# Liquor Control

## MISSION STATEMENT

The mission of the Department of Liquor Control (DLC) is to provide licensing, wholesale and retail sales of beverage alcohol products, enforcement and effective education and training programs, while promoting moderation and responsible behavior in all phases of distribution and consumption. The department diligently promotes, enforces and obeys all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

## BUDGET OVERVIEW

The total recommended FY09 Operating Budget for the Department of Liquor Control is $39,228,000, an increase of $282,380 or 0.7 percent from the FY08 Approved Budget of $38,945,620. Personnel Costs comprise 63.2 percent of the budget for 264 full-time positions and 60 part-time positions for 343.8 workyears. Operating Expenses, Capital Outlay, and Debt Service account for the remaining 36.8 percent of the FY09 budget.

The above projections and proposed expenditures form the basis for working capital decisions concerning the Liquor Enterprise Fund.

The following information is provided to facilitate County Council and public input for final County Executive decisions on the determination of adequate working capital within, and use of resources in, the Liquor Enterprise Fund and net proceeds to be deposited to the General Fund. Consistent with Article 2B, Section 15-207, the County Executive must make resource allocation decisions for the Fund.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ***Healthy and Sustainable Neighborhoods***
- ***A Responsive, Accountable County Government***
- ***Safe Streets and Secure Neighborhoods***
- ***Strong and Vibrant Economy***

## PERFORMANCE MEASURES

**This table presents what the department estimates and projects will be the FY08 through FY10 data for its performance measures if there are no changes in funding.**

| Measure | Actual FY06 | Actual FY07 | Estimated FY08 | Projected FY09 | Projected FY10 |
|---|---|---|---|---|---|
| Number of annual alcohol compliance checks | 327 | 393 | 600 | 600 | 600 |
| Percentage of compliance checks that are failed | 13 | 13 | 11 | 12 | 12 |
| Sales per retail associate ($ thousands) | 560 | 600 | 630 | 660 | 660 |
| Retail sales as percentage of total sales | 43 | 44 | 45 | 46 | 46 |
| Percentage of wholesale customer satisfaction[1] | 84 | 84 | 84 | 84 | 84 |
| Percentage of retail customer satisfaction[2] | 97 | 97 | 97 | 97 | 97 |
| Percentage of gross profit margin on sales | 27.2 | 27.5 | 28 | 28 | 28 |
| Percentage of annual sales growth | 7.5 | 5.5 | 5 | 5 | 5 |

[1]Rated satisfied and above
[2]Rated satisfied and above

## ACCOMPLISHMENTS AND INITIATIVES

- ***Achieved a high level of customer satisfaction in the retail and warehouse delivery operations accompanied with competitive prices led the Department to achieve its highest annual sales of $201.7 million, an increase of 5.43%, which exceeded the target of 5%.***

- ***Achieved a 97% satisfaction result in the retail customer survey and an 84% satisfaction result in wholesale operations from targeted training and promoting clearly defined expectations.***

- ***Transfer $30,410,060 to the General Fund in FY09.***

- ***The Department authors an ongoing, monthly, online newsletter e-mailed countywide to PTAs and interested parents on youth alcohol prevention and local activities. Participants can also e-mail alcohol-related questions.***

- ***Productivity Improvements***

  - ***The Division of Licensure, Regulation and Education received grants for $44,500 from multiple sources, which funded initiatives resulting in server training that yielded an average of 29% increase in knowledge; 94% of all establishments in Wheaton/Long Branch signed a code of conduct pledging to abide by all alcohol laws; 10 Cops in Shops details were held in various locations to assist business owners in combating over-service and underage sales; and a monthly ALERT training has been developed and implemented to assist licensees in understanding responsible sales and service.***

  - ***The Department has re-engineered a number of processes to increase efficiency such as performing inventory counts within 24 hours vs. 72 hours; automating the verification of gallons purchased for excise tax collections, automating the production of a number of reports to save time and increase morale; automated process on the web to assist vendors and customers.***

# PROGRAM CONTACTS

Contact Lynn Duncan of the Department of Liquor Control at 240.777.1915 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

# PROGRAM DESCRIPTIONS

## *Warehouse Operations*

This program involves management of the County's beverage alcohol warehouse and includes the purchase, receipt, and storage of over 14,000 different stock and special order items.

### *FY09 Recommended Changes*

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **7,209,500** | **67.5** |
| Increase Cost: Southlawn Warehouse Lease | 254,960 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 43,750 | -1.1 |
| **FY09 CE Recommended** | **7,508,210** | **66.4** |

## *Delivery Operations*

This program includes the distribution of distilled spirits, wine, and beer to licensed establishments and County retail stores.

### *FY09 Recommended Changes*

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **5,583,780** | **75.7** |
| Decrease Cost: Elimination of One-Time Items Approved in FY08 (One Delivery Truck) | -75,000 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 313,540 | -0.4 |
| **FY09 CE Recommended** | **5,822,320** | **75.3** |

## *Retail Sales Operations*

This program oversees sales of distilled spirits, wine, and beer to retail customers through the operation of retail stores (24 County-staffed and operated and one contractor-operated) located throughout Montgomery County.

### FY09 Recommended Changes

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **16,176,180** | **151.4** |
| Increase Cost: Retail Store Leases | 255,020 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 1,073,060 | 0.5 |
| **FY09 CE Recommended** | **17,504,260** | **151.9** |

## Retail Contracted Operations

Article 2B of the Annotated Code of Maryland allows the County to hire contractors to operate County liquor stores. The County must retain title to all retail stock until sold. The County Council adopted Council Resolution No. 12-452 on November 12, 1991, mandating that the County contract with qualified contractors to operate selected stores. The Kensington, Muddy Branch, and the Pike sites were selected for contracting, and in the Fall of 1992, contractor staff replaced the County employees. In Fall 1994, the Flower Avenue store became a contractor-operated facility. In December 2000, the Kensington store reverted to County operation. State legislation allows the Director of the Department of Liquor Control to contract the operation of a retail outlet only with those persons who had a contract in effect on January 1, 1997. In fiscal year 2005, two of the three contractor-operated facilities (Rockville Pike and Muddy Branch) reverted to County-staffed and operated stores. Flower Avenue remains as the sole contractor-operated retail store.

### FY09 Recommended Changes

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **190,650** | **0.0** |
| **FY09 CE Recommended** | **190,650** | **0.0** |

## Accounting and Inventory Systems

This program provides accounting and financial services for the department. Staff performs day-to-day accounting functions, special analysis and reporting, and the preparation and monitoring of the department's budget.

### FY09 Recommended Changes

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **2,317,780** | **20.1** |
| Increase Cost: Printing and Mail Adjustments | 17,590 | 0.0 |
| Increase Cost: Central Duplicating Deficit Recovery Charge | 3,870 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 640,050 | 3.5 |
| **FY09 CE Recommended** | **2,979,290** | **23.6** |

## Information Management

This program provides for the design, operation, maintenance, and protection of all information technology initiatives of the department. These initiatives include the warehouse inventory system, the retail point-of-sale system, and numerous personal computer applications.

### FY09 Recommended Changes

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **1,819,060** | **9.1** |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 69,800 | 0.0 |
| **FY09 CE Recommended** | **1,888,860** | **9.1** |

## Licensure, Regulation, and Education

This program includes issuing of beverage alcohol licenses inspecting and investigating licensed facilities to ensure compliance with all applicable laws, rules and regulations and serving as support staff and providing expert testimony at hearings for issuance, fining, suspension or revocation of licenses. This program also encompasses community partnership by defining issues and strategies and

monitoring efforts with various agencies, departments, civic organizations, businesses, and individuals to provide and coordinate innovative programs and measures to ensure safe and vibrant communities relative to the service and consumption of beverage alcohol.

### *FY09 Recommended Changes*

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **1,584,660** | **14.3** |
| Decrease Cost: Charges from County Attorney | -58,630 | -0.3 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 66,440 | 1.0 |
| **FY09 CE Recommended** | **1,592,470** | **15.0** |

## *Administration*

This program provides overall direction, administration, and supervision for the department.

### *FY09 Recommended Changes*

| | Expenditures | WYs |
|---|---|---|
| **FY08 Approved** | **4,064,010** | **2.5** |
| Decrease Cost: State Transportation Participation - Debt Service Other | -2,300,000 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | -22,070 | 0.0 |
| **FY09 CE Recommended** | **1,741,940** | **2.5** |

# BUDGET SUMMARY

| | Actual FY07 | Budget FY08 | Estimated FY08 | Recommended FY09 | % Chg Bud/Rec |
|---|---|---|---|---|---|
| **LIQUOR CONTROL** | | | | | |
| **EXPENDITURES** | | | | | |
| Salaries and Wages | 15,405,860 | 17,185,330 | 17,690,800 | 18,319,530 | 6.6% |
| Employee Benefits | 5,034,571 | 5,944,570 | 5,686,680 | 6,469,190 | 8.8% |
| ***Liquor Control Personnel Costs*** | ***20,440,431*** | ***23,129,900*** | ***23,377,480*** | ***24,788,720*** | ***7.2%*** |
| Operating Expenses | 13,311,246 | 11,551,120 | 10,370,910 | 12,549,680 | 8.6% |
| Debt Service Other | 770,416 | 2,800,000 | 200,000 | 500,000 | -82.1% |
| Capital Outlay | 1,866,717 | 1,464,600 | 1,347,230 | 1,389,600 | -5.1% |
| ***Liquor Control Expenditures*** | ***36,388,810*** | ***38,945,620*** | ***35,295,620*** | ***39,228,000*** | ***0.7%*** |
| **PERSONNEL** | | | | | |
| Full-Time | 252 | 260 | 260 | 264 | 1.5% |
| Part-Time | 60 | 60 | 60 | 60 | — |
| Workyears | 329.8 | 340.6 | 340.6 | 343.8 | 0.9% |
| **REVENUES** | | | | | |
| Liquor Licenses | 0 | 1,300,000 | 1,350,000 | 1,350,000 | 3.8% |
| Miscellaneous/Investment Income | 534,036 | 66,000 | 100,000 | 100,000 | 51.5% |
| Operating Revenue | 56,469,911 | 57,168,700 | 58,713,110 | 61,501,980 | 7.6% |
| Liquor License Application Fees | 0 | 153,000 | 160,000 | 160,000 | 4.6% |
| Liquor Enforcement Fines | 0 | 200,000 | 150,000 | 150,000 | -25.0% |
| Tobacco Enforcement Fines | 0 | 20,000 | 20,000 | 20,000 | — |
| Publication Sales - Alcohol Regulation | 0 | 900 | 0 | 0 | — |
| Fingerprint Processing Fee | 0 | 9,000 | 8,500 | 8,500 | -5.6% |
| ***Liquor Control Revenues*** | ***57,003,947*** | ***58,917,600*** | ***60,501,610*** | ***63,290,480*** | ***7.4%*** |
| **GRANT FUND MCG** | | | | | |
| **EXPENDITURES** | | | | | |
| Salaries and Wages | 0 | 0 | 16,880 | 0 | — |
| Employee Benefits | 0 | 0 | 1,230 | 0 | — |
| ***Grant Fund MCG Personnel Costs*** | ***0*** | ***0*** | ***18,110*** | ***0*** | — |
| Operating Expenses | 5,854 | 0 | 9,390 | 0 | — |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| ***Grant Fund MCG Expenditures*** | ***5,854*** | ***0*** | ***27,500*** | ***0*** | — |
| **PERSONNEL** | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 0 | 0 | 0 | 0 | — |
| Workyears | 0.0 | 0.0 | 0.0 | 0.0 | — |
| **REVENUES** | | | | | |
| Latino Server Training Initiative Grant | 5,854 | 0 | 27,500 | 0 | — |
| ***Grant Fund MCG Revenues*** | ***5,854*** | ***0*** | ***27,500*** | ***0*** | — |
| **DEPARTMENT TOTALS** | | | | | |
| **Total Expenditures** | **36,394,664** | **38,945,620** | **35,323,120** | **39,228,000** | **0.7%** |
| **Total Full-Time Positions** | **252** | **260** | **260** | **264** | **1.5%** |
| **Total Part-Time Positions** | **60** | **60** | **60** | **60** | — |
| ***Total Workyears*** | ***329.8*** | ***340.6*** | ***340.6*** | ***343.8*** | ***0.9%*** |
| ***Total Revenues*** | ***57,009,801*** | ***58,917,600*** | ***60,529,110*** | ***63,290,480*** | ***7.4%*** |

## FY09 RECOMMENDED CHANGES

| | Expenditures | WYs |
|---|---|---|
| **LIQUOR CONTROL** | | |
| **FY08 ORIGINAL APPROPRIATION** | **38,945,620** | **340.6** |
| **Other Adjustments (with no service impacts)** | | |
| Increase Cost: General Wage and Service Increment Adjustments | 1,079,910 | 0.0 |
| Increase Cost: Additional cost to pre-fund retiree health insurance on the multi-year schedule | 438,410 | 0.0 |
| Increase Cost: Group Insurance Adjustment | 358,730 | 0.0 |
| Increase Cost: Retail Store Leases [Retail Sales Operations] | 255,020 | 0.0 |
| Increase Cost: Southlawn Warehouse Lease [Warehouse Operations] | 254,960 | 0.0 |
| Increase Cost: Retirement Adjustment | 131,590 | 0.0 |
| Increase Cost: Annualization of FY08 Personnel Costs | 118,580 | 3.5 |
| Increase Cost: Motor Pool Rate Adjustment | 63,460 | 0.0 |
| Increase Cost: Occupational Medical Services (OMS) Adjustment | 19,140 | 0.0 |
| Increase Cost: MLS Adjustment | 17,750 | 0.0 |
| Increase Cost: Printing and Mail Adjustments [Accounting and Inventory Systems] | 17,590 | 0.0 |
| Increase Cost: Labor Contracts - Other | 10,890 | 0.0 |
| Increase Cost: Central Duplicating Deficit Recovery Charge [Accounting and Inventory Systems] | 3,870 | 0.0 |
| Decrease Cost: System Benefit Charge | -12,110 | 0.0 |
| Decrease Cost: Risk Management Adjustment | -41,780 | 0.0 |
| Decrease Cost: Charges from County Attorney [Licensure, Regulation, and Education] | -58,630 | -0.3 |
| Decrease Cost: Elimination of One-Time Items Approved in FY08 (One Delivery Truck) [Delivery Operations] | -75,000 | 0.0 |
| Decrease Cost: State Transportation Participation - Debt Service Other [Administration] | -2,300,000 | 0.0 |
| **FY09 RECOMMENDED:** | **39,228,000** | **343.8** |

## PROGRAM SUMMARY

| | FY08 Approved | | FY09 Recommended | |
|---|---|---|---|---|
| | Expenditures | WYs | Expenditures | WYs |
| Warehouse Operations | 7,209,500 | 67.5 | 7,508,210 | 66.4 |
| Delivery Operations | 5,583,780 | 75.7 | 5,822,320 | 75.3 |
| Retail Sales Operations | 16,176,180 | 151.4 | 17,504,260 | 151.9 |
| Retail Contracted Operations | 190,650 | 0.0 | 190,650 | 0.0 |
| Accounting and Inventory Systems | 2,317,780 | 20.1 | 2,979,290 | 23.6 |
| Information Management | 1,819,060 | 9.1 | 1,888,860 | 9.1 |
| Licensure, Regulation, and Education | 1,584,660 | 14.3 | 1,592,470 | 15.0 |
| Administration | 4,064,010 | 2.5 | 1,741,940 | 2.5 |
| Totals | 38,945,620 | 340.6 | 39,228,000 | 343.8 |

## CHARGES TO OTHER DEPARTMENTS

| | | FY08 | | FY09 | |
|---|---|---|---|---|---|
| Recipient Department | Recipient Fund | Total$ | WYs | Total$ | WYs |
| **LIQUOR CONTROL** | | | | | |
| Health and Human Services | Grant Fund - MCG | 67,150 | 1.0 | 72,130 | 1.0 |

## FUTURE FISCAL IMPACTS

| Title | CE REC. FY09 | FY10 | FY11 | ($000's) FY12 | FY13 | FY14 |
|---|---|---|---|---|---|---|
| **This table is intended to present significant future fiscal impacts of the department's programs.** | | | | | | |
| **LIQUOR CONTROL** | | | | | | |
| **Expenditures** | | | | | | |
| **FY09 Recommended** | **39,228** | **39,228** | **39,228** | **39,228** | **39,228** | **39,228** |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| **Labor Contracts** | **0** | **1,196** | **1,312** | **1,312** | **1,312** | **1,312** |
| These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits. | | | | | | |
| **Central Duplicating Deficit Recovery Charge** | **0** | **-3** | **-3** | **-3** | **-3** | **-3** |
| This per employee charge will be eliminated in FY10. | | | | | | |
| **Retail Store Leases** | **0** | **202** | **415** | **637** | **637** | **637** |
| The leases for 25 retail stores include annual escalation clauses. | | | | | | |
| **Retiree Health Insurance Pre-Funding** | **0** | **584** | **1,167** | **1,750** | **1,882** | **2,020** |
| These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce. | | | | | | |
| **Southlawn Warehouse Lease** | **0** | **28** | **29** | **30** | **31** | **0** |
| DLC's portion for 50,560 square feet of additional lease space at the Southlawn Warehouse. | | | | | | |
| **State Transportation Projects** | **0** | **1,280** | **5,150** | **4,925** | **4,800** | **4,700** |
| Financing for the State Transportation Participation CIP Project No. 500722 and the Glenmont Metro Parking Expansion CIP Project No. 500552. | | | | | | |
| ***Subtotal Expenditures*** | ***39,228*** | ***42,515*** | ***47,298*** | ***47,879*** | ***47,887*** | ***47,894*** |

| FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | DEPARTMENT OF LIQUOR CONTROL | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY08 ESTIMATE** | **FY09 REC** | **FY10 PROJECTION** | **FY11 PROJECTION** | **FY12 PROJECTION** | **FY13 PROJECTION** | **FY14 PROJECTION** |
| Indirect Cost Rate | 10.00% | **10.00%** | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| CPI (Fiscal Year) | 3.1% | **2.8%** | 2.4% | 2.5% | 2.5% | 2.5% | 2.5% |
| Investment Income Yield | 4.5% | 2.5% | 3.5% | 4.0% | 4.5% | 4.8% | 5.0% |
| **BEGINNING FUND BALANCE** | **9,785,190** | **10,202,870** | **2,855,290** | **3,596,130** | **4,815,350** | **6,580,000** | **9,163,560** |
| **REVENUES** | | | | | | | |
| Licenses & Permits | 1,510,000 | **1,510,000** | 1,546,240 | 1,584,900 | 1,624,520 | 1,665,130 | 1,706,760 |
| Charges For Services | 8,500 | **8,500** | 8,700 | 8,920 | 9,140 | 9,370 | 9,600 |
| Fines & Forfeitures | 170,000 | **170,000** | 174,080 | 178,430 | 182,890 | 187,460 | 192,150 |
| Total Miscellaneous | 1,688,500 | **1,688,500** | 1,729,020 | 1,772,250 | 1,816,550 | 1,861,960 | 1,908,510 |
| Gross Profit | 58,713,110 | 61,501,983 | 64,269,572 | 67,161,703 | 70,183,979 | 73,342,258 | 76,642,660 |
| Investment Income | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total Revenues** | **60,501,610** | **63,290,483** | **66,098,592** | **69,033,953** | **72,100,529** | **75,304,218** | **78,651,170** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(22,920,470)** | **(30,410,060)** | **(22,842,870)** | **(20,516,480)** | **(22,456,640)** | **(24,833,810)** | **(27,433,810)** |
| Transfers To Debt Service Fund | (770,420) | 0 | 0 | 0 | 0 | 0 | 0 |
| Liquor Revenue Bonds-Transportation Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Short Term Lease-Liquor Warehouse | (770,420) | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers To The General Fund | (22,150,050) | (30,410,060) | (22,842,870) | (20,516,480) | (22,456,640) | (24,833,810) | (27,433,810) |
| Indirect Costs | (2,312,990) | (2,321,850) | (2,598,490) | (2,610,110) | (2,610,110) | (2,610,110) | (2,610,110) |
| Earnings Transfer | (19,723,700) | (27,452,610) | (19,563,700) | (17,373,700) | (19,498,700) | (22,223,700) | (24,823,700) |
| **TOTAL RESOURCES** | **47,366,330** | **43,083,293** | **46,111,012** | **52,113,603** | **54,459,239** | **57,050,408** | **60,380,920** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (35,095,620) | **(38,728,000)** | (38,728,000) | (38,728,000) | (38,728,000) | (38,728,000) | (38,728,000) |
| Debt Service: Other: State Transportation Projects | (200,000) | **(500,000)** | **(1,780,000)** | **(5,650,000)** | **(5,425,000)** | **(5,300,000)** | **(5,200,000)** |
| Labor Agreement | n/a | **0** | (1,196,150) | (1,312,380) | (1,312,380) | (1,312,380) | (1,312,380) |
| Souhtlawn Warehouse Lease | n/a | **n/a** | (28,140) | (28,980) | (29,850) | (30,750) | 0 |
| FFI - Central Duplicating | | | 3,470 | 3,470 | 3,470 | 3,470 | 3,470 |
| FFI - Retiree Health Insurance Pre-Funding | n/a | **n/a** | (584,060) | (1,167,360) | (1,750,480) | (1,882,190) | (2,020,490) |
| FFI - Retail Stores | n/a | **n/a** | (202,000) | (415,000) | (637,000) | (637,000) | (637,000) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(35,295,620)** | **(39,228,000)** | **(42,514,880)** | **(47,298,250)** | **(47,879,240)** | **(47,886,850)** | **(47,894,400)** |
| **OTHER CLAIMS ON CASH BALANCE** | **(1,867,840)** | **(1,000,000)** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL USE OF RESOURCES** | **(37,163,460)** | **(40,228,000)** | **(42,514,880)** | **(47,298,250)** | **(47,879,240)** | **(47,886,850)** | **(47,894,400)** |
| **YEAR END CASH BALANCE** | **10,202,870** | **2,855,290** | **3,596,130** | **4,815,350** | **6,580,000** | **9,163,560** | **12,486,520** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **21.5%** | **6.6%** | **7.8%** | **9.2%** | **12.1%** | **16.1%** | **20.7%** |

**Assumptions:**

1. Ending cash balance = One month's Operating Expenses, One Payroll, and $1.5M for inventory.
2. Net Sales growth estimated at 4.5% per year.
3. Operating Revenue growth estimated at 4.5% per year.
4. Operating Expenses grow with Major Known Commitments and not CPI.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
6. Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.