

The Department of Alcoholic Beverage Services

2022 ANNUAL REPORT



SUMMARY OF OPERATIONS JULY 1, 2021 - JUNE 30, 2022

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A NOTE FROM TIFFANY CLASON, EXECUTIVE DIRECTOR

Fiscal year 2022 was a landmark year for our department in which we saw over \$557 million in sales, resulting in contributions to state and local communities of nearly \$230 million. We also again increased pay for store and warehouse employees, received legislative approval with funding for many pivotal projects, and it was the final year that our agency was known as the Department of Alcoholic Beverage Control. Now, due to legislative change, the word “control” is swapped out for “services”, the Department of Alcoholic Beverage Services.



The Department of Alcoholic Beverage Services oversees the sale and distribution of alcoholic beverages in the state of Utah. We do so in our 50 state-run liquor stores, 146 independently operated establishments known as package agencies, and in licensing and permitting of community events and of businesses in the hospitality and restaurant industries. Our team includes dedicated public servants who work to ensure alcohol laws and safety requirements are followed, that product supplies are managed effectively, and many of whom are on the frontlines working in state liquor stores.

The DABS is a major contributor to state and local programs, helping to keep taxes low and serving all Utahns whether or not they choose to drink alcohol. Our department funds crucial services such as roads and transportation infrastructure, public safety, education, and public health. During FY 2022, local municipalities where state liquor stores are located, received \$31.23 million in sales tax revenue, the state of Utah received \$195.69 million, and the statewide campaign to prevent underage drinking, Parents Empowered, received \$2.97 million.

I am proud that due to proper fiscal planning, the department once again increased pay for all full-time store and warehouse employees by \$2 per hour. This increase is in addition to the three percent pay increase provided to all state employees in FY 2022.

As we move forward into FY 2023, we are working hard on big projects that were approved and funded in the last legislative session. The initiatives will improve our technology infrastructure so that employees have better, more efficient tools to serve store customers and businesses that are licensed to sell alcohol. We'll also launch an e-commerce platform with the Click & Collect: Buy Online, Pick Up in Store program.

There are a lot of exciting things happening in the Department of Alcoholic Beverage Services and I'm pleased to have a hard working, capable staff to get big projects up and running to better serve customers and all Utahns.



Director Clason and Deputy Director Meier tour the warehouse with Governor Cox.

GREETINGS FROM THE COMMISSION CHAIR

The Utah Alcoholic Beverage Services (ABS) commission consists of seven members who are appointed by the governor and approved by the state legislature. It is my pleasure to serve as chair of this commission. The DABS annual report outlines the financial impact the department has on the state of Utah. The department's work in FY 2022 resulted in \$229.89 million investment into the community. That means taxpayer savings and funding for services that all Utahns use, like public safety and transportation.



As a commission, we consider applications of businesses and events that wish to sell alcoholic beverages on their premises. We also hold accountable those who are in violation of policy and may cause safety concerns or put the public at risk. The ABS commissioners proudly support Utah's business and tourism sectors that contribute to the economic and cultural vitality of our state, while ensuring alcohol laws and policies are followed to promote public safety and responsible consumption.

As with previous years, in FY 2022 commissioners grappled with the scarcity of bar licenses, making it difficult to assign licenses to new businesses that are ready to open their doors and start serving customers. This is an ongoing challenge that we continue to work through to find equitable solutions in how limited bar licenses are approved. Despite this challenge, the commission approved 38 bar licenses in FY 2022 and 83 full service restaurant licenses. The commission recognizes that approval of these licenses results in benefits to Utah's state and local economies.

The commission works collaboratively with the DABS staff and are impressed with the professionalism and dedication of the department's leadership and employees. The revenue the department earns is contributed to state and local services, benefiting all Utahns and helping to keep taxes low.

The commission enthusiastically supports efforts to reduce harmful underage drinking through the department's Parents Empowered program. We are also committed to transparency through our live-streamed commission meetings and we are working to advance access to services for all Utahns as we celebrate diversity and inclusion.

Juliette Tennert
ABS Commission Chair



DABS COMMISSION



Thomas Jacobson is a graduate of Utah State University and the University of Utah Law School. He has been a practicing attorney for more than 43 years in California and Utah. Tom 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.



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 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.



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 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



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 2022 General Session of the Utah Legislature:

SB14 Consumer Alcoholic Beverage Purchasing

- Created the Division of Consumer Purchasing to establish and administer the wine subscription program from HB157 in the 2020 General Session.
- Provides funding for improvements to the existing special order program.

SB176 Alcoholic Beverage Control Act amendments: This omnibus bill enacts a variety of changes too numerous to capture here. Please [click here](#) for a full summary.

- Changes the names of both the department and commission, replacing “control” with “services”.
- Adds driver’s licenses issued by the U.S. Department of State as an acceptable form of identification.
- Expands the definition of beer to include malt substitutes such as rice, bran, sugar and molasses.
- Enhances the labeling requirements for certain malted beverages to avoid consumer confusion.
- Exempts from the license quota bars that were previously stand-alone licensees that later became a sublicense of a hotel, resort, or arena.
- Increases the total number of available resort licenses from four (4) to eight (8).
- Increases the number of 72-hour single event permits that may be issued in a calendar year from 12 to 24.
- Extends the eligibility to obtain a spa sublicense to hotel licensees.
- Modifies the commission’s ability to grant a conditional retail licenses by expanding the list of items that may be incomplete during the application process.
- Modifies the commission’s ability to grant conditional retail licenses by expanding the list of items that may be incomplete during the application process.
- Expands the commission’s ability to establish a fee for late renewals regarding all license types, not just retail licenses.
- Creates the ability of a type 5 package agency to sell alcohol on Sunday and holidays.
- Authorizes restaurants and bars to sell 5% ABV or less beer to-go in a sealed container under certain conditions.
- Expressly prohibits gambling and drugs on the premises of an off-premise beer retailer.
- Repeals the license transfer act and replaces it with a new provision that clarifies changes in ownership and location.

HB191 Revenue Bond & Capital Facilities

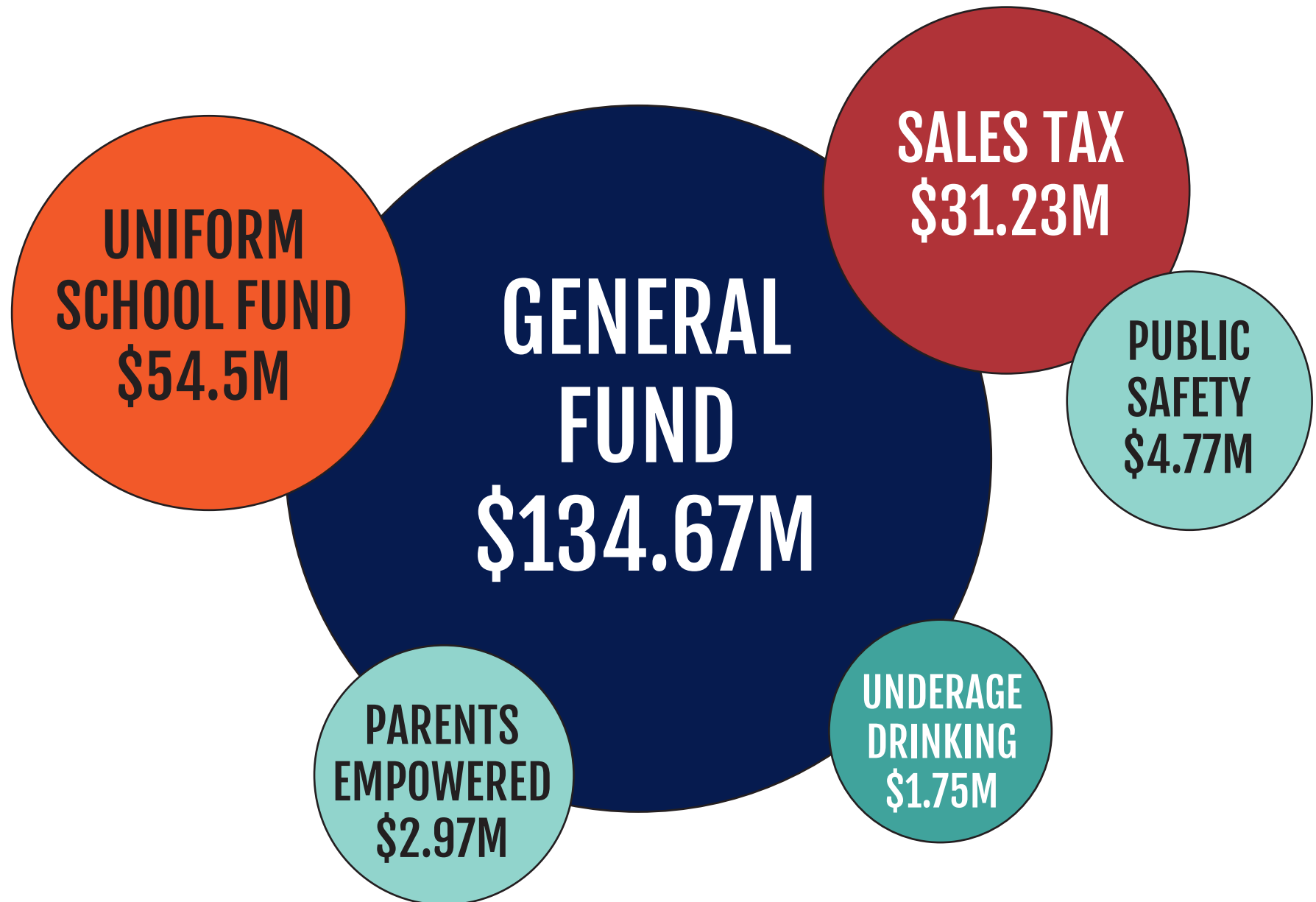
- Grants the DABS the option of paying cash rather than bond for land purchases and construction costs for new state liquor stores, thus reducing taxpayer burden.
- Expressly authorizes funding for two new state liquor stores in St. George and Park City,



FINANCIAL HIGHLIGHTS

State liquor and wine stores generated \$557.45 million in sales FY 2022.

As a result, \$ 229.89 million was returned to the state treasury, funded state programs, and local communities in FY 2022.

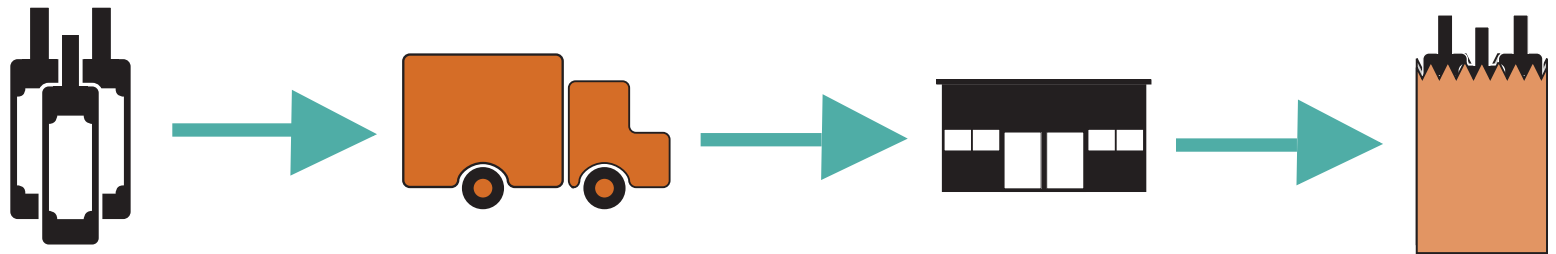


THE PRODUCT LIFECYCLE AT DABS

The Utah Department of Alcoholic Beverage Services made progress toward resuming normal retail business trends in fiscal year 2022. Although there have been some continued supply chain issues, most manufacturers have been able to navigate this and deliver their products to the DABS warehouse. Similar to last year, we again saw an increase in customers purchasing higher value products, which helps offset any potential revenue loss from items that were facing supply challenges. The department has refreshed the selection in many categories to provide new products customers have expressed a desire to see in our stores.

There continues to be a customer trend to purchase ready-to-drink products, such as canned cocktails and flavored malt beverages, resulting in additional listings to these product categories. The high demand for premium tequilas remains consistent, in spite of many stocking shortages that led to allocations on some of our category leaders. There is also increased growth in super and ultra premium sparkling wines, as well as super and ultra premium whiskeys.

Although many on-premise licensees, liquor stores, and package agency retailers faced reduced staffing, there was a 7.7% increase in sales. There has also been a shift to provide more one-time buys for seasonal items, allocated items, and canned cocktails, 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.



DABS DIVISION OF PURCHASING

The purchasing division of the DABS 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.



1,652
Items
Evaluated



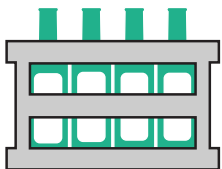
497
New Items



858
Items
Delisted

DABS WAREHOUSE

The Utah Department of Alcoholic Beverage Services 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 DABS 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 that increases our efficiency in the number of items the warehouse can turn in a day.



3,427,203
Cases Received

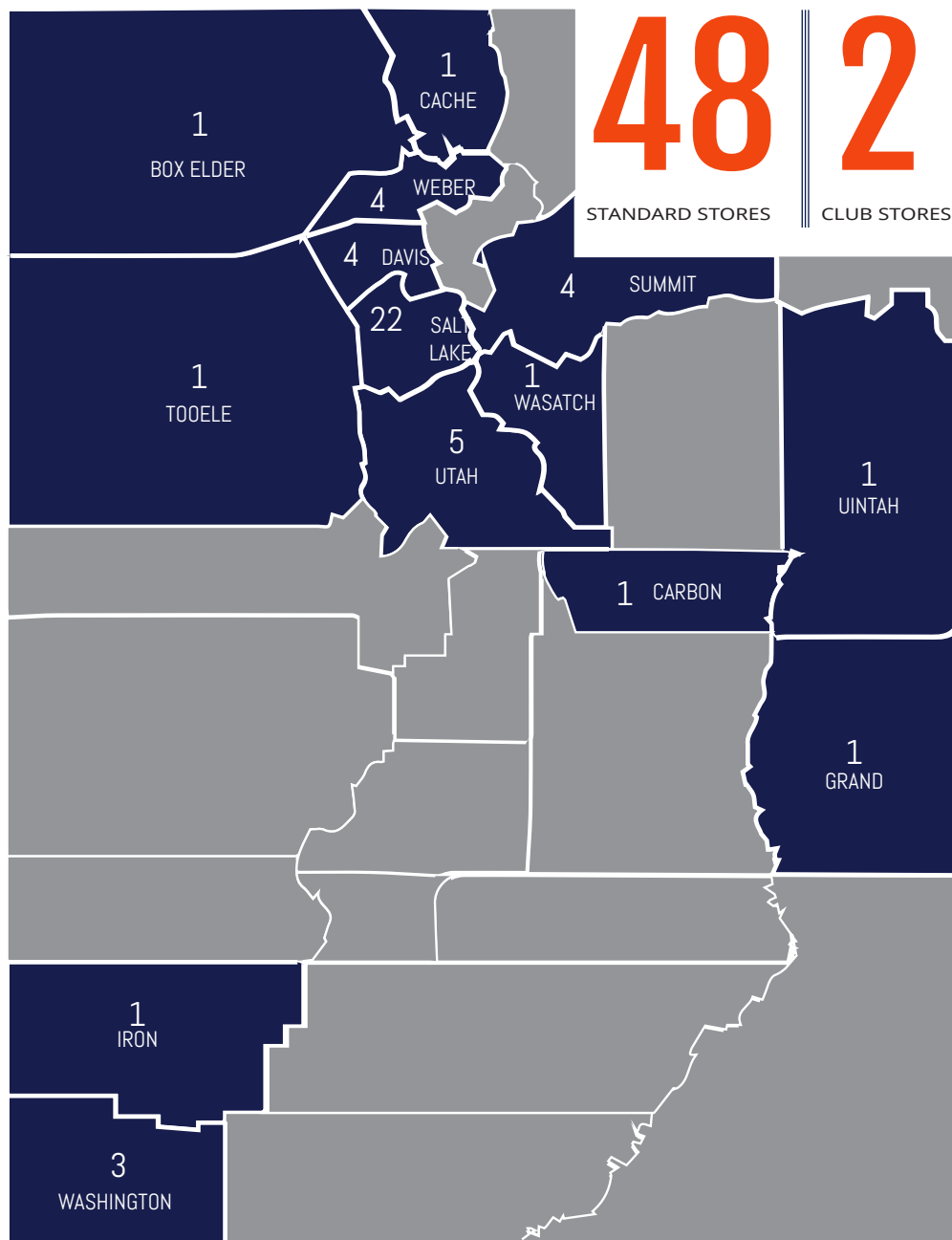


3,148,763
Cases Shipped



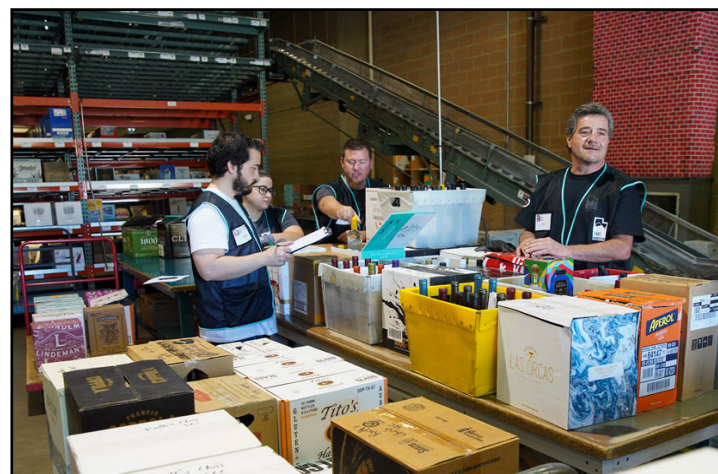
DABS RETAIL STORES

As of June 30, 2022, the DABS operated 50 retail stores.



50	Stores Statewide
475,165	Square Feet
9,503	Average Store Sq. Ft.
\$ 10,874,827	Average Annual Store Sales
Store Personnel (as of June 30, 2022)	
260	Full Time
316	Part Time
579	Total

The DABS opened one new store in Fiscal Year 2022. This store is located in West Valley City and is a relocation of the Redwood Road location. The store was built with refrigerated coolers for beer and offers an open shopping concept. Each new store is built with a different and unique design in mind, and each is created with sustainability as a priority. All stores implemented a new electronic timekeeping system and removed the process of punching a timeclock with a paper timecard. The department will continue to expand and grow by additional stores in the future.



Club store employees prepare licensee orders.

DABS EMPLOYEE RECOGNITIONS

Kendra
Quintana



We want to recognize Kendra Quintana at the Pleasant Grove store (#44)! Kendra's manager says she goes "above and beyond every single day." She also says that Kendra, "works hard to make sure the store is putting its best foot forward 100 percent of the time, from new products coming in and merchandising, stocking shelves, adjusting facings and product placements, as well as recovery standards and cleanliness." Kendra is also commended for her excellent customer service, greeting customers by name and always quick to open another register when needed.

Victoria
Morrow



Victoria Morrow works at the Salt Lake City store (#41) on Harris Avenue. Victoria's manager says that she is invaluable to their team, "goes above and beyond in her job duties every single day, [and] provides outstanding customer service." Victoria works with product management to maintain sufficient stock levels and helps to keep the store running efficiently with a pleasant attitude towards customers and co-workers. Victoria also stays on top of trainings and supports new hires to bring them on board and welcome them to the 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 2022:

3,908	Licenses/Permit Renewals
438	New License/Permits
763	Event Permits
1,093	Label Approvals
1,579	Criminal Background Checks

Licensee audits conducted in FY 2022:

429	Clubs and Taverns
1,277	Restaurants
150	Beer Recreational
1,092	Other Licenses

Managers trained in FY 2022:

1,094	On Premise
627	Off Premise



DABS Compliance Staff with Governor Cox

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

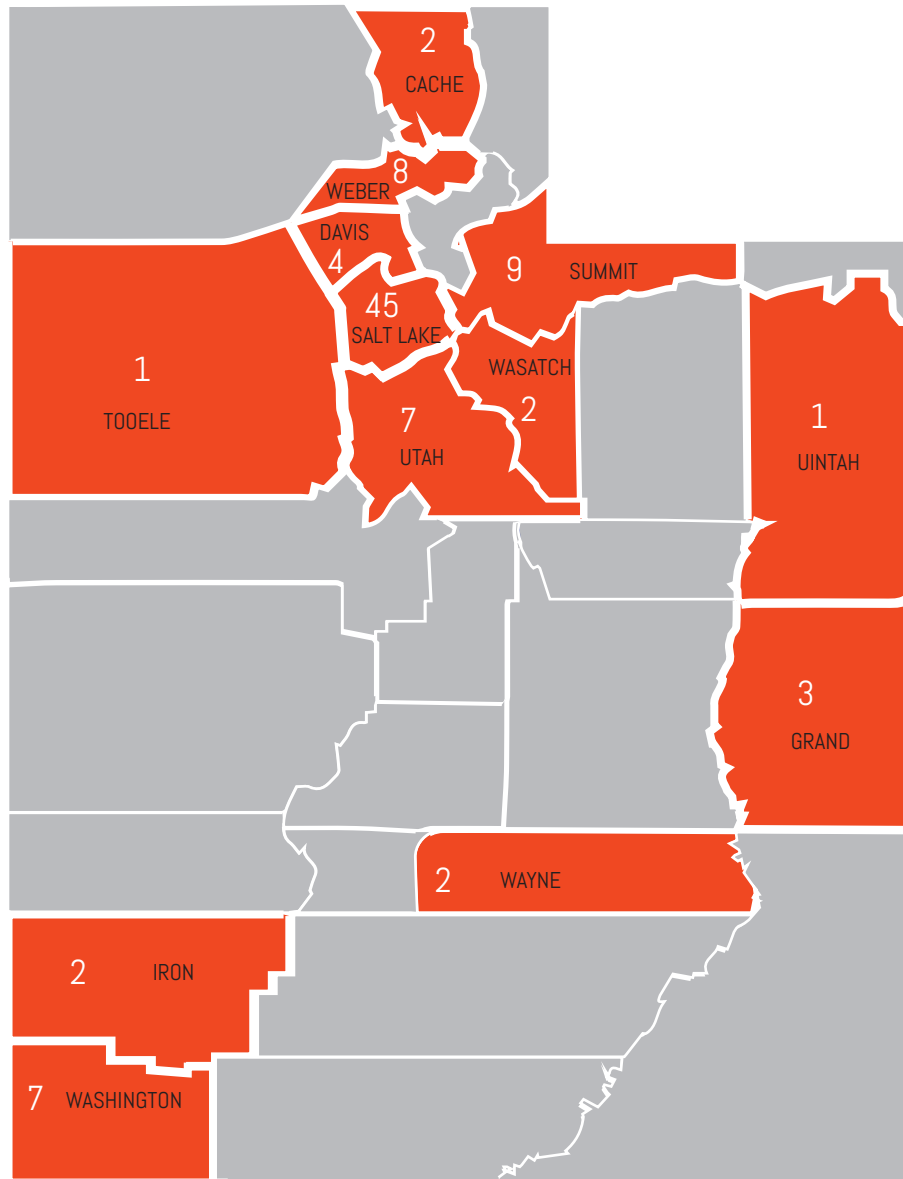


BEAVER	9
BOX ELDER	8
CACHE	40
CARBON	27
DAGGETT	4
DAVIS	99
DUCHESNE	7
EMERY	5
GARFIELD	22
GRAND	48
IRON	34
JUAB	1
KANE	23
MILLARD	4
MORGAN	4

As of June 30, 2022.

MANUFACTURING LICENSES

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



93

MANUFACTURING LICENSES

CACHE	2
DAVIS	4
GRAND	3
IRON	2
SALT LAKE	45
SUMMIT	9
TOOELE	1
UINTAH	1
UTAH	7
WASATCH	2
WASHINGTON	7
WAYNE	2
WEBER	8

As of June 30, 2022.

WHAT IS

PARENTS EMPOWERED?

Parents Empowered is a DABS 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 2022 fiscal year, the DABS directed \$2.97 million for this important effort.

The Utah Department of Alcoholic Beverage Services 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. When the Parents Empowered campaign began in 2006, Utah's rate of underage drinking during the past 30-days - the measure of current alcohol use - was half the national rate (15.1% vs. 31.4%). Today, Utah is one-third of the national rate (5.3% vs. 15.1%). Or in other words, from 2006 to 2021, rates of underage drinking in Utah decreased 65% compared to the national decline of 52%. That decrease is noteworthy because Utah's rates of underage drinking started much lower than national rates, and the lower that rates become, the more difficult it is to decrease them further.

More Than a Media Campaign

Ads and media buys are just part of the Parents Empowered campaign. Since its inception in 2006, community partnerships and the local outreach have been

a key part of Parents Empowered's success. Working closely with Utah's 13 regional local substance abuse authorities, these community activations are able to target undeserved communities and populations at greater risk for drinking underage. Sixteen community partnership projects were completed during the 2021/2022 fiscal year, including installations at SeaQuest Aquarium in Layton, cooking classes and videos from Create Better Health in Kearns, recreation center installations in South Davis, and additional projects across the state, including in Box Elder, San Juan, Summit, Escalante and more.

Alcohol Awareness Month

Utah's commitment to promoting healthy families and reducing the harmful effects of alcohol consumption is why Governor Spencer Cox declared April as Alcohol Awareness Month in Utah. In that declaration, Governor Cox mentions the mission of the Utah Department of Alcoholic Beverage Services is, in part, to "promote the reduction of the harmful effects of...consumption of alcoholic products by minors." He also notes that "regular alcohol use by underage youth in Utah is at the lowest rate ever recorded" and that Parents Empowered is working "collaboratively and is evidence-based to reduce the number of kids drinking alcohol underage by promoting parental involvement and strong family connections, and educating about the harmful effects of drinking underage."



Murals at the Seaquest Aquarium in Layton (left) and the Recreational installation in Bear River.



DEPARTMENT OF TECHNOLOGY SERVICES

Fiscal year 2022 was a fast-paced year for the Department of Technology Services. DABS has continued to grow in sales, employees, and stores, creating change in work structure - embracing the remote/telework options introduced during Covid-19. This growth and change have reshaped the infrastructure at the Department of Alcoholic Beverage Services. We provide remote workspaces, laptops, docking stations, additional monitors, and security protocol to make remote work as secure and as efficient as possible.

Digital Timekeeping

Prior to FY2022, the DABS warehouse and state-owned retail stores used paper time cards to manage time reporting for roughly 500 employees statewide. In August 2021, the DABS executive team along with DTS held a kick-off meeting to announce and begin the implementation of a digital timekeeping solution. This project entailed the work of many DTS networking technicians to run new network infrastructure, and physically install new hardware in roughly 50 locations throughout the state. The regional managers took the lead in managing the software, training store managers, and testing of the solution. We are proud to say the DABS employees are tracking time 100% digitally as of February 2022, saving countless hours of manual entry and eliminating entry redundancies.

Manager Email, PCs, and Power BI

What began as a project to protect confidential emails meant for store managers has evolved into a project to provide DABS store managers additional functionality aimed at providing visibility into data that provide metrics measuring store efficiencies. DTS worked to provide every store manager with a state email address to handle confidential emails. This has also provided managers with access to Power BI for reporting, streamlining orders for supply vendors, and access to the timekeeping solution for electronic employee time approval and management.

D365

DABS and DTS have been to upgrade the older ERP system that handles the procurement and sourcing of products, warehousing, distribution, sales, returns, inventory movements, and the financial transactions behind them all, into one convenient system: D365, short for Microsoft Dynamics 365 Finance and Operations. This cloud-based system will provide additional functionality, scalability, and disaster recovery capability. It allows the agency to retire 26 applications that are currently in use. The new D365 system went live in October 2022.



AVERAGE UTAH CONSUMPTION PER CAPITA (In Gallons)*

ALCOHOL TYPE	2020	2021	2022
Wine	1.168	1.128	1.091
Spirits	1.126	1.119	1.139
Heavy Beer	0.534	0.388	0.369
Flavored Malt Beverage (FMB)	0.109	0.092	0.092
Total	2.937	2.727	2.695

*Based on DABS sales of wine, spirits, heavy beer, and flavored malt beverages and estimated population 3,373,000 as of June 30, 2022. The 2021 estimated population was 3,328,000 and the estimated population used for 2020 was 3,251,000.

FINANCIAL STATEMENTS

(Unaudited) As of June 30, 2022

Income Statement (In Thousands)	FY 2021	FY 2022	Schedule of Expenses (In Thousands)	FY 2021	FY 2022
Operating Revenue: (Note B)	\$ 517,390	\$ 557,452	Salaries, Wages & Benefits	22,945	26,202
Cost of Liquor Sold	282,151	302,948	Credit Card Fees	7,239	7,991
Gross Profit	235,239	254,504	Maintenance & Repairs/Operating Supplies	4,605	5,510
Other Income (Permits, Licenses, Fees)	4,992	6,317	Depreciation	3,386	4,621
Total Operating Revenue	\$ 240,231	\$ 260,821	Data Processing	5,816	3,806
Total Operating Expenses	\$ 55,753	\$ 61,130	Delivery To Stores	2,979	3,698
(see Schedule of Expenses)			P.A. Contracts	3,187	3,365
Net Operating Income	184,478	199,691	Alcohol Education Media Campaign	2,387	2,970
Non Operating Revenues (Expenses):			Professional & Tech. Services	852	483
Federal Revenue from Bonds	284	260	Rentals & Leases (Note H)	909	498
Interest on Bonds & Notes	(3,048)	(2,913)	Postage, Printing & Supplies	569	679
Transfer to Underage Drinking Prevention Program	(1,750)	(1,750)	Liquor Bags	267	644
Transfer to School Lunch, Uniform School Fund and Public Safety	(56,274)	(60,616)	Telephone	287	270
Total Non Operating Revenues (Expenses)	(60,788)	(65,019)	Insurance & Bonds	151	176
Net Liquor Profit (Note A)	\$ 123,690	\$ 134,672	Travel Expense	38	123
			Misc. Other Expenses	136	94
			Total Operating Expenses	\$ 55,753	\$ 61,130

BALANCE SHEET (In Thousands)	As of June 30, 2021	As of June 30, 2022
Current Assets:		
Cash and Cash Equivalents (Note C)	\$ 193	\$ 195
Accounts Receivable	1,937	3,435
Due From Debt Service and Department of Facility and Construction Management	13,223	59,724
Inventories (Note D)	28,713	31,960
Prepaid Expenses	6,087	6,548
Net Pension and Net OPEB	264	1,902
Total Current Assets	50,417	103,764
Non-current Assets (Note E)		
Package Agencies' Startup Capital	\$ 1,550	\$ 1,399
Buildings	97,967	102,944
Leased Buildings	0	16,476
Land	33,789	33,789
Equipment and Software	10,892	11,113
Construction In Process	2,709	4,997
Less: Accumulated Depreciation	(50,254)	(54,855)
Total Non-current Assets	96,653	115,863
Total Assets	147,070	219,627
Deferred Outflows of Resources Related to Bonded Debt, Pensions & OPEB	3,701	4,531
Total Assets & Deferred Outflows	\$ 150,771	\$ 224,158

	As of June 30, 2021	As of June 30, 2022
Current Liabilities:		
Accounts Payable - Liquor (Note F)	\$ 3,268	\$ 3,911
Accounts Payable - Other	14,328	14,328
Due to Other Funds	36,961	53,219
Revenue Bonds Payable (Note G)	7,776	8,642
Lease Liability	0	920
Deposit In Lieu of Bond	1,044	1,101
Unearned Revenue	1,510	1,399
Total Current Liabilities	64,887	81,484
Non-current Liabilities		
Net Pension and Other Post-employment Benefit Liability	2,151	0
Revenue Bonds Payable (Note G)	75,112	116,360
Long-term Lease Liability	0	14,682
Total Non-current Liabilities	77,263	131,042
Total Liabilities	142,150	212,526
Deferred Outflows of Resources Related to Pension & OPEB	3,508	6,519
Fund Balance		
Net Investment in Capital Assets	5,113	5,113
Total Liabilities, Deferred Inflows & Fund Balance	\$ 150,771	\$ 224,158

FIVE YEAR FINANCIAL SUMMARY (In Thousands)

SUMMARY FINANCIAL INFORMATION	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	CAGR*
Sales	\$ 453,689	\$ 479,324	\$ 500,212	\$ 517,390	\$ 557,452	5.28%
Gross Profit	209,137	220,054	229,517	235,239	254,504	5.03%
Other Income	4,355	4,622	5,388	5,278	6,578	10.86%
Total Revenue	213,492	224,676	234,905	240,517	261,082	5.16%
Less Parents Empowered	2,573	2,530	2,552	2,387	2,970	3.65%
Less Underage Drinking Prevention	1,750	1,791	1,750	1,750	1,750	
Less Operating and Non-Operating Expenses	45,887	49,501	53,832	56,415	62,423	8.00%
Less Transfer to SBI	4,543	4,792	5,002	4,527	4,769	1.22%
Less School Lunch Program	45,427	47,926	50,022	51,747	54,498	4.66%
Less Transfer to other programs**	1,000	1,000	0	0	0	
Net Profit	\$ 112,312	\$ 117,136	\$ 121,747	\$ 123,691	\$ 134,672	4.64%
Sales Tax	24,458	26,532	29,594	30,614	31,232	6.30%

DABC OPERATIONS SUMMARY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	CAGR*
Sales	\$ 453,689	\$ 479,324	\$ 500,212	\$ 517,390	\$ 557,452	5.28%
Gross Profit	209,137	220,054	229,517	235,239	254,504	5.03%
Other Income	4,355	4,622	5,388	5,278	6,578	10.86%
Total Revenue	213,492	224,676	234,905	240,517	261,082	5.16%
Less Salaries and Wages	19,783	20,764	22,770	22,945	26,202	7.28%
Less Other Program Transfers	52,719	55,509	56,775	58,024	61,017	3.72%
Less other Expenses	28,678	31,267	33,613	35,573	39,191	8.12%
Net Profit	\$ 112,312	\$ 117,136	\$ 121,747	\$ 123,691	\$ 134,672	4.64%
Wages % of gross Sales	4.36%	4.33%	4.55%	4.43%	4.70%	1.89%
Total Cases Sold	3,663	3,913	3,810	3,609	3,826	1.09%

* Compound Annual Growth Rate

NOTES TO THE FINANCIAL STATEMENT

NOTE A: ACCOUNTING POLICIES: The Utah Department of Alcoholic Beverage Services 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: Revenues do not include sales tax: FY 2021 \$1.091 million and FY 2022 \$826 thousand.

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, 2022. 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 9 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 Services

