



IOWA ALCOHOLIC BEVERAGES

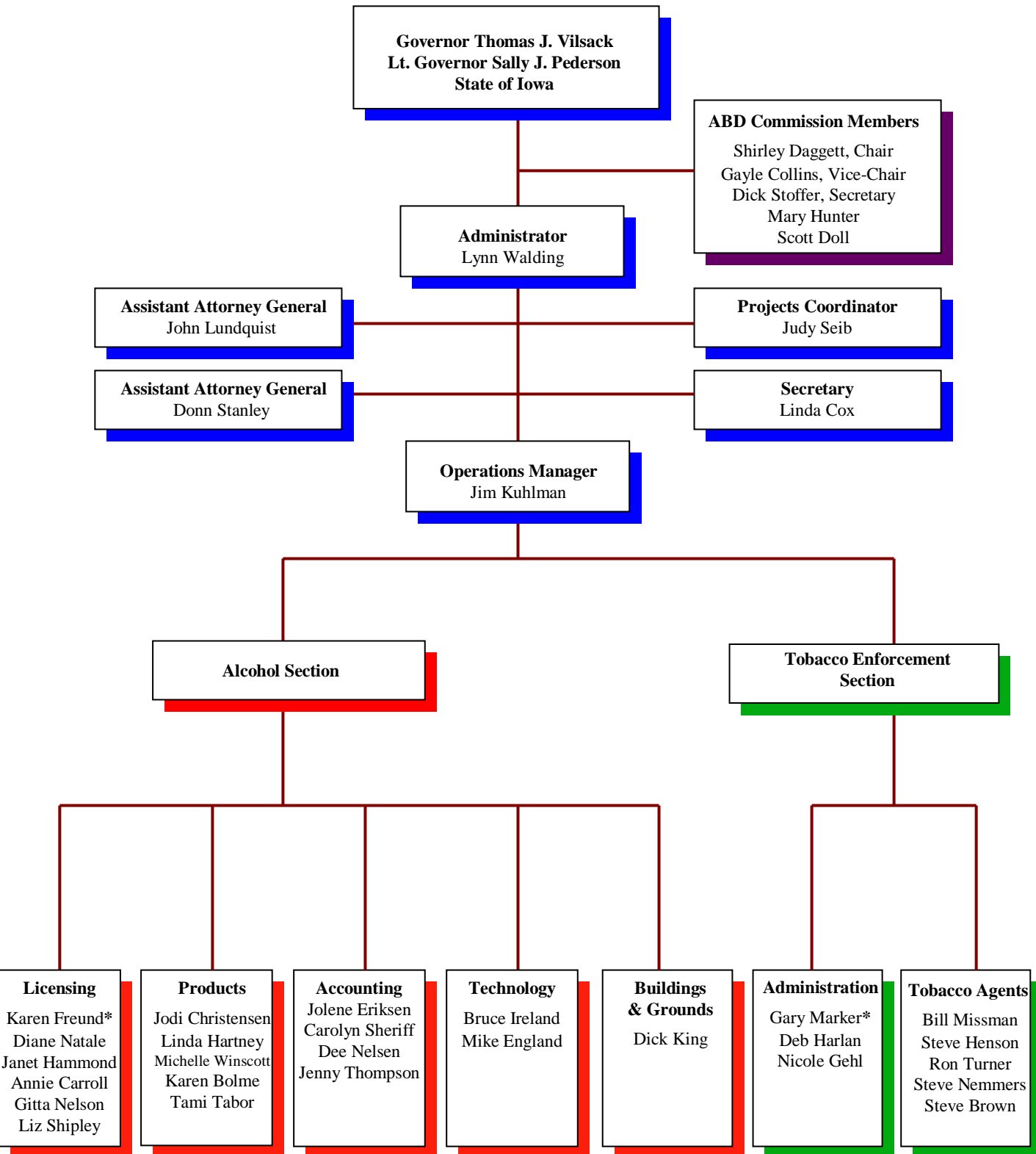
70th Annual Report

July 2003 – June 2004

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IOWA ALCOHOLIC BEVERAGES DIVISION



ALCOHOLIC BEVERAGES COMMISSION

Shirley Daggett:

Shirley Daggett was first appointed to the Alcoholic Beverages Commission March 1, 1995, to fill an unexpired term and was reappointed to another 5-year term in May of 1999. Commissioner Daggett was serving as the Chairperson of the Commission when her term expired in April 2004. During her tenure, Commissioner Daggett also served as Vice-Chairperson and Secretary.

Ms. Daggett attended the Metropolitan School of Business as well as Des Moines Area Community College. She is employed at Holmes Murphy & Associates in West Des Moines as a Human Resources Benefits Administrator. Ms. Daggett and her husband live on a farm near Earlham, Iowa.

Dick Stoffer:

Dick Stoffer was appointed to the Alcoholic Beverages Commission in May of 1996 and reappointed to another 5-year term in 2001. In his capacity as a member of the Alcoholic Beverages Commission, Commissioner Stoffer has served as Chairperson and Vice-Chairperson and currently serves as the Secretary of the Commission.

Commissioner Stoffer is a graduate of Simpson College with a BA in Political Science and is currently employed as the President, CEO, and Chairman of the Board of the Midwest Heritage Bank in Chariton. Commissioner Stoffer is also active in many other organizations including the Variety Club and Juvenile Diabetes Foundation. Commissioner Stoffer resides in West Des Moines, Iowa.

Gayle Collins:

Governor Tom Vilsack appointed Gayle Collins to the Alcoholic Beverages Commission in May of 2001 to serve a 5-year term. Commissioner Collins currently serves as the Chairperson having ascended to the position when Commissioner Daggett's term on the Commission expired in April 2004. Commissioner Collins has also served as the Secretary and Vice-Chairperson to the Commission.

Commissioner Collins graduated from the University of Iowa with Bachelor's and Master's degrees and is currently employed with Crowley Commercial Real Estate Services. In addition to her duties with the Commission, Ms. Collins has served as President of the Des Moines Park and Recreation Board. Ms. Collins has also been politically active in city, county, state and national projects. Commissioner Collins resides in Des Moines, Iowa.

ALCOHOLIC BEVERAGES COMMISSION Continued

Mary Hunter:

Mary Hunter assumed her duties as commissioner May 1, 2002. Commissioner Hunter was appointed by Governor Tom Vilsack to fill a 5-year term on the Alcoholic Beverages Commission.

Commissioner Hunter is a graduate of Drake University with a Business Management and Marketing degree and is currently employed at Hy-Vee, Inc. as Assistant Vice President, Pharmacy Acquisitions. In addition to her duties on the Commission and at Hy-Vee, Commissioner Hunter is involved with Variety Club, Juvenile Diabetes Research Foundation, American Business Women's Association and Urbandale volleyball league coach. Commissioner Hunter resides in Urbandale, Iowa.

Scott Doll:

Scott Doll joined the Alcoholic Beverages Commission on May 1, 2003. He was appointed to his position by Governor Vilsack.

Commissioner Doll is a graduate of the University of South Dakota with a Mass Communications / Advertising degree. He is Vice-President of Doll Distributing in Council Bluffs. Commissioner Doll is also active on the Council Bluffs Industrial Foundation Board and is serving as President for the Pottawattamie Conservation Commission. Commissioner Doll makes his home in Council Bluffs, Iowa.

Carolyn Cavitt:

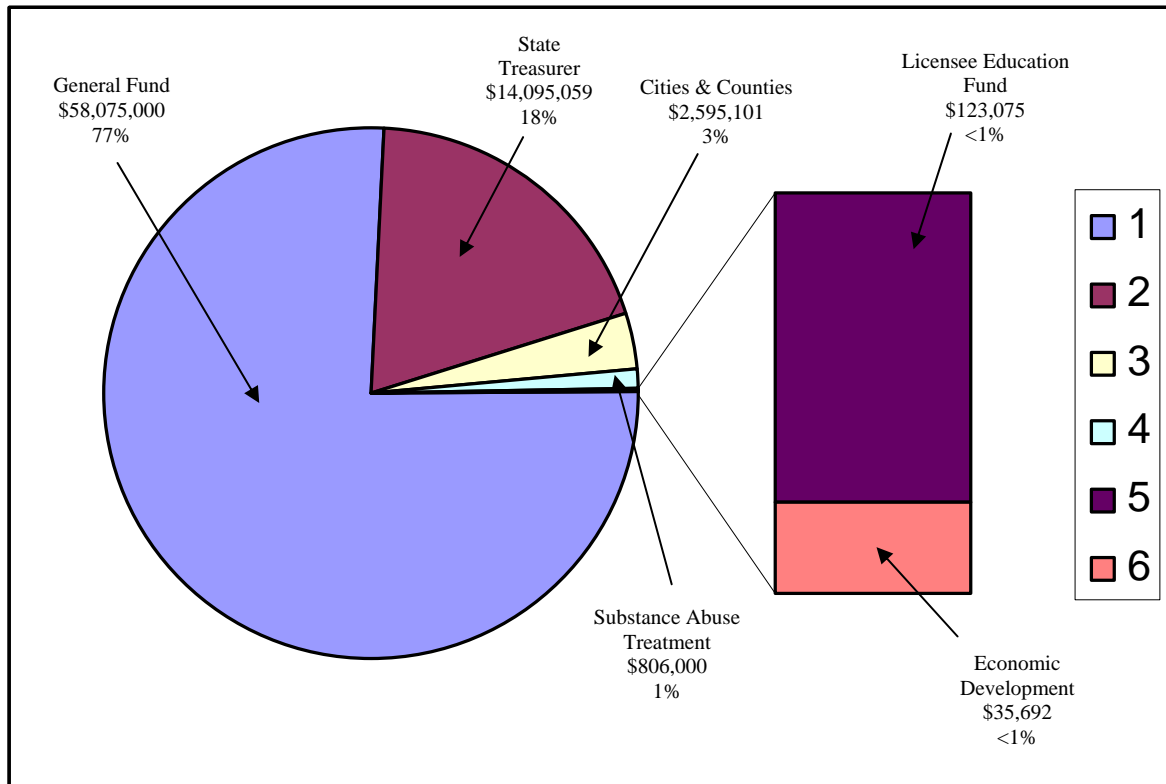
Governor Tom Vilsack appointed Carolyn Cavitt to the Commission May 1, 2004. Shortly after Ms. Cavitt was appointed to the Commission, she was diagnosed with an aggressive brain tumor. She passed away on September 10, 2004.

Commissioner Cavitt lived in Iowa City and worked as a stockbroker for RBC Dain Rauscher for 20 years, serving as the company branch manager from 1998 to 2001. Ms. Cavitt was instrumental in developing the Stepping Up Project and served as the first chairwoman when it was founded in 1996. Ms. Cavitt worked to raise the awareness of the health risks of drinking alcohol and offered alternatives to drinking. She was serving as co-coordinator of the Stepping Up Project at the time of her death.

TOTAL FUNDS GENERATED

	FOR 12 MONTHS ENDED 6-30-04	FOR 12 MONTHS ENDED 6-30-03
Direct Transfer to General Fund (\$9,000,000 earmarked for Substance Abuse Treatment)	\$58,075,000	\$49,075,000
Transfer to State Treasurer – Beer & Air Tax Collections	14,095,059	13,953,055
Remit to Cities & Counties – 65% of Licensee Fees	2,595,101	2,711,130
Licensee Education Fund	123,075	118,000
Transfers to Substance Abuse Treatment	806,000	766,000
Transfers – Economic Development (Native Beer & Wine)	<u>35,692</u>	<u>26,034</u>
TOTAL FUNDS GENERATED	<u>\$75,729,927</u>	<u>\$66,649,219</u>

FY 2004 Profit Distribution \$75,729,927



SOURCE AND USE OF FUNDS

Fiscal Year 2004

Sources of Funds

Sale of Liquor	\$ 133,717,200
Sale of Licenses	\$ 8,740,975
Beer Tax Collected	\$ 14,002,826
Wine Tax Collected	\$ 4,912,491
Miscellaneous Revenue ⁽¹⁾	\$ <u>2,228,874</u>
Source of Funds	\$163,602,366

Uses of Funds

Payments of Liquor	\$ 87,080,641
Transfer to State General Fund ⁽²⁾	\$ 58,000,000
Transfer to Other State Departments ⁽³⁾	\$ 14,920,685
Cities and Counties – License Fees	\$ 2,668,076
Miscellaneous Expenses ⁽⁴⁾	\$ <u>3,408,117</u>
Use of Funds	\$ 166,077,519
Increase in Cash Balance	\$ <u>(2,475,153)</u>

⁽¹⁾ Misc. Revenue Includes:

Liquor Tax-Air Carrier
Misc. Income
Split Case Fee
Bottle Deposit Fee
Bottle Recycle Surcharge
Bailment Case Fee

⁽²⁾ Transfer to
General Fund Includes:

\$9,000,000 Earmarked
for Substance Abuse

⁽³⁾ Transfer to Other
State Dept. Includes:

Beer Tax
Liquor Tax – Air Carrier
Sunday Sales Fees
Economic Development
Sales Tax

⁽⁴⁾ Misc. Expenses Includes:

Operating Expense
Bottle Deposit Refund
Recyclable Surcharge Fee

VITAL STATISTICS

SALES

To Class E Liquor Retailers **\$133,717,200**

SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2004)

Net Income	<u>\$53,823,892</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,130,377
Licensee Fees, Cities & Counties	2,595,101
Fines and Penalties	123,075
Liquor Tax – Air Carriers	374
Total Additional Revenue	<u>\$16,848,927</u>
Total Revenue Collected	<u>\$70,672,819</u>

OPERATING BUDGET

(for year ended June 30, 2004)

\$5,282,314

LICENSING

(as of June 30, 2004)

Retail Licenses & Permits Processed	10,218
Wholesale Licenses & Permits in Effect	99
Other Licenses & Permits	478
Liquor License Fees from \$195 to \$2,190	
Package Liquor License Fees from \$750 to \$7,500	
Beer Permit Fees from \$75 to \$300	
Wine Permit Fees - \$500	
Total License Fees Collected for Year Ended June 30, 2003	\$8,865,807

PURCHASING

Cases Purchased, year ended June 30, 2004	1,205,220
Cost of Liquor Purchased, year ended June 30, 2004	\$88,039,911
Number of Vendors	64

LIQUOR CONTROL JURISDICTIONS

Alabama	* Mississippi	Ohio	Virginia
Idaho	Montana	Oregon	Washington
* Iowa	Montgomery Co., Maryland	Pennsylvania	* West Virginia
Maine	New Hampshire	Utah	* Wyoming
* Michigan	North Carolina	Vermont	

* *Wholesale Operations Only*

INCOME AND EXPENSE

	YEAR ENDED 30-Jun-04	YEAR ENDED 30-Jun-03
SALES		
Liquor Sales	\$133,717,200	\$121,198,962
Cost of Liquor Sales	<u>87,883,992</u>	<u>79,757,275</u>
Gross Profit of Liquor Sales	\$45,833,208	\$41,441,687
OPERATING EXPENSES		
Salaries	\$1,515,416	\$1,479,784
Travel	8,845	7,463
Office Supplies	48,399	53,449
Other Supplies	9,228	5,488
Printing	1,152	752
Telephone	39,976	37,603
Rental - Buildings	8,713	7,446
Utilities	28,771	29,069
Other Contractual Services	89,923	111,510
Intra-State Transfers	165,658	80,780
Equipment	1,652	7,895
Depreciation Expense	<u>28,992</u>	<u>41,526</u>
Total General Fund Expense	1,946,725	1,862,765
Total Trust Fund Expense	<u>3,364,579</u>	<u>2,921,291</u>
Total Operating Expense	\$5,311,304	\$4,784,056
OPERATING INCOME	<u>\$40,521,904</u>	<u>\$36,657,631</u>
OTHER INCOME		
Licenses & Permit Fees	\$6,132,783	\$6,336,604
Wine Tax Collections	4,928,549	4,644,621
Miscellaneous Income	<u>2,240,656</u>	<u>2,098,243</u>
Total Other Income	<u>\$13,301,988</u>	<u>\$13,079,468</u>
TOTAL NET INCOME	<u>\$53,823,892</u>	<u>\$49,737,099</u>

FINANCIAL POSITION

	YEAR ENDED 30-Jun-04	YEAR ENDED 30-Jun-03
CURRENT ASSETS:		
Cash	\$8,097,378	\$10,598,348
Accounts Receivable	800,383	672,494
Liquor Inventory Cost	<u>940,604</u>	<u>859,723</u>
Total Current Assets	\$9,838,365	\$12,130,565
OTHER ASSETS:		
Reserves	\$57,075	\$71,080
Equipment	78,574	52,982
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$345,649	\$334,062
TOTAL ASSETS	<u>\$10,184,014</u>	<u>\$112,464,627</u>
CURRENT LIABILITIES:		
Prepaid Rent	\$1,300	\$1,300
Accounts Payable	8,824,829	7,873,188
Due Approving Bodies of Licensee	<u>698,218</u>	<u>770,412</u>
TOTAL LIABILITIES	\$9,524,347	\$8,644,900
EQUITY:	<u>\$659,667</u>	<u>\$3,819,727</u>
TOTAL LIABILITIES & EQUITY	<u>\$10,184,014</u>	<u>\$12,464,627</u>

COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-04 Gallons	YEAR ENDED 30-Jun-03 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
DISTILLED SPIRITS				
Blended Whiskey	174,910	172,457	2,453	1%
Straight Whiskey	151,380	147,842	3,538	2%
Tennessee Whiskey	78,558	71,218	7,340	10%
Bottled in Bond – Bourbon	515	532	(16)	-3%
Straight Whiskey Rye	445	470	(25)	-5%
Canadian Whiskey	464,555	444,734	19,821	4%
Scotch Whiskey	80,448	81,039	(591)	-1%
Single Malt Scotch	7,448	6,453	995	15%
Irish Whiskey	5,063	4,309	754	17%
Tequila	117,089	107,973	9,116	8%
Vodka	799,598	733,363	66,235	9%
Gin – American	103,476	100,130	3,346	3%
Gin – Foreign	32,935	32,069	866	3%
Sloe Gin	3,555	3,923	(368)	-9%
Brandy – American	97,089	90,489	4,600	5%
Brandy – Foreign	17,671	15,157	2,514	17%
Rum	448,380	400,602	47,778	12%
Cocktails	151,695	133,233	18,461	14%
Cordials – American	213,665	203,757	9,908	5%
Cordials – Foreign	71,672	45,170	26,501	59%
Schnapps	200,005	202,993	(2,988)	-1%
Decanters and Specialty Packs	13,278	10,460	2,818	27%
Distilled Spirits Specialty	19,447	17,541	1,906	11%
High Proof Beer	4,592	3,472	1,120	32%
Alcohol	6,433	5,772	661	11%
Other	(151)	(89)	(62)	70%
SPIRITS TOTAL	<u>3,261,751</u>	<u>3,035,070</u>	<u>226,682</u>	<u>7%</u>
WINE SALES*	<u>2,832,560</u>	<u>2,652,761</u>	<u>179,799</u>	<u>7%</u>
BEER SALES*	<u>74,230,213</u>	<u>73,475,582</u>	<u>754,631</u>	<u>1%</u>

IOWA PER CAPITA CONSUMPTION – 2004 (Based on adult population – 21 and over)

DISTILLED SPIRITS 1.59 WINE 1.38 BEER 36.19

**Wine, beer and low proof wine/cooler sales are based on sales by wholesalers to retailers.
The wine per capita tabulation represents products legally defined as wine.*

VENDOR ANALYSIS

VENDOR	CASES	COST	VENDOR	CASES	COST
Adamba Imports	11	1,304	Millennium Import Co.	1,010	146,051
Allied Domecq Spirits & Wine US	46,725	5,104,690	Niche Import Co.	33	4,715
Alive Spirits	90	7,335	Nicholas Enterprises	45	5,501
A.V. Imports	27	4,959	Nolet Spirits USA	2,044	305,733
Bacardi Imports, Inc.	61,226	5,401,611	Oregon Brewing Company	45	1,875
Barton Brands, Inc.	209,035	10,846,069	Paramount Distillers, Inc.	76,501	3,552,513
Bishop Wines and Spirits	1	96	Paterno Imports, Ltd.	421	26,991
Boston Beer Co.	63	2,503	Patron Spirits	277	88,708
Brown-Forman Corporation	51,534	5,973,975	Pearl Spirits, Inc.	3	384
B United International	417	16,590	Pernod Ricard	18,795	2,078,832
Canandaigua Wine Co., Inc.	4,312	262,768	Phillips Beverage Company	34,803	1,492,938
Charles Jacquin Et. Cie, Inc.	2,326	195,501	Remy Amerique, Inc.	3,154	602,284
D and V International, Inc.	390	19,688	Sazerac Co., Inc.	12,369	1,020,117
David Sherman Corporation	113,462	5,236,265	Schieffelin & Somerset Co.	18,086	3,245,951
Diageo North America, Inc.	142,384	11,991,994	Seagram Americas	67,717	6,867,134
Distillerie Stock U.S.A., Ltd.	491	54,831	Shaw Ross Intl Importers, Inc.	495	18,765
E & J Gallo Winery	10,322	650,731	Shelton Brothers	93	3,841
Extreme Beverage	162	14,625	Sidney Frank Importing Co.	21,575	3,121,046
F Korbel and Bros., Inc.	1,061	72,309	Skyy Spirits	6,299	812,704
Future Brands LLC	125,223	9,675,838	Spaten Inc.	65	1,404
Gaetano Specialties, Ltd.	510	5,942	Spirits Marque One LLC	678	54,849
Great Lakes Liquor Co.	12,497	654,746	St. Maarten Spirits	18	5,689
Heaven Hill Distilleries Inc.	19,691	1,282,782	Stellar Importing Co., LLC	68	7,473
Hood River Distillers Inc.	106	10,168	Todhunter Int'l.	2,153	149,652
Kobrand Corporation	826	99,872	U.S. Distilled Products Co.	395	70,208
Laird and Company	48,409	2,037,681	W J Deutsch & Sons	21	1,679
Levecke Corp.	3	315	White Rock Distilleries, Inc.	46,178	2,558,510
Luctor International	11	1,545	Wildman & Sons, F.	7	1,848
Mango Bottling	1,480	69,110	William Grant & Sons, Inc.	4,008	425,763
McCormick Distilling Co.	34,248	1,630,065	Win It Too Inc/Global Beer Net	367	15,941
Merchant du Vin	360	14,233	Winebow Inc.	24	3,950
MHW, Ltd.	50	5,422	World of Spirits, Inc.	20	1,299
			TOTAL PURCHASES	1,205,220	\$88,039,911

LICENSES AND PERMITS PROCESSED

RETAIL		NUMBER	REVENUE	
BB	Commercial-Beer On/Off Premises	1,169	\$29,225	*
BC	Retail Store-Beer Off Premises	3,170	70,591	*
LA	Private Club-Liquor/Wine/Beer On Premises	161	113,999	
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	124	223,756	
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	3,994	5,548,847	
LD	Common Carrier-Liquor/Wine/Beer On Premises	25	6,180	
LE	Commercial-Liquor Off Premises	549	2,193,509	
BW	Special-Beer/Wine On Premises-Beer Off Premises	374	178,271	
WB	Retail Store-Wine Off Premises	801	430,054	
WBN	Retail Store -Native Wine Off Premises	59	1,410	
WBB	Commercial-Native Wine On/Off Premises	<u>3</u>	<u>75</u>	
	Subtotal	10,429	\$8,795,917	
WHOLESALE				
BA	Beer Wholesaler	46	\$11,750	
BAN	Native Wholesale Beer Distributor	2	500	
WA	Wine Wholesaler	19	14,250	
WAN	Native Wholesale Wine Distributor	<u>32</u>	<u>800</u>	
	Subtotal	99	\$27,300	
OTHER				
	Brewers Certificate of Compliance	95	\$9,500	
	Distillers Certificate of Compliance	70	3,500	
	Vintners Certificate of Compliance	304	30,400	
	Manufacturers Permits	2	700	
	Special Permits	<u>7</u>	<u>175</u>	
	Subtotal	<u>478</u>	<u>\$44,275</u>	
	Total	11,006	\$8,865,807	
	Less Refunds	<u>0</u>	<u>148,246</u>	
	Grand Total	<u>11,038</u>	<u>\$8,717,561</u>	

* Sunday Sales Fees Only – Local Authority Retains Main Licensing Fee

ADMINISTRATIVE HEARINGS

Sales to Minors

BC	Retail Stores	Beer Off Premises	4
BB	Commercial	Beer On/Off Premises	2
WB	Retail Wine	Off Premises	0
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	29
BW	Beer/Wine	Beer On/Off Premises & Wine/On Premises	2
LA	Club	Liquor/Wine/Beer/On Premises	0
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	0
BC/WB	Retail Stores	Wine & Beer Off Premises	4
LE/BC/WB	Retail Stores	Beer/Wine/Liquor Off Premises	5
Total			46

Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	0
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Summary Suspensions/Revocations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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Illegal Gambling

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	13
LE/BC	Retail Stores	Beer/Wine/Liquor Off Premises	1
BB	Commercial	Beer On/Off Premises	0
BC	Retail Stores	Beer Off Premises	0
LA	Club	Beer/Liquor/Wine/On Premises	2
Total			16

ADMINISTRATIVE HEARINGS Continued

Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	7
LD	Boat	Beer/Liquor/Wine/On Premises	<u>0</u>
		Total	7

Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	6
BB	Commercial	Beer On/Off Premises	0
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	<u>1</u>
		Total	7

Intoxication

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	3
LD	Boat	Beer/Liquor/Wine/On Premises	<u>1</u>
		Total	4

Credit Sales

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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Multiple Violations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	9
BC	Retail Stores	Beer Off Premises	0
LE	Retail Stores	Beer/Wine/Liquor Off Premises	<u>1</u>
		Total	10

APPEAL HEARINGS

Denied Licenses

Liquor

11

Beer

4

Total

15