Montgomery County, Maryland - Disclosure For Fiscal Year 2025

$24,700,000 MONTGOMERY COUNTY MARYLAND Revenue Bonds (Department of Liquor Control) Series 2019A	$46,100,000 MONTGOMERY COUNTY MARYLAND Refunding Revenue Bonds (Alcohol Beverage Services) Series 2021 A & B

Wholesale Operations

Wholesale Facility

Based on State of Maryland House Bill 616, the Department of Liquor Control was renamed to Alcohol Beverage Services for Montgomery County, effective July 1, 2019. The Alcohol Beverage Services' (the Department) climate-controlled wholesale facility (Existing Warehouse) is located on Edison Park Drive in Gaithersburg, MD. The product storage space is approximately 185,000 square feet, of which approximately 10,000 square feet is a keg facility.

The Department uses the warehouse to store approximately 7,000 SKU's of stock beer, wine and spirit products for resale to wholesale customers. Stock products are purchased in bulk and stored at the Existing Warehouse for wholesale customers to purchase, and for transfer to the 27 County retail stores. The Department also offers thousands of items as special order and will research any product a customer wants to ascertain price and availability. Special order items are obtained specifically for both wholesale and retail customers. The procurement process starts once the product is ordered. Each week, approximately 4,000 special order items are stored in the warehouse for no longer than 7 days. The Existing Warehouse also houses the Department's administrative activities.

Wholesale Customer Base

The Department's wholesale customer base comprises every licensed seller of alcoholic beverages in the County. There are over 1,000 license holders in the County, including restaurants, carry-out stores, hotels, conference centers, caterers, clubs and lodges. The Department's ten largest wholesale customers in calendar year 2025 were:

Customer	CY 2025 Sales		Percent of Total Wholesale Sales
Safeway	$ 5,208,281		3.23%
Shoppers Food Warehouse	3,421,379	Profit County made	2.12
Giant Food Store 350	2,160,074	off of our locations	1.34
Long Branch Beer & Wine	2,018,567		1.25
Rodman's Gourmet Beer & Wine	1,930,577		1.20
Downtown Crown Wine & Beer	1,835,533	- $550,659	1.14
Georgia Market	1,792,767		1.11
Georgetown Square Wine & Cheese	1,750,165	- $525,049	1.09
Belby Discount Beer & Wine	1,659,671		1.03
Gaithersburg Beer & Wine	1,624,897		1.01
Total	$23,401,911		14.51%

Source: Alcohol Beverage Services

Wholesale Suppliers

The Department is not subject to County procurement laws or regulations for purchasing beverage alcohol. The Department procures its stock from wholesale distributors, breweries, wineries and distillers.

The Department's ten largest wholesale suppliers in calendar year 2025 were:

Supplier	CY 2025 Purchases	Percent of Total Wholesale Purchases
Constellation Imports (Crown)	$ 18,998,799	9.50%
E & J Gallo Winery	14,705,858	7.36
Diageo North America Inc	13,955,878	6.98
Anheuser Busch Inc	12,679,988	6.34
Miller Brewing Company	10,194,457	5.10
Heineken USA	6,075,796	3.04
Sazerac Co	5,987,965	3.00
Barcardi USA Inc	5,700,359	2.85
Pernod Ricard USA LLC	4,467,201	2.23
Southern Glazers Wine and Spirits	4,308,972	2.16
Total	$ 97,075,273	48.56%

Source: Alcohol Beverage Services

Retail Operations

Retail Facilities

The Department operates 27 retail stores located throughout the County. These stores sell non-chilled beer, wine and liquor, plus ice, bottled water and certain mixers.

The stores vary in size, from approximately 2,000 square feet to over 7,400 square feet. The Department leases the stores. The inventory in each store varies according to sales patterns and available retail space. In fiscal year 2025, no single location operated twelve months accounted for more than 6.9 percent or less than 0.6 percent of total Department retail sales.

The Department regularly reviews the operating performance of each retail store.

Retail Sales

The distribution of sales across the Department's 27 retail facilities that were in operation in fiscal year 2025 was as follows:

Retail Store	FY 2025 Sales	% of Total Retail Sales
Aspen Hill	$ 5,203,939	4.2%
Burtonsville	2,916,743	2.3
Cabin John	5,628,751	4.5
Clarksburg	4,273,791	3.4
Cloverly	3,232,189	2.6
Darnestown	6,481,533	5.2
Downtown Rockville	5,583,227	4.5
Fallsgrove	3,919,001	3.1

Flower Avenue	2,335,612	1.9
Gaithersburg	2,346,506	1.9
Goshen Crossing	5,624,394	4.5
Hampden Lane	8,126,620	6.5
Kensington	7,501,914	6.0
King Farm	2,945,908	2.3
Kingsview	5,191,675	4.1
Leisure World	4,100,182	3.3
Montrose	8,685,980	6.9
Muddy Branch	6,079,798	4.8
Olney	5,068,528	4.0
Poolesville	780,678	0.6
Potomac	6,416,728	5.1
Seneca Meadows	7,203,531	5.7
Silver Spring	4,217,413	3.4
Walnut Hill	4,089,159	3.3
Westwood	1,808,556	1.4
Wheaton	2,723,194	2.2
White Oak	2,883,500	2.3
Total:	$125,369,050	100.0%

Source: Alcohol Beverage Services

Results of Operations

Annual Operating Results

The Department's annual operating results have consistently created significant net revenues for transfer to the County's general fund. The following chart shows the total operating expenses, total operating revenues and net revenues for fiscal year 2025:

Annual Operating Results

(dollars in thousands)

		2025
Sales, net	$	304,373
Other operating revenues		2,095
Total operating revenues		306,468
Non-operating revenues /(expenses)		1,019
Revenues		307,487
Less: Expenses		(278,710)
Net Income	$	28,777

Sales Allocation

The Department's retail and wholesale sales for fiscal year 2025 are as follows:

Fiscal Year	Retail Sales	Warehouse Beer Sales	Warehouse Wine/ Liquor Sales
2025	$125,369,050	$87,412,215	$73,736,567

Source: Alcohol Beverage Services

$87,412,215 + 73,736,567 = $161,148,782.00

Estimated $48,344,634 million made off of licensees. This plus the loses occured in their retail stores, only 26 million was transfered to the general fund. Next year, only 19 million will be transfered. The system is broken.

The Department's sales by category for fiscal year 2025 were as follows:

Fiscal Year	Case Beer	Keg Beer	Wine	Liquor
2025	50%	5%	36%	10%

Source: Alcohol Beverage Services

Transfers to the General Fund

By State law, the Department transfers its net revenues, after retention of a working capital reserve, to the County's general fund. The amount of the transfer is budgeted by the Department and the County and approved by the County Executive by March 15 for the fiscal year beginning on the ensuing July 1. Transfers are made on or before September 25, December 25, March 25 and June 25 in each fiscal year. The transfer amount for fiscal year 2025 was as follows:

Fiscal Year	Amount of Transfer
2025	$ 26,159,603

Source: County Comprehensive Annual Financial Report

Working Capital Reserve

Pursuant to State law, the Department retains a working capital reserve in an amount determined by the Director of the Department and the Director of Finance of the County, subject to the approval of the County Executive. Beginning in fiscal year 2003, the amount of the working capital reserve has been set at the aggregate of (1) one month's operating expenses, (2) the amount of one payroll cycle (currently bi-weekly), (3) $1.5 million for inventory purchase, and (4) major, near-future non-recurring expenses (such as start-up costs for new retail facilities).

The amount of the actual working capital reserve in fiscal year 2025 was as follows:

Fiscal Year	Amount of Working Capital Reserve
2025	$5,662,680

Source: Office of Management and Budget

Financial Results

The following chart shows the Department's financial results for Fiscal Year 2025:

Sources: Montgomery County Annual Comprehensive Financial Report for FY25
Alcohol Beverage Services, and Department of Finance

	2025
Operating Revenues	
Sales, net	$ 304,372,610
Other Revenues	2,095,177
Total Operating Revenues	306,467,787
% Change from prior year	-3.66%
Operating Expenses	
Cost of goods sold	207,860,099
Personnel costs	49,971,487
Contractual services	4,669,944
Rentals	1,614,308
Depreciation	7,801,709
Maintenance	1,841,700
Other expenses	4,950,783
Total Operating Expenses	278,710,030
% Change from prior year	-0.82%
Gain (loss) on disposal of capital assets	42,171
Insurance recoveries	10,344
Investment income (expense)	(214,388)
Interest Expenses	(1,721,594)
Other revenue	2,902,805
Total Non-Operating Revenue (Expenses)	1,019,338
Net Revenues	28,777,095
Add Back: Depreciation	7,801,709
Add Back: Interest Expense	1,721,594
Minus: Gain (loss) on disposal of capital assets	(42,171)
Minus: Insurance recoveries	(10,344)
Less: Retention of Working Capital	(5,662,680)
Net Revenues Available for Debt Service	32,585,203
Existing Debt Service	8,239,590
Debt Service Coverage	3.95
Transfer to the General Fund	26,159,603
Ending Cash Position	5,662,680
Unrestricted Net Assets	21,039,012