

# 2020

## ANNUAL REPORT

SUMMARY OF OPERATIONS  
JULY 1, 2019 - JUNE 30, 2020



The Department of  
Alcoholic Beverage Control





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# A NOTE FROM THE DIRECTOR

It is my pleasure to introduce the Fiscal Year 2020 Annual Report for the Utah Department of Alcoholic Beverage Control which provides details regarding DABC's operations.

DABC sales of wines, spirits and heavy beer grew despite the change in the definition of beer which saw the exit of heavy beers with alcohol content greater than 3.2% ABV and less than 5.0% ABV from DABC inventory, as well as, the effects the state's response to COVID -19.

DABC sales, excluding taxes, totaled \$500.21M in fiscal year 2020, an increase of 4.36% over the previous fiscal year. As a result, the DABC transferred operational profits of \$121.74M to the General Fund. Additionally, the DABC provided:

- \$50.02M to Utah's Uniform School Fund;
- \$5.02M to fund State Bureau of Investigations liquor law enforcement efforts;
- \$29.59M in sales taxes to the state, local counties and municipalities;
- \$1.75M for the school underage drinking prevention program;
- \$2.72M to Parents Empowered, the state-sponsored campaign to educate parents about the lasting harms of underage drinking.

The department also began construction of new State Liquor & Wine Stores in Farmington and Saratoga Springs which will increase the number of outlets in Davis County and Utah County, respectively.

We appreciate the opportunity to share the information in this report with you and thereby promote an understanding of our operations and the challenges we face as we continue to explore ways to improve operations for the benefit of the state. I am particularly proud of the work the department does to provide Utah consumers with a broad selection of wines, spirits and heavy beers at reasonable prices.

Sincerely,

Salvador D. Petilos, Executive Director DABC



**Salvador D. Petilos**



# GREETINGS FROM THE COMMISSION CHAIR

It has been a very productive fiscal year for the Commission and the Department of Alcoholic Beverage Control. The Department has built and opened a new state store in Herriman, continued remodeling efforts on existing state stores, revised and issued new package agency contracts to serve the rural areas in the state, and posted record profits for the benefit of the school lunch program and the General Fund. We also received and processed 436 retail applicants and 452 event permits, and trained over 1,389 managers and owners on the responsibilities of holding or managing a license. Additionally, we recently launched a new website intended to provide better access to important information in a more aesthetically pleasing platform.

Despite these successes, the Department continues to face significant resource challenges. Increased demand for services strains employees at our stores, warehouse, and administrative office. We continue to advocate for increased funding from the Legislature, and we express our appreciation for the legislators who have communicated interest in our operation.

The COVID-19 pandemic has put a strain on everyone in the state, and DABC licensees and store employees are no exception. Thanks to the monumental efforts of staff, in collaboration with the governor's office and the legislature, the Department has managed to navigate this crisis as effectively and efficiently as possible.

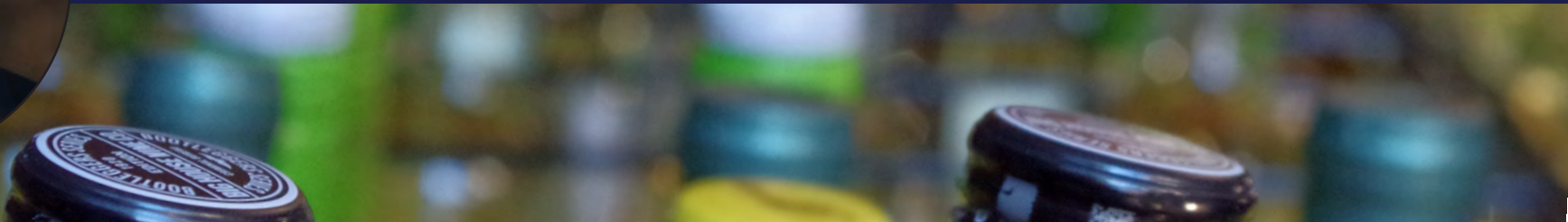
In closing, I'd like once again to recognize the efforts of all DABC employees. Thank you for your dedicated efforts to improve the Department and serve the public.

Sincerely,

John T. Nielsen  
Chair, DABC Commission

## John T. Nielsen

*John T. Nielsen is retired as Sr. Legal Counsel and Director of Government Relations for Intermountain Healthcare. Nielsen has had a long career in government and private law practice, serving as Assistant City Attorney for Salt Lake City, Salt Lake City Police first legal advisor, Deputy County Attorney and Chief Deputy County Attorney in charge of the Criminal Division and as Utah's Commissioner of Public Safety. In that capacity, he was in charge of all the state's law enforcement and public safety components.*



# DABC COMMISSIONERS

## Thomas N. Jacobson

### Vice Chair

Thomas N. Jacobson is a graduate of Utah State University and the University of Utah Law School. He has been a practicing attorney for more than 40 years in Utah, California and Texas. He is admitted to practice at the U.S. Supreme Court as well as several Federal appeals courts. Tom, as he likes to be called, has been honored many times with professional awards, including League of Women Voters Citizen of the Year, a 2015 Southern California Top Lawyer, and named as one of Southern California's Super Lawyers in 2007. He is currently a member of the Board of Trustees of Utah Symphony/Utah Opera, Park City Sunrise Rotary and a member of the Board of Directors and Chair of the Advisory Board of Heber Valley Railroad.

## Steven B. Bateman

Steven B. Bateman retired from a 35-year career in hospital administration, most recently as CEO of St. Mark's Hospital in Salt Lake, in September 2017. He began a new position as full-time faculty member of Weber State University, teaching health services administration courses to both undergrad and graduate students. He received his MBA from Utah State University in 1982. He is a recipient of the Distinguished Healthcare Executive Award and served on the board of directors of the High-Risk Insurance Pool. He and his wife Kathy are the parents of five children.

## Sophia DiCaro

Sophia DiCaro has public service experience in the areas of public policy, public budgeting, demographic data analysis, organizational change, public speaking, strategic planning, and operations. She has an MPA from the U of U. Sophia has served under four gubernatorial administrations and also served in the Utah State Legislature representing House District 31. She is the past Deputy Director and Chief Operating Officer of the Governor's Office of Economic Development, and volunteers on numerous civic and charitable boards.

## Jacquelyn Orton

Jacquelyn Orton has a deep understanding of the legislative process as a former Congressional staffer, associate director of legislative affairs, and lobbyist. She currently works as a child sex abuse victim advocate. Jacquelyn is a former small business owner with national and international suppliers and clientele, and she received a special commendation from the Utah Bar Association in 2015 as "a tireless advocate for the rule of law."

## Stan Parrish

Stan Parrish has served in numerous leadership positions including president and CEO of Sandy Area Chamber of Commerce, president of the Salt Lake Area Chamber of Commerce, executive director of the Utah Department of Community and Economic Development, and an administrator with the U.S. Small Business Administration. Stan has owned or been involved in seven businesses.

## Amanda Smith

Amanda Smith is an environmental and natural resources attorney counseling clients on compliance with state and federal environmental laws. She was an energy policy advisor to Governor Gary Herbert, and has served as the executive director of the Utah Department of Environmental Quality. Amanda is currently Vice President of Policy and Senior Counsel at sPower a utility scale solar, wind and storage developer, owner and operator. Amanda served on the commission from June 2015 until her resignation in June 2020.

# LEGISLATIVE SUMMARY

The following laws were enacted during the 2020 General Session of the Utah Legislature

## HB 157: Wine Services and Amendments

- Requires the DABC to establish a wine subscription program.
- Modifies the maximum amount of alcohol an individual may bring into Utah for personal consumption, as well as the fees and notice requirements for doing so.
- Note: funding for this program was removed due to budget reductions created by the COVID-19 pandemic.

## HB 399: Alcohol Amendments (This omnibus bill enacted a wide variety of changes too numerous to capture here, but below are a few highlights)

- Enacts provisions regarding percentage lease agreements.
- Creates new license types (arena and hospitality amenity).
- Modifies the license transfer act to include non-retail licensees.
- Grants the commission plenary authority to deem forfeited a license, permit, or certificate of approval.
- Modifies the definition of school for proximity purposes.

## HB 5004 (5th Special Session):

- Added license types to which the definition of dispense applies.
- Changes to airport lounge licensees.
- New process for liquor delivery to airport licensees.

## HB 6006 (6th Special Session):

- License renewal requirements - extended the expiration of various license types to 12/22/2020.
- Reception center license modifications
- Public service permittee.

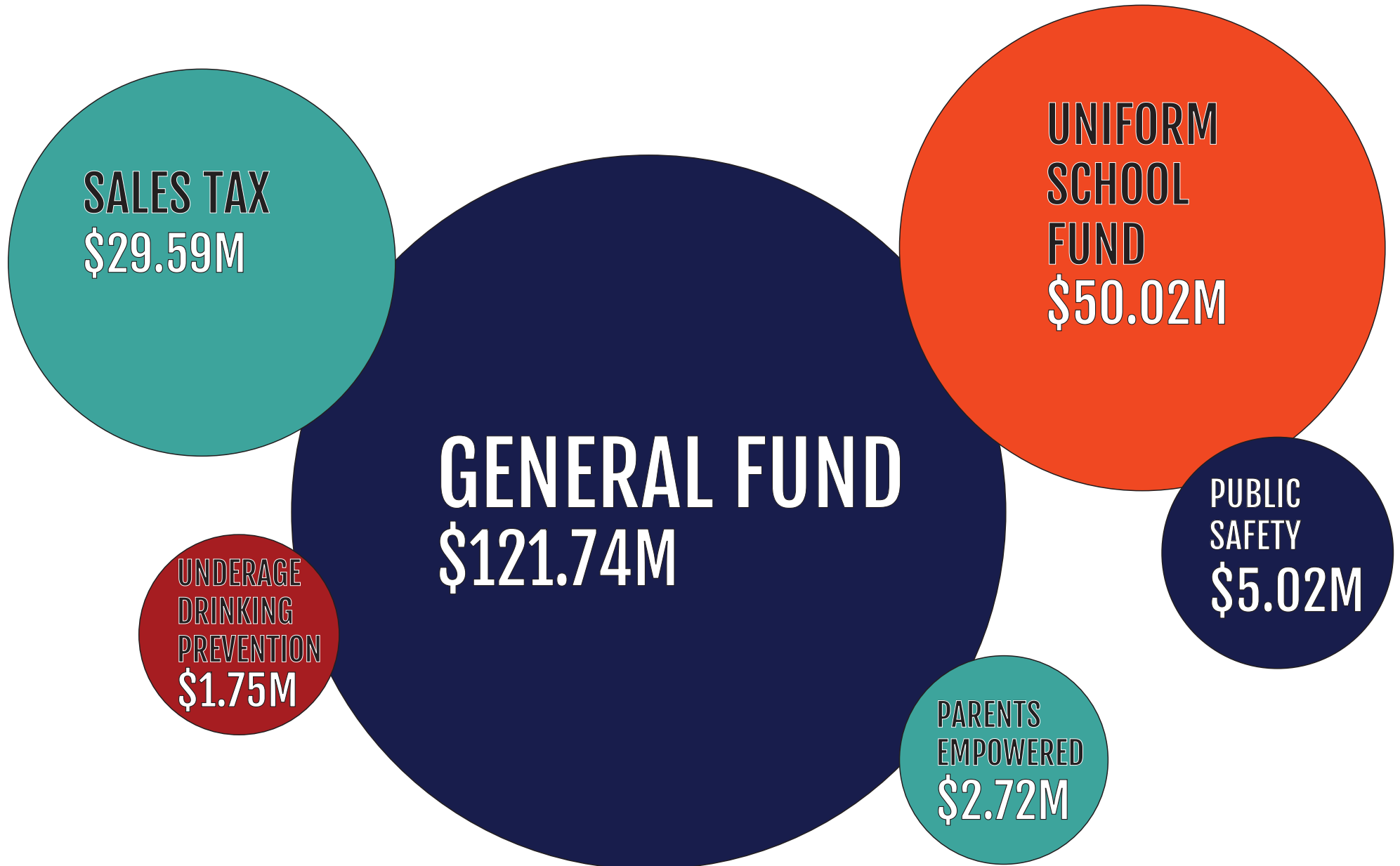
Additional legislative changes may be found in the detailed summary below:

[2020 Legislative Summary Amended 09-29-20.pdf](#)

# FINANCIAL HIGHLIGHTS

*State Liquor and Wine Stores generated more than \$500 million in sales in FY 2020.*

As a result, more than \$210 million was returned to the state treasury, funded state programs or returned to local communities in FY 2020.



# FIVE YEAR FINANCIAL SUMMARY (In Thousands)

SUMMARY FINANCIAL INFORMATION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	CAGR*
Sales net of Taxes	\$405,911	\$427,606	\$453,689	\$479,324	\$500,212	4.27%
Gross Profit	186,733	194,528	209,137	220,054	229,517	4.21%
Other Income	3,598	3,777	4,355	4,622	5,388	841%
Total Revenue	\$190,330	\$198,304	\$213,492	\$224,676	\$234,905	4.30%
Less Parents Empowered	2,186	2,331	2,573	2,530	2,552	3.15%
Less Underage Drinking Prevention	-	-	1,750	1,791	1,750	
Less Operating and Non-Operating Expenses	39,407	42,605	45,888	49,501	53,831	644%
Less Transfer to SBI	4,064	4,275	4,543	4,792	5,002	4.24%
Less School Lunch Program / Uniform School Fund	40,643	42,747	45,427	47,926	50,022	4.24%
Less Transfer to other programs**	-	-	1,000	1,000		
Net Profit	\$104,030	\$106,347	\$112,312	\$117,136	\$121,747	3.20%
Sales Tax	21,748	23,152	24,458	26,532	29,594	6.35%

DABC OPERATIONS SUMMARY	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	CAGR*
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Total Revenue	\$190,330	\$198,304	\$213,492	\$224,676	\$234,905	4.30%
Less Salaries and Wages	16,571	17,868	19,783	20,764	22,770	6.56%
Less Other Program Transfers	44,708	47,022	52,719	55,509	56,775	4.89%
Less other Expenses	25,022	27,068	28,677	31,267	33,613	6.08%
Net Profit	\$104,030	\$106,347	\$112,312	\$117,136	\$121,747	3.20%
Wages % of gross Sales	4.08%	4.18%	4.36%	4.33%	4.55%	2.20%
Total Cases Sold	3,419	3,519	3,663	3,913	3,810	2.19%

\* CAGR = Compound Annual Growth Rate

\*\* SB 155 - GS 2017





# THE PRODUCT LIFECYCLE AT DABC

During the fiscal year 2020, the definition of beer/heavy beer changed in Utah from 4%ABV/3.2%ABW and went to 5%ABV/4% ABW. This law became effective in November of 2019. Many of our best selling brands moved from the DABC stores and into grocery and convenience stores.

High demand for ready-to-drink products and flavored malt beverages resulted in additional listings in these product categories. Likewise, the DABC experienced high demand for ultra premium tequilas.

The COVID 19 pandemic created a shift in buying patterns as many on-premise licensees were closed due to restrictions, resulting in their decreased sales. The retail walk-in sales numbers increased due to the resulting restrictions on licensees. Our department experienced a shift in sales to large format sizes from regular and smaller size formats. We also saw a dip in some local manufacturer's products. Many licensees supported local manufacturers and while they were shut down, there was a noticeable difference in the purchase rates.

# DABC DIVISION OF PURCHASING

The Purchasing Division of the DABC is responsible for:

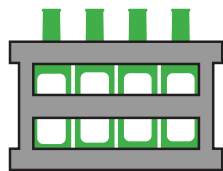
- Procuring Wine, Spirits, Flavored Malt Beverages and Heavy Beer (Beer with alcohol percentage above 5.0 ABV/4 ABW) for retail outlets in Utah.
- Processing special orders for Wine, Spirits, Flavored Malt Beverages and Heavy Beer that are not carried in Utah retail outlets.
- Creating and publishing price books.
- Working with various stakeholders to improve processes and procedures.
- Adjusting and reporting pricing due to supplier costs.



## DABC WAREHOUSE

At any given time the DABC warehouse is stocked with about \$40 million dollars worth of heavy beer, wine, and spirits. This warehouse acts as the central hub and distribution center where all alcohol arrives before being sent out to state liquor stores and DABC club stores for bars, restaurants, and other licensees. The DABC warehouse is run on a pick-to-voice system. The DABC warehouse also utilizes a robotic warehouse, that automates the storage and retrieval of products. You can learn more about the DABC warehouse by clicking the link below.

[Learn more about the DABC Warehouse](#)



3,257,700  
Cases Received

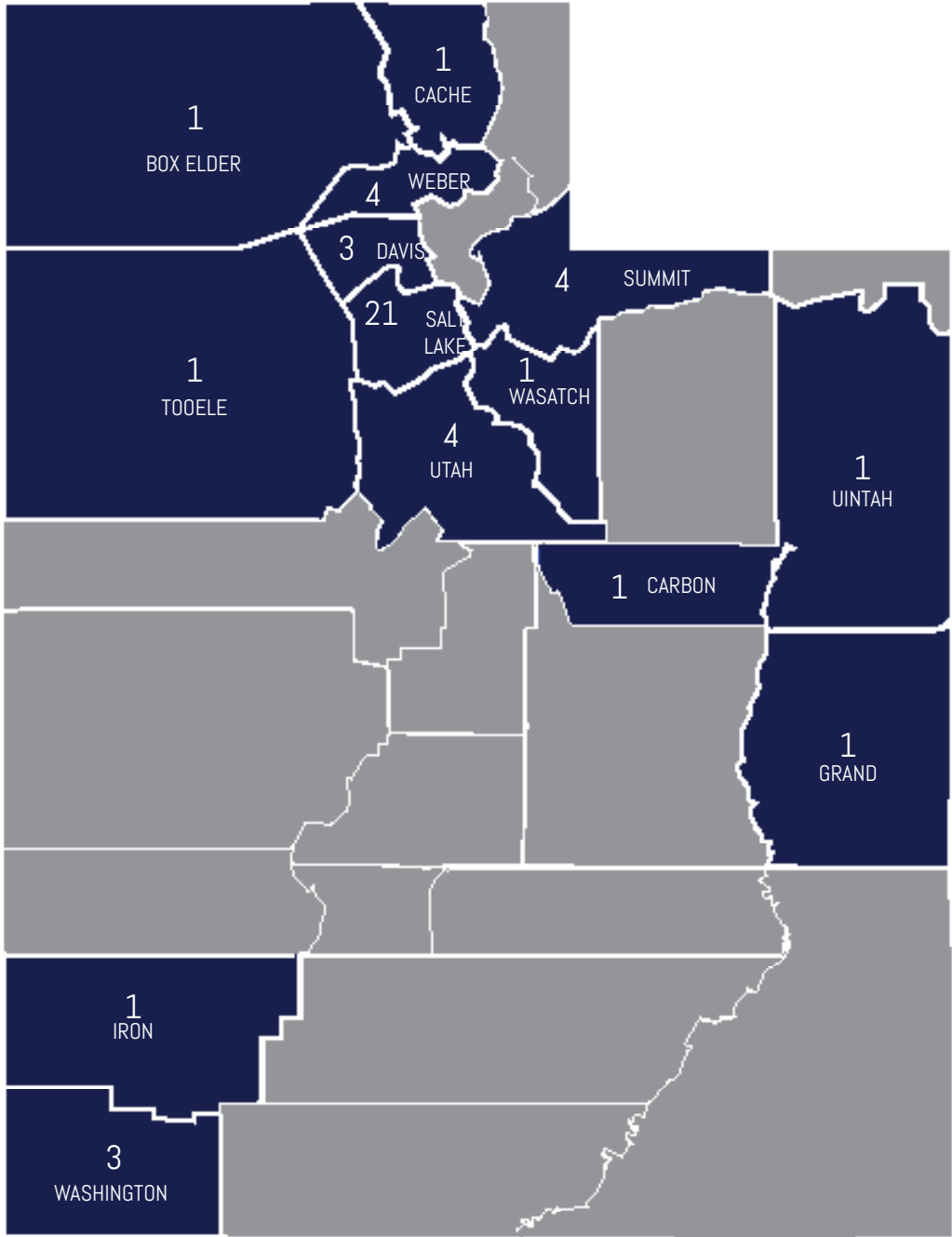


3,086,366  
Cases Shipped



# DABC RETAIL STORES

As of June 30, 2020, The DABC operated 47 retail facilities



45 | 2

STANDARD STORES

CLUB/LICENSEE STORES

47 Stores Statewide

417,464 Square Feet

7,876.68 SQ. FT. Average Store Size

\$9,754,455.64 Average Store Sales

Store Personnel (as of June 30, 2020)

225 Full Time

329 Part Time

554 Total

The DABC opened a new store in Herriman in FY 2020. The new store has already aided in relieving pressure at nearby stores. This beautiful new store is a bold step forward in design and is a state of the art facility. It is both distinctive in form and energy efficient in design, meeting the requirements of the state of Utah's High Performance Building Standard. The building was created with sustainability in mind and incorporates many energy efficient and resource conserving features such as energy efficient mechanical systems, drought tolerant landscape, and renewable engineered wood products. The store features unique lighted fixtures, a color changing display case, and open floor space with tall ceilings enhancing the shopping experience.

This store continues DABC efforts to be a community partner that Utah cities can be proud of.

# EMPLOYEES OF THE QUARTER

The DABC has an established incentive program for store and warehouse employees. The “Employee of the Quarter” is nominated by store and warehouse managers at the end of each fiscal quarter. The nominations are independently judged by a panel of 4 DABC employees not connected to the stores, and are judged on numerous criteria and performance attributes.

The “Employee of the Quarter” recipients for FY 2020 are:



## Taylor Hagio – 1st Quarter

### Taylor Hagio – Holladay

Taylor Hagio of Holladay's store 29 has been praised by his manager and fellow workers alike, as well as customers. He even received a positive 5 star review on Yelp from a customer who said his assistance in a task that would have taken her 2 hours, was done by Taylor in 5 minutes. His supervisor, Suzana Pasic, says his consistent hard work and exceptional product knowledge paired with top-notch customer service makes him one of the most valuable DABC employees.



## Wendy Mayberry – 2nd Quarter

### Wendy Mayberry – Moab

Wendy Mayberry stepped up to a real challenge during a management transition at the peak of the busy holiday season when the store was short handed by 2 full time employees. She worked 10 to 15 hours of overtime a week during this crunch. Work was at an exhausting pace, but Wendy was dedicated and made every sacrifice for the store to succeed. She brought food for the staff and made sure her co-workers' needs were being met, even bringing clothes for some. Her leadership helped the store get through a difficult time.



## Sam Wacker – 3rd Quarter

### Sam Wacker – West Valley

Sam Wacker is described as indispensable by his manager, Amenda Kleven. She says Sam brings leadership skills, a great work ethic, honesty, and good humor to the store every day. Sam has encouraged other store employees through this tough time with a gentle understanding. His passion for his job plays a significant role in the strong team at store #3.



## Enaj McBride – 4th Quarter

### Enaj McBride – Salt Lake City

Enaj McBride has handled the tumultuous months of the fourth quarter with a level of professionalism. Her manager, Polly Gagon, says she professionally handled three closures making sure customers and employees safety was put first. Her calm in the crisis situations and her leadership helped evacuate the store quickly without panic.



# DIVISION OF LICENSING & COMPLIANCE

The Division of Licensing and Compliance is responsible for the licensing of all persons involved in the manufacture and sale of alcohol in the state of Utah. The division strives to assist licensees and permittees to remain in compliance with the requirements of the Alcoholic Beverage Control Act and open for business.

## Applications Received and Processed in FY 2020

3,291	License/Permit Renewals
421	New Licenses/Permits
712	Event Permits
1,052	Label Approvals
1,072	Criminal Background Checks

## Licensee Audits Conducted in FY 2020

260	Clubs and Taverns
856	Restaurants
93	Beer Recreational
736	Other Licenses

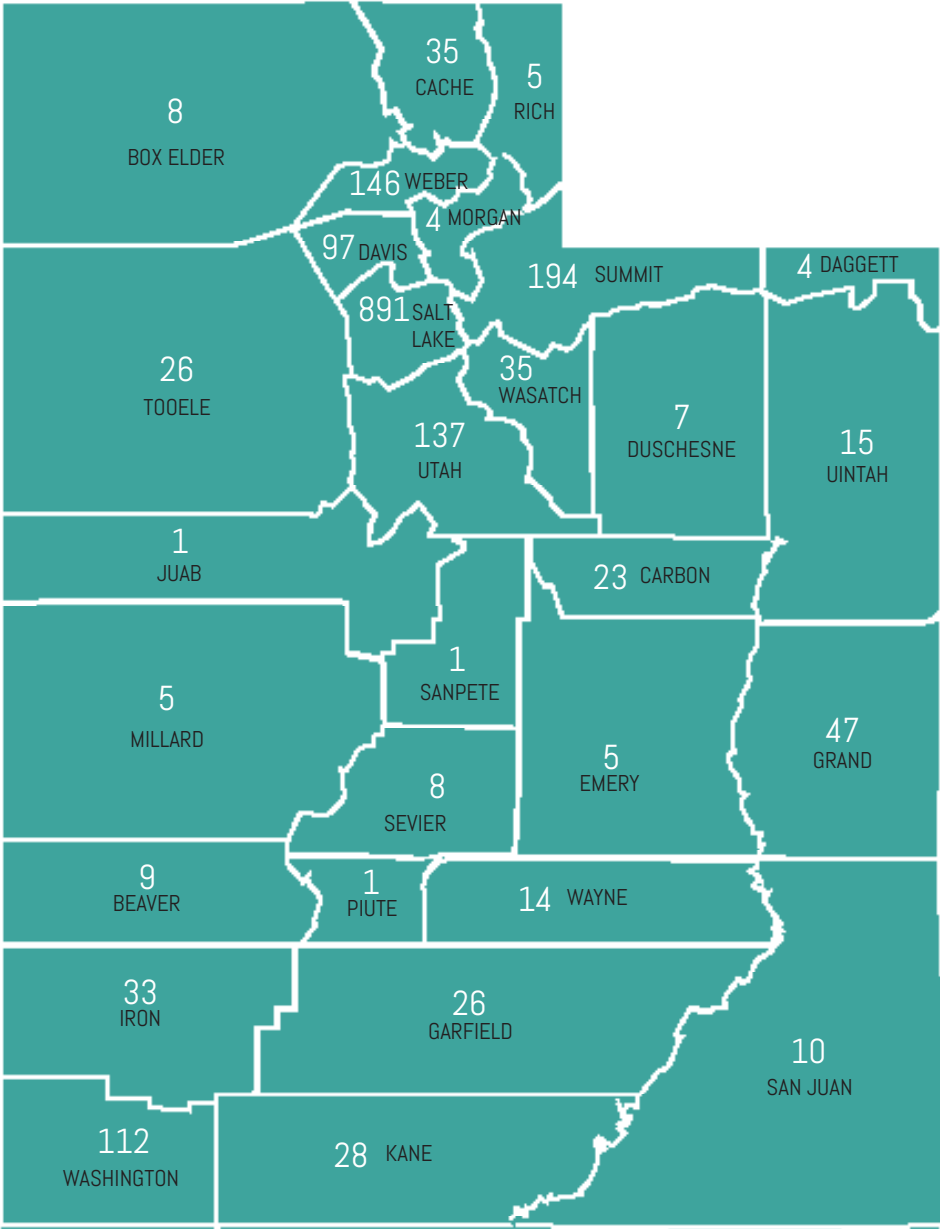
## Managers Trained

859	On Premise
530	Off Premise



# ON-PREMISE RETAIL LICENSES

By County



1,927

ON-PREMISE RETAIL LICENSES

BEAVER	9	PIUTE	1
BOX ELDER	8	RICH	5
CACHE	35	SALT LAKE	891
CARBON	23	SAN JUAN	10
DAGGETT	4	SANPETE	1
DAVIS	97	SEVIER	8
DUCHESNE	7	SUMMIT	194
EMERY	5	TOOELE	26
GARFIELD	26	UINTAH	15
GRAND	47	UTAH	137
IRON	33	WASATCH	35
JUAB	1	WASHINGTON	112
KANE	28	WAYNE	14
MILLARD	5	WEBER	146
MORGAN	4		

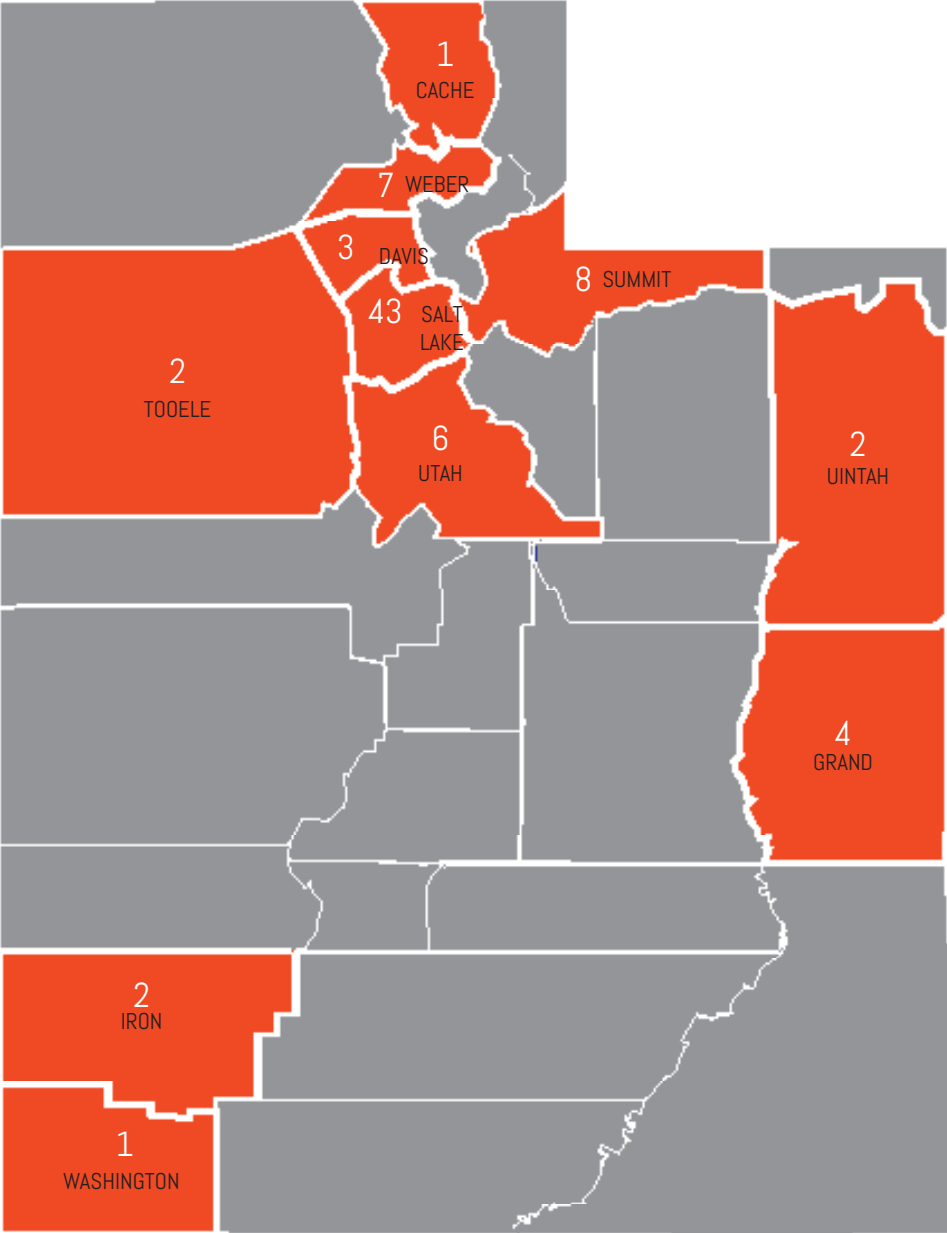
As of 07/01/2020.

# MANUFACTURING LICENSES

By County

79

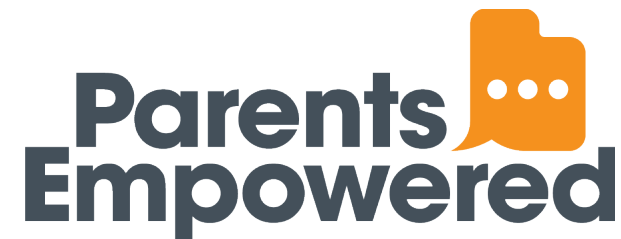
MANUFACTURING LICENSES



CACHE	1
DAVIS	3
GRAND	4
IRON	2
SALT LAKE	43
SUMMIT	8
TOOELE	2
UINTA	2
UTAH	6
WASATCH	1
WEBER	7

As of 07/01/2020.

# PARENTS EMPOWERED



Parents Empowered is a statewide media and education campaign funded by the Utah Legislature designed to prevent and reduce underage drinking in Utah. The community-based initiative provides parents and caregivers with information about the harmful effects of alcohol on the developing adolescent brain, along with proven skills to help prevent underage drinking. Utah kids report that parents are the number one influence in their decision of whether to drink underage or not. In addition, research shows they are less likely to drink when parents are actively involved in their lives and communicate their clear disapproval of drinking before the age of 21. Parents Empowered is aimed directly at parents rather than kids because parents are the key to preventing underage alcohol use.

The Utah Department of Alcoholic Beverage Control serves as the lead agency with funding coming from a portion of the state's alcohol sales and profits. Representatives from state agencies and organizations such as the Attorney General's Office, Department of Health, Department of Public Safety/ Highway Patrol and Highway Safety Office, Division of Substance Abuse and Mental Health, State Office of Education, Utah Prevention Network, Utah PTA and the Utah Substance Abuse and Mental Health Advisory Council all work together to mobilize local communities and resources to help keep kids' lives free from the harms of alcohol.

## Program Effectiveness

The 2019 Utah SHARP (Student Health and Risk Prevention) Survey, a measure of student alcohol use among 6th, 8th, 10th and 12th graders, is telling a compelling story about Utah's future. What it shows is a gradual but unrelenting downward trend, year-over-year, in the number of kids who have ever tried alcohol while underage (lifetime use). And despite the fact Utah already has the lowest youth alcohol use rates in the nation, the numbers continue to decrease, from 18.1% lifetime use in 2017 to 16.7% in this most recent SHARP Survey. Likewise, past 30-day use and binge drinking levels (combined across all grades) declined, with the most significant being 30-day use, which moved from 6.7% in 2017 to its lowest-ever rate of 5.5% in 2019.

## Moving Forward

One of the new messages of the campaign focuses on research from the American Academy of Pediatrics that recommends parents talk to their kids about the harms of underage drinking by age 9. This is because studies show kids are forming their attitudes about alcohol between ages 9–13, so it's important that parents provide kids with accurate information about alcohol's effects on a young, developing brain. One of this year's TV ads showed the fast-paced, changing world of kids and encouraged parents to not let alcohol slow their kids down, but to talk to them as early as age 9 and set clear rules against underage drinking—for a healthy brain and an unstoppable future. Finally, research has shown Utah parents are consuming a lot of media using all different channels to do it. They're also spending a greater portion of their day on their smartphones, especially during COVID-19, so Parents Empowered has been focused on delivering its prevention message across a wider array of digital media, especially through social media. While underage drinking rates are decreasing in Utah, there is still more work to be done. Research shows an ongoing need to educate parents about the harms of underage drinking and what they can do to help keep their kids' brains healthy. Parents Empowered continues to be an effective substance use prevention campaign and an integral part of eliminating underage drinking in Utah.





# DEPARTMENT OF TECHNOLOGY SERVICES

The Department of Technology Services (DTS) was extremely busy this year. Along with making sure that the business ran smoothly on the technology front they were also implementing new systems, apps, and various programs.

## A New Website

In June 2020, the DABC launched a brand new website. DABC customers are now provided with an updated and refreshed browsing experience that provides a better store locator, better calendaring of DABC events, a section where the current DABC Twitter feed is displayed for people who visit the agency website but do not regularly use Twitter, and a scrolling banner that allows the agency to easily update the look of the home page with different images.

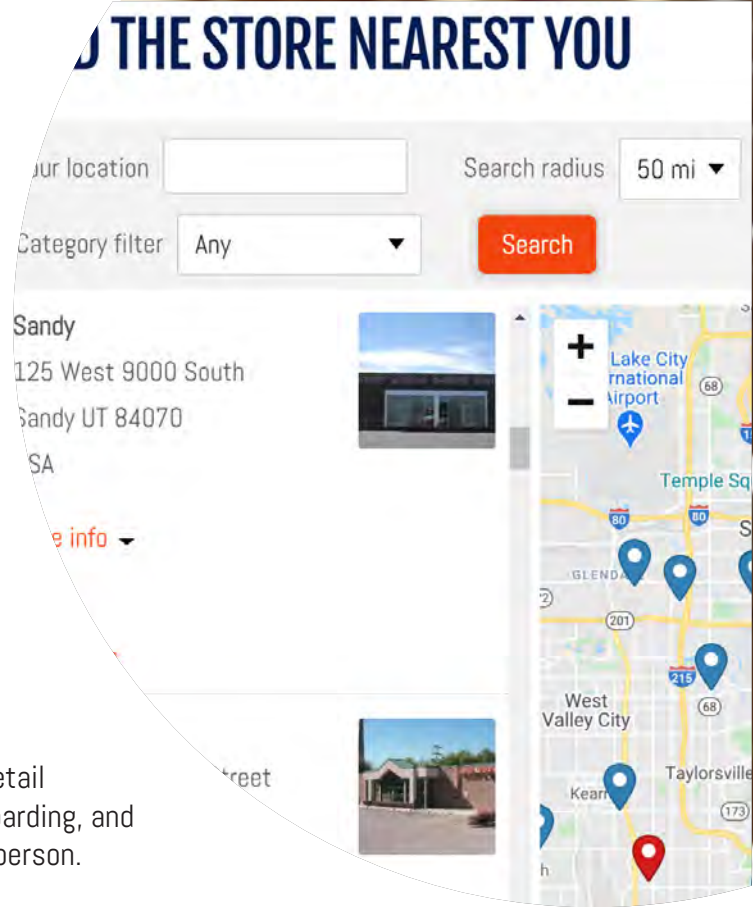
## Training PCs at Retail Stores

Prior to the COVID pandemic, DABC was working towards the implementation of training PCs in all of our retail locations. These training PCs allow for employees to participate in online trainings, onboarding, and more recently teleconferencing for various events DABC typically hosts in person.



## Package Agency Point of Sale Pilot

The DABC embarked on an effort to identify and provide a point of sale (POS) system that would provide a standardized solution for all Package Agencies. DTS helped identify a vendor who was already on a state contract, and so far, this solution has been deployed to multiple PAs. Orders are received at each PA, and inventory and sales numbers are being reported daily to a central database via the POS software. This has saved the Package Agencies' time and provided them data that can give them a better understanding of sales and stock trends. This pilot has been successful, and DTS is now working on the remaining Package Agencies to have the solution deployed.



# AVERAGE UTAH CONSUMPTION PER CAPITA (In Gallons)\*

Alcohol Type	2019	2020
Wine	1.154	1.168
Spirits	1.049	1.126
Heavy Beer	0.713	0.534
Flavored Malt Beverages	0.091	0.109
TOTAL	3.007	2.937

\*Based on estimated population of 3,251,000 as of June 30, 2020 and 3,219,000 as of June 30, 2019.

\* Based on DABC sales of wine, spirits, flavored malt beverages, and heavy beer



# FINANCIAL STATEMENTS

Date prepared: 10/19/2020, unaudited

Income Statement (In Thousands)	FY 2019	FY 2020	Schedule of Expenses	FY 2019	FY 2020
Operating Revenue: (Note B)	\$479,324	\$500,212	Salaries, Wages & Benefits	20,764	22,770
			Credit Card Fees	6,648	7,116
Cost of Liquor Sold	259,270	270,695	Maintenance & Repairs/Operating Supplies	3,833	3,996
			Depreciation	3,312	3,551
Gross Profit	220,054	229,517	Data Processing	2,926	2,551
			Delivery To Stores	2,687	2,888
Other Income (Permits, Licenses, Fees)	4,317	5,081	P.A. Contracts	2,575	2,893
			Alcohol Education Media Campaign	2,530	2,552
<b>Total Operating Revenue</b>	<b>\$224,371</b>	<b>\$234,599</b>	Professional & Tech. Services	1,317	2,595
			Rentals & Leases (Note H)	985	871
<b>Total Operating Expenses</b>	<b>\$48,851</b>	<b>\$53,373</b>	Postage, Printing & Supplies	450	635
(see Schedule of Expenses)			Liquor Bags	386	420
			Telephone	256	292
Net Operating Income	175,520	181,226	Insurance & Bonds	99	115
			Travel Expense	64	60
Non Operating Revenues (Expenses):			Misc. Other Expenses	20	68
Federal Grant	305	306	<b>Total Operating Expenses</b>	<b>\$48,850</b>	<b>\$53,373</b>
Gain (Loss) on Sale of Capital Assets	(9)	-			
Interest on Bonds and Notes	(3,170)	(3,010)			
Transfer to Underage Drinking Prevention Program	(1,791)	(1,750)			
Transfer to School Lunch/Uniform School Fund and Public Safety	(52,718)	(55,025)			
Retained Earnings	(1,000)				
<b>Total Non Operating Revenues (Expenses)</b>	<b>(57,384)</b>	<b>(59,479)</b>			
<b>Net Liquor Profit (Note C)</b>	<b>\$117,136</b>	<b>\$ 121,747</b>			

BALANCE SHEET (In Thousands)	As of June 30, 2019	As of June 30, 2020
Current Assets:		
Cash and Cash Equivalents (Note D)	182	184
Accounts Receivable	742	1,194
Due From Debt Service and Department of Facility and Construction Management	13,930	25,324
Inventories (Note E)	36,619	36,365
Prepaid Expenses	1,758	3,909
<b>Total Current Assets</b>	<b>53,230</b>	<b>66,977</b>
Non-current Assets (Note F)		
Package Agencies Startup Capital	1,122	1,267
Buildings	82,654	86,159
Land	27,123	33,789
Equipment and Software	10,706	10,889
Construction In Process	2,993	3,325
Less: Accumulated Depreciation	(43,381)	(46,932)
Net Property & Equipment	81,217	88,497
<b>Total Assets</b>	<b>134,448</b>	<b>155,474</b>
Deferred Outflows of Resources Related to Bonded Debt and Pensions	6,123	3,899
<b>Total Assets and Deferred Outflows</b>	<b>140,571</b>	<b>159,373</b>

	As of June 30, 2019	As of June 30, 2020
Current Liabilities:		
Accounts Payable - Liquor (Note G)	347	745
Accounts Payable - Other	13,811	17,135
Due to Other Funds	35,276	37,285
Revenue Bonds Payable (Note H)	6,571	7,039
Deposit In Lieu of Bond	961	997
Unearned Revenue	1,122	1,267
<b>Total Current Liabilities</b>	<b>58,088</b>	<b>64,468</b>
Non-current Liabilities		
Net Pension and Other Post-employment Benefit Liability	7,585	4,356
Revenue Bonds Payable (Note H)	69,263	83,364
<b>Total Non-current Liabilities</b>	<b>76,849</b>	<b>87,720</b>
<b>Total Liabilities</b>	<b>134,936</b>	<b>152,188</b>
Deferred Inflows of Resources Related to Pensions and Other Post-employment Benefits	522	2,072
Fund Balances		
Net Investment in Capital Assets	5,114	5,113
Retained Earnings	999	
<b>Total Fund Balances/Retained Earnings</b>	<b>6,113</b>	<b>5,113</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances/Retained Earnings</b>	<b>141,572</b>	<b>159,373</b>



# NOTES TO FINANCIAL STATEMENTS

NOTE A: ACCOUNTING POLICIES: The Utah Department of Alcoholic Beverage Control has been designated as an enterprise fund by the Utah Division of Finance. The administrative operating budget is subject to legislative controls. The transfer of profit to the general fund is determined by the Department's accounting system, which is on an accrual basis in accordance with generally accepted accounting principles. The current markup is as follows: distilled spirits, wine and flavored malt beverages 88%; beer 66.5%.

NOTE B: OPERATING REVENUE: Sales are reported at published prices; sales taxes excluded. Military Sales are included in Operating Revenues as follows: FY 2020 \$1,110 thousand and FY 2019 \$898 thousand.

NOTE C: CASH AND CASH EQUIVALENTS: All cash receipts are deposited in bank accounts to the credit of the State Treasurer; then, depending on the particular account, these funds are transferred, generally on a daily basis to the Liquor Control Fund.

NOTE D: INVENTORIES: Inventories are valued at FIFO and consist of merchandise stored in our warehouse and at each of the 47 stores as of June 30, 2020. It also includes liquor bags at the warehouse.

NOTE E: NON CURRENT ASSETS:

Buildings and equipment are stated on the Balance Sheet at cost and are depreciated using the straight-line method over the estimated service lives of the assets. Land is not depreciated."

NOTE F: ACCOUNTS PAYABLE - LIQUOR: Accounts payable represent the current liabilities incurred for incoming freight, operating costs, and the purchase of merchandise.

NOTE G: REVENUE BONDS PAYABLE: Bonds payable represents 17 revenue bonds issued by the State of Utah. The bonds have maturity dates ranging from 2020 to 2040 and carry interest rates from 2.72% to 5.50%.

NOTE H: RENTALS AND LEASES: Leases are the result of competitive bids or negotiations. A standard lease agreement has been developed. The more recent leases now provide for payment of taxes and insurance when they exceed those of a base period. None of the current leases contain provisions for minimum payment in case of cancellation by the State, but they all contain a provision in case of a change in the law that might have an impact upon the operation of the department.





The Department of  
Alcoholic Beverage Control

