

Utah Department of Alcoholic Beverage Services 2023

Annual Report

JULY 1, 2022 – JUNE 30, 2023



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A NOTE FROM TIFFANY CLASON, EXECUTIVE DIRECTOR

The Department of Alcoholic Beverage Services (DABS) had a successful fiscal year 2023 as we launched important projects while maintaining daily operations. The department saw over \$579 million in sales in fiscal year 2023, resulting in \$236.12 million that was contributed to state and local communities. Among department milestones this year were increased pay for store employees and new initiatives that support Utah businesses.

The DABS oversees the sale and distribution of alcoholic beverages in the state of Utah. This work results in savings for all Utah taxpayers as millions of dollars are generated to help fund crucial services such as roads and transportation infrastructure, public safety, education, and public health. During FY 2023, the state and local municipalities where state liquor stores are located received \$32.02 million in sales tax revenue, the state of Utah received \$136.26 million, and the statewide campaign to prevent underage drinking, Parents Empowered, received \$ 3.11 million.

In recognition that our employees are vital to achieving department goals, we once again used sound financial planning to increase pay for employees working in stores and in our warehouse. The department also coordinated with others in state government to launch a new “pay for performance” program that directly ties accountability and job performance with pay increases for all DABS employees.

The DABS is responsible for licensing and permitting all businesses and events that sell alcoholic beverages. Because we value our role in supporting hardworking Utahns that contribute to our state’s culture and economy, the department launched business-friendly programs this year. The Utah Proud program boosts support for local producers (distillers, brewers, wine and cider makers) that includes dedicated sections in some state liquor stores to showcase craft, locally-made items. We also launched the new Online Licensing & Permitting System to benefit all businesses and others that are licensed or permitted to sell alcohol in Utah by moving away from a paper-based system to an online platform that is transparent, accessible, and convenient.

Looking ahead, the DABS is working towards better efficiency in our warehouse, distribution center operation as the project to expand the facility is underway. Once complete, the distribution center will be equipped to meet the growing needs of state liquor stores and all businesses and entities that rely on the warehouse. The department is also continuing projects to modernize e-commerce platforms with the Click & Collect: Buy Online Pickup In Store and The Utah Wine Club programs.

Sincerely,

Tiffany Clason, Executive Director



GREETINGS FROM THE COMMISSION CHAIR



Thank you for taking the time to read this report. As you may be aware, the Utah Alcoholic Beverage Services (ABS) Commission consists of seven volunteer commissioners appointed by the governor and confirmed by the state legislature. As the current chair of this commission, it's my pleasure to work with my fellow commissioners to fulfill our duties to the state, including evaluating applications for alcohol licenses and permits, ensuring those that sell alcohol in Utah do so safely and legally, and providing oversight of the Department of Alcoholic Beverage Services (DABS).

The department work in FY 2023 resulted in \$236.12 million investment into our state. That means taxpayer savings and funding for services that all Utahns use, like public safety and transportation. As a commission, we are proud of our role supporting Utah businesses and residents and have made a concerted effort to increase our efforts to work with our licensees, applicants and the general public. In fiscal year 2023, new hospitality businesses opened their doors or kept their businesses alive in-part because of the commission's work. In FY 2023, the commission awarded 27 full-service bar licenses and 96 full-service restaurant licenses. This is an increase of 14 and six, respectively, from FY 2022.

In FY 2023, we have had to learn to cope with the ongoing issue of license scarcity. While this has caused our DABS staff and commissioners more work behind the scenes, it has been necessary to fairly allocate licenses and to maximize revenue to the state, as well as ensure safe service is prioritized. I look forward to working with Utah legislators who share the commission's desire to support Utah entrepreneurs and struggle with the license scarcity roadblock.

Some of my main priorities as chair have been to improve meeting efficiency, transparency, and to provide learning opportunities for our commissioners. Thanks to our partnership with DABS leadership, strategic planning has shown fast results in more efficient ABS commission meetings that run smoothly and on-schedule. We also ensure applicants understand specific criteria that the commission considers for approving licenses and permits for fairness and transparency. I'm especially proud that the commissioners began participating in training opportunities that pertain to a range of issues relevant to our work; such as acceptable forms of identification and what restaurant owners must do to maintain compliance with Utah alcohol laws.

I sincerely appreciate this opportunity to lead the commission and thank Governor Cox for affording our commission the ability to give back to the state through this service. I look forward to your response to this report and to a positive year ahead.

Tara Thue
ABS Commission Chair



DABS COMMISSION



Juliette Tennert is the senior advisor at the University of Utah's Kem C. Gardner Policy Institute at the University of Utah. 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. Juliette served as the ABS Commission Chair in Fiscal Year 2023.



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 currently is a member of the Board of Trustees of Utah Symphony/Utah Opera.



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 non-profit industry. She is an advisory board member for KUED 7 and a board member for Suazo Business Center.



Steve Handy is a former Utah State Representative and has a long history of public service for the state of Utah. Steve served two terms on the Layton City Council and 12 years in the Utah House of Representatives, as well as serving on many community boards, including current positions as a trustee of Intermountain Health's McKay Dee and Layton Intermountain hospitals, a trustee of the Ogden Pioneer Days Foundation and a board member of the Friends of Antelope Island.



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 the 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".

LEGISLATIVE UPDATE

The following changes were made during the 2023 General Session of the Utah Legislature:

SB 3. Appropriations Adjustments (Sen. Stevenson and Rep. V. Peterson)

- Allocates funding for the expansion of the DABS warehouse facility and certain stores.

SB 173. Alcoholic Beverage Control Act Amendments

- Adds 15 bar establishment licenses and 30 full-service restaurant licenses to license population quotas.
- Prohibits a public transit district from allowing advertising on a transit vehicle that promotes an alcoholic product.
- Decreases alcohol license late renewal fees to \$300.
- Allow equity bar establishment licenses (i.e. country clubs) to have up to five alcohol dispensing areas.
- Allows up to 25 licensed restaurants to obtain an on-premise banquet license for a 1,000 square foot room on the restaurant premises.
- Up to 10 percent added alcohol based flavoring is permitted in traditional beers and hard seltzers that can be sold in grocery and convenience stores. The products must still have not more than 5% ABV.
- Product labels that closely resemble the packaging of commonly known non-alcoholic beverages are not permitted.
- Requires all private retail employees (grocery, convenience stores) to complete server training through the Department of Health and Human Services before beginning work.
- Allows a restaurant patron to carry their drink from the waiting area to the table if escorted by a restaurant employee.
- Prohibits the sale of spirituous liquor under 200 milliliters in size (mini-bottles).
- Increases the total number of available international airport licenses from 13 to 26 and allows the issuance of up to three domestic airport licenses.
- Allows the Alcoholic Beverage Services Commission to issue an off-premise beer retailer license to a hotel or resort.

HB 247. Alcohol Control Amendments

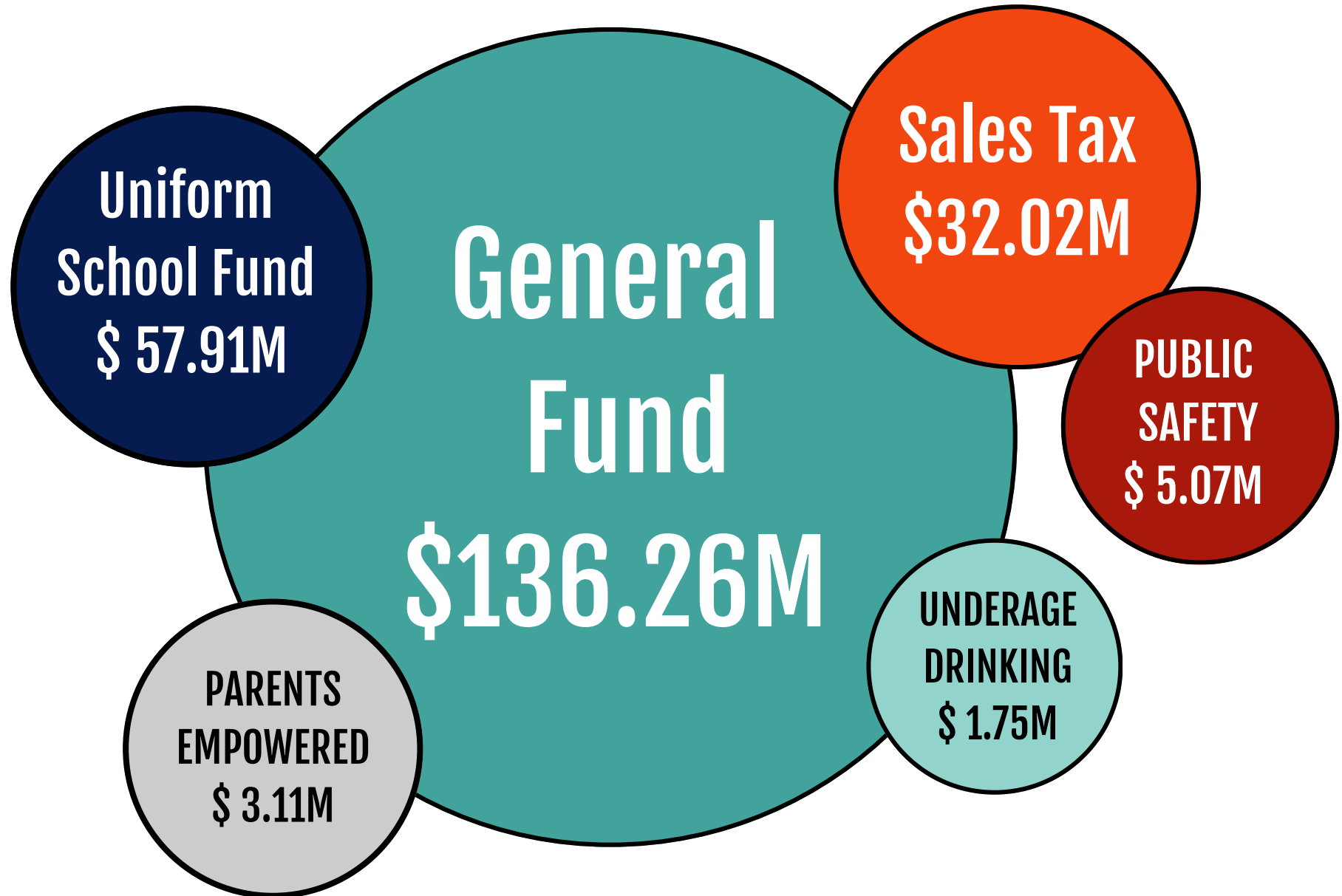
- Modifies the definition of “intoxication” for purposes of the Alcoholic Beverage Control Act.
- Provides a criminal penalty for businesses that fail to retain records relevant to an investigation of an alcohol related crime, for a period of two years after receiving notice from authorities.
- Increases the criminal penalty for altering, destroying, or concealing records relevant to the investigation of an alcohol related crime.



FINANCIAL HIGHLIGHTS

State liquor and wine stores generated \$579.05 million in sales FY 2023.

As a result, \$236.12 million was returned to the state treasury, funded state programs, and local communities in FY 2023.



DABS DIVISION OF PURCHASING 2023 REVIEW

The DABS Division of Purchasing is responsible for the procurement of spirits, wine, heavy beer (over 5% ABV/4% ABW) and flavored malt beverages for Utah consumers. There are currently over 4,600 items listed for sale in our retail outlets. Product selection is reviewed regularly to identify slow moving items so that we can make room for new items. New items are reviewed and selected semi-annually to freshen up the product assortment in our retail outlets.

In addition to the listed items, the purchasing team also includes many one-time-buy items throughout the year. These one-time-buys consist of allocated items (available in limited quantities by the supplier), gift sets, barrel buys (whiskey, rum, tequila) and seasonal items.

The Purchasing Division is also responsible for maintaining a special order program for Utah consumers to find and procure items that are not currently listed for sale in our retail outlets. In addition, they are responsible for providing code numbers to Utah manufacturers to use to sell their product in our retail outlets for reporting and accounting purposes.

In collaboration with the distribution center (warehouse) and the stores, we are pleased that DABS has been able to improve on time delivery of product to the stores through our partnership with our transportation provider.

2023 Special Orders

\$8.47M

Special order average price per bottle

\$13.39

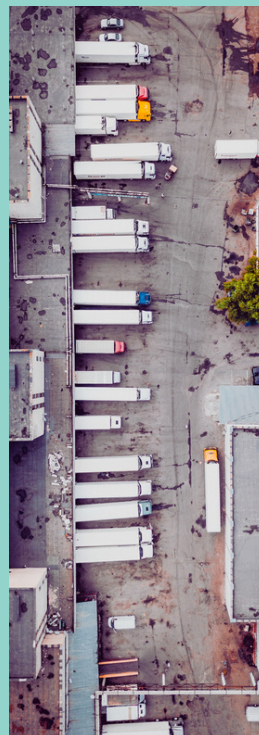
2022 Average price per bottle*

\$ 12.00

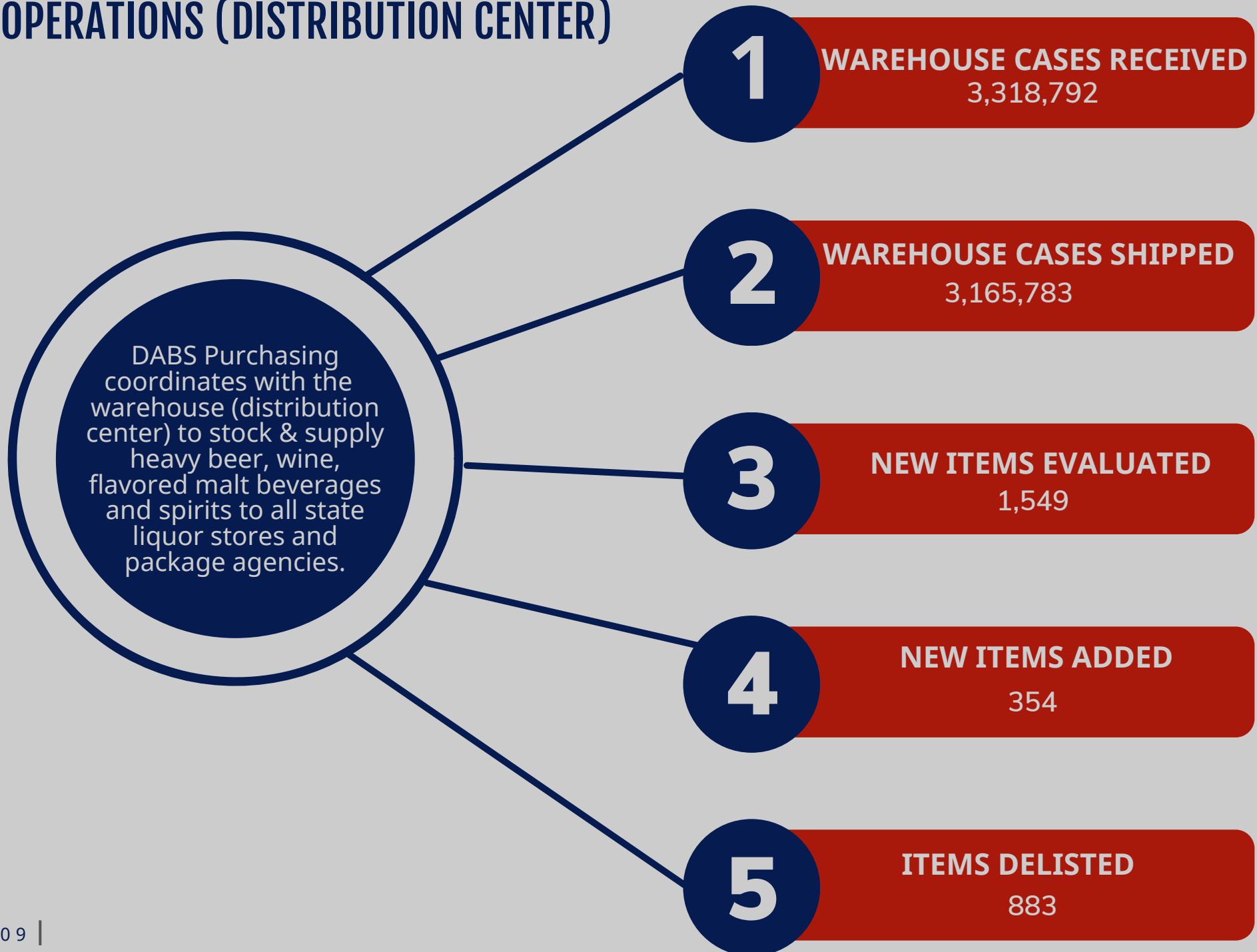
2023 Average price per bottle*

\$ 12.49

*based on all sales at retail stores

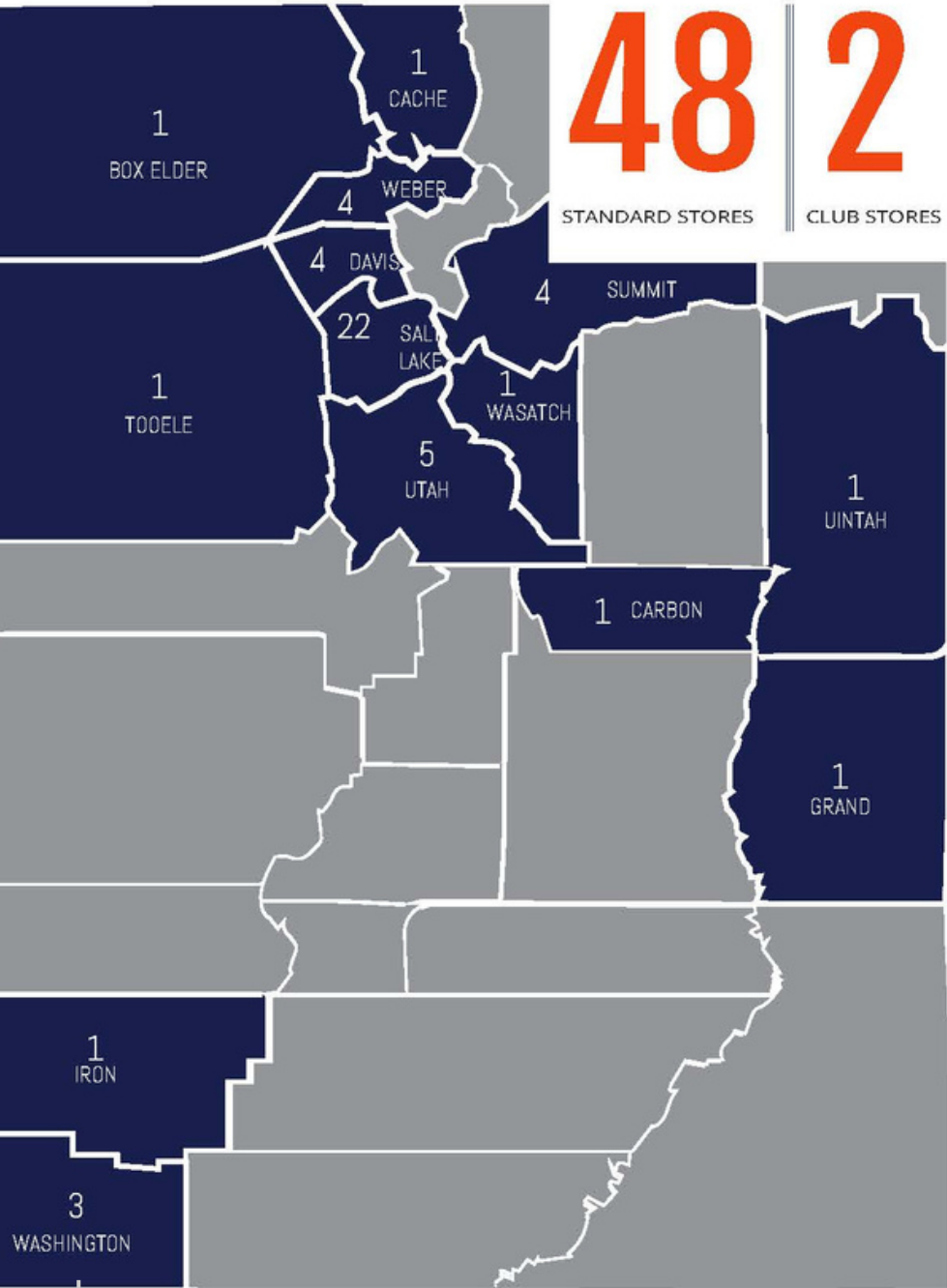


2023 DABS PURCHASING & WAREHOUSE OPERATIONS (DISTRIBUTION CENTER)



DABS RETAIL STORES

As of June 30, 2023, DABS operated 50 retail stores.



50	Stores Statewide
475,165	Square Feet
9,503	Avg. Store Sq. Ft.
\$ 11,581,001	Average Annual Store Sales

Store Personnel (as of June 30, 2023)

282	Full Time
362	Part Time
644	Total

The DABS did not open any new stores in fiscal year 2023. We were, however, in the final stages of a new store scheduled to open in East Sandy at the end of July 2023, fiscal year 2024. We were also in the process of relocating and securing land for additional stores. The department also implemented a new operating platform (Microsoft Dynamics 365) designed to improve processes and streamline efficiencies. The department continues to work with customers to identify new solutions to enhance the shopping experience and will continue to review and implement new initiatives as we continue to grow.



DABS STORE EMPLOYEE RECOGNITIONS

1st Quarter

Jessie Birrell



Runners up: Craig Roberts, Renata Skouson

2nd Quarter

Marcus Tram



Runners up: Lindsay Riggs, Ralph Talbot

3rd Quarter

Kirsten Page



Runners up: Joan Rapp, Deidre Canale Mork

4th Quarter

Russ Mecham



Runners up: James Gardiner, Jaden Egbert

DABS ADMINISTRATION EMPLOYEE RECOGNITIONS

1st Quarter

Mat Meyer



2nd Quarter

Kathleen Jacobson



3rd Quarter

Eric Steinman



4th Quarter

Steve Lucero



DABS WAREHOUSE, DISTRIBUTION CENTER EMPLOYEE RECOGNITIONS

1st Quarter

Dominick Graham



2nd Quarter

Jed Smith



3rd Quarter

Camy Thompson



4th Quarter

Steve Wall



LICENSING AND COMPLIANCE DIVISION

The Division of Licensing and Compliance is responsible for the licensing of those involved in the production 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

4,139	License/Permit Renewals
504	New Licenses/Permits
877	Event Permits
856	Label Approvals
2,071	Criminal Background Checks

Licensee Audits Conducted

277	Clubs and Taverns
986	Restaurants
123	Beer Recreational
524	Other Licenses

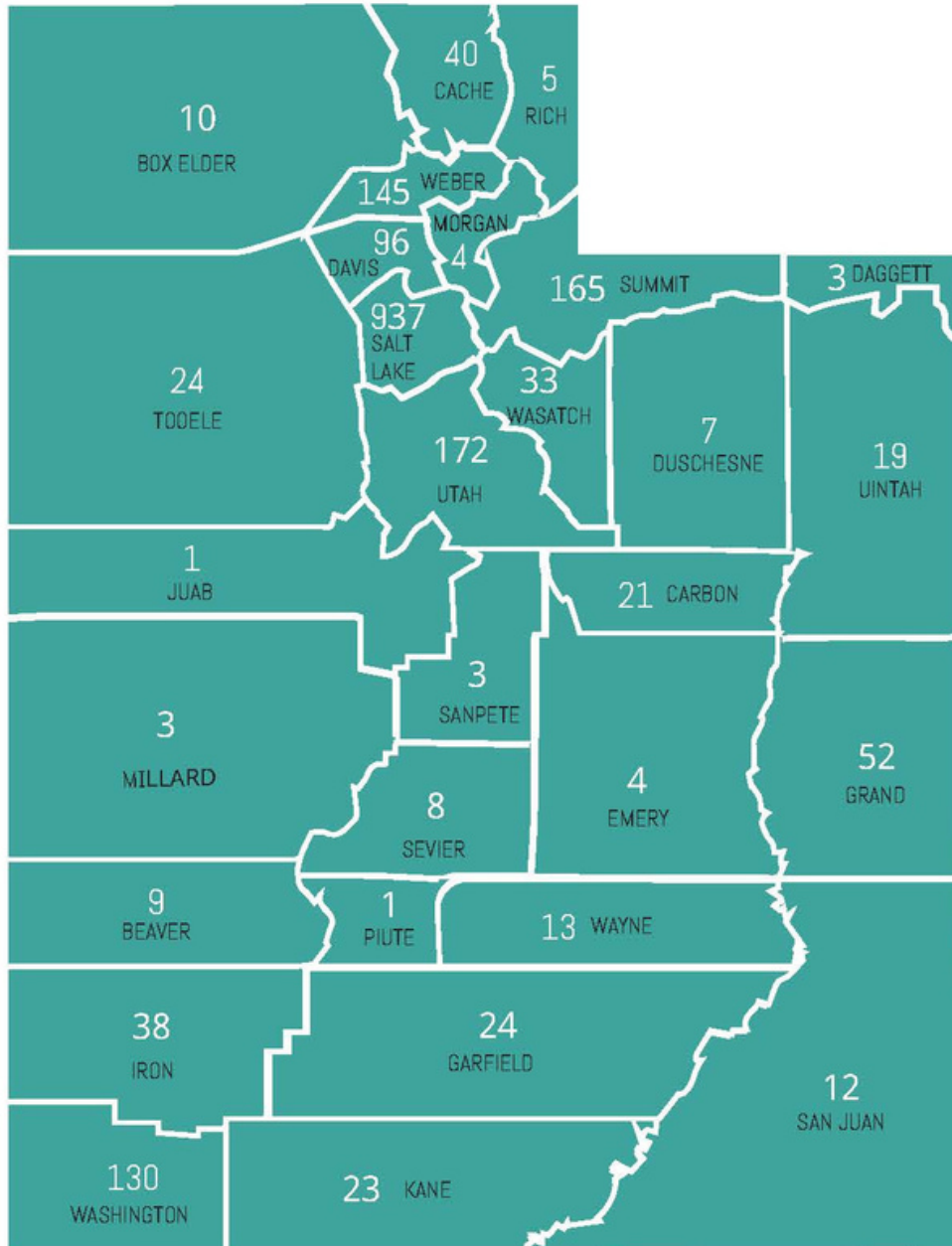
Managers Trained

1,380	On-Premise
762	Off-Premise



ON-PREMISE RETAIL LICENSES

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



2,012

ON-PREMISE RETAIL LICENSES

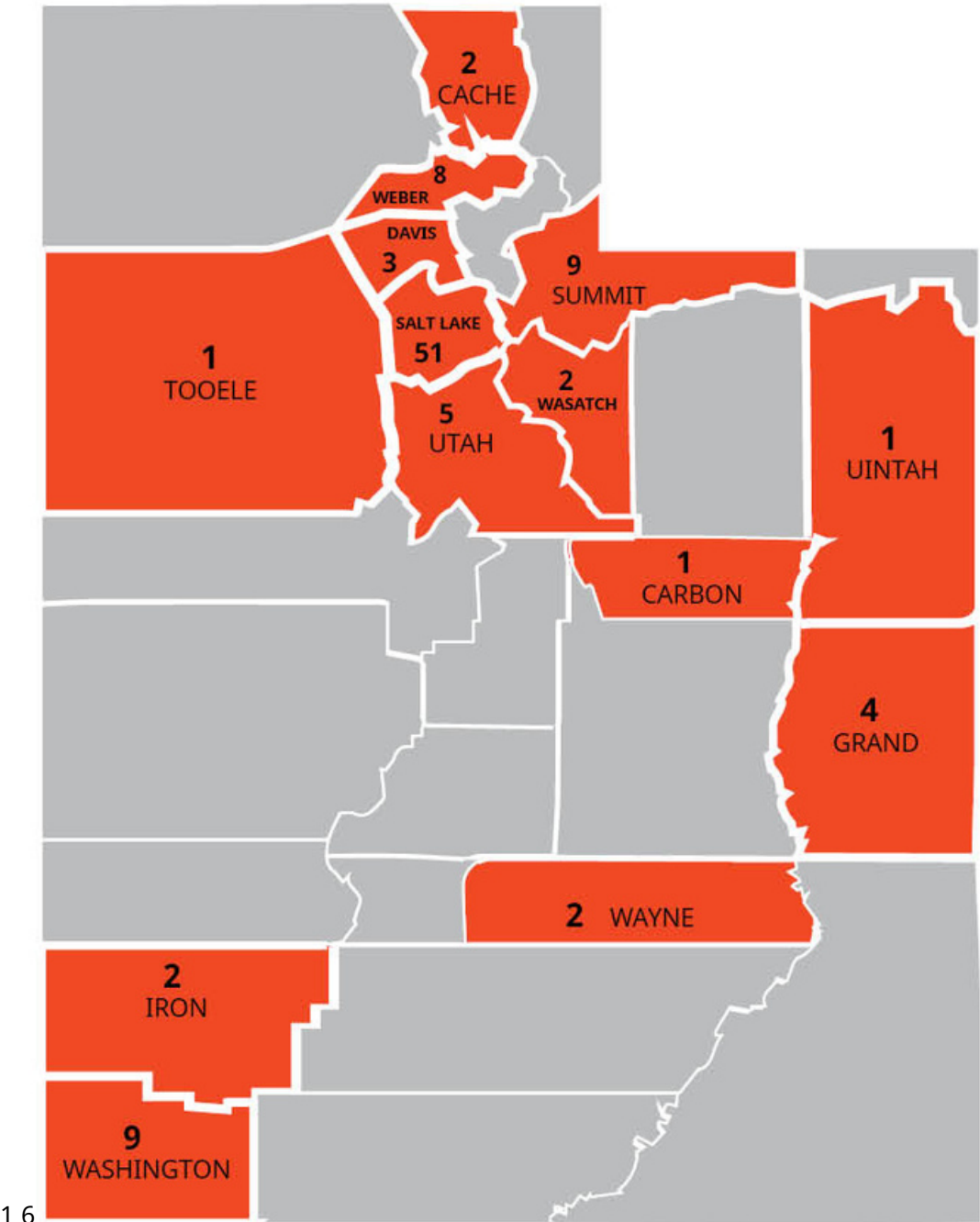
BEAVER	9
BOX ELDER	10
CACHE	40
CARBON	21
DAGGETT	3
DAVIS	96
DUCHESNE	7
EMERY	4
GARFIELD	24
GRAND	52
IRON	38
JUAB	1
KANE	23
MILLARD	3
MORGAN	4

PIUTE	1
RICH	5
SALT LAKE	937
SAN JUAN	12
SANPETE	3
SEVIER	8
SUMMIT	165
TOOELE	24
UINTAH	19
UTAH	172
WASATCH	33
WASHINGTON	140
WAYNE	13
WEBER	145

As of June 30, 2023.

MANUFACTURING LICENSES

By county, manufacturers licensed to produce alcohol products - largely wineries, distilleries, and breweries.



100

MANUFACTURING LICENSES

CACHE	2
CARBON	1
DAVIS	3
GRAND	4
IRON	2
SALT LAKE	51
SUMMIT	9
TOOELE	1
UINTAH	1
UTAH	5
WASATCH	2
WASHINGTON	9
WAYNE	2
WEBER	8

As of June 30, 2023

DABS ALCOHOL EDUCATION DIVISION

A core piece of the DABS mission is to inform Utahns about the harms of alcohol abuse and misuse. The DABS Alcohol Education Division partners with health and education leaders, public safety officials, stakeholders, and others for the improved health and safety of all Utahns.

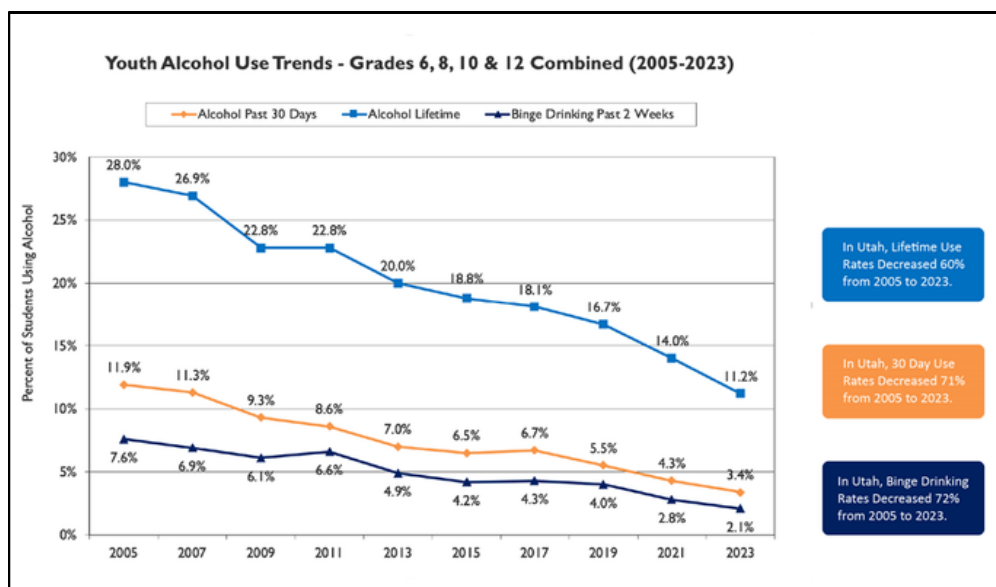
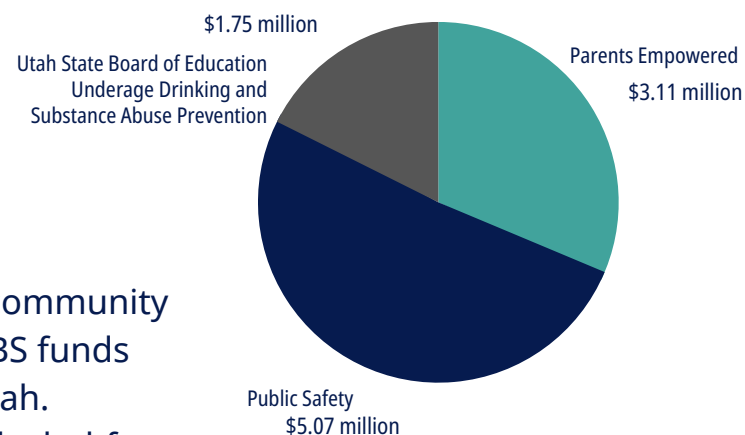
In fiscal year 2023, the DABS contributed \$9.92 million towards alcohol safety and education efforts.

Parents Empowered

Parents Empowered is Utah's underage drinking prevention media and community education campaign. It is also the most prominent program that the DABS funds and manages with the support of state and local partners throughout Utah. Parents Empowered's goal is have every Utah child reach the age of 21 alcohol-free so they can have a healthier brain and a brighter future.

Parents Empowered's effectiveness is grounded in three primary approaches to message development and delivery:

✓ **Data and Measurement** ✓ **State-wide Community Partnerships** ✓ **Cross-Medium Ad Campaigns**



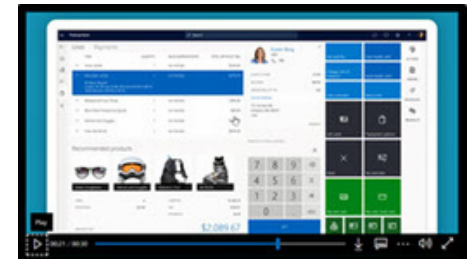
Recent 2023 survey data indicate the effectiveness of the Parents Empowered data-driven, collaborative approach. It is estimated that 65,271 fewer Utah youth have ever tried alcohol; 32,790 fewer youth are regular underage drinkers; and 21,270 fewer youth have experienced binge drinking.

However, Utah still has about 13,000 children who self-report drinking alcohol in the past 30 days. Parents Empowered is committed to continuing efforts to reduce underage drinking for the health and safety of these Utah kids and families.

DEPARTMENT OF TECHNOLOGY SERVICES

Fiscal year 2023 was a very busy year for the Department of Technology Services with the some key upgrades across DABS.

- **The Microsoft Dynamics 365 Enterprise Resource Planning (ERP)** was implemented in October 2023. DABS experienced minimal downtime during the upgrade and was able to receive, ship and sell product throughout the holidays without downtime at the stores or warehouse due to the upgrade. This upgrade allowed the agency to retire over 25 applications and switch to core D365 functionality, addressing significant technical debt in the agency. The move to D365 ensures continuity of operations and resiliency, by moving to a cloud-based solution.
- With the D365 upgrade, we addressed the issue of older, outdated handheld scanners in all 50 DABS stores with the **D365 Retail Store Mobile Device implementation**. The old devices were not connected to the system in real-time and required the store employees to do work on the scanner and then dock the scanner to upload work to the central system. Those devices were replaced with touchscreen handheld mobile scanners, providing enhanced efficiencies in receiving and cycle counting products in each of the 50 stores.
- **D365 Store Commerce POS implementation** was started in January 2023 and took some time and effort to resolve software and hardware issues. As of October 26, 2023, 48 of the 50 stores now have a modern, new point of sale system that provides Tap and Pay, Apple Pay, and Google Pay. The DABS Desktop team and DTS Networking successfully coordinated and implemented this upgrade throughout the state to DABS retail stores.
- While the configuration and rollout of the **Online Licensing and Permitting System** was primarily carried out by DABS and the Compliance teams, the integration required interfaces to be developed that allows for data to pass from the cloud-based solution to the agency's ERP system, D365. The development team, led by Taylor Winch and Will Swanepoel, ensured that the system had an interface that accurately maintains data between both systems.
- A concerted effort was made to improve project management, capacity management, and communication between DABS and DTS. Oftentimes, there are more projects and work than the technical team can handle. By going through the **Scaled Agile Framework (SAFe) implementation** and prioritization of project work and planning work against available resources, we have improved both DABS and DTS ability to predict what work can be completed in 90 day cycles. This allows DABS to be aware of the volume of work that can be accomplished in those 90 day cycles. It also ensures that what is being worked on is done in order of importance to the agency.



AVERAGE UTAH CONSUMPTION PER CAPITA (In Gallons)*

ALCOHOL TYPE	2021	2022	2023
Wine	1.128	1.091	1.030
Spirits	1.119	1.139	1.123
Heavy Beer	0.388	0.369	0.347
Flavored Malt Beverages (FMB)	0.092	0.092	0.085
Total	2.727	2.691	2.585

*Based on DABS sales of wine, spirits, heavy beer, and flavored malt beverages and estimated population 3,456,000 as of June 30, 2023. The average consumption for 2022 was based on an estimated population of 3,373,000. The estimated population used for 2021 was 3,328,000.

FINANCIAL STATEMENTS

(Unaudited) As of June 30, 2023

Income Statement (In Thousands)

Income Statement (In Thousands)	FY 2022	FY 2023	Schedule of Expenses (In Thousands)	FY 2022	FY 2023
Operating Revenue: (Note B)	\$ 557,452	\$ 579,050	Salaries, Wages & Benefits	24,205	31,149
Cost of Liquor Sold	302,948	306,791	Credit Card Fees	7,991	8,230
Gross Profit	254,504	272,259	Maintenance & Repairs/Operating Supplies	5,510	4,638
Other Income (Permits, Licenses, Fees)	6,317	6,899	Data Processing	3,806	7,161
Total Operating Revenue	\$ 260,821	\$ 279,158	Delivery To Stores	3,698	5,574
Total Operating Expenses (see Schedule of Expense)	\$ 56,509	\$ 68,476	P.A. Contracts	3,365	3,422
Net Operating Income	204,312	210,682	Parents Empowered	2,970	3,106
Non Operating Revenues (Expenses):			Professional and Tech. Services	2,480	2,698
Federal Revenue from Bonds	260	235	Rentals & Leases (Note H)	498	443
Amortization & Depreciation	(4,621)	(4,720)	Postage, Printing & Supplies	679	520
Interest on Bonds & Notes	(2,913)	(1,120)	Liquor Bags	644	672
Transfer to Underage Drinking Prevention Program	(1,750)	(1,750)	Telephone	270	279
Transfer to School Lunch, Uniform School fund and Public Safety	(60,616)	(67,062)	Insurance & Bonds	176	369
Total Non Operating Revenues (Expenses)	(69,640)	(74,417)	Travel Expense	123	120
Net Liquor Profit (Note A)	\$ 134,672	\$ 136,265	Misc. Other Expenses	94	95
			Total Operating Expenses	\$ 61,130	\$ 68,476

BALANCE SHEET (In Thousands)	As of June 30, 2022	As of June 30, 2023
Current Assets:		
Cash and Cash Equivalents (Note C)	\$ 195	\$ 543
Accounts Receivable	3,435	2,987
Due From Debt Service and Department of Facility and Construction Management	59,724	53,536
Inventories (Note D)	31,960	38,711
Prepaid Expenses	6,548	0
Net Pension and Net OPEB	1,902	156
Total Current Assets	103,764	95,933
Non-current Assets (Note E)		
Package Agencies' Startup Capital	\$ 1,399	\$ 1,518
Buildings	102,944	103,002
Leased Buildings	16,476	16,809
Land	33,789	33,789
Equipment and Software Construction In Process	11,113 4,997	9,788 9,592
Less: Accumulated Depreciation Total	(54,855)	(58,176)
Non-current Assets	115,863	116,322
Total Assets	219,627	212,255
 Deferred Outflows of Resources Related to Bonded Debt, Pensions & OPEB	 4,531	 5,185
Total Assets & Deferred Outflows	\$ 224,158	\$ 217,440

	As of June 30, 2022	As of June 30, 2023
Current Liabilities:		
Accounts Payable	\$ 16,203	\$ 6 038
Due to Other Funds	53,219	66 282
Revenue Bonds Payable (Note F)	8,642	8,928
Lease/SBITA Liability	920	790
Deposit In Lieu of Bond	1,101	1,138
Unearned Revenue	1,399	1,518
Total Current Liabilities	81,484	84,694
Non-current Liabilities		
Net Pension and Other Post-employment Benefit Liability	0	5,170
Revenue Bonds Payable (Note F)	116,360	107,998
Long-term Lease Liability	14,682	14,245
Total Non-current Liabilities	131,042	127,413
Total Liabilities	212,526	212,107
 Deferred Outflows of Resources Related to Pension & OPEB	 6,519	 220
 Fund Balance		
Net Investment in Capital Assets	5,113	5,113
Total Liabilities, Deferred Inflows & Fund Balance	\$ 224,158	\$ 217,440

FIVE YEAR FINANCIAL SUMMARY

(In thousands)

SUMMARY FINANCIAL INFORMATION	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CAGR*
Revenue from Liquor Sales	\$ 479,324	\$ 500,212	\$ 517,390	\$ 557,452	\$ 579,050	5.00%
Gross Profit	220,054	229,517	235,239	254,504	272,259	5.42%
Other Income	4,622	5,388	5,278	6,578	6,899	9.64%
Total Revenue	224,676	234,905	240,517	260,082	279,158	5.51%
Less Parents Empowered	2,530	2,552	2,387	2,970	3,106	3.84%
Less Underage Drinking Prevention	1,791	1,750	1,750	1,750	1,750	
Less Operating and Non-Operating Expenses	49,501	53,832	56,415	62,423	74,764	10.26%
Less Transfer to SBI	4,792	5,002	4,527	4,769	5,067	2.21%
Less School Lunch Program / Uniform School Fund	47,926	50,022	51,747	54,498	57,914	4.98%
Less Transfer to other programs	1,000	0	0	0	0	
Net Profit for Tranfer to General Fund	\$ 117,136	\$ 121,747	\$ 123,691	\$ 134,672	\$ 136,557	3.99%
Sales Tax	26,532	29,594	30,614	31,232	32,016	5.53%
Growth in General Fund Transfer %	4.30%	3.94%	1.60%	8.67%	1.60%	
DABS OPERATIONS SUMMARY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CAGR*
Revenue from Liquor Sales	\$ 479,324	\$ 500,212	\$ 517,390	\$ 557,452	\$ 579,050	5.00%
Gross Profit	220,054	229,517	235,239	254,504	272,259	5.42%
Other Income	4,622	5,388	5,278	6,578	6,899	9.64%
Total Revenue	224,676	234,905	240,517	260,821	279,158	5.51%
Less Salaries and Wages	20,764	22,770	22,945	24,025	31,149	9.50%
Less Other Program Transfers	55,509	56,775	58,024	61,017	64,731	4.19%
Less other Expenses (Revenues)	31,267	33,613	35,857	41,188	46,721	10.25%
Net Profit	\$ 117,136	\$ 121,747	\$ 123,691	\$ 134,672	\$ 136,557	3.99%
Wages % of gross Sales	4.33%	4.55%	4.43%	4.34%	5.38%	4.29%
Total Cases Sold (in thousands)	3,913	3,810	3,609	3,826	3,613	-0.27%

* Compound Annual Growth Rate

NOTES TO THE FINANCIAL STATEMENTS

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 2022 \$31.2 million and FY 2023 \$32.0 million.

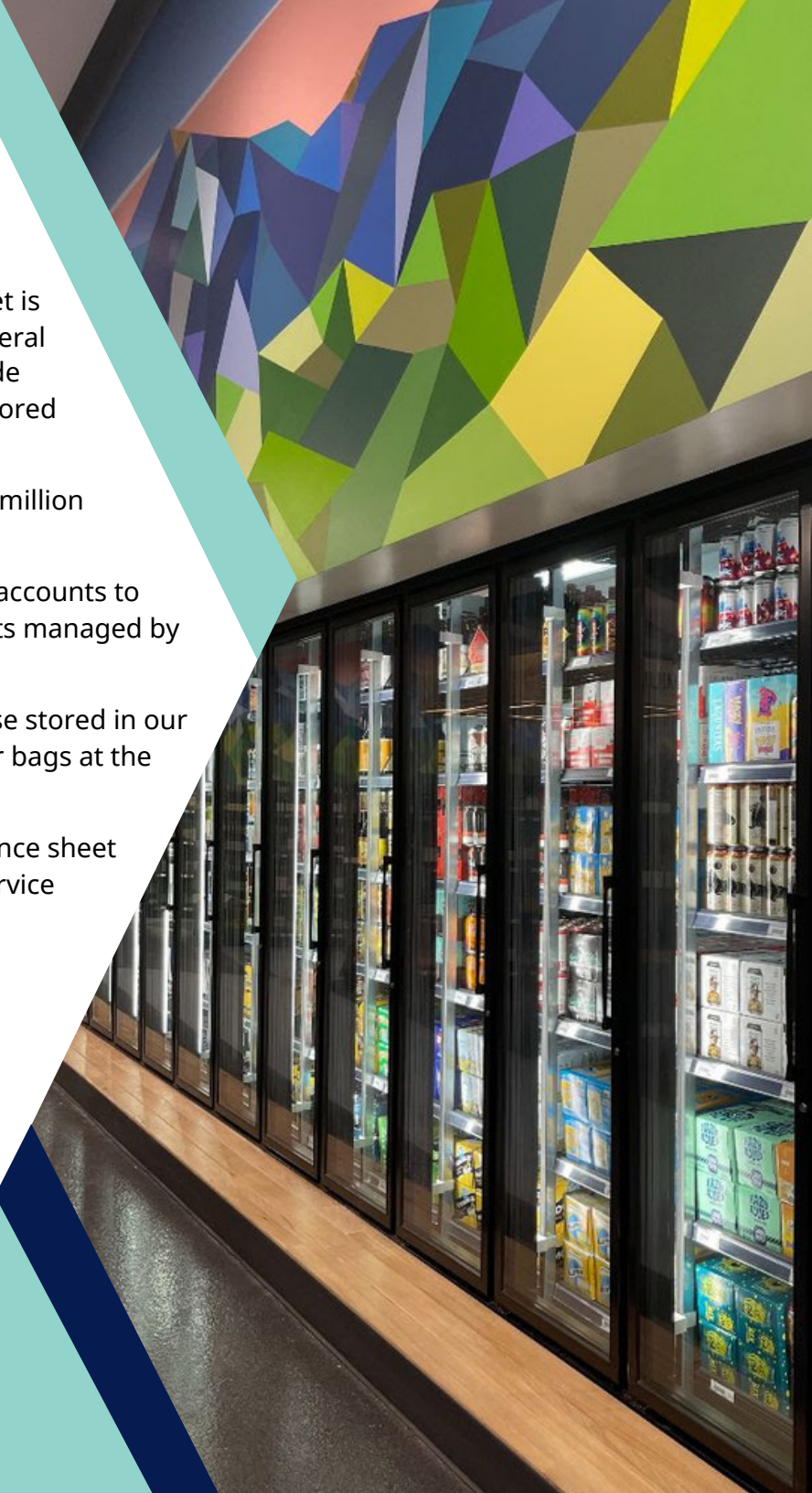
NOTE C: CASH AND CASH EQUIVALENTS: All cash receipts are deposited in bank accounts to the credit of the Department, then these funds are transferred nightly to accounts managed by the state treasurer.

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, 2023. 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: REVENUE AND BONDS PAYABLE: Bonds payable represents 9 revenue bonds issued by the state of Utah. The bonds have maturity dates ranging from 2023 to 2040 and carry interest rates from 3.00% to 5.77%.

NOTE G: 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 revisions 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.





Department of
**Alcoholic
Beverage
Services**

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