

The Department of Alcoholic Beverage Control

# 2021

## ANNUAL REPORT

SUMMARY OF OPERATIONS  
JULY 1, 2020 - JUNE 30, 2021



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# A NOTE FROM TIFFANY CLASON, EXECUTIVE DIRECTOR

I am honored to present the Department of Alcoholic Beverage Control's (DABC) annual report for fiscal year 2021. The DABC is a dynamic organization tasked with overseeing the sale and distribution of alcoholic beverages safely and legally under state law. We do so in our state-run liquor stores and through various business owners, known as 'licensees', who are licensed to sell alcohol in Utah.



Revenue generated in DABC state liquor stores fund crucial community services such as public safety, education, transportation and infrastructure, school lunches for kids, underage drinking prevention, and other alcohol safety efforts. Fiscal year 2021 generated \$184.11 million in revenue for these programs, and an additional \$30.61 million in sales taxes split between local municipalities where stores are located. My team and I are proud of our role as public servants, doing our part to support all Utahns who utilize these services.

The DABC also has an important role in Utah's economic and cultural vitality through partnerships with licensees in the hospitality, food and beverage, and tourism industries. Our team works to ensure private businesses and community events can open and operate legally and safely, contributing to state and local economies.

Our department opened three new retail stores in FY 2021, in Saratoga Springs, Farmington, and Taylorsville, to better serve customers responsibly and continue bringing in valuable state dollars. For the first time ever, all new stores are being designed and built to include coolers so that some cold beverages are available at the time of purchase. This is a commonsense business decision that better aligns the DABC with standard retail practices.



Governor Spencer Cox visits DABC store in Hurricane, June 2021

Looking forward, DABC is in the process of designing and building five retail stores that will either be new to an area or replacing an existing store and serving the same area. Each new store is designed with a focus on increased customer service so we can continue our mission to provide products to adults in a safe and responsible way.



# GREETINGS FROM THE COMMISSION CHAIR

The Utah Alcoholic Beverage Control Commission is composed of seven members dedicating their time and energies to ensuring alcohol is available to those desiring to consume it in a safe and responsible manner. The commission oversees the operations of the Utah Department of Alcoholic Beverage Control and is responsible for issuing the various licenses facilitating the sale of alcohol through bars, restaurants, hotels, and retail sales.

The past year has seen a focus on the efforts to distribute licenses throughout the state. Contrary to what is truly folklore, visitors to Utah can obtain an alcoholic beverage through a licensed establishment or through retail outlets. During the past year, and even though we have limited availability of licenses, we have issued licenses to all qualified applicants for both restaurant and bar facilities.

Alcoholic products having a content 5.00 percent or less alcohol by volume (ABV) can be purchased at grocery stores and other retail outlets. The number of outlets receiving a retail license has increased during the past year, affording consumers availability on a par with other states. Distilled spirits and other refreshments having an alcohol content of more than five percent ABV can be purchased through State-operated liquor stores or package agencies.

The Commission is proud of our Parents Empowered program providing education and accurate information about the effects of alcohol on minors. The program has seen many successes in the last few years including increasing the level of awareness of the physiological effects of alcohol on the developing brains of young people. The Commission has placed the monthly report of this program at the top of its monthly agenda in order to emphasize the importance the Commission places on the education of the effects of alcohol on our younger generations.

There have been numerous successes during the past year in the efficiency of the operations of the DABC. The Commission has worked with staff to assure proper financial management tools are being optimized and that every aspect of the operation is as efficient as possible. Technology is providing the DABC with savings on its overhead and increased ability to provide consumers with their desired brands.

The DABC continues to be a major contributor to the state budget. Once again, the DABC has transferred, after all expenses, \$214.72 million to the state's General Fund and local communities for use in funding education and other state and local programs. Using current business and management tools, the DABC continues to be one of the reasons the total tax burden on residents is one of the lowest in the country.

The DABC continues to improve the availability of alcohol in Utah. During the past year new stores were opened and others upgraded. There are plans for additional new stores. For our rural areas, we continue to look to our partners who operate our package agencies and provide an important service to rural Utah.

# THOMAS JACOBSON



# DABC COMMISSION

## Juliette Tennert

Juliette Tennert is the chief economics at the University of Utah's Kem C. Gardner Policy Institute. Juliette has experience as a policy analyst, has served as the state's budget director and chief economist for former Governor Herbert, chief economist for former Governor Jon Huntsman and as a fiscal analyst for the state legislature. Juliette is also an adjunct instructor of Public Budgeting & Finance, for the University of Utah MPA program. She received her bachelor's degree in economics from the University of Chicago and a master's degree in economics from the University of Nevada-Las Vegas.

## 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.

## Natalie Randall

Natalie Randall is the executive director for the Utah Tourism Industry Association. She received a bachelor's degree from BYU-Idaho and a certificate in economic development from Utah Valley University. Natalie is a UExplore instructor, the co-owner of Roam Industry and was the former director of economic development & visitor services for San Juan County. She is a board member for Utah State Parks and Recreation and EDCUtah Diversity, Equity, and Inclusion Committee.

## 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 special commendation from the Utah Bar Association in 2015 as "a tireless advocate for the rule of law".

## Tara Thue

Tara Thue is the president of AT&T Mountain States and an expert in public policy and telecommunications. She previously served in the Utah Governor's Office of Economic Development, overseeing efforts to improve broadband access. Tara is a graduate of the Utah State University with a dual major in Political Science and Economics. She currently serves on the board of directors for the Salt Lake Chamber, Economic Development Corp. of Utah and Make-A-Wish Utah.

## Jennifer Tarazon

Jennifer Tarazon is the associate director of communications at AARP Utah. She received her law degree from Brigham Young University. Jennifer is an experienced outreach director with a history of working in government and the nonprofit industry. She is an advisory board member for KUED 7 and a board member for Suazo Business Center.

# LEGISLATIVE UPDATE

The following laws were enacted during the 2021 General Session of the Utah Legislature:

HB 371 Alcohol Amendments enacted a variety of changes. Below are some highlights of these changes:

- Calculation ratio of food to alcoholic product gross sales; added an exemption for an individual portion of spirituous liquor that exceeds \$30.
- Amends the definition of “small brewer” for purposes of the reduced mark-up to one that produces less than 60,000 barrels per year.
- Amends the definition of hotel to accommodate “condo hotels” that have one or more privately owned dwelling units.
- Commission granted the ability to enact rules of establishing parameters for late renewal for retail licenses, including the appropriate fee associated with such.
- Conditional retail licenses extended validity to a maximum of two years; an 18 month initial expiration and the commission is able to grant an additional 6 months.

## SB 137 ABC Retail Store Amendments

- Amends the DABC base budget to include a wage adjustment to market median, if it's not shown to be commensurate by DHRM, for retail salesclerks, managers, assistant managers, & warehouse personnel.

## SB 143 Revenue Bond & Capital Facilities Amendments

- Expresses the legislature's intent to finance new liquor stores in Sugarhouse and East Sandy.

## SB 188 Procurement Code Revision

- Allows the procurement of funds for the establishment of a state liquor store to bypass the standard procurement process.
- Adds certain criteria to the bid process.

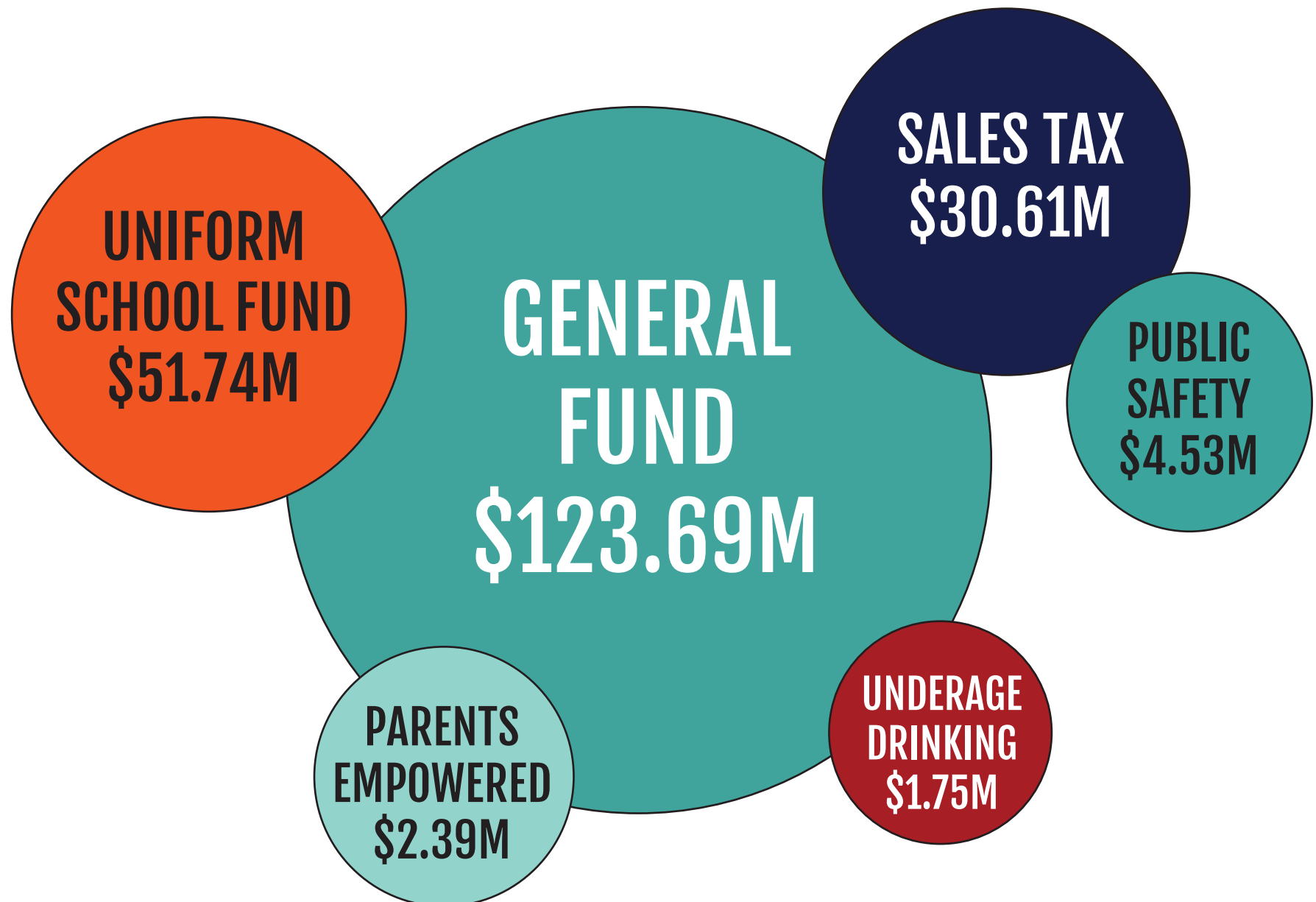
Additional legislative changes may be found in the summary: [Legislative Summary.pdf](#)



# FINANCIAL HIGHLIGHTS

State liquor and wine stores generated \$517.39 million in sales FY 2021.

As a result, \$214.72 million was returned to the state treasury, funded state programs, and local communities in FY 2021.

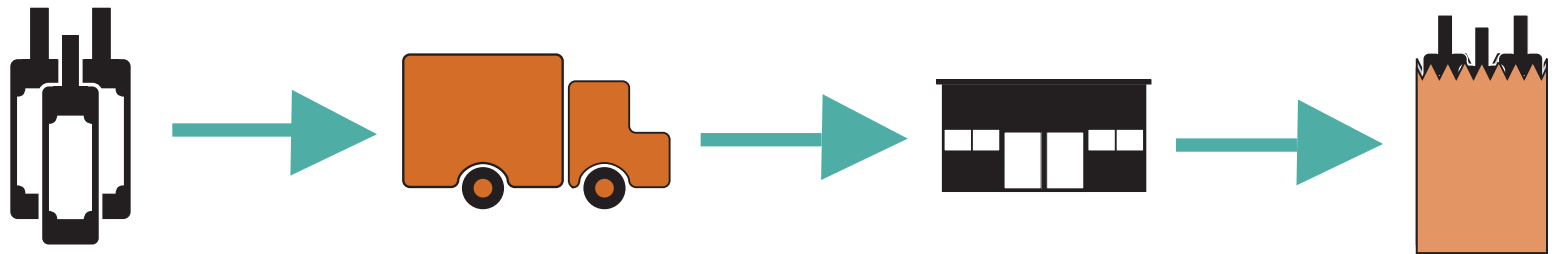


# THE PRODUCT LIFECYCLE AT DABC

The Utah Department of Alcoholic Beverage Control faced some new challenges in fiscal year 2021. The COVID pandemic caused global supply chain issues that manufacturers have had to maneuver through in order to deliver products to our warehouse and increased the percentage of out of stock items throughout the year. This year we also saw an increase in customers purchasing higher value products, which helped offset potential revenue loss from items that were facing supply shortages. The department has refreshed selection in many categories to provide new products customers have expressed desire to see in our stores.

There continues to be a customer trend to purchase ready-to-drink products and flavored malt beverages, resulting in additional listings to these product categories. The high demand for premium tequilas remains consistent despite the global supply chain shortages and challenges that particular industry is facing.

Although many on-premise licensees, liquor stores, and package agency retailers faced staffing challenges and reduced hours, sales increased 3.44% in fiscal year 2021. As previously mentioned, there was a decrease in the number of bottles sold in value categories and an increase of bottles sold in our premium categories. There has also been a shift to provide more one-time-buys for seasonal items, as well as a larger variety of allocated products that are limited in supply but have a high consumer demand. We are pleased to offer a larger variety of products from Utah manufacturers and a limited amount of whiskey and tequila barrels that have been specially chosen for Utah consumers.





# DABC DIVISION OF PURCHASING

The Purchasing Division of the DABC is responsible for:

- Procuring wine, spirits, flavored malt beverages (FMB), and heavy beer (beer with alcohol percentages above 5.0% ABV, 4.0% 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 pricing books.
- Developing processes and procedures collaboratively with stakeholders that enhance our objectives to be transparent and innovative.



1,444  
Items  
Evaluated



278  
New Items

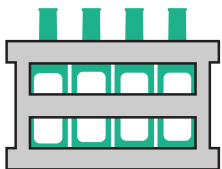


900  
Items  
Delisted

## DABC WAREHOUSE

The Utah Department of Alcoholic Beverage Control warehouse is the central hub and distribution center where all products arrive from vendors before being sent out to state liquor stores and club stores, which primarily serve bars, restaurants and other licensees. The DABC warehouse is stocked with heavy beer, wine, flavored malt beverages, and wine totaling over \$40 million dollars. The warehouse contains a state-of-the-art robotic warehouse that automates the storage and retrieval of products and enhances staffing efficiency and floor space. This system is run on a pick-to-voice system. You can learn more about this system and the DABC warehouse by clicking the link below.

[Learn about the DABC warehouse](#)



3,281,525  
Cases Received

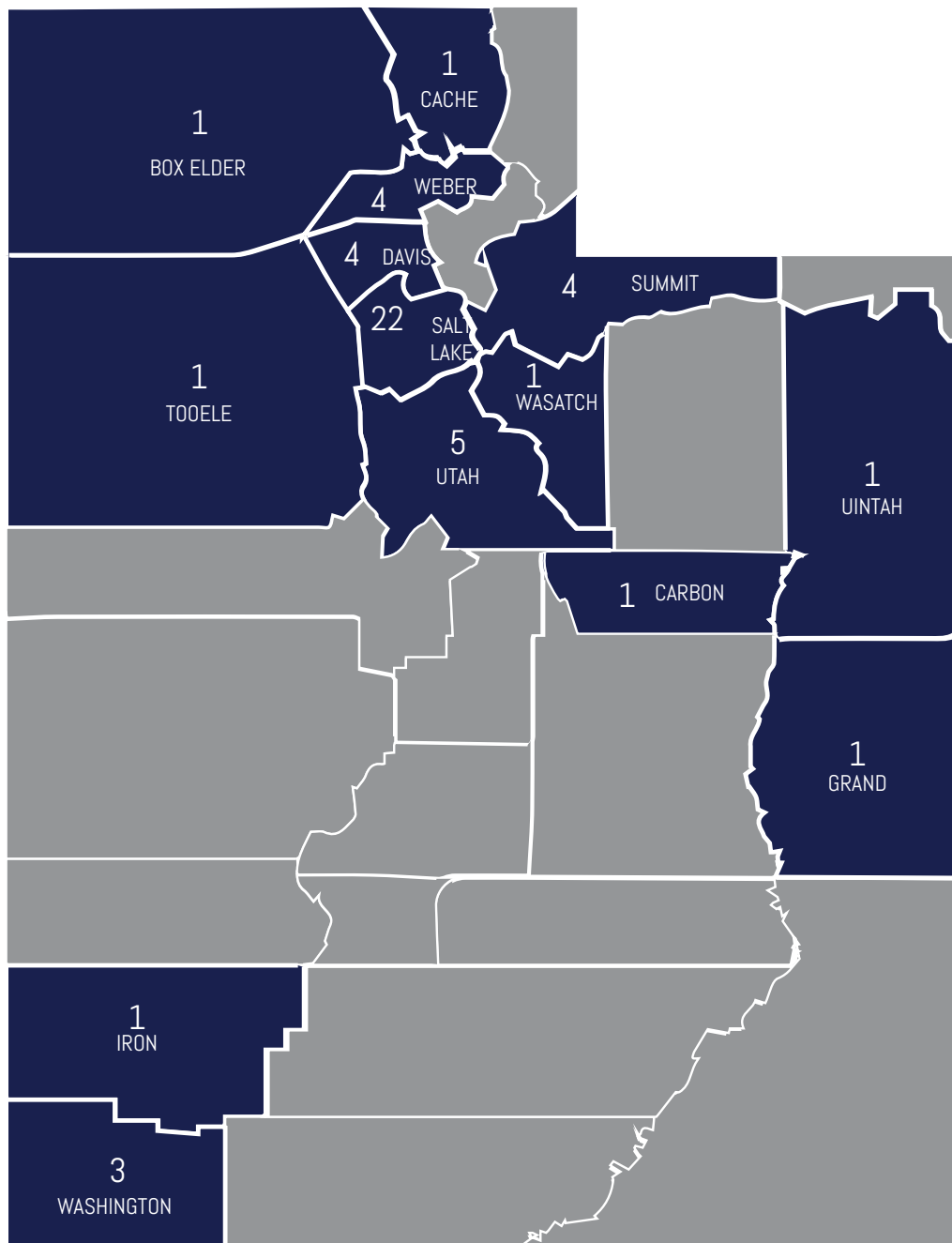


3,060,967  
Cases Shipped



# DABC RETAIL STORES

As of June 30, 2021, the DABC operates 50 retail stores.



# 48 | 2

STANDARD STORES

CLUB/LICENSEE STORES

50 Stores Statewide

450,264 Square Feet

9,005 Average Store Sq. Ft.

\$10,348,110 Average Annual Store Sales

## Store Personnel (as of June 30, 2021)

341 Full Time

248 Part Time

589 Total

The DABC opened three new stores in FY 2021, in Saratoga Springs, Farmington, and Taylorsville. The Taylorsville store is the first store in Utah to have 10 refrigerated storage coolers for beer. All new stores are built to have new retail design features and improved shopping experiences. New stores also have energy efficient designs, meeting the requirements of the state of Utah's High Performance Building Standard. These buildings were created with sustainability in mind and incorporate drought tolerant landscaping and renewable engineered wood products.

# EMPLOYEES OF THE QUARTER

## JUSTIN ROBERSON

The first quarter outstanding employee, Justin Roberson, is described as “an invaluable part of the team” by his supervisor, Eric Davey. Justin's team is the staff of the wine store on Harris Avenue in Salt Lake City. Even though the store has one of the best selections of wine in the state, Justin has taken over the liquor department of the store. “Justin handles this with focus and determination”, says Eric. On top of that, he exceeds expectations with providing expert advice on food and wine pairings.

## CANDICE MADSEN

Candice Madsen of our Bountiful store, the 2nd employee of the quarter, is a hard worker who has stepped up during the COVID pandemic to keep her co-workers engaged. She trains employees and works with them to build their confidence. She has filled in shifts when others are ill, and she comes in on Sunday to help with the delivered loads. She is constantly rearranging the stock room to make sure it is neat and organized. In fact her manager, Kathryn Child, says she keeps the whole store organized.

## RUDY DOMINGUEZ

Rudy Dominguez, of the Ogden Patterson store, is our 3rd quarter employee recognized for being an outstanding employee. Rudy is known for providing excellent customer service and being a team player. He was chosen for those qualities and more, such as his organizational skills, and taking advantage of every opportunity to stock the store and keep it clean. He has proven to be an asset to the department and the customers who visit this store.

## SHAWN STAVIS

Shawn Stavis works at the Park City Kimball Junction store, one of our busiest stores. Shawn was chosen as the 4th quarter outstanding employee because he consistently goes above and beyond his day-to-day duties. Shawn's supervisor says that he sets a great example for all the employees who work alongside him. Shawn is an asset to our department and the citizens of Utah. He has proven to be an integral part of an excellent team.



# DIVISION OF LICENSING AND COMPLIANCE

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

## Applications received and processed in FY 2021:

|       |                            |
|-------|----------------------------|
| 3,706 | Licenses/Permit Renewals   |
| 400   | New License/Permits        |
| 219   | Event Permits              |
| 886   | Label Approvals            |
| 851   | Criminal Background Checks |

## Licensee audits conducted in FY 2021:

|       |                   |
|-------|-------------------|
| 493   | Clubs and Taverns |
| 1,465 | Restaurants       |
| 165   | Beer Recreational |
| 1,474 | Other Licenses    |

## Managers trained in FY 2021:

|     |             |
|-----|-------------|
| 839 | On Premise  |
| 631 | Off Premise |

*By county, businesses licensed to sell alcohol for on-site consumption - largely restaurants and bars.*



## ON-PREMISE RETAIL LICENSES

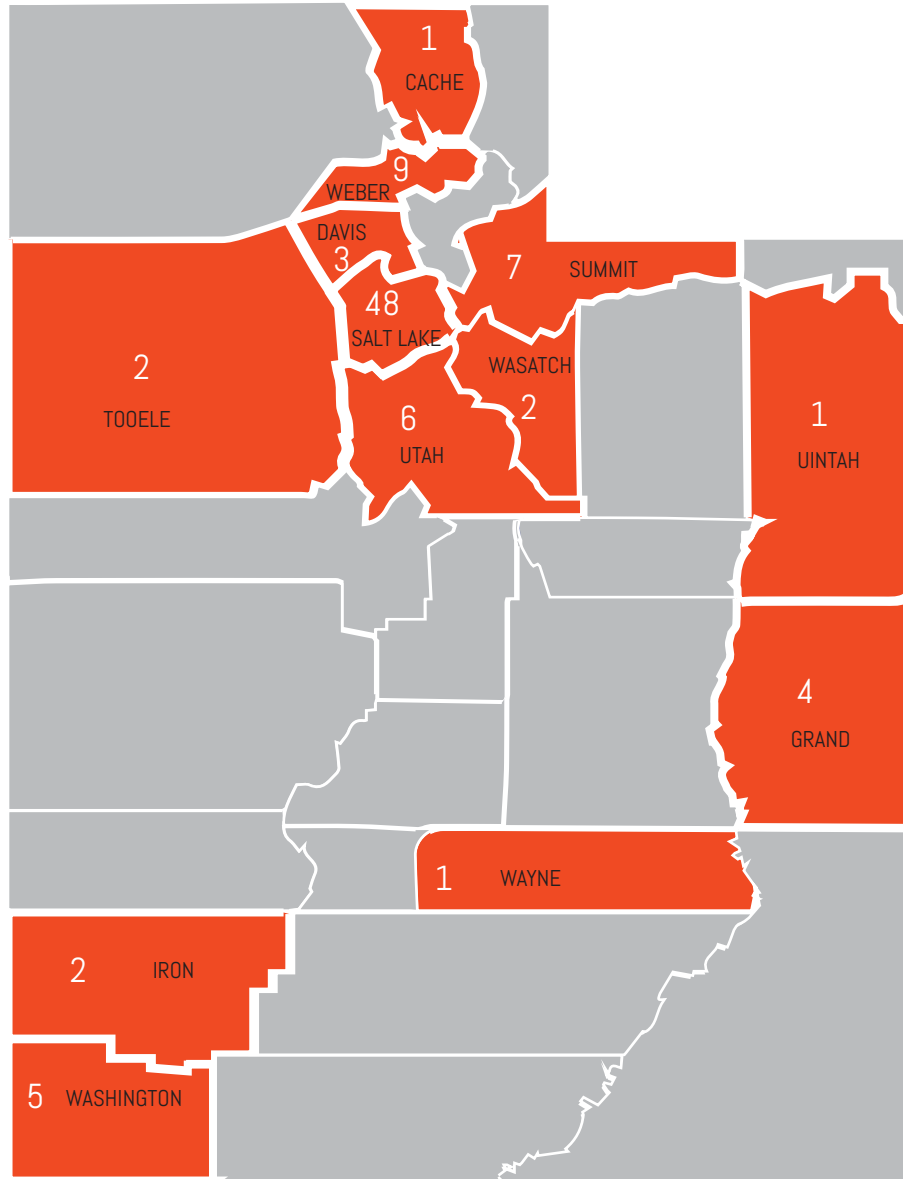
|           |    |            |     |
|-----------|----|------------|-----|
| BEAVER    | 9  | PIUTE      | 1   |
| BOX ELDER | 8  | RICH       | 5   |
| CACHE     | 39 | SALT LAKE  | 869 |
| CARBON    | 19 | SAN JUAN   | 9   |
| DAGGETT   | 4  | SANPETE    | 2   |
| DAVIS     | 96 | SEVIER     | 7   |
| DUCHESNE  | 8  | SUMMIT     | 187 |
| EMERY     | 5  | TOOELE     | 24  |
| GARFIELD  | 25 | UINTAH     | 17  |
| GRAND     | 46 | UTAH       | 139 |
| IRON      | 32 | WASATCH    | 33  |
| JUAB      | 1  | WASHINGTON | 122 |
| KANE      | 25 | WAYNE      | 13  |
| MILLARD   | 5  | WEBER      | 156 |
| MORGAN    | 4  |            |     |

*As of June 30, 2021.*



# MANUFACTURING LICENSES

*By county, those licensed to make alcohol products - largely brewers, distillers, and wineries.*



# 91

MANUFACTURING LICENSES

|            |    |
|------------|----|
| CACHE      | 1  |
| DAVIS      | 3  |
| GRAND      | 4  |
| IRON       | 2  |
| SALT LAKE  | 48 |
| SUMMIT     | 7  |
| TOOELE     | 2  |
| UINTAH     | 1  |
| UTAH       | 6  |
| WASATCH    | 2  |
| WASHINGTON | 5  |
| WAYNE      | 1  |
| WEBER      | 9  |

*As of June 30, 2021.*

## WHAT IS

# PARENTS EMPOWERED?

Parents Empowered is a DABC funded statewide media and community education campaign to reduce underage drinking. It focuses on parents, who are the number one reason kids don't drink. Research also shows kids 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. The community-based initiative provides parents and caregivers with information about the harmful effect of alcohol on the developing adolescent brain, along with proven parenting skills to help prevent underage drinking. In the 2021 fiscal year, the DABC directed \$2.39 million for this important effort.

The Utah Department of Alcoholic Beverage Control manages the day-to-day operations of the campaign, with legislative appropriation funding coming from a portion of the state's alcohol sales and profits. The Parents Empowered Underage Drinking Prevention Workgroup has been structured to enable coordinated efforts between multiple agencies, all working toward the common, shared goal to keep kids' brains healthy and their futures bright, free from the harms of alcohol.

### *Program Effectiveness*

The Parents Empowered Underage Drinking Prevention Workgroup understands the importance of measuring and evaluating the effectiveness of the campaign. Parents Empowered monitors a variety of metrics to measure performance. For example, the campaign conducts semi-annual parent tracking surveys, reviews, the biennial SHARP student survey and contracts with a third-party on independent campaign outcomes evaluation.

Semi-annual phone surveys, conducted among parents with kids ages 9-16, showed encouraging results this year. Parents' perception they're the greatest influence in their child's decision to not drink underage is increasing and recall of underage drinking prevention messaging is also increasing. Initial data from the 2021 Utah SHARP (Student Health and Risk Prevention) Survey, which measures student alcohol

use among 6th, 8th, 10th, and 12th graders, has just been released. While it was a COVID year and we don't know how this data relates to trends or future years, youth 30-day alcohol use, across all grades, decreased from 5.5% in 2019 to 4.3% in 2021.

### *Community Mobilization*

Every year, Parents Empowered commits funds and resources to create custom prevention campaigns across the state. These Community Partnership Projects (CPPs) help meet the specific needs of local communities and mobilize partners in a collective effort to prevent underage drinking. Even with reduced budgets and the restrictions of COVID-19, the campaign was able to successfully complete 12 CPPs from Logan to Blanding, and from Tooele to Duchesne. One project utilized a custom designed, interactive scavenger hunt to promote family fun while educating and teaching the skills of underage drinking prevention.

Finally, liquor stores received floor displays, posters, and clings at check-out stands encouraging parents to make their disapproval of underage drinking clear, since 97% of kids choose not to drink when parents have communicated their expectations that they remain alcohol-free until age 21.



DABC Liquor Store Signage



Kearns Oquirrh Park Fitness Center Dive Tower

# DEPARTMENT OF TECHNOLOGY SERVICES

The Department of Technology Services (DTS) remained busy in fiscal year 2021. Along with maintaining smooth daily operations on the technology front, there were new systems, apps, and various programs that were rolled out or enhanced.

## Point of Sale system for Package Agencies

The DTS DABC Desktop team collaborated with the compliance division to deploy a Point of Sale system from Talech for all package agencies. This solution provides a way for the DABC to push out pricing to these licensees who operate liquor stores in rural areas of Utah. This process will assist these small business owners to more effectively manage inventory, track and report daily sales, and make suggestions on products to stock in order to meet customer demand. This solution is providing DABC with more timely and accurate sales and inventory data. It also provides a significant time savings to package agencies and provides them a better understanding of sales and stock trends. With the POS system in place, updated pricing can be made to all stores simultaneously from a central location, as well as tracking of shipped and received orders, updating the agency's central ERP system daily.



## Beer Drop Ship

In the past, DABC beer vendors were making decisions on quantity and product types that would be stocked in each store. This allowed vendors to dictate what was stocked in a store rather than using sales data or store managers' knowledge of customer buying patterns to determine product selection. Application Development worked with OneBeat and DABC's Product Lifecycle Manager (PLM), Andrew Hofeling, to develop an application that allows for drop shipment of beer to be managed internally by DABC staff. The application was fully deployed in March 2021 and has resulted in a reduction of out-of-stock beer, better category selection control, and thus better customer service.

## DABC Store Enhancements – Mood Media and Auto-Phone Attendants

DTS Desktop, DTS Voice Engineering, and DABC regional store managers worked together to schedule and deploy mood media and auto-phone attendants in all DABC stores. Now, when customers enter a store, they are greeted with overhead music that can be chosen for each store to fit the demographics of the area. This solution allows for agency created messages to announce requests, store closings, or Parents Empowered messages. The auto-phone attendant frees up staff time with an automated phone answering service that answers each call telling the customer store hours and location. Customers have the option to speak to an employee after hearing the message. This has the greatest impact during the holiday season when over 1,000 calls a day could be received at a single store. The majority of telephone calls to stores are now resolved with the auto-attendant information.



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

| ALCOHOL TYPE                 | 2019         | 2020         | 2021         |
|------------------------------|--------------|--------------|--------------|
| Wine                         | 1.154        | 1.168        | 1.128        |
| Spirits                      | 1.049        | 1.126        | 1.119        |
| Heavy Beer                   | 0.713        | 0.534        | 0.388        |
| Flavored Malt Beverage (FMB) | 0.091        | 0.109        | 0.092        |
| <b>Total</b>                 | <b>3.007</b> | <b>2.937</b> | <b>2.727</b> |

\*Based on DABC sales of wine, spirits, heavy beer, and flavored malt beverages and estimated population 3,328,000 as of June 30, 2021. The 2020 estimated population was 3,251,000 and 3,219,000 for 2019.

# FINANCIAL STATEMENTS

(Unaudited) As of June 30, 2021

| Income Statement (In Thousands)                                 | FY 2020    | FY 2021    | Schedule of Expenses (In Thousands)      | FY 2020   | FY 2021   |
|---|------------|------------|--|-----------|-----------|
| Operating Revenue: (Note B)                                     | \$ 500,212 | \$ 517,390 | Salaries, Wages & Benefits               | 22,770    | 22,945    |
| Cost of Liquor Sold   | 270,695    | 282,151    | Credit Card Fees                         | 7,116     | 7,239     |
| Gross Profit  | 229,517    | 235,239    | Maintenance & Repairs/Operating Supplies | 3,996     | 4,605     |
| Other Income (Permits, Licenses, Fees)                          | 5,082      | 4,992      | Depreciation                             | 3,551     | 3,386     |
| Total Operating Revenue   | \$ 234,599 | \$ 240,231 | Data Processing                          | 2,551     | 5,816     |
| Total Operating Expenses  | \$ 53,373  | \$ 55,753  | Delivery To Stores                       | 2,888     | 2,979     |
| (see Schedule of Expenses)                                      |            |            | P.A. Contracts                           | 2,893     | 3,187     |
| Net Operating Income  | 181,226    | 184,478    | Alcohol Education Media Campaign         | 2,552     | 2,387     |
| Non Operating Revenues (Expenses):                              |            |            | Professional & Tech. Services            | 2,595     | 852       |
| Federal Revenue from Bonds                                      | 306        | 284        | Rentals & Leases (Note H)                | 871       | 909       |
| Interest on Bonds & Notes                                       | (3,010)    | (3,049)    | Postage, Printing & Supplies             | 635       | 569       |
| Transfer to Underage Drinking Prevention Program                | (1,750)    | (1,750)    | Liquor Bags                              | 420       | 267       |
| Transfer to School Lunch, Uniform School Fund and Public Safety | (55,025)   | (56,274)   | Telephone                                | 292       | 287       |
| Total Non Operating Revenues (Expenses)                         | (59,479)   | (60,789)   | Insurance & Bonds                        | 115       | 151       |
| Net Liquor Profit (Note A)                                      | \$ 121,747 | \$ 123,689 | Travel Expense                           | 60        | 38        |
|   |            |            | Misc. Other Expenses                     | 68        | 136       |
|   |            |            | Total Operating Expenses                 | \$ 53,373 | \$ 55,753 |



| BALANCE SHEET (In Thousands)  | As of<br>June 30, 2020 | As of<br>June 30, 2021 |
|---|------------------------|------------------------|
| Current Assets:   |                        |                        |
| Cash and Cash Equivalents (Note C)  | \$ 184                 | \$ 193                 |
| Accounts Receivable   | 1,195                  | 1,937                  |
| Due From Debt Service and Department of Facility<br>and Construction Management | 25,324                 | 13,223                 |
| Inventories (Note D)  | 36,365                 | 28,713                 |
| Prepaid Expenses  | 3,909                  | 6,087                  |
| Total Current Assets  | 66,977                 | 50,153                 |
| Non-current Assets (Note E)   |                        |                        |
| Package Agencies' Startup Capital   | \$ 1,267               | \$ 1,550               |
| Buildings   | 86,159                 | 97,967                 |
| Land  | 33,789                 | 33,789                 |
| Equipment and Software  | 10,889                 | 10,892                 |
| Construction In Process   | 3,325                  | 2,709                  |
| Less: Accumulated Depreciation  | (46,932)               | (50,254)               |
| Total Non-current Assets  | 88,497                 | 96,653                 |
| Total Assets  | 155,474                | 146,806                |
| Deferred Outflows of Resources Related to Bonded<br>Debt, Pensions & OPEB       | 3,899                  | 3,701                  |
| Total Assets & Deferred Outflows  | \$ 159,373             | \$ 150,507             |

|   | As of<br>June 30, 2020 | As of<br>June 30, 2021 |
|---|------------------------|------------------------|
| Current Liabilities:  |                        |                        |
| Accounts Payable - Liquor (Note F)                          | \$ 745                 | \$ 3,268               |
| Accounts Payable - Other                                    | 17,135                 | 14,328                 |
| Due to Other Funds  | 37,285                 | 36,961                 |
| Revenue Bonds Payable (Note G)                              | 7,039                  | 7,776                  |
| Deposit In Lieu of Bond                                     | 997                    | 1,044                  |
| Unearned Revenue  | 1,267                  | 1,510                  |
| Total Current Liabilities                                   | 64,468                 | 64,887                 |
| Non-current Liabilities                                     |                        |                        |
| Net Pension and Other Post-employment Benefit<br>Liability  | 4,356                  | 2,151                  |
| Revenue Bonds Payable (Note G)                              | 83,364                 | 75,112                 |
| Total Non-current Liabilities                               | 87,720                 | 77,263                 |
| Total Liabilities   | 152,188                | 142,150                |
| Deferred Outflows of Resources Related to Pension &<br>OPEB | 2,072                  | 3,508                  |
| Fund Balance  |                        |                        |
| Net Investment in Capital Assets                            | 5,113                  | 5,113                  |
| Total Liabilities, Deferred Inflows & Fund Balance          | \$ 159,373             | \$ 150,771             |

# FIVE YEAR FINANCIAL SUMMARY (In Thousands)

| SUMMARY FINANCIAL INFORMATION             | FY 2017    | FY 2018    | FY 2019    | FY 2020    | FY 2021    | CAGR* |
|---|------------|------------|------------|------------|------------|-------|
| Sales                                     | \$ 427,606 | \$453,689  | \$479,324  | \$500,212  | \$ 517,390 | 4.88% |
| Gross Profit                              | 194,528    | 209,137    | 220,054    | 229,517    | 235,239    | 4.87% |
| Other Income                              | 3,777      | 4,355      | 4,622      | 5,388      | 4,992      | 7.22% |
| Total Revenue                             | 198,305    | 213,492    | 224,676    | 234,905    | 240,231    | 4.91% |
| Less Parents Empowered                    | 2,331      | 2,573      | 2,530      | 2,552      | 2,387      | 0.60% |
| Less Underage Drinking Prevention         | 0          | 1,750      | 1,791      | 1,750      | 1,750      |       |
| Less Operating and Non-Operating Expenses | 42,605     | 45,887     | 49,501     | 53,832     | 56,131     | 7.14% |
| Less Transfer to SBI                      | 4,275      | 4,543      | 4,792      | 5,002      | 4,527      | 1.44% |
| Less School Lunch Program                 | 42,747     | 45,427     | 47,926     | 50,022     | 51,747     | 4.89% |
| Less Transfer to other programs**         | 0          | 1,000      | 1,000      | 0          | 0          |       |
| Net Profit                                | \$ 106,347 | \$ 112,312 | \$ 117,136 | \$ 121,747 | \$ 123,689 | 3.85% |
| Sales Tax                                 | 23,152     | 24,458     | 26,532     | 29,594     | 30,614     | 7.23% |

| DABC OPERATIONS SUMMARY      | FY 2017    | FY 2018    | FY 2019    | FY 2020    | FY 2021    | CAGR* |
|------------------------------|------------|------------|------------|------------|------------|-------|
| Sales                        | \$ 427,606 | \$ 453,689 | \$ 479,324 | \$ 500,212 | \$ 517,390 | 4.88% |
| Gross Profit                 | 194,528    | 209,137    | 220,054    | 229,517    | 235,239    | 4.87% |
| Other Income                 | 3,777      | 4,355      | 4,622      | 5,388      | 4,992      | 7.22% |
| Total Revenue                | 198,305    | 213,492    | 224,676    | 234,905    | 240,231    | 4.91% |
| Less Salaries and Wages      | 17,868     | 19,783     | 20,764     | 22,770     | 22,945     | 6.45% |
| Less Other Program Transfers | 47,022     | 52,719     | 55,509     | 56,775     | 58,024     | 5.40% |
| Less other Expenses          | 27,068     | 28,678     | 31,267     | 33,613     | 35,573     | 7.07% |
| Net Profit                   | \$ 106,347 | \$ 112,312 | \$ 117,136 | \$ 121,747 | \$ 123,689 | 3.85% |
| Wages % of gross Sales       | 4.18%      | 4.36%      | 4.33%      | 4.55%      | 4.43%      | 1.50% |
| Total Cases Sold             | 3,519      | 3,663      | 3,913      | 3,810      | 3,609      | 0.63% |

\* Compound Annual Growth Rate

# NOTES TO THE FINANCIAL STATEMENT

**NOTE A: ACCOUNTING POLICIES:** The Utah Department of Alcoholic Beverage Control has been designated as an enterprise fund by the Utah Department of Government Operations' Division of Finance. The administrative operating budget is subject to legislative controls. The annual liquor profit transfer to the state's general fund is determined by the state's Division of Finance in accordance with Utah Code 32B-2-301(7)(a-b). The current markup is as follows: distilled spirits, wine and flavored malt beverages 88%; heavy beer 66.5%.

**NOTE B: OPERATING REVENUE:** Sales are reported; sales taxes are liabilities, not revenues, so are therefore excluded. Military sales are included in operating revenues as follows: FY 2020 \$1.110 million and FY 2021 \$1.091 million.

**NOTE C: CASH AND CASH EQUIVALENTS:** All cash receipts are deposited in bank accounts to the credit of the Department, then these funds are transferred nightly to accounts managed by the State Treasurer.

**NOTE D: INVENTORIES:** Inventories are valued at FIFO and consist of merchandise stored in our warehouse and at each of the 50 stores as of June 30, 2021. 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.

**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 8 revenue bonds issued by the State of Utah. The bonds have maturity dates ranging from 2022 to 2040 and carry interest rates from 3.00% to 5.77%.

**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





# The Department of Alcoholic Beverage Control

