



VERMONT

DEPARTMENT OF LIQUOR AND LOTTERY

2020 ANNUAL REPORT

liquorandlottery.vermont.gov

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Message from the Board



Left to right: Martin Manahan, Chair; Members Sabina Haskell, Sam Guy and Ed Flanagan.
Not pictured: Thom Lauzon

January 1, 2021
Honorable Phil Scott
Governor of Vermont
Montpelier, Vermont

Governor Scott,

It is my distinct honor to submit to you the 2nd combined Annual Report for the Vermont Board of Liquor and Lottery for the fiscal year running from July 1, 2019, through June 30, 2020, in conformance with the provisions of Title 7, Section 109 and Title 31, Section 657 of the Vermont Statutes Annotated.

The Department of Liquor and Lottery and the Board of Liquor and Lottery were created during the 2018 Special Session of the Legislature which passed H.7 (Act 1). The newly created single Department and Board formally came into existence on July 1, 2018.

Fiscal year 2020 was going very well, and it appeared that both the Liquor and Lottery divisions were on the way to another record sales year. As we all know, COVID-19 appeared in late winter and with that came the "Stay Home, Stay Safe" order, which closed many businesses including bars and restaurants. Despite the closure of licensed establishments, total spirits sales increased and consumers continued to purchase spirits for at-home consumption, which dramatically drove up sales volumes. For the Lottery division, many convenience stores temporarily shut down and others stopped accepting cash, which is presently the only way to pay for Lottery products. This was a major hit and depressed sales for a six-week period, after which there was a significant rebound in sales. The Liquor division did set new sales and earnings records once again this year. While the Lottery division fell slightly short of a new sales record, it was still the second highest selling year in 42 years.

None of this success would have been possible without the dedication of the Department's staff. Despite the option of staying home, the staff continued to work and kept the Department fully operational. On behalf of the Board, I want to publicly acknowledge and thank the Department's staff and management team for their flexibility and teamwork during this unprecedented pandemic.

In closing, I hope that you will find the attached Annual Report to be informative and that, after your review, you will be as proud of the success of the Department of Liquor and Lottery as we are. The Department is a great asset to the state of Vermont and will continue to be so moving into the future.

Respectfully submitted,

Martin Manahan, Chair
Thomas Lauzon, Member
Sabina Haskell, Member
Samuel Guy, Member
Ed Flanagan, Member

The Board

The Department of Liquor and Lottery, created by 3 V.S.A. § 212, shall administer the laws relating to alcoholic beverages, tobacco and the State Lottery. It shall include the Commissioner of Liquor and Lottery and the Board of Liquor and Lottery.

The duties of the Board are described under 7 V.S.A. 5, § 104. The Board's primary responsibility is to see that the laws relating to alcohol and tobacco are enforced and that the DLC collaborates with other law enforcement entities in the state. They act as a judicial board in hearing and adjudicating violations by its licensees and permittees. Board decisions are available on the DLC's website.

In addition, the Board supervises the opening and operation of local Agency stores involved in the sale and distribution of alcoholic beverages; supervises the financial transactions of the central office and the Agencies; makes rules and regulations regarding manufacture, sales, transport, labeling and advertising of malt or vinous alcoholic beverages, spirits and fortified wines; and adopts rules regarding intrastate transportation of such beverages.



Martin Manahan

Marty is the Director of Operations and Business Development for St. Albans City. Over the last several years, he has been deeply involved in the revitalization of downtown St. Albans including a \$4 million streetscape redevelopment, the development of a five-deck parking garage which services a newly built Downtown Hampton Inn and a 40,000-square-foot state of Vermont office building. Marty has served on the St. Albans City Zoning Board, the Development Review Board, President of the City Council and Mayor of the city of St. Albans for six years, from 2006 through 2012. Marty is also a member of the Northwest Regional Development Board, the St. Albans City Downtown Board of Civil Authority and is a Justice of the Peace. He lives in St. Albans City with his wife, Lisa, and four children: Sean, Samantha, Isaac and Ian. His term expires on January 31, 2023.

Board Members



Thomas J. Lauzon

Mr. Lauzon was appointed as a member of the Board on July 21, 2015. Mr. Lauzon is an accountant and developer, and has had a long career in Vermont, including as the Mayor of Barre from 2006 to 2018. His term expires on January 31, 2023.



Sam Guy

Governor Phil Scott appointed Sam Guy as a member of the Liquor Control Board in May 2017. Sam is a native Vermonter who graduated from Peoples Academy in Morrisville and Champlain College. He took over his family's business in 1985, growing it from a single dairy feed store to four retail stores specializing in pet food and supplies, equine, wild bird, lawn and garden products, and wood pellets. His wife and two grown sons are also active in the business. Sam has always enjoyed serving on local boards in his community. His term expires on January 31, 2022.



Ed Flanagan

Ed Flanagan was named as a Board Member of the merged Liquor and Lottery Board in 2018. Prior to the merger, Mr. Flanagan had been a member of the Vermont Lottery Commission since 2014. He is also the Vermont representative to the Tri-State Lottery Commission that includes the states of Vermont, New Hampshire and Maine. He is Vice President of a communications company that has facilities in Vermont, New Hampshire, Massachusetts and Wyoming. Mr. Flanagan lives in Montpelier, and his term expires on January 31, 2021.



Sabina Haskell

Sabina Haskell, a resident of Colchester, was appointed Chairwoman of the Vermont Lottery Commission in March 2017 and joined the Board of Liquor and Lottery in January 2018 when the two departments were merged. Haskell is the Director of Public Affairs for VSAC, the state's nonprofit public agency dedicated to promoting access and equity for all Vermonters in pursuing their education and training after high school. Prior to that, she held positions of Regional Director of Communications for the former Fair-Point Communications, Deputy Secretary at the Vermont Agency of Natural Resources, and spent more than a decade in Vermont media as a reporter and editor at the Bennington Banner, Brattleboro Reformer, Rutland Herald and Manchester Journal. She served three terms as President of the Vermont Press Association. She is committed to public service and has served on local, state and nonprofit boards including the Burlington Electric Commission, SerVermont, Young Writers Project, Montpelier Development Review Board, Sunderland School Board and more. Her term expires on January 31, 2023.

Message from the Commissioner

Welcome to the second edition of the combined Annual Report for the Department of Liquor and Lottery. This annual report marks the 86th edition of the DLC report and the 42nd edition of the Lottery report.

Fiscal 2020 was like no year in the history of the Department. The profound and immediate impacts of the COVID-19 pandemic presented many challenges and opportunities for success. While the pandemic was the game-changer and headliner this year in terms of challenges, there were many other significant achievements for the DLL team.

During fiscal 2020, the Division of Liquor Control completed our retail agency signage replacement program. In 2017, the 802Spirits brand was created to promote a brand identity for our retail agencies. Creating consistent interior and exterior signage was a key component to this branding process. Design, manufacturing, permitting, and installation of exterior and interior signage have been completed at 74 retail agencies throughout the state. We feel that effective branding and consistent signage are two key components of our successful retail business model.

We have had one full year of experience and adjustments to our new Microsoft Dynamics 365 retail system. This major technology upgrade was completed in 2019 and refined throughout 2020. The

platform has allowed us to make significant progress in improving our inventory management, generating financial data and standardizing improved retail procedures. This new system has also improved our warehousing performance levels and assisted us in creating new operational efficiencies. This retail and back office system has also allowed the DLC to implement automated store replenishment orders. This is a great tool for our retailers and the state to collaboratively manage state-owned inventories more effectively.

The Office of Compliance and Enforcement created and implemented a new impaired driver program throughout the state. The "Place of Last Drink" tool has created a mandatory protocol for all DUI arrests. This data-driven program will identify drinking establishments with high levels of DUI infractions. The Division also shouldered a heavy burden of licensee compliance to the Governor's COVID-19 Executive Orders.

In the Marketing Office, the DLC continued the popular rare spirit



Patrick T. Delaney
Liquor and Lottery Commissioner



raffles and sweepstakes. These programs are intended to stimulate interest in the DLC social media and websites, and to provide the public with an equal opportunity to purchase rare and highly allocated products. This program has been enhanced by the Odds & Ends program that was instituted to move special-order merchandise and dead stock items through retail. Through a combination of social media and website exposure, these programs now have a customer base of over 5,000 consumers.

The Education Office hired Erik Volk as new director in 2019. Under his leadership, the DLC team has developed many new, in-person and online training materials. We have also upgraded numerous practices and procedures. We have focused on making our services more easily accessible and user-friendly. Additionally, the Division developed and launched a new "Train the Trainer" program. This redesigned program addressed a historically weak area in our education programming. Our Education Office received national recognition by Control States' StateWays magazine for "Best in Class."

Fiscal 2020 was another record-setting revenue year for the DLC. The effect of the pandemic on our business levels was profound. During the pandemic, we saw depletions quickly rise and sustain growth percentages in the mid-teens through the end of the fiscal year. In fiscal 2020, the Department sold 458,971 cases, an increase year over year of 24,899. Gross revenue for fiscal 2020 was \$87,935,500. This was an increase of \$5,765,471. The DLC's total contribution to the General Fund in fiscal 2020 was \$31,757,514. This was an increase of \$3,890,625 or 12.25%.

I would like to acknowledge the tremendous contributions of our warehouse team for rising to the challenge of managing a sustained 10% increase in business levels. Operating at these business levels

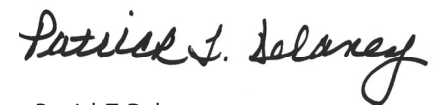
would not have been possible before improvements were made to technology, processes and procedures implemented in our warehouse over the past couple of years. Without their individual contributions, the ability to service these high levels of demand would not have been possible.

The Licensing Office made substantial progress on a new licensing portal. This large IT project will modernize our licensing processes and greatly improve customer service. During the pandemic time frame, the Division has responded quickly and professionally to a long list of permitting and licensing changes. The changes were necessary to support businesses throughout the state during the COVID-19 Executive Order period.

Lastly, I would like to commend our imbedded IT staff for their efforts that allowed us all to seamlessly transition to a remote working environment. Without their support, the Department of Liquor and Lottery would not have been able to continue working at a high level throughout the "Stay Home, Stay Safe" Executive Order period.

Our goals and objectives for the DLL in fiscal 2021 are to continue our progression of improved financial outcomes, and to sustain the integration of key administrative functions. We will continue evaluating our existing policies and procedures in both divisions to sustain our operational improvements and find new efficiencies and synergies between the two divisions.

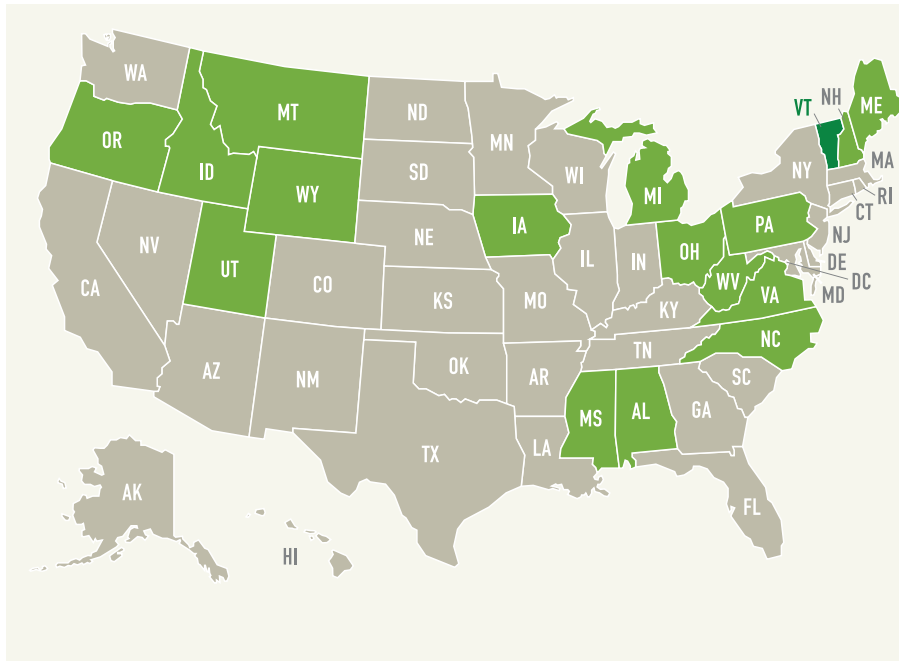
Respectfully,



Patrick T. Delaney



History of the Nation's Liquor Control States



Introduction

Following the repeal of Prohibition in 1933, Vermont became one of 21 jurisdictions nationwide that controlled the sale of alcoholic beverages within their own borders to permit local adoption on this controversial issue. Currently, 17 states and jurisdictions have adopted forms of the “Control” model. These jurisdictions account for almost 27% of the U.S. population.

These “Control States” or “Control Jurisdictions” established their own system of control over the wholesaling and/or retailing of alcoholic beverages. The control system has withstood the test of time because it is fundamentally sound. It is flexible enough to adapt and evolve to meet the changing demands of consumers as well as those involved in the supply chain.

About the DLC

Many control states and jurisdictions control retail sales whereby their citizens purchase liquor at a state liquor store or a designated agency store. Vermont owned and operated many of its own stores until 1996 when it transitioned completely to an agency system, as mandated by the Legislature.

The DLC is the regulatory agency responsible for enforcing Vermont’s alcohol and tobacco statutes and regulations. This includes licensing the sale of alcohol at bars and restaurants; the sale of beer, wine and tobacco at retail stores; and enforcing compliance with laws and regulations related to service to impaired persons, and alcohol and tobacco sales to minors.

The DLC licenses the sale of beer and wine to private businesses but retains control over the sale of beverage alcohol (e.g., spirits such as whiskey, vodka, gin, tequila, etc.).

The DLC is responsible for purchasing, pricing and retailing beverage alcohol, directly controls its sale and regulates all persons involved in the alcohol supply chain at any level in the state. As the exclusive seller of liquor, the DLC applies a 65% to 85% markup to the cost of products to establish retail shelf prices for liquor. This markup includes the required 5% state excise tax.

Vermont’s system of liquor control provides benefits to all of Vermont’s citizens. We believe Vermont has found the right balance between too

much availability, which leads to increased consumption and over-regulation, which inhibits good customer service.

Vermont is proud to be a control distribution jurisdiction, and the DLC continues to evolve to optimize the benefits of the control jurisdiction while improving service to our consumers.

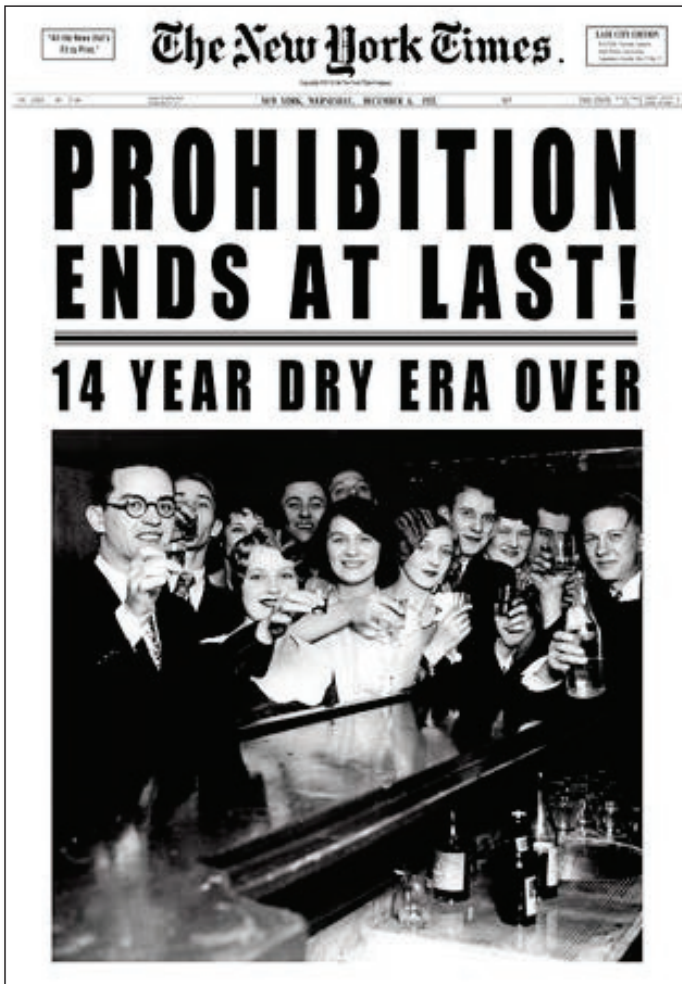


The DLC is a member of National Alcohol Beverage Control Association — NABCA. Founded in 1938, NABCA is the national association representing the Control State Systems — those jurisdictions that directly control the distribution and sale of

beverage alcohol within their borders.

Headquartered in the Washington, D.C., area, NABCA serves its members by providing research, analytics and alcohol regulatory information, and acts as liaison to federal, state and local governments, research groups, public health associations, the media and other organizations impacting alcohol policy. NABCA’s mission is to support member jurisdictions in their efforts to protect public health and safety, and ensure responsible and efficient systems for beverage alcohol distribution and sales.

The History and Future of the DLC



The DLC was created in 1933, when the 21st Amendment to the U.S. Constitution repealed the Volstead Act (Prohibition).

When Prohibition was repealed, the process of determining the method of regulation of alcoholic beverages fell to the states and counties. In response, all states instituted some form of three-tier system of producers, wholesale distributors and retailers to promote moderation in consumption, prevent concentration of power and raise revenues through taxes. The DLC is tasked with issuing liquor licenses and permits, providing education and enforcing state and federal laws relating to alcohol and tobacco.

The DLC is here to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement and education. The Department strives to provide excellent customer service by operating efficient, convenient liquor agency stores throughout the state. Our system of selling alcohol achieves a delicate balance between offering a great selection of products with reasonable pricing at 77 convenient locations around the state.

Studies prove that regulating sales reduces consumption, thereby limiting the physical and social damage caused by the misuse of alcohol. States with less alcohol regulation, in general, have more issues with alcohol abuse, higher prices and less selection of products than our state. Moderation and temperance in control states generally reduce social costs associated with alcohol consumption.

The control system itself continues to provide a regulatory environment that serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.

2020: Year in Review

Legislative Summary

The 2020 session started on a positive note as Governor Scott proposed an expansion of the Lottery to include Keno and sports betting in his budget address. Several bills were introduced related to the legalization of sports betting and, as a result, discussions took place in both House and Senate Committees including testimony from the major sports betting firms. While no proposals advanced out of committee, this was a good opportunity to start the ball rolling on both of these topics. We hope to start the 2021 session with some momentum to help move these ideas forward.

A number of departmental priorities were taken up during the 2020 session. The House passed H.956 which addressed a wide range of liquor-related issues. These included:

1. Permitting municipalities to assess a \$50 fee for standalone third-class licenses.
2. Transitioning licenses, permits and certifications to expire after a year, rather than all expiring on April 30 each year.
3. Allowing a holder of a manufacturer's or rectifier's license to obtain a first- or third-class license without being primarily dedicated to dispensing meals.
4. Creating clear requirements for festival permits.
5. Repeal of the notice to the Department for promotional tasting events.
6. Extending the grandfather provision for special event permits until July 1, 2021.

Unfortunately, shortly after passage of the House bill COVID-19 forced the Legislature to work remotely. Ultimately, the Senate was able to address only two issues contained in H.956 in June. The bill, which passed the Senate and was signed into law by Governor Scott on July 13, included:

1. Allowing a holder of a manufacturer's or rectifier's license to obtain a first- or third-class license without being primarily dedicated to dispensing meals.
2. Extending the grandfather provision for special event permits until July 1, 2021.

As a result of the uncertainties around COVID-19, the Legislature returned to the statehouse in late August to complete the remainder of the fiscal year's budget. During this short budget session, discussions with the Senate continued on the remaining issues that had not been addressed by the passage of H.956. With very limited time, the main focus for the Department was on eliminating the April 30 expiration date for licenses, permits and certificates. The major driver for this change was the completion of an RFP for an online licensing system for the Department. The build of the new licensing system was planned to start in the fall of 2020, and it would be very inefficient and costly if the new system had to be modified to adjust to a floating expiration date for licenses, permits and certificates. The members of the Senate Committee on Economic Development, Housing and General Affairs grasped the challenge faced by the Department if a change was not made and were successful in having language added to H.969, the "Big Bill" that addressed this issue.

The Department is looking forward to working with the Legislature in 2021 on Lottery expansion including keno, iLottery and sports betting. We also hope that the Legislature will be able to address the unresolved issues from H.956, which include the repeal of notice for promotional tastings, clear guidelines regarding festival permits and permitting municipalities to collect a \$50 fee for standalone class 3 licenses.

Awards and Recognition

Genest Receives IACP Award

Office of Compliance and Enforcement Chief Skyler Genest has been selected as one of the International Association of Chiefs of Police (IACP) 40 Under 40 Award winners in 2020. He is part of an incredibly talented, accomplished and dedicated group of individuals who demonstrate leadership and exemplify a deep commitment to the profession.

As an awardee, he is recognized on the IACP's website, <https://www.theiacp.org/2020-iacp-40-under-40-awardees>, and featured in the September 2020 issue of Police Chief magazine.

Congratulations Chief Genest — Well deserved!

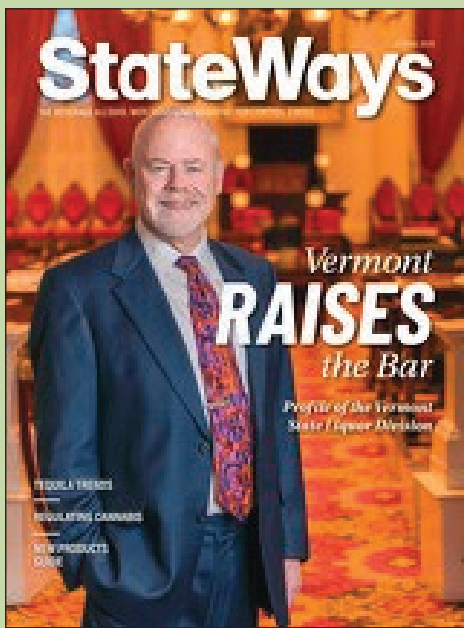


NABCA Donates on Behalf of DLC

On behalf of the Vermont Department of Liquor and Lottery (DLL) the National Alcohol Beverage Control Association (NABCA), has donated \$5,000 to the Vermont Community Foundation and \$5,000 to the "Hug a Farmer" project through the Intervale Center to help in their efforts to aid those who have been adversely affected by the COVID-19 pandemic.

"The Vermont Department of Liquor and Lottery, Division of Liquor Control has been a member of NABCA since 1938 and we have collaborated on numerous community efforts in the past. It is our hope that this contribution will be helpful in easing the burden so many find themselves faced with today.

"We appreciate your efforts to make a positive difference in the lives of the citizens of Vermont," said Jim Sgueo, NABCA president and CEO.



National Recognition in StateWays Magazine

DLC was featured in the Spring 2020 issue of StateWays magazine. The full article can be read online at [stateways.com/digital-archives/ Spring 2020 edition](http://stateways.com/digital-archives/Spring 2020 edition).

Retirements in 2020

A special thanks to each of these outstanding employees for their years of service and loyalty to the State of Vermont.

Liquor Division

With deep respect and appreciation, after more than 20 years with the DLC, **Sgt. Andrew “Andy” Thibault** entered retirement at the end of his shift October 23, 2020.

Sgt. Thibault began his service with the DLC on September 11, 2000. Over the following 20 years, Andy filled the role of investigator, sergeant, a stint as lieutenant and on multiple occasions acting chief. Chief Genest makes no hesitation in stating, “Over my three years as Chief, he has been my most trusted confidant and mentor.”

Genest also said, “I have always been most impressed with the way Andy built relationships with his licensees. He is a talented investigator and a fine police professional but, at the end of the day, I will always marvel at his ability to connect with the people he worked with.”

Investigator Ladd Wilbur retired from the DLC on January 31, 2020. Ladd had been with the DLC since 2008, and came to the Liquor Department via the Windham County Sheriff’s Department. We thank Ladd for his 12 years of service to DLC, and an even longer term of service to the state of Vermont. He has been missed, but we are sure he is enjoying warmer weather.

Sgt. Gerald Cote came to DLC in February 2006. Over the past 14+ years, Gerry was responsible for Caledonia and lower Essex County and, for a period of time, he was also responsible for parts of Washington County and Orleans County. Gerry has always covered a large geographic area with a relatively large number of licensees. His service to the state is commendable, and the North-east Kingdom will be a different place without Gerry up there.

Lottery Division

Ann-Marie Mears started at the Lottery as a part-time employee. In the mid-1980s, she went full time and has been with the Lottery commission for over 33 years.

Over the years, her duties included everything from maintaining instant ticket inventory records for field staff members (back when it was maintained on paper), front-office sales, claims, subscriptions, retail and customer service, to most anything in accounting, and she did everything with incredible organization.

In addition, she worked nights doing the Internal Control System (ICS) of auditing nightly drawings. If historical Lottery details were needed, Ann could explain it and likely she would have a memo on it. Even during the toughest of times, she was one of the most dedicated employees you would ever find.

Her enjoyment during retirement will be spending more time with her grandchildren.

Ellen Pulsifer worked for other state departments before transferring to Lottery. She started as an IT assistant and, when the lead IT person left, she became the only IT person. She managed everything IT related, from the handheld devices our reps used to carry, the network, cellphones, including the first-car mounted phones, and maintaining PCs and laptops. In 2000, she started Lottery’s own Internal Control System and was operator and manager of that group until she retired. She also handled asset management, records management, tax reporting and all tax statements. She was the backup to most everything in the business office. When the web developer left, she took over that role as well. She was truly a very dedicated employee and willing to do anything that needed to be done. On a more personal note: She liked Halloween so much, the sign on her door read, “The witch is in,” and she enjoyed decorating her office.

As for retirement, she is contemplating what to do next.

Management Team



Patrick Delaney, Commissioner

Patrick was born and raised in Seattle, Washington. In 1982, he graduated from Washington State University with a Hotel and Restaurant Administration degree. His post-graduate career in the hospitality industry started at the Seattle Sheraton Hotel and Towers. In 1991, Patrick initiated a career change into the wine and spirits brokerage business. Over a 25-year career, he matriculated from on- and off-premise sales, to partnership and ultimately majority ownership of Phoenix Wine and Spirits (PWS). PWS was the largest wine brokerage in Utah for a decade. Southern Wine and Spirits purchased his company in 2013 and employed Patrick as a portfolio manager until he accepted a position as Commissioner of the DLC. Mr. Delaney moved to the great state of Vermont in February 2016 to embrace the challenge of leading the DLC to a brighter future.



Gary Kessler, Deputy Commissioner

Gary joined the Department of Liquor Control in March of 2016. He has served the state in a number of different roles during his 32-year career including as the Director of the Compliance and Enforcement Division at the Agency of Natural Resources, as an environmental prosecutor and 10 years as a Deputy State's Attorney where he managed the Appellate Unit and the Department's legislative activities. After the consolidation of the Liquor Control with the Lottery, Gary was appointed by Governor Scott to lead the Lottery team. Until a replacement Deputy is hired, he will continue to work on the Liquor side of the Department. Gary is a graduate of Hobart College and Boston University Law School. He also graduated from the Vermont Certified Public Manager Program as well as ANR's Leadership and Management Program. Gary enjoys finding efficiencies in operations and in helping the Department increase the contributions we make to the General and Education funds.



Theresa Barrows, Director of Marketing

Hired in 2016, Theresa brought a wealth of knowledge with both traditional and digital marketing. A native Vermonter, Theresa was born and raised in Rutland and spent her early years in the food and beverage industry. She attended UVM as an environmental major and then moved into graphic design and communications. The ski industry afforded her experience in customer service and advertising at Rossignol to accessory product management at Nordica. Green Mountain Coffee Roasters expanded her experience to include managing photo shoots, and the production and distribution of consumer catalogs. Website updates, email management and digital strategy rounded out her marketing expertise.



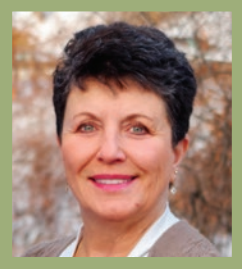
Kim Walker, Director of Retail Operations

Kim was hired in November of 2015 with a vast knowledge of retail experience with corporations, franchises and small business owners. She has 10+ years working within the Ben & Jerry's universe for both corporate and franchise owners. She thrived in an environment of fast-paced sales, great customer service and team-building exercises. Her knowledge of a thriving retail environment and a positive social mission was a leading factor in her decision to work for State Government. Her experience in restaurant service, retail purchasing, employee training, new store openings and volunteer experience are greatly utilized in the Department. She works closely with all retail operations, purchasing, marketing, IT, enforcement, warehousing and distribution, and oversees a team of four retail coordinators and 77 retail Agency partners.



Skyler Genest, Director of Enforcement and Compliance

Skyler was promoted to Director of Enforcement and Compliance in August of 2017 after four years as a DLC investigator where he was responsible for much of Lamoille County, including the town of Stowe. He oversees a team of 13 investigators including four sergeants. With the merging of Lottery, Skyler will lead OCE in improving the compliance and enforcement in the Division of Lottery as well. Skyler is a Staff Sargent in the Vermont Army National Guard and is trained as a military police officer. In 2010, he served in a combat role in Afghanistan where he worked with and trained members of the Afghan National Police. In 2021, he will be deploying to Eastern Europe to conduct military police operations for the U.S. Army as part of Operation Freedom's Sentinel.



Linda Vincent, IT Manager

Linda is our Director of IT for the Department of Liquor and Lottery. She has been with the Department for seven years, coming to us from the IT department at the Office of the Treasurer. Linda brings over 20 years of experience in the management of engineering teams in high-tech companies. She is a graduate of the Snelling Center for Government Vermont Leadership Institute and holds a certification in web development from the Boston University Center for Digital Imaging Arts, as well as an MS in Computer Information Systems from Bentley University.



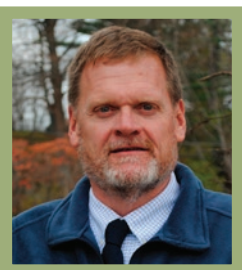
Tonia Pryce, Purchasing Manager

Tonia was born and raised in Vermont. In 1995, she graduated from Champlain College with two associate's degrees, one in Hotel and Restaurant management and the other in Business Management. She began her 24-year career with the Department of Liquor Control in 1995. She started in the Purchasing office, then moved to be the Office Manager in the Education, Enforcement and Licensing Division for nine years, then moved back to Purchasing in the role of purchasing manager, where she has been since 2008. Tonia manages product procurement, inventory management and sales promotions. She coordinates the quarterly listing meetings with suppliers and manufacturers and oversees the procurement of highly allocated products.



Erik Volk, Education Coordinator

Erik was hired as our new Education Coordinator on October 21, 2019. Erik brings over 20 years of experience in the Learning and Development field to DLL. He also holds a Master of Education degree from the University of Massachusetts/Boston with a concentration in Instructional Design/Adult Education. His expertise includes extensive knowledge in instructional design, curriculum development, classroom training, e-learning development as well as virtual/remote training.



Martin Prevost, Director of Licensing

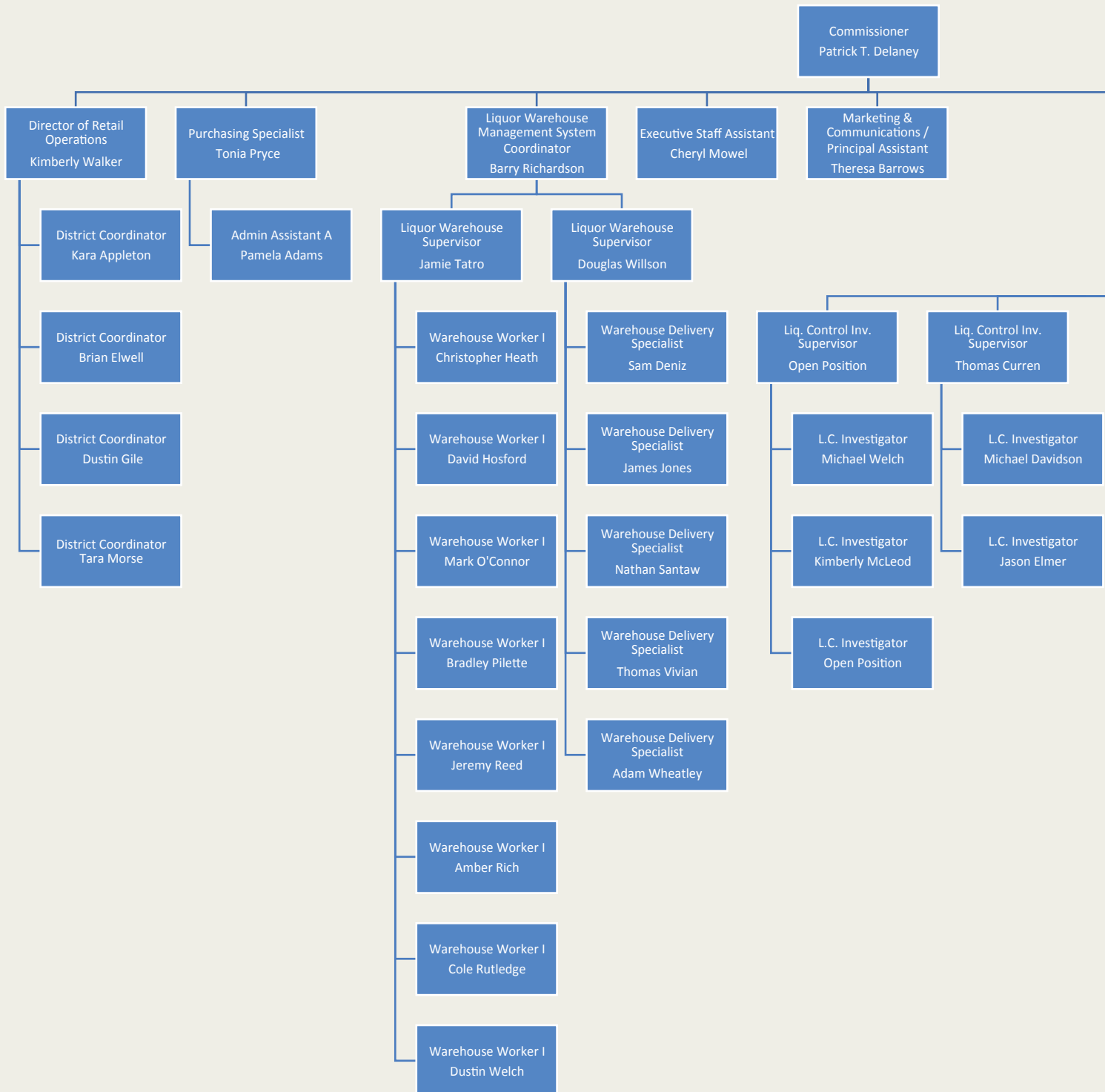
After 19 years in Compliance and Enforcement for the DLC, Martin retired his position as Sergeant in April 2018 and was hired in his current role as Director of Licensing. Prior to coming to the DLC, Martin was a 12-year police officer for Barre City. He manages a team of three, who coordinate and issue all licenses and permits for alcohol and tobacco sales around the state. When he is not in the office, Martin travels to all corners of the state to review the properties of potential licensees.

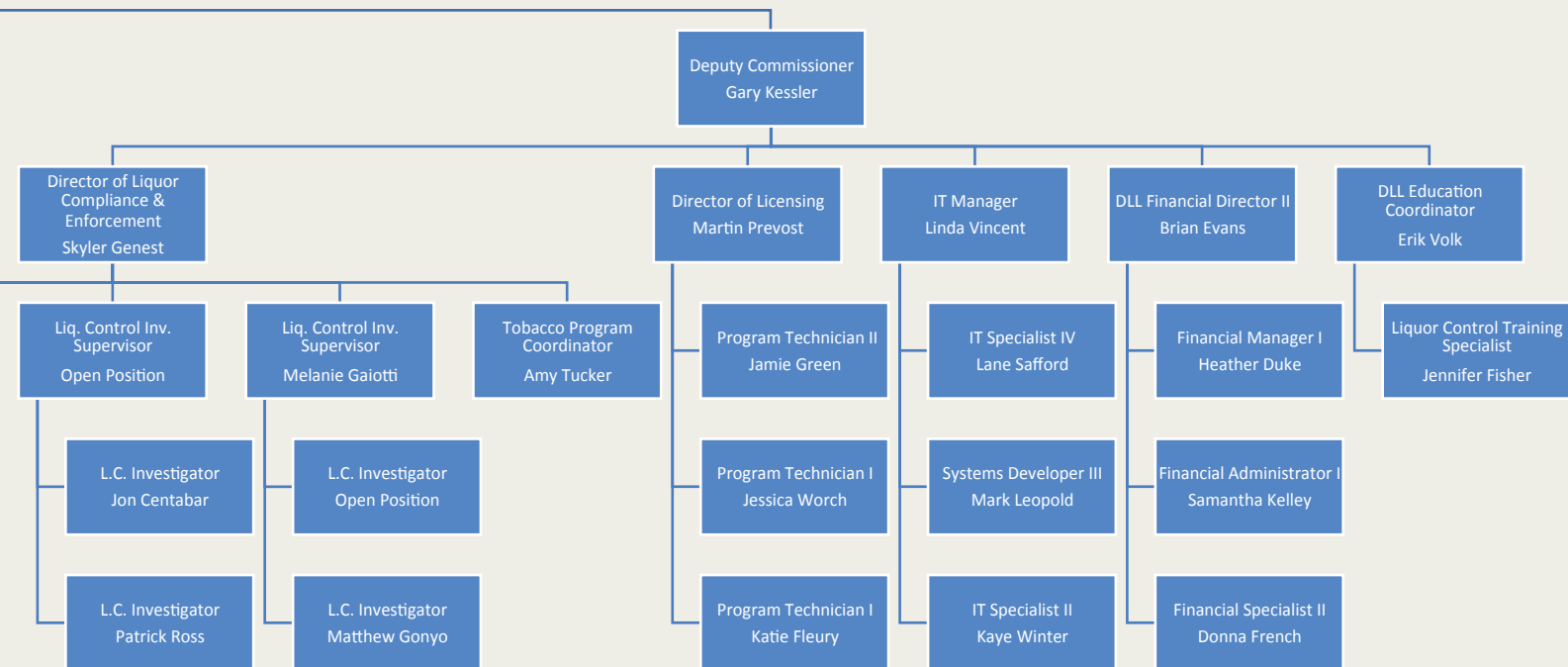


Barry Richardson, Distribution Center Coordinator

Barry is a lifelong resident of Worcester, Vt., with a passion for the great outdoors. After studying wildlife management and working for a private surveying company, Barry came to Liquor Control as a temporary warehouse worker in June of 1990. He has worked his way through the ranks as a warehouse worker, a driver and an assistant supervisor before accepting his current role. Barry oversees a staff of 16 employees.

DLC Employees





DLC Offices

Commissioner's Office (3 positions)

Accounting (4 positions)

Information Technology (4 positions)

Retail Operations (5 positions)

Marketing (1 position)

Distribution Center & Purchasing (18 positions)

Education (2 positions)

Licensing (4 positions)

Compliance & Enforcement (14 positions)

Information Technology

The Information Technology Office, comprised of four employees, is responsible for the maintenance and support of DLL-specific systems. These include the DLC central office system, the warehouse management system, Agency point-of-sale registers and interfaces to other state systems, financial institutions and cooperative industry organizations. In addition, IT is tasked with providing desktop support to DLL users and leading new IT projects for the Department.

The primary goal of IT is to provide a secure operating environment that allows the Department to perform its major tasks efficiently and accurately. The IT Office maintains the local user hardware and software (such as laptops, warehouse scanners, printers, mobile devices and software used by the Division for compliance checks, licensing, inventory warehousing and central office functions) in conjunction with the statewide services provided by the Agency of Digital Services (ADS) (such as networking, virtual servers and Microsoft 365 applications such as Teams, SharePoint and Outlook). All liquor Agency POS (point of sales) systems are maintained by IT.

As part of IT's modernization plan, the DLC has been upgrading local systems on a scheduled basis while moving their software applications off local servers and into the state's virtual environment, thus reducing costs and providing a more secure and stable environment. This made the move to working from home due to the pandemic much easier for most DLC employees.

The retail system upgrade which had previously installed all new registers at the liquor Agencies was completed with a new central office and warehouse management system, allowing more access to data, streamlined processes and greater productivity.

A new DLL Licensing and Compliance System project was initiated. Requirements for both Liquor and Lottery were gathered and a Request for Proposal (RFP) was released. Proposals were submitted by a number of vendors and evaluated by stakeholders. Implementation is expected to begin in fiscal year 2021.

Highlights

- Completion of the POS, Central Office and Warehouse Management System project using a Microsoft cloud-based platform: Dynamics 365.
- Additional services moved into the Microsoft cloud: file sharing, online meetings and collaboration.
- Provided data analysis at levels not previously possible.



Clockwise from top left: Director Linda Vincent, Mark Leopold, Lane Safford and Kaye Winter.

Lottery IT supports the office and field staff's hardware and software (such as desktops, laptops, mobile devices and printers) in conjunction with the statewide services provided by the Agency of Digital Services (such as networking, virtual servers and Office 365 applications).

The Division of Lottery lost a longtime Lottery IT employee, Ellen Pulsifer, when she retired in March 2020. The rest of the DLL IT has taken on the responsibilities for desktop support and the management of the Lottery infrastructure for the office and warehouse. The Lottery gaming system and commercial website are handled by external vendors, and IT manages the interfaces between those systems and the Lottery staff. This year saw the Lottery requesting proposals for their gaming system as required by state contracting rules and IT participated in the requirements development, Request for Proposal and vendor proposals.

Distribution Center Operations

The Distribution Center is responsible for the receiving, storage and distribution of all liquor within the state. Employees deliver to our 77 Agency stores on a weekly basis throughout Vermont. Inventory at any given time is valued around \$13 million* and represents about 66,000 cases.

- **31,500-square-foot distribution center**
- **16 employees**
- **Receive an average of 35 deliveries per week**

Bailment: Most of the DLC's inventory is held in bailment — manufacturers ship product to the distribution center but retain ownership until the product is delivered to Agency stores. Once delivered, the DLC takes and retains ownership of the product until it is sold by Agency stores.

As COVID-19 shut down our offices and forced the Department to work from home, our distribution center and delivery drivers kept our Agencies stocked and able to continue to run their stores.

Most of the warehouse staff chose to work every day and made sure the deliveries were on time. They were able to do a "drop and drive" due to our POD system and further support social distancing.

**Thank you
for your
dedication
and hard
work.**

Highlights

The Department continues to use the POD (proof of delivery) process. This was initially designed for the daily orders to be loaded onto a hand-held device and sent out with the drivers to scan the orders as they were offloaded at the Agencies. During testing, the decision was made to do the scanning in-house as the trucks were being loaded. This decision was made because, if a picking error was found, it could be corrected while the truck was being loaded, minimizing any chance for errors upon delivery. Our goal was to be able to offload without checking in the order until after the truck has left, minimizing our time at the Agencies. As a result, we have adjusted our delivery schedules and changed from biweekly to delivering on a weekly schedule at 75% of the stores. This is a fairly new process with the launch of the new D365 warehouse system, and we have noticed many benefits. The over, short and damage reports have dropped by 50% and continue to decrease. This has created a more efficient process allowing for the warehouse and retail coordinator team to locate more than 85% of any discrepancy. It also allows the drivers more time back at the warehouse to scan and load the outgoing orders, reducing overtime.



*at retail price

Education

About the Office of Education

The Office of Education offers an assortment of alcohol and tobacco training options to licensees and other interested parties to ensure alcohol and tobacco is sold and served in a safe and legal manner, and to meet all state and federal training requirements. The two-person Office of Education team provides in-person, virtual and online training related to responsible alcohol and tobacco sales. License-holders and all staff involved with selling alcohol or tobacco or serving alcohol must complete an approved training program every two years. The Office also reviews, authorizes and approves third-party online training programs, and oversees the DLC's In-House Training Program. Over 10,700 people were trained in fiscal year 2020 through instructor-led and online classes. An additional 4,300 people are estimated to have received training through the Office of Education's In-House Training Program.



Education Team: Jennifer Fisher and Erik Volk with StateWays Education Best Practice Award.

StateWays Education Best Practices Award **StateWays**

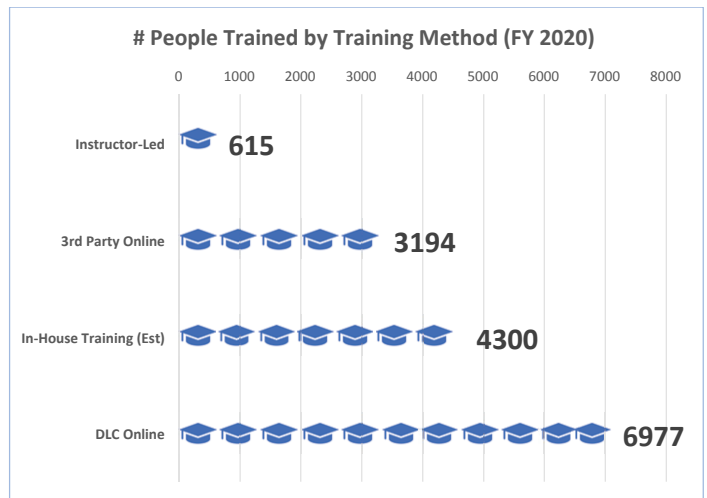
The Office of Education was pleased to receive the **2020 Best Trade or Licensee Education Program** award from StateWays magazine. The award was presented virtually at the National Alcohol Beverage Control Association (NABCA) Administrator's Conference in October 2020.

This award is presented annually to recognize Control State Agencies who are leading the industry in educational efforts and approaches.

StateWays is the only national magazine devoted to the issues affecting the Control State System. StateWays' coverage ranges from in-depth profiles of state agencies and commissioners, to market reports on the largest wine and spirits categories and features about cutting-edge retailing.



Education Statistics



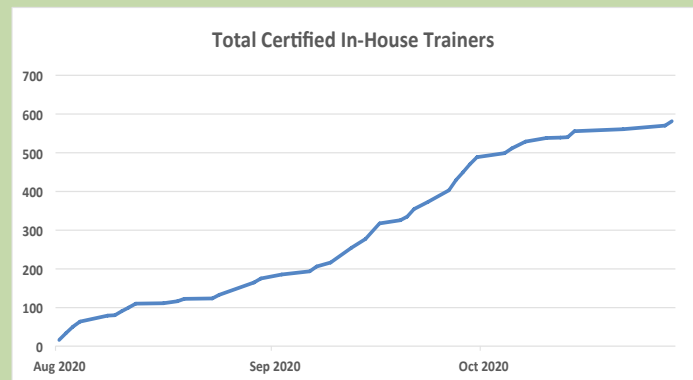
Despite the effects of the COVID-19 pandemic, over 15,000 individuals were trained in fiscal year 2020 through the Office of Education's various training programs.

Building on the Past and Looking to the Future

The past year has been significant for the Office of Education with changes in leadership; COVID-19 pandemic challenges; and new projects and initiatives. The Office of Education instituted a large, quality improvement initiative to analyze, update and streamline its educational offerings. The renewed focus on education culminated in the hiring of a new Education Coordinator in October 2019. The new Education Coordinator, Erik Volk — who succeeded longtime Education Coordinator, Sergeant Melanie Gaiotti — holds a Master of Education degree in Adult Education/Instructional Design and brings over 20 years of Adult Education and Instructional Design experience to the department.

Building on the solid framework that had been established under Gaiotti's prior leadership, the Office of Education embarked on a comprehensive review and revamping of training materials, content and processes. Among the numerous improvements made to the programs this year were revisions to in-person training presentations; creation of in-person training handouts; restructuring of certification assessment questions; implementation of training evaluation forms; design and implementation of a training dashboard to measure training impact, volumes and quality; modification to online training content; resolution of ongoing technical issues with some online learning modules; creation of new photographic training assets; and a comprehensive overhaul of the department's widely used In-House Training Program. Production of new first- and second-class training videos were also completed with educational grant funding from the National Alcohol Beverage Control Association (NABCA). In addition, thanks to a very generous supplemental grant from NABCA, a complete independent analysis of the Office of Education was conducted by consultant Wendy Steager of Ellipse Systems, which issued a final report providing valuable data, feedback, recommendations and strategic guidance.

The Office of Education is currently focused on expanding virtual training opportunities for its licensees; redesigning their online learning courses to increase flexibility, efficiency and effectiveness; continuing to refine its In-House Training Program; and implementing recommendations identified in the Ellipse Systems report.



Refocus on In-House Training

The In-House Training Program has been a challenge for the Office of Education for many years. On the one hand, it provides a flexible “just-in-time” no-cost training solution to licensees who wish to train their own employees using DLC materials. On the other hand, the program has had little accountability or oversight, and in-house trained employees have consistently shown the highest rate of compliance failures and compliance issues when compared to employees trained using other methods.

Beginning in August 2020, the Office of Education started requiring In-House trainers to officially register with the Office of Education, attend a virtual “Train the Trainer” session, and start supplying training completion data. The data will be used to help monitor and analyze In-House Training trends and to increase accountability for In-House Training delivery. The changes will help assure that In-House Training is being delivered consistently, current materials are being used, trainers are being held accountable for the training they deliver, and to increase communication between In-House trainers and the Office of Education.

All In-House trainers using the In-House Training Program after October 1, 2020, must now be officially certified. To date, the Office of Education has certified over 580 In-House trainers, and over 730 In-House training records have been submitted.

Compliance & Enforcement

Office of Compliance and Enforcement

The Office of Compliance and Enforcement (OCE) continued its mission to increase its relevancy and effectiveness during FY 2020. Following a legislative increase of the minimum age to purchase tobacco products effective September 1, 2019, to reach parity with beverage alcohol, OCE focused significant efforts on education with our licensees to respond and increase awareness of "Tobacco 21."

OCE was successful in establishing Place of Last Drink data collection at the time of DUI arrest in a partnership with the Vermont Forensic Laboratory. This program requires an arresting officer to use the evidentiary breath collection device when any DUI arrest has a nexus to a licensed establishment or permitted event. This report is delivered to OCE and allows for the trigger of a source investigation. Vermont has not, in any effective manner, been able to quantify the percentage of DUI arrests related to licensed establish-

ment activity however, nationwide averages are 54%. OCE is proud of this program, and will anxiously await a year's worth of data to measure how well our licensees protect public safety on Vermont's roadways.

Liquor Investigators focused criminal investigative work during FY 2019 to offenses related primarily to Title 7. OCE made eight criminal arrests during FY 2020. These arrests included criminal violations such as Sale Without a License (7 V.S.A § 667), Sale or Furnishing to Minors (7 V.S.A § 658) and False Information to a Police Officer (13 V.S.A § 1754).

As the fiscal years change, one thing will remain constant: DLL's OCE and every individual liquor investigator is committed to making tangible increases to public safety within Vermont, from border to border and day to day.

The Office of Compliance and Enforcement conducted:



The work of 14 Liquor Investigators resulted in:



The enforcement process is governed by Title 7 V.S.A. § 210, and §§ 561–590.

Per 7 V.S.A. § 210, fines range from \$250 to \$2,500 depending on the case merits and the severity of the violation.

All complaints received in-person, by mail, phone or online are investigated.

Highlights

Liquor Control Investigators are all full-time, sworn law enforcement officers with enforcement authority akin to the State Police. The 14 investigators serve the public by preventing the misuse of alcohol and tobacco through education and enforcement. The Office of Compliance and Enforcement maintains a clear focus on specific public safety issues dealing with Vermont's Alcohol and Tobacco Laws. Investigators employ a myriad of techniques to address these public safety issues including licensee education, issuance of administrative warnings or tickets for observed violations when appropriate, as well as effecting arrests for criminal activity.

The Compliance and Enforcement Division conducts undercover alcohol and tobacco compliance checks using underage individuals to attempt purchase of tobacco and alcohol from licensees. Nearly real time, OCE posts its compliance check results and statistics on the DLC website. OCE also facilitates contracted tobacco compliance checks on behalf of the FDA to enforce the Tobacco Control Act and reduce tobacco



use by minors. It should be noted that the underage compliance program was significantly impacted by the COVID-19 global pandemic. OCE placed a moratorium on underage compliance checks for both alcohol and tobacco on March 15, 2020, and did not resume in any capacity until after the fiscal year.

Over the last year, OCE conducted 930 tobacco compliance checks. Of these, 60 licensees illegally sold to underage individuals and 870 licensees did not sell to underage individuals. The tobacco compliance rate increased somewhat significantly to 93.55% during FY 2020. FY 2019's compliance rate was 91.45%. It is important to note that the lawful age of sale of tobacco products increased from 18 to 21 on September 1, 2019.

In FY 2019, OCE conducted 751 alcohol compliance checks. Of these, 57 licensees sold to underage individuals and 694 licensees did not sell to underage individuals. The FY 2020 alcohol compliance rate remained remarkably stable at 92.42%. FY 2019's compliance rate was 92.44%.

COVID-19 Compliance Checks

On December 31, 2019, China first announced the discovery of a cluster of pneumonia cases in Wuhan. The first American case of the coronavirus (COVID-19) was reported on January 20, 2020, and the U.S. outbreak was officially declared a public health emergency on January 31. On March 13, President Trump declared a national emergency, and here in Vermont, Governor Phil Scott followed suit by declaring a State of Emergency and issuing Executive Orders intended to slow the spread of the virus.

Directive 4 dated Thursday, March 19, ordered that the rules of the Board of the Department of Liquor and Lottery be amended or rescinded as necessary to permit "to-go" sales and delivery of beverage alcohol with the purchase of a meal, as well as the delivery of alcohol product by licensed retail stores. This was a largely unparalleled and unprecedented development in the way beverage alcohol could be sold within Vermont. As such, the Office of Compliance and Enforcement

began diligent educational efforts to inform licensees of the stipulations of the Executive Directive and best practices around delivery of alcohol and disease prevention.

OCE began collecting data on the compliance of licensees with the Directives as issued by the Governor, and additional guidance as promulgated by the Agency of Commerce and Community Development (ACCD).

Beginning on March 24, 2020, and continuing well beyond the fiscal year, OCE Investigators visited licensed establishments and ensured they were equipped and informed to provide beverage alcohol service while protecting public health. Between March 24 and the end of the fiscal year, OCE Investigators conducted 2,928 inspections of licensed establishments, looking specifically at the modified business practices. During those inspections, only 21 licensees were found to be out of compliance with the Executive Order and further ACCD Guidance. This represents a compliance rate of 99.29%.

Licensing

The Office of Licensing is responsible for all licenses and permits issued and renewed that involve the sale, service, manufacture and distribution of alcohol in Vermont as well as the sale of tobacco products and tobacco paraphernalia sold in Vermont. The Licensing Office is also responsible for licensing pull-tab game manufacturers and distributors that do business in the state.



Martin Prevost, Director of Licensing



Jessica, Jamie and Katie handle the processing of all licensing and permit requests.

This licensing year — May 1, 2019 to April 30, 2020 — there were 6,647 new licenses and permits issued and 6,171 were renewed. The total for both renewed and new licenses issued was 12,818.

First Class and 3rd Class (on-premise, restaurants and bars) and 2nd Class (off-premise, retail sales) licenses issued must first be approved by the local control commissioners in the town where an applicant applies. This process has brought in \$194,415 directly to the local communities in license application fee revenue for the licensing year.

Highlights

Licensing is in the process of replacing our current licensing system. The current system is over 25 years old and cannot meet our current licensing requirements. Licensing has put out an RFP for a new online system. DLL anticipates having a vendor selected for this new system with an anticipated implementation in 2022.

What's New

The licensing year was on track to be on par with the previous year until the beginning of March when the COVID-19 pandemic struck the state. In the month of March, licenses issued were down by approximately 20%, and the month of April was down by over 55%. On May 1, 2020, there were approximately 1,550 unrenewed 1st, 3rd and 2nd Class and tobacco licenses out of a potential 4,630 estimated licenses that expired on April 1, 2020.

To address this issue, Licensing, in keeping with Governor Scott's directive to keep businesses open and operating within the prescribed guidelines during the declaration of the state of emergency, had developed a method for current licensees

to continue to operate their businesses.

Licensees were given the option to apply for status as "Valid After Expired." This allowed them to continue to operate as if they had renewed. The intent of this was to provide licensees the ability to continue operations in this difficult time without expending any money for license fees until they were in a more confident position that they could operate and succeed.

Additionally, DLL created the ability for licensees to obtain an expedited Outside Consumption Permit (OCP) without seeking initial town approval. The OCP bypassed the period of time it would normally take the local municipality to act on the application, and allowed the applicant to immediately start using the defined area.

Licensing Statistics

2019 LICENSES	ISSUED	RENEWED	FEE FOR TOWN/CITY	TOTAL COLLECTED
1st Class Restaurant License	113	796	\$104,535.00	\$209,070.00
1st Class Club License	0	79	\$9,085.00	\$18,170.00
1st Class Hotel License	3	77	\$9,200.00	\$18,400.00
1st Class Kitchen	4	19	\$2,645.00	\$5,290.00
2nd Class License	66	919	\$68,950.00	\$137,900.00
3rd Class Restaurant	33	487		\$569,400.00
3rd Class Restaurant – half year	39	124		\$89,650.00
3rd Class Hotel	0	59		\$64,605.00
3rd Class Hotel – half year	2	7		\$4,950.00
3rd Class Club	0	75		\$82,125.00
3rd Class Club – half year	0	8		\$4,400.00
3rd Class Kitchen	1	7		\$8,760.00
3rd Class Kitchen – half year	2	2		\$2,200.00
Wholesale Dealer License	5	23		\$34,860.00
Wholesale Dealer Tasting Permit	3			\$75.00
Solicitor Permit	188	417		\$42,350.00
1st Class Boat License	0	2		\$460.00
3rd Class Boat License	0	1		\$1,095.00
3rd Class Boat License – half year	0	0		
Manufacturer – Vinous	7	40		\$13,395.00
Manufacturer – Vinous Tasting	192	0		\$4,800.00
Manufacturer – Malt	8	67		\$21,375.00
Manufacturer - Malt Tasting	2,272	0		\$6,800.00
Manufacturer – Spiritous Liquor	34	25		\$16,815.00
Special Events Permit	1,283	0		\$44,905.00
Caterer's License	32	188		\$55,000.00
Commercial Cater	4	19		\$5,060.00
1st Class Dining Car	0	1		\$230.00
3rd Class Dining Car	0	1		\$1,095.00
4th Class Vinous	9	25		\$2,380.00

2019 LICENSES	ISSUED	RENEWED	TOTAL COLLECTED
4th Class Spirits	9	24	\$2,310.00
4th Class Malt	14	48	\$4,340.00
Festival Permit	45		\$5,625.00
Tobacco License	63	786	\$10,560.00
Tobacco Endorsement Permit	44	363	\$20,350.00
Fortified Wine Permit	2	6	\$800.00
Wine Tasting Permit	489		\$12,450.00
Malt Tasting Permit	94		\$2,350.00
Railroad Tasting Permit	0	0	-
Industrial Alcohol License	9	20	\$6,380.00
Certificate of Approval – Vinous	15	241	\$252,160.00
Certificate of Approval – Malt	7	72	\$196,315.00
Direct Ship to Consumer License – Vinous	48	450	\$164,340.00
Direct Ship to Consumer License – Malt	6	5	\$3,630.00
Direct Ship to Retailer License – Vinous	7	31	\$9,500.00
Education Sampling Event Permit	15		\$3,750.00
Farmers Market License – Vinous	7	7	\$980.00
Farmers Market License – Malt	3	2	\$350.00
Farmers Market License – Spirit	16	24	\$2,800.00
Bottler	0	0	-
Art Gallery	163		\$3,260.00
Bookstore	6		\$120.00
Library	14		\$280.00
Museum	56		\$1,120.00
Outside Consumption Permit – Permanent	111	618	\$14,580.00
Outside Consumption Permit – One Time	142	0	\$2,840.00
Cater Request Permit	2,946		\$58,920.00
Master Resort License	0	2	\$2,000.00
Second Retail Delivery Permit	7	4	\$1,100.00

2019 Totals **6,647** **6,171** **\$2,256,250.00**

To Towns: \$194,415.00
To DLC: \$2,061,835.00

2018 Totals **7,153** **7,327** **\$2,657,865.00**

2017 Totals **6,679** **7,229** **\$2,635,260.00**

2016 Totals **6,762** **7,106** **\$2,588,380.00**

2015 Totals **6,563** **6,624** **\$2,378,150.00**

2014 Totals **5,921** **6,651** **\$2,379,250.00**

2013 Totals **4,365** **6,349** **\$1,955,465.00**

2012 Totals **2,288** **5,626** **\$1,750,140.00**

ACTIVE LICENSES May 1– April 30	2019–20	2018–19	2017–18	2016–17
1st Class	1,094	1,349	1,409	1,395
2nd Class	985	1,091	1,159	1,122
3rd Class	848	1,075	1,105	1,070
4th Class	129	125	120	109
Tobacco	849	991	995	987
	3,905	4,631	4,788	4,683

Purchasing

Purchasing oversees the procurement of 3,000+ different spirits. The Division reviews new products quarterly to determine which products will be carried on store shelves in Agency stores through a process called “listing.”

The DLC’s listing process includes review by a committee of various data points such as bottle size, product segment, suggested retail price, competing products and total bottle sales in other control states.

“Delisting” is the process by which products with a low contribution margin (sales and profit margin) are removed from regular distribution. Many of these items will remain available to consumers through the special-order process.

Purchasing works in conjunction with vendors to manage promotional and monthly sale items and closeouts and manage relations with 131 different national wholesalers and 19 Vermont suppliers.



Top 10 Bottle Sales

1. Tito’s Handmade Vodka
038176, 750ML 123,875 bottles
2. Fireball Cinnamon Whisky
064861, 50ML 111,450 bottles
3. Smirnoff Red Label Vodka
037991, 50ML 55,120 bottles
4. Tito’s Handmade Vodka
038178, 1.75L 51,406 bottles
5. Crown Russe Vodka
035648, 1.75L 50,437 bottles
6. Captain Morgan Spiced Rum Glass
043336, 750ML 50,083 bottles
7. Jack Daniel’s Old #7 Black
026826, 750ML 47,291 bottles
8. Skol Vodka
037938, 1.75L 47,262 bottles
9. Jameson Irish Whiskey
015626, 750ML 45,753 bottles
10. Fireball Cinnamon Whisky
064866, 750ML 45,244 bottles

Highlights

- 2,930 SKUs, of those, 1,633 are special orders.
- 156 new products added, including 21 Vermont products.
- \$1,587,886 in special-order sales, and \$422,826 is allocated product sales.

2020 Rare and Highly Limited Sweepstakes and Raffle

These highly successful promotional events are available to Vermont residents due to our suppliers and brokers ensuring that the DLC receives an allocation of these highly sought spirits to sell. Raffles and sweepstakes were created to have the fairest and most transparent system in distributing rare spirits around the state. The only difference between the sweepstakes and the raffle is that entry into the sweepstakes is free, but the entrant can only enter once per product available. The raffle charges \$5 per entry, but the number of entries are unlimited. Regardless of the number of entries, the participant may only win the opportunity to purchase one bottle. The entrance fees collected, less the cost of the software and processing, are donated to Spectrum Youth and Family Services for their programs ... "to make and sustain positive changes through prevention, intervention and life skills services." Raffles and sweepstakes have similar rules and allow only Vermont residents with a current valid identification, who are 21 years and older, to win the opportunity to purchase one bottle. The goal is to spread the products to the widest number of Vermont consumers and licensees (bars and restaurants). Both events have separate categories for consumers and licensees. In each case, 75% of product is available for consumers and 25% is available for licensees. This 75/25 sales split mirrors the Department's product sales ratio. This is also in line with manufacturers' desire to have licensees receive a portion of the bottles, so that it allows a greater number of consumers the opportunity to purchase a pour of the product.

During FY 2020, the DLC conducted one raffle and two sweepstakes. The first raffle of FY 2020 was launched in October/November 2019, and product was delivered and purchased by the end of December. This raffle included products from two exceptional collections of highly allocated and sought-after spirits. These included the highly coveted Pappy Van Winkle Bourbon Collection in four different age-statements and the five products of the Buffalo Trace Antique Collection. This includes William Larue Weller, Thomas H. Handy, George T. Stagg, Eagle Rare and Sazerac Rye 18 year. In total, 570 entrants purchased 4,045 entries for 277 bottles, resulting in \$20,225, and after fees of \$2,336.31, Spectrum received \$17,888.69. Fifty-seven Agencies received winning product to sell, resulting in \$2,479.04 in additional commissions.



The first sweepstakes of FY 2020 was launched in August 2019, and product was delivered and purchased in September. This sweepstakes included products from the same four Pappy Van Winkle age statements and five Buffalo Trace Antique collections.

In total, 804 entrants purchased entries for 117 bottles at a gross retail of \$9,089, with 33 Agencies receiving winning product to sell, resulting in over \$727 in additional commissions.

The next sweepstakes of FY 2020 was launched in May of 2020 (postponed from March due to COVID-19), and product was delivered and purchased in June. This sweepstakes also included products from the same four Pappy Van Winkle age statements and five Buffalo Trace

Antique collections. In addition, this sweeps also included a Double Eagle Very Rare, Elijah Craig Single Barrel and a 23-year-old Glenfiddich Grand Cru. To top off this outstanding collection, there were two bottles of Buffalo Trace Old Fashioned Copper (O.F.C.) at the price of \$2,499.99 per bottle. This very rare and collectable bourbon honors the O.F.C. Distillery, a National Historic Landmark known today as Buffalo Trace Distillery. Each hand-cut crystal bottle is vintage dated according to the specific year in which the bourbon was distilled.

In total, 7,093 entries were purchased for 146 bottles, with 42 Agencies receiving winning product to sell at over \$15,060, resulting in over \$1,204 in additional commissions.



FY 2020 Sweepstakes and Raffle by the Numbers

	Bottles Available			Entries – not unique			Retail Value	Agencies w/ Sales	Comissions Paid based on 8%
	Consumers	Licensees	Total	Consumers	Licensees	Total			
August 2019 SWEEPSTAKES	72	25	97	759	45	804	\$9,089.00	33	\$727.12
May 2020 SWEEPSTAKES	117	29	146	7,034	59	7,093	\$15,060.00	42	\$1,204.80
November 2019 RAFFLE – \$5.00	208	69	277	3,979	76	4,045*	\$30,988.00	57	\$2,479.04
TOTALS	397	123	520	11,772	180	7,897	\$55,137.00		\$4,410.96

*4,045 entries at \$5.00 each = \$20,225, less fees of \$2,336.31 = donation of \$17,888.69 to Spectrum Youth and Family Services

Made in Vermont

Vermont is home to a thriving spirits industry offering a wide variety of products from maple liqueurs to rums, gins and rye whiskey. Many of the products are winning national acclaim and international awards. Many distilleries have their own tasting rooms where their products may be sampled and purchased.

Appalachian Gap Distillery

88 Mainelli Road, Suite #1, Middlebury, VT 05753
(802) 989-7362, www.appalachiangap.com

Items sold through the DLC: Mythic Gin, Papilio Agave & Maple Spirits, Ridgeline Whiskey, Kaffevan Coffee Liqueur, Snowfall White Whiskey, Aqua Vodka, Peregrine and Fractal Vodka. Special order: Appalachian Gap Morning Sunshine and Appalachian Gap Drumlin Rye

Black Flannel Distilling

21 Essex Way #201, Essex Junction, VT 05452
(802) 857-5629, www.blackflannel.com

Special order only: Black Flannel Distilling Heavy Base Malt Whiskey, Black Flannel Distilling Crow's Nest Rum, Black Flannel Agave Dream, Black Flannel Dutch Soul Gin, Black Flannel Distilling Crow's Nest Barreled Rum

Boyden Valley Spirits

64 Vermont Route 104, Cambridge, VT 05444
(802) 644-8151, www.boydenvalley.com

Items sold through the DLC: Vermont Ice Maple Crème

Caledonia Spirits

116 Gin Lane, Montpelier, VT 05602
(802) 472-8000, www.caledoniaspirits.com

Items sold through the DLC: Barr Hill Vodka, Barr Hill Gin, Barr Hill Reserve Tom Cat. Special order: Barr Hill Tom Cat 100 Barrel Select

Elm Brook Farms

250 Elm Brook Road, East Fairfield, VT 05448
(802) 782-5999, www.elmbrookfarm.com

Special order only: Literary Dog Vodka

Flag Hill Farm

135 Ewing Road, Vershire, VT 05079
(802) 685-7724, www.flaghillfarm.com

Items sold through special order through the DLC: Pomme De Vie Vermont Apple, Stairs Pear Brandy

Green Mountain Distillers

171 Whiskey Run, Morristown, VT 05661
(802) 253-0064, www.greenmountaindistillers.com

Items sold through the DLC: Green Mountain Organic Vodka – Lemon and Orange, Cranberry, Blueberry, Green Mountain Organic Gin, Vermont Organic Maple Liqueur. Special order: Green Mountain Organic Vanilla

Hooker Mountain Farm Distiller

1193 Lovely Road, Cabot, VT 05647
(802) 426-2052, www.hookermountainfarm.com

Items sold through the DLC: Hooker Mountain Farm Spruce Gin, Hooker Mountain Farm Spirited Cider, Hooker Mountain Farm Woke Milk & Coffee, Poor Farm Rum

Mad River Distillers

137 St. Paul Street, Burlington, VT 05401
(802) 489-5501, www.madriverdistillers.com

Items sold through the DLC: Mad River Vanilla Rum, Mad River First Run Rum, Mad River Maple Cask Rum, Mad River Bourbon, Mad River Rye Whiskey, Mad Apple. Special order: Mad River Corn Whiskey, Mad River Burnt Rock Bourbon, Mad River PX Rum

Putney Mountain Winery

8 Bellows Falls Road, Putney, VT 05346
(802) 387-592, www.putneywine.com

Items sold through the DLC: Simply Ginger, Vermont Cassis, Simply Maple, Simply Chocolate

Saxton's River Distillery

485 West River Road, Brattleboro, VT 05301
(802) 246-1128, www.saplingliqueur.com

Items sold through the DLC: Sapling Vermont Maple Bourbon, Sapling Liqueur, Perc Coffee Liqueur, Sapling Vermont Maple Rye Whiskey, Snowdrop Gin

Shelburne Orchards

216 Orchard Road, Shelburne, VT 05482
(802) 985-2753, www.shelburneorchards.com

Special order only: Dead Bird Brandy

Silo Distillery

3 Artisans Way, Windsor, VT 05089
(802) 674-4220, www.silodistillery.com

Items sold through the DLC: Silo Reserve Gin, Silo Lavender Vodka, Silo Cucumber Vodka, Silo Moonshine, Silo Gin, Silo Vodka, Silo Whiskey, Silo Maple Whiskey, Silo Bourbon. Special order: Silo White Whiskey, Silo Lemon Vodka

Smugglers' Notch Distillery

276 Main Street, Jeffersonville, VT 05464
(802) 309-3077, www.smugglersnotchdistillery.com

Items sold through the DLC: Smugglers' Notch Bourbon, Smugglers' Notch Gin, Smugglers' Notch Vodka, Smugglers' Notch Rum, Smugglers' Notch Hopped Gin, Litigation by Smugglers', Smugglers' Notch Organic Gluten-Free Vodka, Smugglers' Notch Maple Bourbon

St. Johnsbury Distillery

1350 Main Street, St. Johnsbury, VT 05819
(802) 751-8813, www.stjdistillery.com

Items sold through the DLC: St. Johnsbury Dunc's Elderflower Rum, St. Johnsbury Dunc's Maple Rum, Dunc's Backwoods Reserve Rum, Pirate Dan's Vermont Rum

Stonecutter Spirits

1197 Exchange Street, Middlebury, VT 05753
(802) 388-8000, www.stonecutterspirits.com

Items sold through the DLC: Single Barrel Gin, Stonecutter Heritage Cask Whiskey

Vermont Distillers

7627 Vermont Route 9, West Marlboro, VT 05363
(802) 464-2003, www.vermontdistillers.com

Items sold through the DLC: Metcalfe's Maple Cream Liqueur, Metcalfe's Vermont Maple Liqueur, Metcalfe's Raspberry Liqueur, Metcalfe's Blueberry Liqueur, Catamount Vodka

Vermont Spirits Distilling Company

5573 Woodstock Road, Quechee, VT 05001
(802) 281-6398, www.vermontspirits.com

Items sold through the DLC: Coppers Gin, Vermont Spirits White Vodka, Vermont Spirits, Gold Vodka, No. 14 Maple Spirit, No. 14 Bourbon. Special order: Coopers Barrel Gin, Coppers Sugarwood Gin, Vermont Crimson Vodka

Vermont Vermouth

22 Browne Ct, Brattleboro, VT 05301
(802) 275-0227, www.vermontvermouth.com

Items sold through the DLC: Vermont Vermouth Zephyr Dry Vermouth, Vermont Vermouth Boreas Sweet Vermouth, Vermont Vermouth Harvest Apple Wine Specialty

WhistlePig Farm

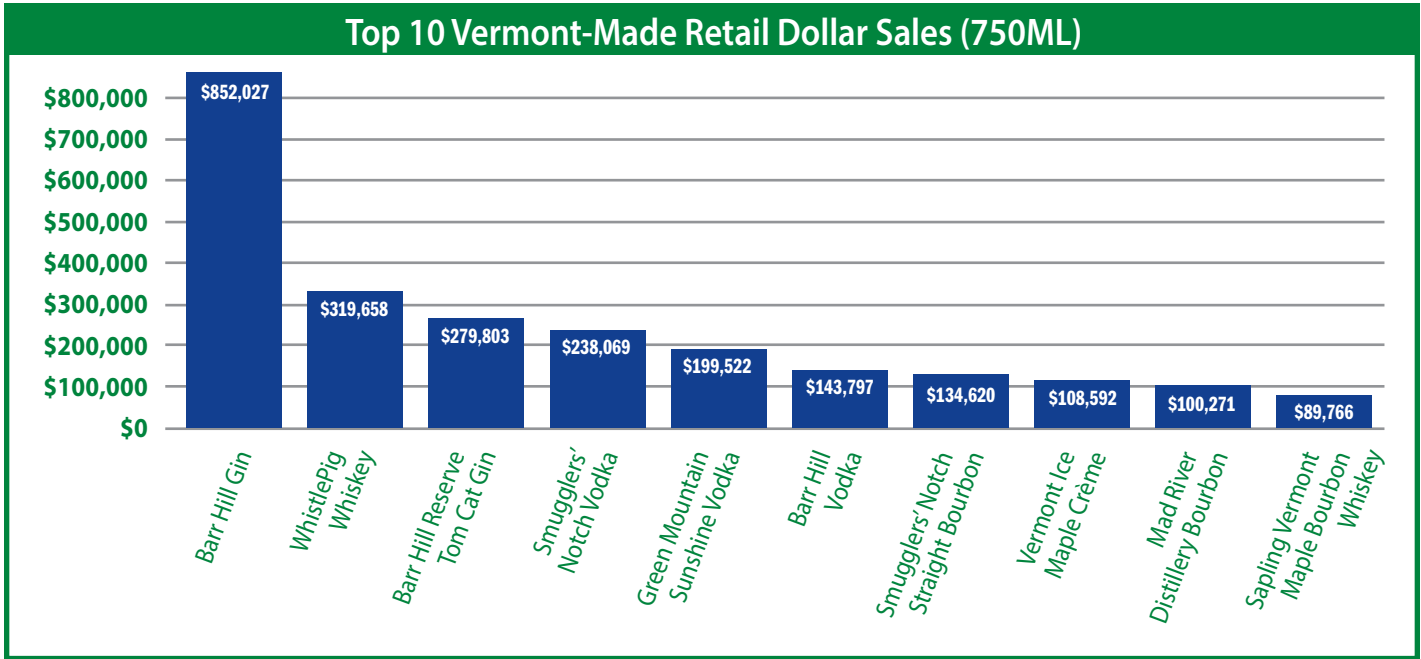
1030 Palmer Road, Shoreham, VT 05770
(802) 897-7708, www.whistlepigwhiskey.com

Items sold through the DLC: WhistlePig Whiskey, WhistlePig Old World, WhistlePig Boss Hog

Wild Hart Distillery

26 Sage Court, Shelburne, VT 05482
(802) 489-5067, www.wildhartdistillery.com

Items sold through the DLC: Wild Hart Gin, Wild Hart Vermont Classic Gin



Top Selling Vermont Products

Barr Hill Gin

Barr Hill Gin is produced by Caledonia Spirits, which is located on the banks of the Winooski River in the heart of Montpelier, on Gin Lane. Caledonia Spirits grew from a bee apiary producing raw honey, to including a meadery and later a distillery. White oak gathered in the Champlain Valley is used to make their barrels that they age their spirits in. Barr Hill Gin is made with pure grain spirits as a way to showcase the flavors of juniper berry and raw northern honey.



\$852,027
 in Retail Sales
 FY 2020



WhistlePig Whiskey

WhistlePig began with the purchasing of a farm in 2007 in Shoreham, located in western Addison County along the shores of Lake Champlain. After a few years of deep consideration and personal reflection, they committed themselves to crafting the world's finest and most interesting rye whiskeys. With help from Master Distiller Dave Pickerell, they discovered and purchased an incredible stock of 10-year-old blending whiskey in Canada that was being profoundly misused. That initial stock is what kicked off their grand adventure.



\$319,657
 in Retail Sales
 FY 2020



Retail Operations

Retail Operations is responsible for working with our 78 Agency stores to promote outstanding selection, merchandising and superior customer service.

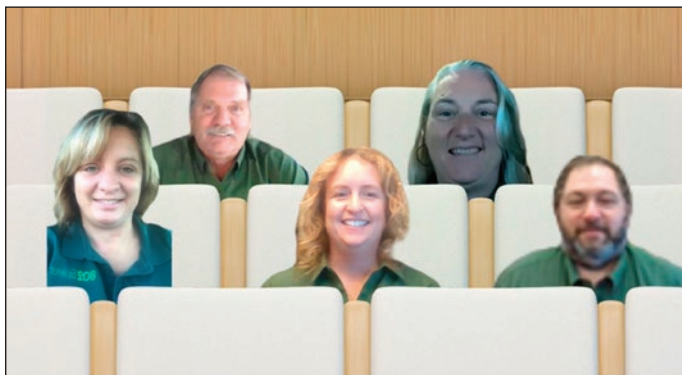
Since the DLC went live with the back-office D365 system, we have been able to make significant changes in processes which have impacted our financial bottom line.

Retail Ops would perform quarterly warehouse counts and require our Agency partners to perform monthly total SKU counts. This process was time consuming and cumbersome for our partners, and our variance rate remained high. The Retail Ops team implemented a biweekly cycle count at all Agency locations and the warehouse. This has decreased our variance rate to a total of 1.6%, and our warehouse quarterly counts have decreased by 50% in man-hours.

Purchasing & Retail Ops teams have collaborated, utilizing our new reporting functionality to ensure new and limited items are allocated to Agency locations based on sales turns within a defined sales period. These items are reviewed after three months to increase inventory levels and distribution based on an internal formula.

The Retail Ops team spent the early spring focusing on training on our Microsoft Teams platform to engage in multiple meetings weekly, participating in online computer classes and becoming proficient in our back-office system.

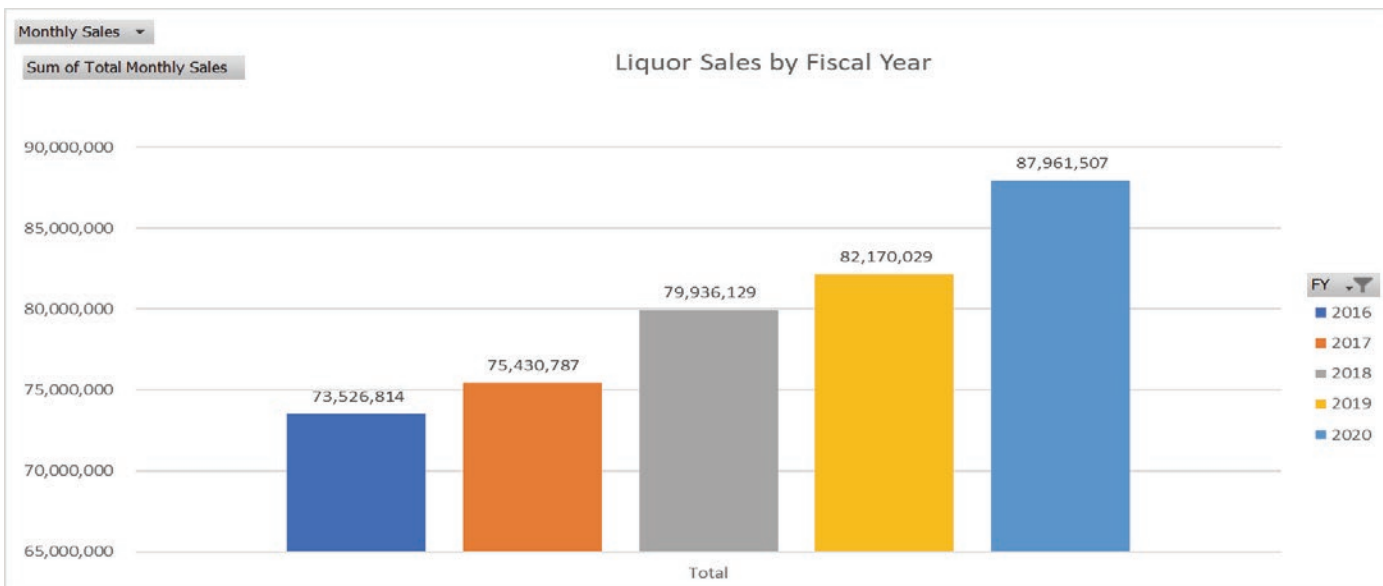
Our team has begun category resets, which are performed at each Agency location, based on a standard shelf set configuration and reviewed with the specific store data. To date, we have completed resets for Ready-to-Drink cocktails (RTD), Gin and Tequila. Whiskey resets are fully underway.



Clockwise from top left: Dusty Gile, NW Retail coordinator; Kim Walker, Retail Director; Brian Elwell, SW Coordinator; Tara Morse, NE Coordinator; Kara Appleton, SE Coordinator

Highlights

- The DLC rolled out gift cards to the Agency stores, and our sales continue to grow.
- Retail Ops was able to hire a fourth Coordinator to the team. Tara Morse started in August 2020. She joins us from the Jay Country Store, where she was the Liquor Agency Manager.

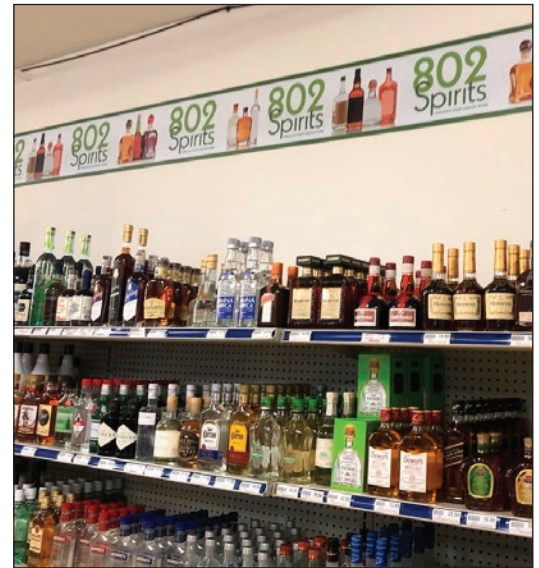


Retail Location Highlights

- January 2020: Waitsfield location suffered damage during a fire. They reopened the Liquor Agency in January with limited hours and a temporary entrance.
- February 2020: Bristol location moved from the Champlain Farms to Bristol Beverage with new owner Adam LaPerle.
- March, April 2020: COVID-19 sales and support for the Agency stores was drastically affected, starting the day of the Executive Order. The sales for the state increased by an average of 15% with all of the on-premise sales becoming non-existent. Our team changed our initial roles to assist in the ordering of product to ensure we would have inventory across the state and to relieve pressure on the owners, managers and staff at the Agency stores.
- May 2020: Retail teams back into the retail market to support our Agency partners. Danville location Agency owners closed their business.
- June 2020: Social distance signage installed.
- July 2020: Fire at Pearl Street Beverage and flood at Windsor. Paper bag mandate.
- September 2020: Bellows Falls location business transfer. Sharon location closed for renovations. (Estimated reopen Dec. 2020.)
- October 2020: Re-open Windsor at new location.
- November 2020: Derby & Vergennes locations business transfers. Opened Danville location and Orwell.



Grand opening Bristol Beverage

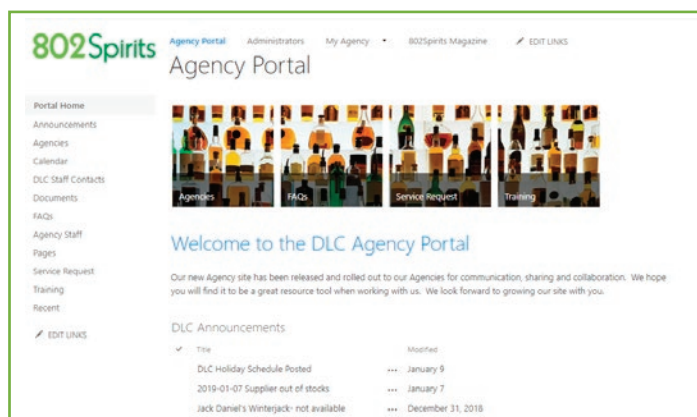


802 BWS, North Ave, Burlington



New location for Windsor Wine and Spirits

Agency Portal



Since its full launch in April 2018, the Agency Portal has been live and is used by all staff who interface with Agencies. This portal provides the Agents with the most up-to-date information at their fingertips and is available 24/7. The DLC posts communications, sale info, special events and marketing information. There is a secure Agent-specific section where they can view their YTD financials, contract reminders and other confidential information. Agents can also set up notification alerts for every time there is an update or notice posted on the site and see it at their convenience.

The site is not public and can only be accessed by registered Agency account holders.

Agency Stores

Store Gross Sales by Licensee vs. Walk-in

Fiscal Year 2020						March-June (COVID-19 period)				Percent of FY Totals			
Name	Town/City	Walk-in	Licensee	Total Sales	Bottles Sold	Walk-in	Licensee	Total Sales	Bottles Sold	Walk-in	Licensee	Total Sales	Bottles Sold
Beverage Warehouse	Winooski	2,730,093	2,240,734	4,970,827	223,687	999,722	254,770	1,254,491	55,160	0.37	0.11	0.25	0.25
Beverage Baron	Barre	2,859,545	435,493	3,295,038	181,854	1,159,879	54,206	1,214,084	65,371	0.41	0.12	0.37	0.36
Bennington Beverage	Bennington	2,427,015	281,396	2,708,410	143,273	927,125	47,671	974,797	49,883	0.38	0.17	0.36	0.35
Gracey's	South Burlington	2,217,054	632,657	2,849,712	137,765	884,877	89,816	974,693	45,305	0.40	0.14	0.34	0.33
Simon's Store	South Burlington	2,123,702	289,432	2,413,134	120,193	869,995	24,592	894,587	42,644	0.41	0.08	0.37	0.35
Tops Market	Rutland	2,054,229	465,829	2,520,058	134,431	807,756	47,821	855,577	44,359	0.39	0.10	0.34	0.33
Essex Discount Beverage	Essex Ctr.	1,859,699	103,003	1,962,703	93,561	804,506	25,105	829,611	38,182	0.43	0.24	0.42	0.41
Manchester Discount Bev	Manchester	2,015,660	928,134	2,943,794	121,457	736,485	86,095	822,580	33,287	0.37	0.09	0.28	0.27
802 BWS	Burlington	1,684,016	163,553	1,847,569	89,439	757,261	40,366	797,627	37,531	0.45	0.25	0.43	0.42
Hannaford	Williston	1,908,752	151,803	2,060,554	98,440	758,355	29,435	787,790	36,286	0.40	0.19	0.38	0.37
Beverage Mart	St. Albans City	1,752,428	253,428	2,005,856	107,019	726,468	39,478	765,946	40,129	0.41	0.16	0.38	0.37
Hannaford	Rutland Town	1,776,886	263,613	2,040,498	104,339	707,531	24,447	731,978	36,081	0.40	0.09	0.36	0.35
Rt. 7 Liquor & Deli	Shelburne	1,649,648	172,268	1,821,916	79,290	679,270	21,303	700,573	29,275	0.41	0.12	0.38	0.37
Hannaford	Middlebury	1,908,246	248,781	2,157,027	102,696	663,877	24,753	688,630	31,821	0.35	0.10	0.32	0.31
Pearl Street Beverage	Burlington	2,076,941	142,664	2,219,605	110,507	659,456	19,565	679,021	31,783	0.32	0.14	0.31	0.29
Tomlinson's	Morrisville	1,554,252	258,729	1,812,981	96,081	625,048	35,110	660,158	34,346	0.40	0.14	0.36	0.36
Raj Liquor & Beverage	Milton	1,449,664	43,485	1,493,149	83,282	636,577	4,661	641,238	34,210	0.44	0.11	0.43	0.41
Five Corners Variety	Essect Jct.	1,452,571	88,686	1,541,257	79,006	571,714	18,258	589,973	28,652	0.39	0.21	0.38	0.36
Stowe Beverage	Stowe	1,328,730	1,074,203	2,402,933	89,158	457,456	98,335	555,791	20,159	0.34	0.09	0.23	0.23
Crossroads Beverage	Waterbury	1,360,483	212,206	1,572,688	73,252	535,745	19,359	555,103	25,544	0.39	0.09	0.35	0.35
Lyndonville Redemption	Lyndonville	1,181,048	279,064	1,460,112	81,331	467,999	37,491	505,490	28,373	0.40	0.13	0.35	0.35
Mehuron's Market	Waitsfield	1,034,116	365,249	1,399,366	57,471	444,823	30,577	475,400	19,158	0.43	0.08	0.34	0.33
Colonial Mart	St. Albans Town	1,107,306	59,979	1,167,285	65,210	444,499	9,644	454,143	24,647	0.40	0.16	0.39	0.38
116 Wine & Spirits	Hinesburg	957,368	59,879	1,017,247	46,724	408,846	15,200	424,046	18,638	0.43	0.25	0.42	0.40
Liberty Discount	Fair Haven	1,037,967	65,487	1,103,454	59,361	396,677	7,719	404,397	21,162	0.38	0.12	0.37	0.36
Joe's Discount Beverage	Springfield	862,793	188,188	1,050,981	57,100	367,364	20,488	387,852	21,141	0.43	0.11	0.37	0.37
Brattleboro Discount Bev.	W. Brattleboro	771,380	412,215	1,183,595	63,297	328,025	47,923	375,948	19,924	0.43	0.12	0.32	0.31
Yankee Wine & Spirits	Montpelier	1,215,694	391,567	1,607,261	72,944	337,227	35,401	372,628	16,201	0.28	0.09	0.23	0.22
Vergennes Wine & Bev.	Vergennes	803,859	167,856	971,715	42,782	329,939	12,672	342,612	14,512	0.41	0.08	0.35	0.34
Spirits of Swanton	Swanton	860,495	37,981	898,476	53,210	341,128	1,136	342,265	19,869	0.40	0.03	0.38	0.37
Dwyer's State Line	Pownal	793,233	78,137	871,370	45,602	318,032	13,146	331,178	17,023	0.40	0.17	0.38	0.37
Azur's Mini Mart	Newport	752,309	198,479	950,789	51,863	299,450	27,960	327,410	17,346	0.40	0.14	0.34	0.33
Burlington Bay Mkt. & Café	Burlington	443,125	1,396,547	1,839,672	82,337	160,630	164,771	325,401	13,943	0.36	0.12	0.18	0.17
Brandon Discount Beverage	Brandon	747,221	53,270	800,491	44,013	316,885	7,913	324,798	17,323	0.42	0.15	0.41	0.39
Dick Mazza's Gen'l Store	Colchester	824,311	293,095	1,117,406	52,904	271,186	49,996	321,182	14,265	0.33	0.17	0.29	0.27
Price Chopper	St. Johnsbury	745,024	116,671	861,695	46,849	303,865	14,505	318,370	16,941	0.41	0.12	0.37	0.36
Bristol Discount Beverage	Bristol	709,459	50,841	760,299	39,335	298,353	8,564	306,916	15,118	0.42	0.17	0.40	0.38
Brewfest Beverage Co.	Ludlow	880,485	428,486	1,308,971	55,102	258,280	38,728	297,008	12,191	0.29	0.09	0.23	0.22
Ratu's Liquor & Mkt.	Wilmington	587,800	501,481	1,089,281	47,550	235,731	59,888	295,619	13,096	0.40	0.12	0.27	0.28

Fiscal Year 2020						March-June (COVID-19 period)				Percent of FY Totals			
Name	Town/City	Walk-in	Licensee	Total Sales	Bottles Sold	Walk-in	Licensee	Total Sales	Bottles Sold	Walk-in	Licensee	Total Sales	Bottles Sold
Hannaford	Bradford	727,144	110,369	837,512	43,251	281,463	13,754	295,217	14,884	0.39	0.12	0.35	0.34
Richmond Market	Richmond	706,756	58,559	765,314	35,144	284,765	9,195	293,961	13,044	0.40	0.16	0.38	0.37
Keeler's Bay Variety	South Hero	793,521	91,955	885,476	42,726	266,353	20,251	286,604	12,966	0.34	0.22	0.32	0.30
Tops Market	Hardwick	644,953	72,097	717,051	38,091	266,136	8,760	274,895	14,348	0.41	0.12	0.38	0.38
Convenience Plus	Northfield	705,725	75,237	780,961	44,315	260,579	14,157	274,736	14,838	0.37	0.19	0.35	0.33
Bob's M&M	Randolph	683,165	78,329	761,494	44,182	260,354	7,037	267,391	15,263	0.38	0.09	0.35	0.35
Johnson's Sterling Mkt.	Johnson	616,769	45,328	662,098	35,802	256,049	6,622	262,670	14,082	0.42	0.15	0.40	0.39
Woodstock Beverage	Woodstock	575,743	467,929	1,043,672	42,010	217,778	32,927	250,705	10,190	0.38	0.07	0.24	0.24
Walgreens	W. Rutland	573,950	7,013	580,963	33,994	243,215	956	244,171	13,565	0.42	0.14	0.42	0.40
Jeffersonville Cty Store	Jeffersonville	585,858	168,138	753,996	35,724	212,686	18,456	231,142	10,798	0.36	0.11	0.31	0.30
Derby Village Store	Derby	566,691	101,538	668,229	38,135	211,596	18,027	229,622	12,865	0.37	0.18	0.34	0.34
7-Eleven	West Dover	727,058	98,200	825,258	37,922	215,029	8,041	223,070	10,373	0.30	0.08	0.27	0.27
Jelley's	Londonderry	528,839	87,816	616,655	27,959	208,325	11,933	220,258	9,708	0.39	0.14	0.36	0.35
Beverage Gallery	Enosburg	553,925	63,627	617,552	33,183	204,222	7,945	212,168	10,967	0.37	0.12	0.34	0.33
Stanch's Place	Bellows Falls	377,655	90,751	468,406	27,594	197,515	8,689	206,204	12,133	0.52	0.10	0.44	0.44
Minor's Country Store	Fairfax	543,894	42	543,936	28,393	198,240	-	198,240	9,945	0.36	-	0.36	0.35
7-Eleven	Bondville	472,056	185,082	657,137	27,103	169,938	15,176	185,114	7,221	0.36	0.08	0.28	0.27
Cordially Yours	Killington	577,050	977,211	1,554,261	66,313	110,034	70,569	180,602	7,353	0.19	0.07	0.12	0.11
Olney's General Store	Orleans	461,827	60,203	522,030	29,592	170,296	8,515	178,811	9,768	0.37	0.14	0.34	0.33
Heer, Inc.	Arlington	434,998	10,216	445,215	23,814	171,470	-	171,470	8,968	0.39	-	0.39	0.38
Chester Sunoco	Chester	426,127	28,691	454,818	27,320	164,313	2,931	167,243	9,982	0.39	0.10	0.37	0.37
Full Belly Deli	Poultney	340,428	58,807	399,235	20,336	134,144	16,985	151,129	7,476	0.39	0.29	0.38	0.37
Maplewood	Berlin	260,545	-	260,545	12,142	149,413	-	149,413	7,021	0.57	-	0.57	0.58
McCullogh's Quik Stop	Bethel	389,143	52,423	441,566	23,030	145,635	3,413	149,048	7,708	0.37	0.07	0.34	0.33
Singleton's Store	Proctorsville	308,761	87,401	396,162	17,574	119,477	8,930	128,407	5,675	0.39	0.10	0.32	0.32
Sharon Trading Post	Sharon	280,554	8,324	288,878	15,809	117,701	-	117,701	6,273	0.42	-	0.41	0.40
Walgreens	Brattleboro	242,252	66,713	308,964	16,605	107,007	7,084	114,091	6,034	0.44	0.11	0.37	0.36
Windsor Wine & Spirits	Windsor	266,366	101,041	367,408	19,296	101,552	8,584	110,136	5,596	0.38	0.08	0.30	0.29
Sylvester's Market	Montgomery	237,986	102,427	340,413	16,144	92,760	14,773	107,533	5,182	0.39	0.14	0.32	0.32
Norwich Wine & Spirits	Norwich	231,912	196,698	428,610	16,943	93,182	13,322	106,504	3,856	0.40	0.07	0.25	0.23
Jay Country Store	Jay	209,014	176,495	385,509	18,523	64,023	21,974	85,997	4,103	0.31	0.12	0.22	0.22
Mac's Market	Rochester	194,660	5,152	199,813	10,834	79,524	333	79,858	4,222	0.41	0.06	0.40	0.39
Wetherby's	Richford	189,137	732	189,868	13,660	75,603	92	75,695	5,463	0.40	0.13	0.40	0.40
Kingdom Market	Island Pond	165,046	61,875	226,921	13,054	60,322	6,845	67,167	3,956	0.37	0.11	0.30	0.30
Harmonyville Store	Harmonyville	152,534	16,224	168,758	8,624	36,558	1,509	38,067	1,933	0.24	0.09	0.23	0.22
Old Brick Store	Charlotte	65,304	746	66,050	2,646	19,526	120	19,646	775	0.30	0.16	0.30	0.29
Barrel to Bottle	Danville	133,565	31,179	164,745	7,221	10,894	1,022	11,916	514	0.08	0.03	0.07	0.07
Willoughby Lake Store	Westmore	36,255	4,595	40,850	2,537	10,356	889	11,245	913	0.29	0.19	0.28	0.36
TOTALS		70,491,769	17,443,730	87,935,500	4,331,260	27,286,080	2,009,918	29,515,696	1,431,936	0.39	0.12	0.34	0.33

Marketing & Communications

The mission of the Marketing and Communications Office is to develop promotional and communication strategies in cooperation with all areas of the DLL to support the responsible sale and consumption of beverage alcohol. This includes partnering with Agents, licensees and suppliers through optimizing the 802Spirits brand recognition with rare spirits events, in-store visuals, internal and public communications, responsible consumption messaging and social media.

In addition to managing all departmental communications, there was an increased communications effort to manage the modifications to the DLC rules and regulations due to Executive Orders in response to COVID-19 needs. Additionally, the public messaging on social media and the website was implemented.

In collaboration with the Retail and Inventory management, the Marketing Office highlighted social media posts with our new "Odds and Ends" products web page. This alerted our consumers of unique and esoteric products that may not have been in stores but the DLC had in inventory, and we sold-through over 30% of this product. In addition, social media has been used to alert our followers of special-order products, Limited Time Offers (LTO), Value Added Packs (VAP) and Rare Spirits Raffles and Sweepstakes.

This has been an exciting and productive year for the Marketing and Communications Office. The fiscal year started with wrapping up the installation of all the exterior Agency signs and working on signage for store relocations and new Agency partners. As of publication, we have completed all Agency sign installations except for two.



The monthly 802Spirits magazine continues to feature articles on Agencies, their owners and employees as well as regular bar and restaurant highlights around the state. The "hot new picks" section showcases newly listed items by the DLC. With featured sale items gracing the cover, this publication is one of the top-ranking travel information centers' pick-up brochures in the racks, emptying out every

month. Ad space is sold to liquor suppliers and brokers by the publishing company, McLean Communications, who won the contract with the 2019 RFP for magazine ad sales, production and publishing. The distribution is handled by two different companies, one in the top two-thirds of the state and the other in the remaining southern one-third. The print quantities and distribution were adjusted from March to October due to limited traffic at restaurants, bars and closed rest areas.

The monthly Agency newsletter is sent via email to all Liquor Agencies and posted on the Agency portal. All owners, managers and employees may sign up to receive it directly to their email address. This newsletter contains the monthly sales update, important information on processes, systems, events and document links. The monthly average open and read rate hovers around 60%.

Official Business Directional Signs (AOT OBDS)

"Vermont's landmark sign law was adopted in 1968. It banned off-premise advertising (small signs as well as billboards) and provided for a system of State-owned Official Business Directional Signs (OBDS) and information plazas to replace them. The law applies to town highways as well as to State highways. No signs are allowed on limited-access highways (the interstates and parts of other Federal or State highways) or on their ramps. The OBDS is directional in nature and is intended to direct travelers from one highway to another. Signs are limited to the town in which the business is located, except in instances where no appropriate location within the town is available."

— As stated by the VTrans website

These signs are Vermont's answer to keeping the landscape billboard-free. They provide both locals and visitors directions to businesses that are located around the state.

We continue to work on applying for and receiving approval for OBDS signs, although this has moved much more slowly than planned.



OBDS RTE. 100 Headed south in Waterbury

New Store Signage



802 BWS, North Ave., Burlington



Beverage Warehouse — "The Bevie" Winooski

Highlights

- Managed the completion of the installation of 75+ Agency exterior signs with sign vendor.
- Collaborated in the creation, promotion and execution of one rare spirits raffle and two sweepstakes (May and August of 2020). The raffle raised over \$17,800 in December 2019 for Spectrum Youth and Family Services and over \$50,500 in gross retail sales for the DLC. This resulted in over \$4,000 additional commissions for our Agency partners.
- Collaborated on the application for all categories of the StateWays Magazine Best Practices Awards. The Education Office won in the training category.
- Coordinated with Retail Ops and Purchasing to create "sale" shelf stickers that are more visible, easier to install and less costly.
- Coordinated the interview and the statehouse photo shoot for the front cover profile feature in the May issue of StateWays magazine.
- Increased social media presence and reintroduced the Instagram page.
- From September to December 2020, featured bi-monthly product updates on the "Odds and Ends" page, resulting in an additional \$12,000 in sales.
- Created Ready to Drink (RTD) cooler and shelf stickers for product awareness.
- Collaborated with Retail Ops to promote Vermont Producer's recipe cards on social media in alignment with printed cards and 802Spirits "Mixology" feature.



RTD cooler and shelf stickers



Maple Bourbon Cider

Ingredients:
2 ounces Metcalfe's Vermont Maple Bourbon
5 ounces apple cider

Garnish:
Star anise
Cinnamon stick

Combine bourbon and apple cider, and garnish with star anise and a cinnamon stick. Serve warm or on ice.



802Spirits "Mixology" feature

Vermont Agency Stores 77 Locations to Serve You

Arlington

Heer, Inc
3713 Route 7A • (802) 375-6427
8 AM - 8 PM, Sun: 10 AM - 5 PM

Barre

Beverage Baron
411 N. Main Street • (802) 479-9227
6 AM - 9 PM, Fri: 6 AM - 10 PM
Sat: 7 AM - 10 PM, Sun: 7 AM - 9 PM

Bellows Falls

Stanch's Place
97 Westminster Street • (802) 463-4020
6 AM - 10 PM, Fri - Sat: 6 AM - 11 PM

Bennington

Bennington Beverage Outlet
125 Northside Drive • (802) 442-4001
9 AM - 8 PM, Fri - Sat: 9 AM - 9 PM
Sun: 10 AM - 5 PM

Berlin

**Maplewood Vermont
Travelers Service Center**
159 Paine Turnpike North
(802) 229-5291 • 6 AM - Midnight

Bethel

McCullough's Quik Stop
2069 Route 107 • (802) 234-9365
6 AM - 9 PM, 7 days

Bondville

7-Eleven
39 Route 30 • (802) 297-0361
6 AM - 11 PM, 7 days

Bradford

Hannaford's
586 Lower Plain • (802) 222-3370
9 AM - 9 PM, 7 days

Brandon

**Brandon Discount
Beverage & Tobacco**
34 Conant Square • (802) 247-6785
10 AM - 7 PM, Fri - Sat: 10 AM - 8 PM
Sun: 10 AM - 4 PM

Brattleboro

Walgreens
896 Putney Road • (802) 257-4440
8 AM - 9 PM, Sun: 9 AM - 6 PM

Bristol

Bristol Beverage
Opened February 19, 2020
21 Prince Lane • (802) 453-3990
9 AM - 7 PM, Sun: 10 AM - 4 PM

Burlington

Burlington Bay Market & Café
125 Battery Street • (802) 864-0110
8 AM - 8 PM, 7 days

Pearl Street Beverage

Temporarily closed
240 Pearl Street • (802) 658-1574
11 AM - 10:15 PM, Sun: Noon - 10 PM

802 BWS

Ethan Allen Shopping Center
North Avenue • (802) 863-6728
10 AM - 8 PM, Thu - Sat: 10 AM - 9 PM
Sun: 10 AM - 6 PM

Charlotte

Old Brick Store
290 Ferry Road • (802) 425-2421
Mon - Fri: 7 AM - 7 PM, Sat - Sun: 8 AM - 6 PM

Chester

Chester Sunoco
60 Main Street • (802) 875-5555
6 AM - Midnight, 7 days

Colchester

Dick Mazza's General Store
777 W. Lake Shore Drive • (802) 863-1808
7 AM - 9 PM, Sun: 10 AM - 4 PM

Derby Center

Derby Village Store
483 Main Street • (802) 766-8113
7 AM - 9 PM, 7 days

Enosburg Falls

Beverage Gallery
341 Main Street • (802) 933-4767
Mon - Sat: 9 AM - 8 PM, Sun: 10 AM - 5 PM

Essex Center

Essex Discount Bev.
76 Center Road • (802) 879-8951
6 AM - 10 PM, Fri - Sat: 6 AM - 11 PM
Sun: 6 AM - 10 PM

Essex

Five Corners Variety
39 Park Street • (802) 879-7101
Sun - Thu: 7 AM - 9 PM
Fri - Sat: 7 AM - 10 PM

Fairfax

Minor's Country Store
874 Main Street • (802) 849-6838
Fri: 6 AM - 9 PM, Sat: 7 AM - 10 PM
Sun: 7:30 AM - 9 PM

Fair Haven

Liberty Market
7 Liberty Street • (802) 265-3820
8:30 AM - 9 PM, 7 days

Hardwick

Tops Market
82 Route 15 West • (802) 472-6504
9 AM - 9 PM, Sun: 9 AM - 8 PM

Harmonyville

Harmonyville Store
1412 Route 30 • (802) 365-9417
6:30 AM - 7 PM, Sat: 7 AM - 7 PM,
Sun: Closed

Hinesburg

116 Wine & Spirits
22 Commerce Street #4
(802) 482-4010
9 AM - 7 PM, Fri - Sat: 9 AM - 9 PM
Sun: 11 AM - 4 PM

Island Pond

Kingdom Market
12 Railroad Street • 723-5464
7 AM - 7 PM, 7 days

Jay

Jay Country Store
1077 VT-242 • (802) 988-4040
6 AM - 8 PM, Wed - Thurs: 6 AM - 9 PM
Fri - Sat: 6 AM - 10 PM

Jeffersonville

Jeffersonville Country Store
21 Mill Street • (802) 644-6300
9:30 AM - 7:30 PM,
Sun: 11:30 AM - 6 PM

Johnson

Johnson's Sterling Market
131 Lower Main Street
(802) 635-9001
7 AM - 8 PM, Sun: 7 AM - 7 PM

Killington

Cordially Yours
Killington Deli and Market place
2868 Route 4 • (802) 747-4407
9 AM - 7 PM, 7 days

Londonderry

Jelley's Deli
2102 Main Street • (802) 824-4556
7 AM - 8 PM, Fri - Sat: 7 AM - 9 PM, Sun: 7 AM - 7 PM

Ludlow

Brewfest Beverage Co.
199 Main Street • (802) 228-4261
10 AM - 8 PM, Fri - Sat: 10 AM - 9 PM

Lyndonville

Lyndonville Redemption
406 Broad Street • (802) 626-8348
7 AM - 10 PM, 7 days

Manchester

Manchester Discount Beverage
380 Depot Street • (802) 362-4075
8 AM - 9 PM, Sun: 8 AM - 7 PM

Middlebury

Hannaford's Food & Pharmacy
260 Court Street #6 • (802) 388-2102
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM

Milton

Raj Liquor & Beverage
69 Middle Road • (802) 891-9888
6 AM - 9:30 PM, Sat & Sun: 7 AM - 9 PM

Montgomery Center

Sylvester's Market
20 Main Street • (802) 326-4561
7 AM - 9 PM, Sun: 8 AM - 6 PM

Montpelier

Yankee Wine & Spirits
126 Main Street • (802) 223-2331
9 AM - 7:30 PM, Fri & Sat: 9 AM - 9 PM
Sun: 11 AM - 5 PM

Morrisville

Tomlinson's Store, Inc.
81 Bridge Street • (802) 888-3120
6 AM - 9 PM, Sun: 7 AM - 7 PM

Newport

**Azur's Mini Mart and
Little G's Deli**
33 Railroad Square • (802) 334-8195
7 AM - 9 PM, Fri - Sat: 7 AM - 10 PM, Sun: 8 AM - 6 PM

Northfield

**Convenience Plus
Redemption & Deli**
438 North Main Street • (802) 485-6300
6 AM - Midnight, Sun: 6 AM - 10 PM

Norwich

Norwich Wines and Spirits
289 Main Street • (802) 649-1970
9 AM - 6 PM, Fri: 9 AM - 7 PM,
Sat: 9 AM - 6 PM, Sun: Closed

Orleans

Olney's General Store
72 Main Street • (802) 754-6365
6 AM - 8 PM, Sun: 7 AM - 4 PM

Orwell

Buxton's Store
Opened December 4, 2020
499 Main Street • (802) 948-2112
7 AM - 8 PM, Sat: 8 AM - 8 PM, Sun: 8 AM - 6 PM

Poultney

Full Belly Deli & Beverage
206 Main Street • (802) 884-8082
Mon - Thurs, Sat: 10 AM - 8 PM,
Fri: 10 AM - 9 PM, Sun: 10 AM - 6 PM

Pownal

Dwyer's State Line Beer & Wine
7324 Route 7 • (802) 823-7912
9 AM - 8 PM, Fri - Sat: 9 AM - 9 PM
Sun: 9 AM - 7 PM

Proctorsville

Singleton's Store
356 Main Street • (802) 226-7666
8 AM - 7 PM, 7 days

Randolph

M & M Beverage
6 Salisbury Street • (802) 728-9912
7 AM - 10 PM, Sun: 8 AM - 8 PM

Richford

Wetherby's Quick Stop
75 Main Street • (802) 848-3550
6 AM - 7 PM, 7 days

Richmond

Richmond Market & Beverage
56 Railroad Street • (802) 434-4550
Mon - Sat: 7 AM - 8 PM; Sun: 7 AM - 7 PM

Rochester

Mac's Market
67 North Main Street • (802) 767-3181
7 AM - 8 PM, Sun: 7 AM - 6 PM

Rutland City

Tops Market
12 North Main Street • (802) 747-4908
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM
Sun: 9 AM - 6 PM

Rutland Town

Hannaford's Food & Pharmacy
318 South Main Street
(802) 775-0820
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM

St. Albans City

Beverage Mart
211 Lake Street • (802) 527-7437
6:30 AM - 10 PM, 7 days

St. Albans Town

Colonial Mart
191 Swanton Road • (802) 527-7179
6 AM - 10 PM, Fri: 6 AM - 11 PM
Sat: 7 AM - 10 PM, Sun: 8 AM - 10 PM

St. Johnsbury

Price Chopper
857 Memorial Drive • (802) 748-1109
9 AM - 7 PM, Fri - Sun: 9 AM - 6 PM

Sharon

Sharon Trading Post
5038 Route 14 • (802) 763-7404
6 AM - 10 PM, 7 days

Shelburne

Route 7 Liquor & Deli
2659 Shelburne Road • (802) 985-3246
6 AM - 10 PM, Thu - Fri: 6 AM - 11 PM
Sat: 7 AM - 11 PM, Sun: 7 AM - 10 PM

South Burlington

Gracey's
26 Hinesburg Road, Unit #1
(802) 862-1253
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM; Sun: 11 AM - 8 PM

Simon's Store

974 Shelburne Road • (802) 862-8011
6 AM - 12 PM, 7 days

South Hero

Keeler's Bay Variety
500 Rt. 2 • (802) 372-4465
6 AM - 9 PM, Fri: 6 AM - 9:30 PM
Sat: 7 AM - 9:30 PM, Sun: 9 AM - 6 PM

Springfield

Joe's Discount Beverage
355 River Street • (802) 885-3555
9 AM - 7 PM, Tue - Thur: 9 AM - 8 PM
Fri - Sat: 9 AM - 9 PM, Sun: 10 AM - 5 PM

Stowe

Stowe Beverage
1880 Mountain Road • (802) 253-4525
9 AM - 9 PM, Sun: 11 AM - 6 PM

Swanton

Swanton Spirits
75 First Street • (802) 868-5139
9 AM - 8:30 PM, Fri - Sat: 9 AM - 9 PM
Sun: 9 AM - 6 PM

Vergennes

Vergennes Wine & Beverage Inc.
211 Main Street • (802) 877-6312
9 AM - 7 PM, Sun: 11 AM - 5 PM

Waitsfield

Mehuron's Market
5121 Main Street • (802) 496-3700
8 AM - 8 PM, Sun: 8 AM - 6 PM

Waterbury

Crossroads Beverage & Deli
52 North Main Street • (802) 444-5062
6 AM - 10 PM, Sat - Sun: 7 AM - 10 PM

West Brattleboro

Brattleboro Discount Beverages
157 Marlboro Road • (802) 254-4950
7 AM - 10 PM, Fri - Sat: 7 AM - Midnight
Sun: 8 AM - 10 PM

West Danville

Hastings Store
Opened December 18, 2020
2748 Route 2 West • (802) 684-3398
6:30 AM - 6 PM, Sun: 7 AM - 1 PM

West Dover

7-Eleven
197 Route 100 • (802) 464-0592
6 AM - Midnight, 7 days

Westmore

Willoughby Lake Store
(Seasonal - liquor section
closed until May)
2003 VT-5A • (802) 525-3300
7 AM - 9 PM, 7 days

West Rutland

Walgreens
294 Main Street • (802) 438-5530
9 AM - 9 PM, Sun: 9 AM - 5 PM

Williston

Hannaford's Food & Pharmacy
78 Marshall Avenue, Taft Corners
(802) 878-0032
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM
Sun: 9 AM - 9 PM

Wilmington

Ratu's Liquor & Market
34 West Main Street • (802) 464-2252
Sun - Wed: 10:30 AM - 7 PM
Thur - Sat: 10:30 AM - 9 PM

Windsor

Windsor Wine & Spirits
7 Everett Lane, Suite C
(802) 674-2775
10 AM - 6 PM, Sun: Closed

Winooski

Beverage Warehouse
1 East Street • (802) 655-3701
10 AM - 9 PM, Fri - Sat: 10 AM - 10 PM
Sun: 11 AM - 6 PM

Woodstock

Woodstock Discount Beverage
512 East Woodstock Road
(802) 457-1326
9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM
Sun: 10 AM - 6 PM



802spirits.com
liquorcontrol.vermont.gov

Total Retail Sales by County

County	FY2019	FY2020
Addison	\$3,612,145	\$3,889,041
Bennington	\$7,067,547	\$7,625,926
Caledonia	\$2,953,578	\$3,203,602
Chittenden	\$26,248,554	\$27,986,116
Essex	\$205,805	\$226,921
Franklin	\$4,986,807	\$5,763,385
Grand Isle	\$1,065,811	\$885,476
Lamoille	\$5,253,484	\$5,632,007
Orange	\$1,458,008	\$1,599,006
Orleans	\$2,487,599	\$2,567,407
Rutland	\$8,562,055	\$8,998,960
Washington	\$8,044,730	\$8,915,860
Windham	\$4,414,400	\$4,660,917
Windsor	\$5,809,507	\$5,980,878
Grand Total	\$82,170,029	\$87,935,500

Dry Towns

Over the years, 20 towns have voted at Town Meeting Day to forbid the sale of alcohol.

Dry Towns for Liquor and Beer:
Athens, Baltimore and Maidstone

Dry Towns for Liquor, Wet for Beer and Wine:
Addison, Granby, Groton, Lincoln, Monkton, Topsham, Tunbridge, Vershire, Waterville, Wells and Worcester

FUN TO PLAY. MORE FUN TO WIN!

VERMONT LOTTERY WINTER INSTANT
TICKETS ARE FUN TO PLAY AND COME WITH
A CHANCE OF WINNING UP TO \$50,000!



PLEASE PLAY RESPONSIBLY
problemgambling.
vermont.gov

The Vermont Education Fund receives 100% of lottery profits.
Since 1999, the Vermont Lottery has proudly contributed more than
\$500 million to support the Vermont Education Fund.



vtlottery.com



Message from the Deputy Commissioner



Gary Kessler
Liquor and Lottery
Deputy Commissioner

Fiscal year 2020 was shaping up to be another record sales year for the Lottery right up until the final quarter and the start of COVID-19 in Vermont in March. When the “Stay Home — Stay Safe” order went into effect, sales dropped dramatically and remained depressed for approximately six weeks, at which point sales rebounded to a level closer to normal. The reasons for the decline included people staying home and not visiting convenience stores, Lottery Agents temporarily closing, not accepting cash or choosing not to sell lottery products for the duration of the order. While we did not achieve a new sales record as we had hoped last year, the Lottery still had one of its best financial years ever. In FY 2020, we had total sales of \$137,422,957 and transferred \$27,522,561 to the Education Fund, which helps reduce property tax rates statewide. The Lottery paid prizes to our loyal players of \$91,645,984, and we paid commissions of \$8,660,851 to our 590 Lottery Agents. We heard from many of our Agents that

the commissions the Lottery paid to them were more important than ever in their struggle to remain open during the early days and weeks of the pandemic.

From its inception, all Lottery proceeds have gone to support good causes in Vermont. Since 1999, all Vermont Lottery proceeds have been contributed to the Vermont Education Fund. Over the last 20 years, the Lottery has proudly contributed \$510,222,561 to the Education Fund. Since its inception in 1979, the Lottery has contributed over \$726,522,561 to benefit Vermont.

The Vermont Lottery offers many ways for people to play including jackpot games like Powerball, Mega Millions, Lucky for Life and Tri-State Megabucks. We also offer daily numbers games Pick 3, Pick 4 and Gimme 5, along with printed instant games called Fast Play and Fast Play Pro. Our top-selling category, which constitutes 80% of lottery sales, is instant or scratch tickets. We have at least monthly releases of

new scratch tickets throughout the year with fun themes and offering many different price points and play styles. Finally, we offer a second chance program for our scratch ticket players that allows them additional opportunities to win by entering non-winning tickets into our online second chance system. We regularly examine our game mix with the lottery player in mind, and explore the newest game offerings and ways to play for possible addition to our present offerings.

We started the 2020 legislative session with a great deal of excitement as the Governor's budget proposal included projected revenue from the expansion of lottery offering. The proposed expansion included sports betting and Keno. The inclusion of these proposals in the budget resulted in many conversations in both legislative chambers. While some progress was made on both Keno and sports betting, once COVID-19 restrictions went into place further progress mostly ceased. When the Legislature returned in late August to pass the remaining $\frac{3}{4}$ year budget, the Administration's revised budget proposal included revenue from iLottery and sports betting such as Keno, which is most often played in restaurants and bars, seemed like a non-starter in light of the pandemic. While neither proposal made serious progress during the very brief session, there were promises to take both proposals up when the Legislature returns in January. We thank the Governor for proposing these new and exciting gaming options, which would generate revenue for Vermont as well as for local business owners.

Last year, the Lottery requested an increase in our problem gambling budget line item which the Legislature approved. With the needed resources in place, the Lottery has entered into an agreement with the Howard Center to provide no-cost, professional problem gambling education and treatment. This no-cost provision is a first for Vermont and is essential to helping those who have a gambling problem address it without the worry of being able to afford to pay for the help they need. With the onset of the pandemic, this treatment is now being offered virtually to all Vermonters anywhere in the state. Providing help for those with a gambling problem is essential to the Lottery's social responsibility mission. We appreciate the Legislature's willingness to allow the Lottery to expend the funds necessary to address this important part of our mission.

Late in the fiscal year, the Lottery issued a gaming system RFP. Our present gaming system, which is the back office

of all Lottery activity, is over 10 years old, and as a result we were required to put this essential Lottery service out to bid. This RFP will result in all of the Lottery gaming equipment being replaced and will improve Lottery operations with updated software as well. The proposed contract is for a term of 10 years with two possible five-year extensions. The length of the contract was designed with the goal of attracting all three of the U.S.-based gaming system providers to submit bids. It can be challenging to attract bidders, as Vermont is one of the smaller lotteries in the U.S. In the end, all three companies did submit proposals for consideration. We expect to announce the winning bidder and have a completed contract by late 2020, with the goal of having the updated gaming system installed and in operation by November 2021.

While Vermont is one of the smallest lotteries in the U.S., we are ranked 25th nationally on our per capita sales and ranked 35th on this metric worldwide! Normally the Lottery operates with a staff of 21, which is one of the smallest and leanest in the U.S. As a result of retirements which took place during a hiring freeze instituted because of COVID-19, the Lottery has been operating with a staff of only 18. This staffing level has proven to be very stressful and ultimately unsustainable, requiring the hiring of several temporary employees to try to fill the staffing gaps. In the coming year, the Lottery will be looking to refill the three vacant positions and add at least two additional staff members, which will allow us to better focus on game development, increasing player engagement and improving sales.

The staff of the Division of Lottery are proud of our contributions to the Education Fund. We are also happy that the Lottery could provide some much-needed entertainment to Vermonters during this unprecedented time when fun and entertainment was hard to find. As we end our 42nd year, we continue to explore responsible ways to improve the Lottery while increasing our contribution to the Education Fund. We are hopeful that, with the help of the Legislature, we can accomplish both of these goals in 2021.

Respectfully,



Gary Kessler



YOU'VE GOT A GIFT FOR GIVING.

Vermont Lottery holiday tickets make great gifts, are fun to play and come with the chance of winning up to \$5,000! Happy Holidays!



PLEASE PLAY RESPONSIBLY
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vermont.gov

The Vermont Education Fund receives 100% of lottery profits. Since 1999, the Vermont Lottery has proudly contributed more than \$500 million to support the Vermont Education Fund.



vtlottery.com

Lottery Management Team



Brian Evans
Financial Director

Brian was born and raised in southern California where he received his B.A. from the University of California, Irvine, and worked on his M.P.A. at California State University Long Beach. After 14 years of financial and policy leadership roles in various public

sector departments and agencies in California, New York and New Jersey, he moved to Vermont. Since 2014, Brian has been a financial director for the State of Vermont and made the move to the Department of Liquor and Lottery in October 2019, where he hopes to use his broad professional experience to bring the newly formed department into a smooth financial future.



Danielle Jensen
Director of Customer Service and Licensing

A fourth-generation Vermonter, Danielle was raised in Waterbury and began her management and customer service career at Green Mountain Coffee Roasters. Having worked in a call center for 12 years, Danielle thrives in

a fast-paced, customer service-oriented environment where she can best use her people and training skills. Danielle works closely with Security, Marketing, Warehousing and with the Sales Force to ensure that Agents and Players are serviced efficiently and effectively. She oversees two customer service representatives and manages the licensing of potential Lottery Agents.



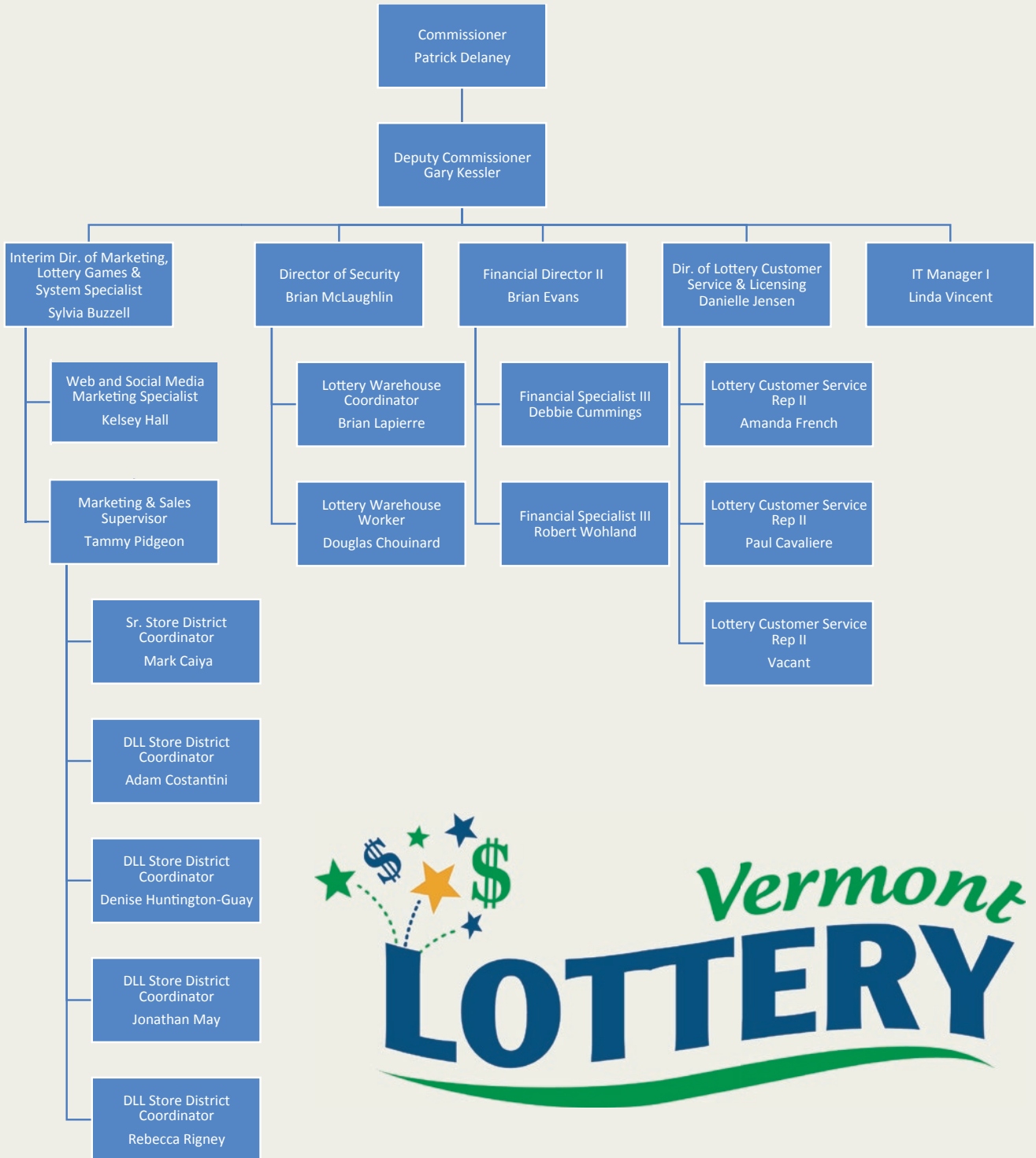
Tammy Pidgeon
Lottery Retail Manager

A native Vermonter, Tammy was born and raised in Shelburne. She attended Champlain College and studied accounting. Prior to working for the Lottery, Tammy was a quality control supervisor for 14 years for a manufacturing

company that sold products mainly to the U.S. Navy. Her extensive supervisory and customer relations experience is a tremendous asset to the Department. Tammy started with the Lottery in December 2014. She supervises a group of five Lottery sales representatives that oversee more than 600 retail locations.

Brian McLaughlin
Director of Security

Brian McLaughlin grew up in central New Hampshire, moving to Vermont in 2000. He worked for the Department of Corrections beginning in 2001 at the prison in St. Johnsbury as a Correctional Officer and promoted through the ranks into a Correctional Facility Shift Supervisor (Lieutenant). Ending his correctional tenure as the Correctional Volunteer Services Coordinator, Brian was hired into the Director of Security position in January of 2018. Brian oversees warehouse operations and supervises two warehouse staff.



Lottery Team

Finance

The Finance Office is comprised of a six-member team, which is responsible for accurately and efficiently conducting all DLL financial affairs.



Top row: Brian Evans and Don Wenner
Bottom row: Debbie Cummings and Robert Wohland

Responsibilities include overseeing the financial reporting and accuracy of all payrolls and expense reimbursement requests; sharing responsibility for tracking all DLC assets (except liquor) with the IT division; managing all contracts; producing monthly financial statements and the annual report; ordering all DLC supplies; and working with the auditor's office to complete the annual independent audit and ensuring compliance with statewide record retention policies.

Where Does the Money Go?

Alcohol sales provide a source of revenue to the State General Fund. The revenues help fund state government operations and support government programs, including for the treatment, rehabilitation and prevention of alcoholism and chemical dependency. The DLC is a complete enterprise-funded department and, rather than taking from the General Fund, the DLC contributes tens of millions of dollars each year.

- 7 V.S.A. 9, § 231. Fees for licenses and permits; disposition of fees. (b)(1) "Third-class license fees: fifty-five percent (55%) shall go to the Enterprise Fund, and forty-five percent (45%) shall go to the General Fund and shall fund alcohol abuse prevention and treatment programs."
- 7 V.S.A. 19, § 590. Fines and costs. "Fines collected under this title shall be remitted to the General Fund."

**FY 2020 General Fund Contribution:
\$31,757,514**

**Since 2000, the DLC has contributed
over \$376 million to the General Fund.**

Vermont Education Fund

Since 1989, the Vermont Lottery has contributed to the state's General and Education Fund. In cooperation with the Agency of Education, we also fund and award an Educate and Innovate Grant. The Department of Liquor and Lottery, Division of Lottery are proud of our past contributions to the Education Fund and, as we end our 41st year, we will look for additional fun and responsible ways to increase future contributions.

**FY 2020 Education Fund Contribution:
\$27,601,247**

**Since 1999, the Lottery Division has
contributed over \$509 million to
the Vermont Education Fund.**

Customer Service & Licensing

Customer Service is defined as the act of satisfying a customer's needs by delivering high-quality, professional and helpful service. At the Vermont Lottery, we strive to exceed this definition.



Back row: Paul Cavaliere and Kaylee Kach
Front row: Danielle Jensen
and Amanda French

Fiscal year 2020 presented numerous challenges with the COVID-19 pandemic. On Monday, March 23, 2020, we closed our offices/lobby to the public and soon after, the People's United Bank stopped accepting Vermont Lottery claim forms. We overcame this obstacle by effectively communicating to our players that any prize amount exceeding \$500 must be mailed to the Lottery office. We also implemented a curbside claim process for players experiencing an emergency situation.

These changes meant our dedicated Customer Service team had to work extra diligently to process an influx of claims in a 24-hour turn-around period, so players received their winnings quickly.

Fast-forward 22 weeks later, we have processed 1,629 claims, totaling \$2,530,432 in prizes.

To date, our lobby remains closed to the public, and we continue to make appointments for players to come in to cash their tickets. People's United resumed taking claims on September 3, 2020, once again giving our players the opportunity to have their tickets validated and not having to wait for their winnings to be mailed.

Highlights

- From November 21, 2019, to January 14, 2020, we ran a Subscription Sale. (Subscription: Signing up for multiple draws.) Subscriptions are available on three draw games: Tri-State Megabucks, Powerball and Mega Millions. During this very successful promotion, we processed 458 new subscriptions (\$73,502) and 328 renewals (\$45,214). Vermont Lottery subscribers and gift-givers saved a total of \$14,130 during this eight-week sale. During FY20, we processed 6,052 prize claims for subscribers with a total payout of \$70,017.
- 566 Quarterly Draw 2nd Chance Claims were processed for a total payout of \$123,350. Fifty-three Top Prize 2nd Chance Claims were processed for a total payout of \$916,923. Second Chance is the Vermont Lottery's Players club, where players enter non-winning Instant Tickets into their online accounts to be included in Quarterly and Top Prize Drawings. This program also has Promotional Drawings that center mostly around our extended play Instant Tickets such as Cash Word and Bingo.
- From July 1, 2019, to June 30, 2020, we answered 1,013 player emails through 2nd Chance. Questions range from "How do I collect my prize?" to technical issues with the system or app. Generally, emails are answered within one business day of receiving.
- From July 1, 2019, to June 30, 2020, we processed a total of 12,496 winning tickets. Total payouts of \$15,289,355.

Licensing

From July 1, 2019, to June 30, 2020, there were 22 licenses issued for new stores and change of ownerships. We licensed fewer stores this year than we have in the past. During the height of the pandemic, we did experience agents closing their doors and pending sales of stores canceled or delayed.

Retail Operations

The Vermont Lottery’s five Sales Representatives faced new challenges during the COVID-19 pandemic, but they persevered with hard work and with a new retailer software tool called ilook. Ilook was created by Intralot, our Lottery Gaming vendor, to adhere to the needs of our sales team. It allows our Sales Representatives to have immediate access to retailer inventory, sales, games available for distribution and adjust shipping parameters based on sales. Throughout the pandemic, our sales team had biweekly calls to retailers to discuss sales, inventory, upcoming game launches and promotions. After each call, the coordinators documented notes in the new software.

Due to the uncertainty of the pandemic, we had 76 retailers stop the sale of Lottery Games. However, we had 22 new Vermont Lottery Agents join our team in FY 2020, and we hope to increase the number of Agents in this upcoming year.

New Vermont Lottery Agents

Lowell General Store	Lowell
Stanch’s Place	Bellows Falls
Summit Stores #9	White River Junction
Bakers Store	Post Mills
Community Market	Vergennes
Castleton Corner Deli & Gas	Castleton
Sammy’s Quickstop	Winooski
Sharon Trading Post/Maplefields	Sharon
Simons Island Beverage	Grand Isle
RL Vallee Orleans	Orleans
Summit Store #7	Brattleboro
Smith’s Grocery	Greensboro Bend
Londonderry Village Market	Londonderry
Sandri # 220	Ludlow
Market Station	White River Jct.
A Stop Food Mart	Brattleboro
Union Street Grocery	Brandon
Jiffy Mart #465	Montpelier
D&L Beverage	East Hardwick
Gunner Brook Store	Barre
Washington Village Store	Washington
Hometown 2	Swanton

Vermont Lottery Sales Coordinators



Region 1: Mark Cayia

Almost 39 years with the Vermont Lottery, Mark currently oversees the Region 1 area, which consists of Morrisville, St. Johnsbury and everything north to the border.



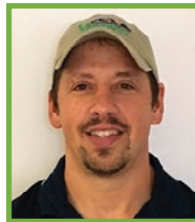
Region 2: Rebecca Rigney

Rebecca joined the Department of Liquor & Lottery as a District Coordinator servicing southern Vermont two years ago. Before becoming a Lottery District Coordinator, Rebecca managed a small convenience store in her hometown of Bennington. She built strong customer relationships within her community and participated in many fundraisers. Rebecca’s ability to multitask and adapt to change is essential in growing sales and gaining new players.



Region 3: Jonathan May

Jonathan lives in Proctor, Vt., and has been the District Coordinator for Region 3 for the past 8 years. Jonathan has 123 agents along the western side of the Green Mountains from North Ferrisburgh south to Arlington. Jonathan takes pride in helping Agents grow to be some of the best in the state.



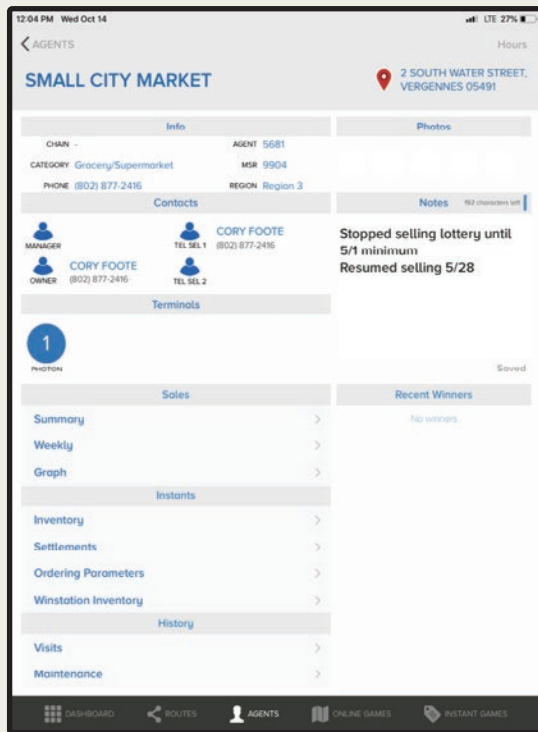
Region 4: Adam Costantini

Adam is the District Coordinator for central Vermont, covering Washington, Orange, Lamoille and some of Chittenden county, servicing 130 Agents. Adam has worked for the state for a total of 21 years — 8 years with the Lottery Division.



Region 5: Denise Huntington-Guay

Denise grew up in New England, and graduated from Trinity College with a degree in Business Administration and Marketing. She has an extensive sales background and covers a large territory consisting of Chittenden, Franklin and Grand Isle counties. She covers 145 Agents and continues to grow her territory on a yearly basis. Consistency and building strong Agent relationships are her focus and continue to be successful as she enters her 10th year as a field representative with the Lottery.



Game Name	IN TRANSIT	RECEIVED	ACTUATED	OTHER
1535 - MAD MONEY	0	1	2	0
1557 - SPECTACULAR	0	2	0	0
1558 - \$4 400 000 PAYOUT	0	1	1	0
1561 - FIREBALL BINGO	0	2	3	0
1563 - THE BIG SPIN	0	0	1	0
1570 - HAPPY CASH	0	1	2	0
1572 - MOOLA	0	1	3	0
1573 - 2X	0	1	2	0
1577 - \$1000 FRENZY	0	1	1	0
1579 - CASH GRAB	0	1	1	0
1580 - 5X	0	1	1	0
1582 - DAILY CASHWORD	0	1	3	0
1584 - 20X	0	1	3	0
1587 - TRIPLING CASHWORD	0	3	0	0
1588 - MYSTERY PRIZE CASHWORD	0	2	1	0
1589 - ONLY IN VT	0	0	2	0
1590 - HIT \$500	0	0	2	0
1591 - FALL WINNINGS	0	2	1	0
1592 - LUCKY STREAM	0	1	2	0

Working through the Pandemic with New iPad Software

The Vermont Lottery District Coordinators were able to work through the pandemic with the assistance of our new retailer software iLook. iLook allowed the coordinators to see retailer inventory, sales, games available for distribution and adjust shipping parameters based on sales. The District Coordinators made biweekly calls to retailers to discuss sales, inventory, upcoming game launches and promotions. After each call, the coordinators documented notes in our new software. Seventy-six retailers seized the sale of Lottery products during the pandemic. However, with the assistance of the software and previous working relationships with retailers, the Lottery was able to see positive sales on instant tickets.

Top 25 Lottery Retailers Instant Tickets and Online Game Sales

Name	Town	Net Sales
Bayside Triple M	Colchester	\$1,190,785.00
Maplewood Convenience Stores Inc.	South Barre	\$844,751.50
Stewart's Ice Cream #194	Rutland	\$835,758.00
Maplewood Ltd.	Berlin	\$825,685.50
Colonial Deli Mart	St. Albans	\$819,902.50
Hardwick Kwik Stop & Deli	Hardwick	\$745,688.50
Penguin Market 2	Bellows Falls	\$723,500.50
Coles Discount Beverage & Rede	St. Johnsbury	\$688,867.00
Ste Maries	Swanton	\$656,163.50
Raj Liquor & Beverage	Milton	\$653,622.00
Hometown Sunoco Inc.	Swanton	\$645,223.50
Cumberland Farms #8019	Burlington	\$633,487.50
Pump & Pantry	Williamstown	\$631,135.00

Name	Town	Net Sales
Sammy's Quickstop	Winooski	\$629,247.50
South Main Grocery	St. Albans	\$622,525.50
Fairgrounds Beverage	Essex Jct.	\$611,799.00
Kilburn's Convenience Store	Manchester Center	\$606,929.50
Switchyard Mobil	St. Albans	\$606,716.00
Mina Mart	Springfield	\$601,458.00
Circle K #7402	Barton	\$598,731.00
Simon's Downtown Quick Stop	Burlington	\$585,176.00
Jiffy Mart #433	Barre	\$583,609.00
Cumberland Farms #8025	Barre	\$569,023.50
Stewart's Ice Cream #195	Bennington	\$561,950.50
Hannaford	Burlington	\$561,814.50

TOTAL SELLING COMMISSION PAID TO AGENTS: APPROX. \$8.1 MILLION

Marketing and Sales

COVID-19 presented unprecedented challenges for fiscal year 2020. Our mission is to “produce the maximum amount of net revenue consonant with the dignity of the state and general welfare of the people.” Balancing the “Stay Home — Stay Safe” order with generating revenue was challenging. Promotions were canceled, game changes were delayed and our instant game schedule needed to be shifted twice. Staff members started working from home, and meetings went virtual. Throughout it all, we have been able to continue providing funds to the Education Fund. While we ended the year 1.3% behind last year, we were 7% ahead of projections thanks to some of the following initiatives.



Sylvia Buzzell and Kelsey Hall

Instant Tickets

Instant tickets account for 77-82% of the Lottery’s annual revenue. Unlike jackpot games, the Lottery has some ability to steer and control this product, allowing the Lottery to gauge Player and Agent interest, sell rates, data gathering, promotions, ad support, etc.

- Launched our first \$10 cashword game, \$10 Mega Multiplier Cashword. Our \$3 cashword product has been successful for several years, and we launched our first \$5 cashword game in 2016, which we’ve also had success with. Was it time for a \$10 game? Well, it turned out to be our best-selling \$10 game to date, and we are working on game No. 2.
- Continued to launch \$25 games, which grew to represent 9% of total instant ticket sales.
- After 18 months of planning, we launched \$5 The Big Spin with our Tri-State partners. This game provides spin winners with a prize that is revealed on the in-store Lottery advertising display.



Some ticket-based promotions over the past year:

- 2019 \$10 Cash Craze tour: Our summer tour wrapped up with a 40th anniversary celebration for Pratt’s Store in Bridport in September. Throughout the tour, we brought our Cash-N-Ator booth to selected Agents, which provided Players with a chance to grab as much cash as they could in 30 seconds. Players grabbed \$34,875 in cash and won \$2,800 in gift cards.
- \$5 Patriots: Thirty-five winners of the 2019 Super Suite tickets and a guest attended the December 21 Patriots home game (Tom Brady’s last home game with the team).
- \$5 Late Night Cashword: Seven drawings with 24 \$500 winners and eight \$1,000 winners.
- \$10 Mega Multiplier Cashword: Seven drawings with 30 \$500 winners, and 10 \$1,000 winners.

Terminal Games

- Tri-State Lotto had planned to increase the number of draw days for Gimme 5 from three a week to five a week in April. Due to COVID-19, this change was delayed until July. For \$1 a draw, Players now have a chance to win \$100,000 five days a week.
- We launched our first standalone progressive Fast Play games: \$10 Terrific 10 and \$20 Twenty 20s, which is also our first \$20 Fast Play game ever. What is a progressive Fast Play game? With every ticket sold, a portion of the sale goes into a progressive jackpot that continues to grow until won. Terrific 10 jackpots have ranged from \$7,153 to \$115,848, while Twenty 20s jackpot have ranged from \$19,384 to \$187,633.

- Launched four new regular Fast Play games: \$1 Money Tree, \$2 Black Cherry Bingo, \$2 Lucky X10 and \$5 Fabulous Five.
- Promotions supporting our terminal games throughout the year:
 - Subscription discount: Powerball, Mega Millions and Megabucks
 - Wrap It Up: All draw games
 - Fast Play Pro: \$10 Terrific 10 and \$20 Twenty 20s
 - Spring Forward: Lucky For Life

2nd Chance Program

Our 2nd Chance program allows Players to enter their non-winning tickets into four prize drawings a year for a second chance to win a top prize or one of our quarterly prizes.

- 3,722,013 tickets entered into 2nd Chance
- 8,950 accounts created
- Top prize drawings:
 - 52 drawings
 - \$876,923 in prizes awarded (\$500 - \$150,000)
 - Average participation rate of 20% per game
- Quarterly drawings:
 - \$120,000 in prizes awarded
 - 3,671,332 tickets in the four drawings. (This is different than the total number entered during the FY because the entry periods are different.)

Social Media Promotions

We use our social media platforms (Facebook, Instagram and Twitter) to provide Players with information and give them another way to engage with us through promotions. The following is a list of promotions that we ran this past year:

- Lotto Love: Players completed the “Roses are red, violets are blue...” rhyme for a chance to win \$10 Cash instant tickets.
- Fan Art: Players turned their favorite draw game into a superhero for a chance to win \$50.
- Where is Bruno the Bass?: Supported our \$5 Bass Cash instant ticket through a website scavenger hunt. Winners received a Bass Cash T-shirt.
- #OnlyInVt Trivia: Fifteen days of trivia and 15 winners of \$5 Only in VT instant tickets.

Security & Warehouse

The Lottery operates from a modern 5,700-square-foot warehouse and a 1,900-square-foot, pick-and-pack area within its present office space. Future instant games are received and stored in the warehouse. Lottery instant tickets are picked and packaged by two staff members. Ticket ordering is automated in conjunction with our POS system to ensure Agents have needed inventory in a timely manner. Agents can also augment their orders as needed. Packaged tickets are shipped via UPS with guaranteed overnight delivery to our 600+ Agents throughout the state.

Lottery Security is responsible for overseeing ticket warehousing and distribution. In addition, our Director of Security does background checks on all new Agent applications and new vendor employees. He also works to ensure that the Vermont Lottery and its vendors meet all required Multi-State Lottery Associations requirements and does periodic compliance testing in our Agent locations. Finally, the Director of Security works on internal security matters including investigations when there are thefts at Agencies, as well as investigates possible fraud allegations. In FY 2020, the Director of Security has continued to work with Liquor Investigators on compliance testing and investigations.



Doug Chouinard and Brian LaPierre

Liquor Revenues and Expenses

	FY2020	FY2019
OPERATING REVENUES		
Charges for sales and services	\$84,560,524	\$61,787,108.51
License fees	1,762,435	2,023,467
Other operating revenues	4,793,782	4,371,218
Total operating revenues	91,116,741	68,181,793
OPERATING EXPENSES		
Cost of sales and services	54,125,847	50,659,965
Salaries and benefits	4,422,069	4,515,572
Insurance premium expense	56,301	19,498
Contractual services	1,611,259	2,820,072
Repairs and maintenance	80,909	50,917
Depreciation	564,438	196,577
Rental expense	43,920	70,503
Utilities and property management	665,348	830,295
Non-capital equipment purchased*	80,195	(1,314,493)
Promotions and advertising	58,020	63,610
Administrative expenses	120,159	172,640
Supplies and parts	168,872	148,279
Distribution and postage	7,746	27,505
Travel	13,551	21,928
Other operating expenses	9,121,511	8,343,152
Total operating expenses	71,140,145	66,626,020
Operating income (loss)	19,976,596	1,555,773
NON-OPERATING REVENUES		
Gain on disposal of capital assets	11,296	35,702
Total non-operating revenues (expenses)	11,296	35,702
Income (loss) before other revenue, expenses, gains, losses and transfers	19,987,892	1,591,475
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Capital contributions from (to) other funds	-	-
Operating Transfers In		79,689
Transfers In		79,689
Transfer Out		-
Transfer out-interfund-nonbudget	(23,000,000)	(1,805,000)
Transfers Out	(23,000,000)	(1,805,000)
Changes in net position	(3,012,108)	(133,836)
Total net position, July 1	(1,923,335)	(1,194,191)
Total net position, June 30	(4,935,443)	(1,328,027)

*Adjustments for CIP

Lottery Revenues and Expenses

	FY2020	FY2019
OPERATING REVENUES		
Charges for sales and services		
Ticket sales	\$137,387,256	\$139,267,936
Rental income	-	-
License fees	-	-
Federal donated properties	-	-
Advertising revenues	-	-
Other operating revenues	1,125	5,718
	<u>137,388,381</u>	<u>139,273,654</u>
OPERATING EXPENSES		
Cost of sales and services	107,046,802	106,820,903
Claims expenses	-	-
Salaries and benefits	1,638,472	1,705,544
Insurance premium expenses	4,914	4,609
Contractual services	104,535	161,642
Repairs and maintenance	7,620	4,078
Depreciation	7,659	7,702
Rental expenses	224,521	209,272
Utilities and property management	268,565	271,531
Non-capital equipment purchased	11,042	8,684
Promotions and advertising	536,258	771,455
Administration expenses	48,461	37,803
Supplies and parts	33,308	47,343
Distribution and postage	19,450	21,231
Travel	5,276	13,873
Other operating expenses	55,970	150,685
Total operating expenses	<u>110,012,852</u>	<u>110,236,355</u>
Operating income (loss)	<u>27,375,528</u>	<u>29,037,299</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal grants	-	-
Other non-operating revenue (expense)	-	-
Gain (loss) on disposal of capital assets		
Investment income	147,033	136,449
Total non-operating revenues (expenses)	<u>147,033</u>	<u>136,449</u>
Income (loss) before other revenue, expenses, gains, losses and transfers	<u>27,522,561</u>	<u>29,173,748</u>
Transfers in	-	-
Transfers out	(27,522,561)	(29,179,325)
Changes in net position	<u>0</u>	<u>(5,577)</u>
Total net position, July 1 as restated	<u>(3,014,793)</u>	<u>(3,009,216)</u>
Total net position, June 30	<u><u>(3,014,793)</u></u>	<u><u>(3,014,793)</u></u>

Where Do Revenues Go?

2019 YTD 6/30/2019 Unaudited		To General Fund	Liquor	Lottery	All Other Funds	
	Description	10000	50300	50200		Grand Total
400200	6%-7% Sales & Use tax	3,917,659				3,917,659
400340	25% LQR Excise Tax	21,427,342				21,427,342
400345	On Prem Direct Sales Tx	191,999				191,999
422005	DLC Merchant Sales		20,401,165			20,401,165
422015	DLC Credit Card Sales		40,459,422			40,459,422
422020	American Express CC		(175)			(175)
421210				1,776,046		1,776,046
421211				655,218		655,218
421214				4,314,484		4,314,484
421215				8,033,711		8,033,711
421220				106,741,814		106,741,814
421221				9,368,681		9,368,681
421223				1,207,390		1,207,390
421224				1,206,567		1,206,567
421228				5,645,006		5,645,006
460030	Bottle Deposits Collected		644,614			644,614
460035	Bottle Deposits Refunded		(429,124)			(429,124)
422025	Special Purchase Incentive		3,767,534			3,767,534
Directly related to Enterprise Activities		25,537,000	64,843,437	138,948,917	-	229,329,354
	MSA Settlement Fds				213,841	213,841
405000	License Fees		2,010,100	375		2,010,475
405500	Break-Open Ticket Fees		23,000			23,000
405380	GF Lic Fee portion	476,988				476,988
415000						-
415361	Late Fees	30				30
415680			44		45	
417755	Conference Funds					-
424315	Educational Classes		208,757		(75)	208,682
426205	Copies		36			36
427380	Tobacco Violations	7,581				7,581
427390	Alcohol Violations	39,170				39,170
428100	Program Interest			83,888		
428505				52,561		
430000	FDA Contract Reimb*				125,513	125,513
440000					60,000	60,000
460000		1,120	110			1,230
462500	Other Income		23,643	5,343	2,426	31,412
480000	Gain (Loss) on disp of fx asset					-
480001					4,389	4,389
480030	Auction Proceeds				31,521	31,521
480500	Recoveries-General					-
485000					51,624	51,624
495000	PY Exp Reimb					-
Other Income		524,889	2,265,691	142,167	489,284	3,285,493
Gross Income		26,061,889	67,109,127	139,091,084	489,284	232,614,847
523000	Megabucks/Lottery Prizes			90,676,139		90,676,139
523010	Agent Commission Expense			8,387,617		8,387,617
523015	Agent Bonus			125,934		125,934
523020	Subscription Commissions			545		545
523025	Lottery Tickets			1,782,489		1,782,489
523030	Ticket Dispensers			58,673		58,673
523040	Courier, Freight and Expr Mail			168,567		168,567
523045	Facility Mgt Fees			414,515		414,515
523055	Tri-State Op Exp			1,216,525		1,216,525
523056	MUSL Op Exp			23,767		23,767
523100	LIQRCommissions		6,869,075			6,869,075
523110	Handling Fees		90,360			90,360
523130	Liquor Purchase Expense		46,381,002			46,381,002
523140	Breakage and other loss		31,233			31,233
Cost of Goods Sold		-	53,371,670	102,854,770	-	156,226,440
Revenue less COG		26,061,889	13,737,457	36,236,315	489,284	76,388,407
DLC Operating Expenses						
DLC Administraton			4,672,977	3,122,810		7,795,787
DLC Education and Enforcement			1,598,788		558,324	2,157,112
DLC Warehouse			1,411,648			1,411,648
Total Operating		-	7,683,414	3,122,810	558,324	11,364,547
BAA - Transfers 9/17/18		1,805,000	(1,805,000)			-
Ed Fund Transfers		29,470,435		(29,470,435)		
Revenue less Expenses		57,337,324	4,249,043	3,643,070	(69,040)	65,023,860

2020 YTD 6/30/2020 Unaudited		To General Fund	Liquor	Lottery	All Other Funds		
	Description	10000	50300	50200		Grand Total	Chg Over Last Year
400200	6%-7% Sales & Use tax	4,348,864				4,348,864	0.11
400340	25% LQR Excise Tax	3,773,600				3,773,600	(0.82)
400345	On Prem Direct Sales Tx	186,508				186,508	(0.03)
422005	DLC Merchant Sales		31,746,193			31,746,193	0.56
422015	DLC Credit Card Sales		55,452,563			55,452,563	0.37
422020	American Express CC					-	(1.00)
421210				1,781,667		1,781,667	0.00
421211				671,803		671,803	0.03
421214				3,712,596		3,712,596	(0.14)
421215				4,312,271		4,312,271	(0.46)
421220				111,373,661		111,373,661	0.04
421221				6,393,334		6,393,334	(0.32)
421223				1,267,481		1,267,481	0.05
421224				1,137,203		1,137,203	(0.06)
421228				7,062,414		7,062,414	0.25
460030	Bottle Deposits Collected		644,609			644,609	(0.00)
460035	Bottle Deposits Refunded		(535,661)			(535,661)	0.25
422025	Special Purchase Incentive		4,854,390			4,854,390	0.29
Directly related to Enterprise Activities		8,308,972	92,162,094	137,712,430	-	238,183,496	0.04
	MSA Settlement Fds				213,841	213,841	-
405000	License Fees		1,745,005			1,745,005	(0.13)
405500	Break-Open Ticket Fees	7,000	17,455			24,455	0.06
405380	GF Lic Fee portion	411,167				411,167	(0.14)
415000				345		345	
415361	Late Fees	20				20	(0.33)
415680							
417755	Conference Funds					-	
422035	Gift Card Revenue		3,925				
424315	Educational Classes		191,696		5,703	197,399	(0.05)
426205	Copies		10			10	(0.72)
427380	Tobacco Violations	7,235				7,235	(0.05)
427390	Alcohol Violations	21,570				21,570	(0.45)
428100	Program Interest			93,780			
428505				106,014			
430000	FDA Contract Reimb*				185,914	185,914	0.48
440000					2,969	2,969	(0.95)
460000		1,550	110		260	1,920	0.56
462500	Other Income		21,335	1,265	2,771	25,371	(0.19)
480000	Gain (Loss) on disp of fx asset		11,860			11,860	
480001					4,461	4,461	0.02
480030	Auction Proceeds				18,695	18,695	(0.41)
480500	Recoveries-General		(15,365)			(15,365)	
485000						-	(1.00)
495000	PY Exp Reimb				5,581	5,581	
Other Income		448,542	1,976,031	201,404	440,195	2,862,453	(0.13)
Gross Income		8,757,514	94,138,125	137,913,834	440,195	241,045,949	0.04
523000	Megabucks/Lottery Prizes			91,867,015		91,867,015	0.01
523010	Agent Commission Expense			8,533,631		8,533,631	0.02
523015	Agent Bonus			145,378		145,378	0.15
523020	Subscription Commissions			1,146		1,146	1.10
523025	Lottery Tickets			1,763,902		1,763,902	(0.01)
523030	Ticket Dispensers			30,046		30,046	(0.49)
523040	Courier, Freight and Expr Mail			171,282		171,282	0.02
523045	Facility Mgt Fees			4,519,327		4,519,327	9.90
523055	Tri-State Op Exp			907,482		907,482	(0.25)
523056	MUSL Op Exp			3,785		3,785	(0.84)
523100	LQRCommissions		7,621,763			7,621,763	0.11
523110	Handling Fees		156,624			156,624	0.73
523130	Liquor Purchase Expense		53,636,361			53,636,361	0.16
523140	Breakage and other loss		96,776			96,776	2.10
Cost of Goods Sold		-	61,511,524	107,942,995	-	169,454,519	0.08
Revenue less COG		8,757,514	32,626,601	29,970,839	440,195	71,591,430	(0.06)
DLL Operating Expenses							
DLC Administraton			6,677,330	3,195,075		9,872,404	0.27
DLC Education and Enforcement			2,448,411		343,205	2,791,616	0.29
DLC Warehouse			106,372			106,372	(0.92)
Total Operating		-	9,232,113	3,195,075	343,205	12,770,393	0.12
BAA – Transfers 9/17/18		23,000,000	(23,000,000)			-	
Ed Fund Transfers		27,601,247		(27,601,247)			
Revenue less Expenses		59,358,761	394,488	(825,482)	96,990	58,821,037	(0.10)



DEPARTMENT OF LIQUOR AND LOTTERY

liquorandlottery.vermont.gov

liquorcontrol.vermont.gov

13 Green Mountain Drive
Montpelier, VT 05602

800-642-3134 (toll free within VT)
802-SPIRITS (802-774-7487) local
802Spirits.com

vtlottery.com

1311 US Route 302, Suite 100
Barre, VT 05641

(802) 479-5686
staff@vtlottery.com
