1

Based on Average Montgomery County Iowa Idaho
the sale, department a government alcoholic bev
Background Annual statistical data clearly shows that per capita consumption of alcoholic

The Utah Department of Alcoholic Beverage Control is govern
s school lunch.

In addition, the school lunch program receives substantial funding from liquor sales.

Annual statistical data clearly shows that per capita consumption of alcoholic beverages is significantly lower in control states.

Liquor Control States
Alabama Michigan Ohio Virginia
Idaho Mississippi Oregon Washington
Montana Pennsylvania West Virginia
Maine New Hampshire Utah Wyoming
Maryland (Only North Carolina Vermont
Montgomery County)

Average Utah Consumption Per Capita (in gallons) FY 11* FY 10*
Wine 1.028 .971
Spirits .875 .830
Heavy Beer .478 .467
Flavored Malt Beverages .042 .035
Total 2.423 2.297

*Based on estimated population of 2,815,000 as of June 30, 2011 and 2,840,000 as of June 30, 2010.

Comparative Gallonage for Utah FY 2011 FY 2010
Wine 2,895,167 2,777,208
Spirits 2,464,116 2,363,527
Heavy Beer 1,344,505 1,300,064
Heavy Malt Beverages 118,133 100,954
TOTAL GALLONS 6,821,941 6,541,653

Net Operating Income 107,621,763 100,970,042


STATEMENT OF OPERATIONS (unaudited)

Operating Revenue:
Retail Sales (Net Sales) 293,979,460 272,710,186
Military Sales 1,569,787 1,495,878
Total Sales 295,549,247 279,206,064
Cost of Goods Sold 150,039,688 139,003,866
Gross Profit 145,510,560 140,202,208
P&L Discontinued Operations 0 0
Total Operating Expenses 145,436,001 139,999,816
Operating Income 144,524,559 140,202,208

BALANCE SHEET (continued)

Operating Revenue: Accounts Payable (Note G) 25,801,624 27,290,204
Bonds Payable (Note H) 4,151,083 3,178,934
Accrued Payroll 611,707 560,323
Deposit In Lieu of Bond 482,660 433,800
Total Annual Leave Payable 1,229,000 1,237,931

Total Current Liabilities $32,296,770 $31,470,660

Long-Term Debt: Bonds Payable (Note H) 88,586,750 93,075,066
Due To General Fund (Note I) 2,518,054 11,342,330
Total Long Term Debt $101,104,804 $104,417,396

Fund Balance: Investment in Fixed Assets 1,619,547 1,619,547
Working Capital 201 201
Total $1,820,547 $1,820,547

NOTE A: ACCOUNTING POLICIES: The Utah Department of Alcoholic Beverage Control is an enterprise fund, established by the Division of State Finance. The administrative operating budget is subject to legislative controls. The transfer of profits to the general fund is determined by the department's accounting system, which is on an accrual basis in accordance with generally accepted accounting principles. The current markup is as follows: distilled spirits, wine and flavored malt beverages 86%, beer 64.5%.

NOTE B: RETAIL SALES: Sales are reported at published prices and include sales and transit taxes which are added as the register.

NOTE C: 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. The leases may exceed that of a base period. None of the current leases contain provisions for minimum payments. In the event of non-compliance by the state, they all contain a provision in case of a change in the law that might have an impact on the lease agreement. The lease payments are included in the interest expense on the annual bond payments for the state owned liquor stores.

NOTE D: CASH: All cash receipts are deposited in bank accounts to the credit of the Treasurer; those that are excluded from the above.

NOTE E: INVENTORIES: Inventories are valued at FIFO and consist of merchandise on our warehouse and at each of the 44 stores. It also includes consignment inventory at package agencies.

NOTE F: PROPERTY AND EQUIPMENT: Property and equipment are stated on the balance sheet at cost and are depreciated on the straight-line method over the estimated service lives of the assets.

NOTE H: BONDS PAYABLE: Bonds payable represents 13 issues of twenty year revenue bonds issued by the State of Utah. The bonds have maturity dates ranging from 2014 to 2030 and carry interest rates from 2.25% to 5.50%.

NOTE I: FINANCING OF FIXED ASSETS/DUE TO GENERAL FUND: During the fiscal year, $15,690 in fixed assets were purchased; therefore, that amount was withheld from the transfer to the general fund and adjusted to the long term debt due to the general fund. An amount equal to the depreciation reduces that debt.
**UNDERAGE DRINKING PREVENTION**

**Parents Play a Critical Role**

ParentsEmpowered is Utah’s underage drinking prevention campaign. It is aimed at parents instead of teens, educates adults about the real harms of underage drinking and provides proven parenting skills to help their kids stay alcohol-free.

**The power of parents**

Parents are the most powerful influence on their children’s behavior. Believe it or not, teens still listen to their parents. In fact, kids usually listen to their parents more than anybody else, including friends. Research shows that parental disapproval is the #1 reason kids choose not to drink alcohol.

**What’s a parent to do?**

1. Know the facts.
   - Alcohol can impair proper teen brain development
   - Underage use can program a teen’s brain for addiction.
   - Underage drinking starts as early as grade school.

2. Build a positive parent-child relationship.
   - Eat dinner together.
   - Listen with love, empathy.
   - Do fun activities together.

3. Establish and communicate clear boundaries.
   - Set clear “no alcohol” rules and expectations.
   - Do it for the benefit of everyone in our community.

4. Supervise and monitor – it sends the message that you care about their well-being.
   - Know where they are, who they’re with, and what they’re doing.
   - Help your kids choose friends wisely. Know their online circle of friends too.

For more information and easy-to-employ online activity monitoring tips, visit:

[www.ParentsEmpowered.org](http://www.ParentsEmpowered.org)

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**Distribution of dollars for FY2011**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>9%</td>
</tr>
<tr>
<td>School Lunch Transfer</td>
<td>10%</td>
</tr>
<tr>
<td>Federal Excise Tax</td>
<td>20%</td>
</tr>
<tr>
<td>Net Profit to GF</td>
<td>21%</td>
</tr>
<tr>
<td>Net Profit, School Lunch Transfer and Sales Tax are state revenues. Percentages based on gross sales and fees of $296,000. (Values shown rounded in thousands of $)</td>
<td></td>
</tr>
</tbody>
</table>

**Price Analysis 750 ml bottle**

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost (thousands of $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cost</td>
<td>$1.11</td>
</tr>
<tr>
<td>Sales Tax*</td>
<td>$0.66</td>
</tr>
<tr>
<td>School Lunch Tax</td>
<td>$1.00</td>
</tr>
<tr>
<td>Federal Excise Tax</td>
<td>$2.14</td>
</tr>
<tr>
<td>Net Profit to GF</td>
<td>$2.20</td>
</tr>
</tbody>
</table>

* The Sales Tax percentage varies from each city, town and county.

**Summary of Operations**

For the Fiscal Year ended June 30, 2011 (unaudited)

**Sales Tax, $15,753, 5%**

**School Lunch Transfer, $29,005, 10%**

**Total Expenses, $31,319, 11%**

**Net Profit, $62,314, 21%**

**Cost of Liquor Sold, $159,060, 53%**

**Distribution of dollars for FY2011**

**Utah Department of Alcoholic Beverage Control Commission**

**Commissioners**

Dr. Richard Sperry, Chairman  
Jeff Wright, Vice Chairman  
Kathleen McConkie (Collinwood), J.D.  
David L. Gladstein  
Constance B. White

**Commission Meetings:** Held monthly at the department’s office in Salt Lake City (1625 South 900 West).

**Personnel (Positions filled as of June 30, 2011):**

<table>
<thead>
<tr>
<th>Position</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Office</td>
<td>39</td>
</tr>
<tr>
<td>Warehouse</td>
<td>33</td>
</tr>
<tr>
<td>Stores</td>
<td>201</td>
</tr>
<tr>
<td>Full Time Employees</td>
<td>264</td>
</tr>
<tr>
<td>Part Time Employees</td>
<td>465</td>
</tr>
<tr>
<td>Total Employees</td>
<td>537</td>
</tr>
</tbody>
</table>

The Utah Department of Alcoholic Beverage Control would be happy to provide additional information on our activities. Please contact our office as listed on the front cover.

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**Dislike Underage Drinking**

Monitor your kids online

**Our commitment:**

The Utah Department of Alcoholic Beverage Control understands alcohol is no ordinary commodity. We pursue the goal of a healthy and safe society in which alcohol is sold to adults only and is consumed responsibly and in moderation. Through sound alcohol policies, collaborative efforts to prevent underage drinking, and ensuring the observance of the alcoholic beverage control laws, we’re working to promote the interests of public health, safety, and social well-being for the benefit of everyone in our community.