discrepancy policy for shelf tags with incorrect pricing.

- 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.

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

**CUMBERLAND COUNTY
ALCOHOLIC BEVERAGE CONTROL BOARD
1705 OWEN DRIVE
FAYETTEVILLE, N.C. 28304**

Terri Thomas, Chairman
Jamail George, Vice Chair
Delvin McAllister, Member
Jordan Stewart, Member
Chris Bullard, Member
David Horne, General Manager

ABC Commission
400 E. Tryon Rd
Raleigh, NC 27610

February 10, 2025

The Cumberland County ABC Board appreciates your recommendations stemming from the recent audit. We will utilize these suggestions to further enhance our operations.

Overall, the Board is pleased with the audit report. Below are our responses to the recommendations:

1. The Board has received a report from Cumberland County detailing the allocation of funds from alcohol education and rehabilitation. This report will be requested annually from the County and kept in our records.
2. The Board will ensure that pre-audit certificates are included with liquor orders in compliance with NC General Statute 18B-702(m).
3. The Board will consider discussing the wording in our original enabling act concerning alcohol education and rehabilitation distributions with the County Board.
4. The Board has signed and submitted a Certificate of Accountability form.

Thank you once again for your guidance.

Sincerely,



Terri Thomas, Chairman