



IOWA ALCOHOLIC BEVERAGES

71st Annual Report

July 2004 – June 2005

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IOWA ALCOHOLIC BEVERAGES DIVISION



*Denotes lead worker

ALCOHOLIC BEVERAGES COMMISSION

The Iowa Alcoholic Beverages Commission is created under Iowa Code section 123.5 and is comprised of five members appointed by the governor subject to confirmation by the senate. Commissioners are appointed for 5-year staggered terms and are chosen on the basis of managerial ability and experience as business executives. Commissioners are eligible for one 5-year reappointment.

The commission is required by law to meet on July 1 of each year and at the call of the commission chairperson or when any three members file a written request for hearing with the chairperson. The commission acts as a policy-making body and serves in an advisory capacity to the Division administrator. Commissioners may review, affirm, reverse or amend all actions of the administrator in the wholesaling of liquor and intoxicating liquor, and in the licensing and regulating of Iowa's alcoholic beverages industry.



Gayle Collins served as the Chairperson of the Iowa Alcoholic Beverages Commission for Fiscal Year 2005. Commissioner Collins was appointed to the Alcoholic Beverages commission by Governor Tom Vilsack in May 2001 and reappointed to another 5-year-term in 2005.

Commissioner Collins graduated from the University of Iowa with both Bachelors and Masters degrees and is currently a commercial real estate agent with Iowa Realty Commercial in Des Moines. In addition to her duties with the Commission, Ms. Collins has served as President of the Des Moines Park and Recreation board and has been involved in many community organizations including the 2004 and 1995 AAU Junior Olympics. Ms. Collins has also been politically active in city, county, state and national projects, and she resides in Des Moines, Iowa.



Dick Stoffer was appointed to the Alcoholic Beverages Commission in May of 1996 and reappointed to another 5-year-term in 2001. He was elected Chairperson of the Iowa Alcoholic Beverages Commission in July, 2005 after serving terms as Secretary, Vice-Chairperson and Chairperson.

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, Juvenile Diabetes Foundation, and is the director of the Chariton Arts & Recreation Department. Commissioner Stoffer resides in West Des Moines, Iowa.

ALCOHOLIC BEVERAGES COMMISSION (Continued)



Mary Hunter was appointed to the Alcoholic Beverages Commission May 1, 2002, and assumed the duties of Vice-Chairperson July 1, 2005. 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, Junior League of Des Moines, Urbandale Soccer League Coach, and Parent Teacher Committee President. Commissioner Hunter resides in Urbandale.



Scott Doll was appointed by Governor Vilsack to the Alcoholic Beverages Commission May 1, 2003, and recently was elected as Secretary. 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 Vice-President for the Pottawattamie Conservation Commission. Commissioner Doll makes his home in Council Bluffs, Iowa.

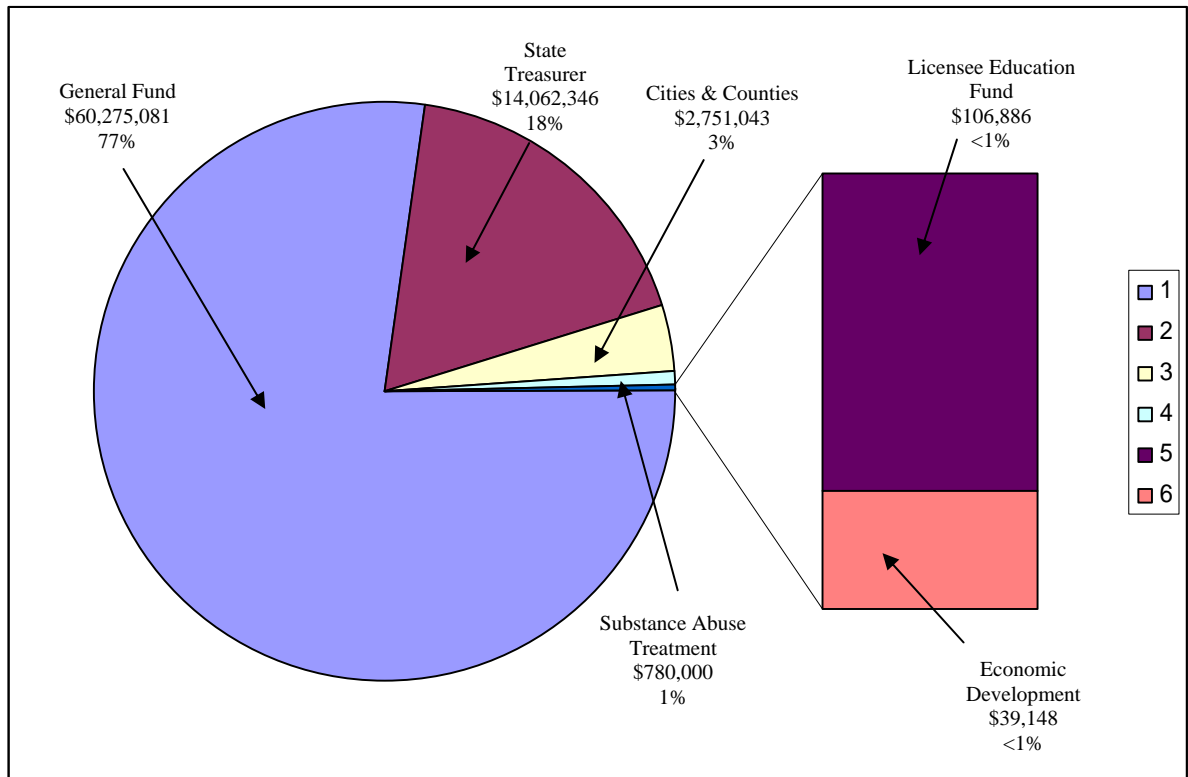


Jim Clayton, the newest member of the Commission, was appointed to the Alcoholic Beverages Commission February 14, 2005. Commissioner Clayton is a graduate of Beloit College with a B.A. degree and is the owner of The Soap Opera, a retail specialty store in Iowa City. He has been a member of The Stepping Up Coalition, a campus community initiative to reduce the harmful effects of high risk drinking by students at The University of Iowa, and served as the project coordinator from December of 2002 until July of 2005. Commissioner Clayton serves on the board of The ARC of Johnson County and is an active volunteer with Big Brothers-Big Sisters. Commissioner Clayton lives in rural Iowa City.

TOTAL FUNDS GENERATED

	FOR 12 MONTHS ENDED 6-30-05	FOR 12 MONTHS ENDED 6-30-04
Direct Transfer to General Fund (\$10,275,081 earmarked for Substance Abuse Treatment)	\$60,275,081	\$58,075,000
Transfer to State Treasurer – Beer & Air Tax Collections	14,062,346	14,095,059
Remit to Cities & Counties – 65% of Licensee Fees	2,751,043	2,595,101
Licensee Education Fund	106,886	123,075
Transfers to Substance Abuse Treatment	780,000	806,000
Transfers – Economic Development (Native Beer & Wine)	<u>39,148</u>	<u>35,692</u>
TOTAL FUNDS GENERATED	<u>\$78,014,504</u>	<u>\$75,729,927</u>

FY 2005 Profit Distribution \$78,014,504



SOURCE AND USE OF FUNDS

Fiscal Year 2005

Sources of Funds

Sale of Liquor	\$ 146,786,807
Sale of Licenses	\$ 9,362,372
Beer Tax Collected	\$ 14,070,403
Wine Tax Collected	\$ 5,302,039
Miscellaneous Revenue ⁽¹⁾	\$ <u>2,333,415</u>
Source of Funds	\$177,634,625

Uses of Funds

Payments of Liquor	\$ 96,477,463
Transfer to State General Fund ⁽²⁾	\$ 61,055,081
Transfer to Other State Departments ⁽³⁾	\$ 14,881,547
Cities and Counties – License Fees	\$ 2,751,043
Miscellaneous Expenses ⁽⁴⁾	\$ <u>2,858,884</u>
Use of Funds	\$ 176,214,296
Decrease in Cash Balance	\$ <u>168,982</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:

\$10,275,081 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 **\$146,786,807**

SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2005)

Net Income	<u>\$58,535,959</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,101,031
Licensee Fees, Cities & Counties	2,751,043
Fines and Penalties	106,866
Liquor Tax – Air Carriers	463
Total Additional Revenue	<u>\$16,959,403</u>
Total Revenue Collected	<u>\$75,495,362</u>

OPERATING BUDGET

(for year ended June 30, 2005)

\$4,976,932

LICENSING

(as of June 30, 2005)

Retail Licenses & Permits Processed	10,373
Wholesale Licenses & Permits in Effect	119
Other Licenses & Permits	600
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, 2005	\$9,462,065

PURCHASING

Cases Purchased, year ended June 30, 2005	1,281,047
Cost of Liquor Purchased, year ended June 30, 2005	\$96,572,744
Number of Vendors	76

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-05	YEAR ENDED 30-Jun-04
SALES		
Liquor Sales	\$146,786,807	\$133,717,200
Cost of Liquor Sales	<u>96,477,463</u>	<u>87,883,992</u>
Gross Profit of Liquor Sales	\$50,309,344	\$45,833,208
OPERATING EXPENSES		
Salaries	\$1,448,177	\$1,515,416
Travel	11,828	8,845
Office Supplies	63,467	48,399
Other Supplies	13,035	9,228
Printing	0	1,152
Telephone	40,993	39,976
Rental - Buildings	8,122	8,713
Utilities	19,276	28,771
Other Contractual Services	77,076	89,923
Intra-State Transfers	307,386	165,658
Equipment	128,688	1,652
Depreciation Expense	<u>28,050</u>	<u>28,992</u>
Total General Fund Expense	2,146,098	1,946,725
Total Trust Fund Expense	<u>2,858,884</u>	<u>3,364,579</u>
Total Operating Expense	\$5,004,982	\$5,311,304
OPERATING INCOME	<u>\$45,304,362</u>	<u>\$40,521,904</u>
OTHER INCOME		
Licenses & Permit Fees	\$6,611,329	\$6,132,783
Wine Tax Collections	5,271,411	4,928,549
Miscellaneous Income	<u>2,332,952</u>	<u>2,240,656</u>
Total Other Income	<u>\$14,215,692</u>	<u>\$13,301,988</u>
TOTAL NET INCOME	<u>\$59,520,054</u>	<u>\$53,823,892</u>

FINANCIAL POSITION

	YEAR ENDED 30-Jun-05	YEAR ENDED 30-Jun-04
CURRENT ASSETS:		
Cash	\$10,049,127	\$8,097,378
Accounts Receivable	826,478	800,383
Liquor Inventory Cost	<u>958,698</u>	<u>940,604</u>
Total Current Assets	\$11,834,303	\$9,838,365
OTHER ASSETS:		
Reserves	\$39,102	\$57,075
Equipment	112,231	78,574
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$361,333	\$345,649
TOTAL ASSETS	<u>\$12,195,636</u>	<u>\$10,184,014</u>
CURRENT LIABILITIES:		
Prepaid Rent	\$1,300	\$1,300
Accounts Payable	10,205,112	8,824,829
Due Approving Bodies of Licensee	<u>771,716</u>	<u>698,218</u>
TOTAL LIABILITIES	\$10,978,128	\$9,524,347
EQUITY:	<u>\$1,217,508</u>	<u>\$659,667</u>
TOTAL LIABILITIES & EQUITY	<u>\$12,195,636</u>	<u>\$10,184,104</u>

COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-05 Gallons	YEAR ENDED 30-Jun-04 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
DISTILLED SPIRITS				
Blended Whiskey	181,551	174,910	6,641	4%
Straight Whiskey	157,775	151,380	6,395	4%
Tennessee Whiskey	87,717	78,558	9,159	12%
Bottled in Bond – Bourbon	479	515	(36)	-7%
Straight Whiskey Rye	473	445	28	6%
Canadian Whiskey	479,451	464,555	14,896	3%
Scotch Whiskey	81,740	80,448	1,292	2%
Single Malt Scotch	8,389	7,448	941	13%
Irish Whiskey	5,491	5,063	427	8%
Tequila	127,720	117,089	10,630	9%
Vodka	839,791	799,598	40,193	5%
Gin – American	104,864	103,476	1,387	1%
Gin – Foreign	33,310	32,935	375	1%
Sloe Gin	3,342	3,555	(213)	-6%
Brandy – American	99,157	97,089	4,068	4%
Brandy – Foreign	20,564	17,671	2,893	16%
Rum	495,973	448,380	47,593	11%
Cocktails	161,743	151,695	10,049	7%
Cordials – American	246,043	213,665	32,378	15%
Cordials – Foreign	91,760	71,672	20,089	28%
Schnapps	199,699	200,005	(307)	0%
Decanters and Specialty Packs	17,266	13,278	3,988	30%
Distilled Spirits Specialty	0	19,447	(19,447)	-100%
High Proof Beer	7,522	4,592	2,930	64%
Alcohol	7,163	6,433	730	11%
Other	<u>6,069</u>	<u>(151)</u>	<u>6,220</u>	<u>-41%</u>
SPIRITS TOTAL	<u>3,465,049</u>	<u>3,261,751</u>	<u>203,298</u>	<u>6%</u>
WINE SALES*	<u>3,019,387</u>	<u>2,832,560</u>	<u>186,827</u>	<u>7%</u>
BEER SALES*	<u>74,049,383</u>	<u>74,230,213</u>	<u>(180,830)</u>	<u>0%</u>

IOWA PER CAPITA CONSUMPTION – 2005 (Based on adult population – 21 and over)

DISTILLED SPIRITS 1.68 WINE 1.47 BEER 36.10

**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
3-D Spirits	3	351	Hood River Distillers Inc.	58	5,260
3 Vodka Distilleries	7	875	Kobrand Corporation	778	101,552
Allied Domecq Spirits & Wine USA	52,001	5,633,733	Laird and Company	49,511	2,082,202
Anchor Brewing	6	945	Levecke Corp.	28	2,101
A. V. Imports	5	640	Luctor International	48	4,735
Bacardi Imports, Inc.	71,781	6,494,743	Mango Bottling	1,299	60,363
Barton Brands, Inc.	211,496	11,093,682	McCormick Distilling	35,309	1,667,511
Belukas Mfg.	71	2,430	Merchant du Vin	571	21,685
Blavod Extreme Beverage	274	21,440	MHW, Ltd.	277	33,559
Boston Beer Co.	127	4,503	Millennium Import Co.	1,159	160,950
Breckenridge Brewery	120	2,244	Millers Gin	8	760
Brown-Forman Corporation	57,360	6,889,250	Monsieur Henri	56	5,040
B United International	308	13,602	Niche Import Co.	36	5,558
Canandaigua Wine Co., Inc.	5,344	312,060	Nicholas Enterprises	1	180
Capstone International	4	587	Nolet Spirits USA	2,571	391,116
Charles Jacquin Et. Cie, Inc.	2,345	207,734	Oregon Brewing Co.	51	2,162
Cruzan International	520	37,758	Paramount Distillers	78,352	3,640,472
D and V International, Inc.	507	28,347	Pasternak	4	492
David Sherman Corporation	127,125	5,897,373	Paterno Imports, Ltd.	435	33,920
Diageo North America, Inc.	241,771	23,085,694	Patron Spirits	678	208,189
Distillerie Stock U.S.A., Ltd.	711	81,350	Pernod Ricard	20,449	2,302,158
Dreyfus Ashby	9	1,698	Phillips Beverage Co.	35,652	1,616,693
Drinks America	15	2,260	Planet 10	7	1,260
E & J Gallo Winery	11,773	737,838	Quadro Group	16	3,243
Efco	10	1,200	Remy Amerique, Inc.	3,619	695,132
F Korbelt and Bros., Inc.	1,016	69,346	Sazerac Co., Inc.	13,749	1,111,787
Future Brands LLC	126,670	10,205,015	Schieffelin & Somerset	8,100	1,639,212
Great Lakes Liquor Co.	10,261	551,508	Shaw Ross Intl Importer	1,208	26,294
Goose Island	60	2,160	Shelton Brothers	325	15,216
Harbrew Imports	91	16,380	Sidney Frank Importing	24,219	3,894,978
Heaven Hill Distilleries	21,047	1,333,442	Sierra Nevada	210	4,718

VENDOR ANALYSIS (Continued)

VENDOR	CASES	COST	VENDOR	CASES	COST
Skyy Spirits	5,957	758,614	U. S. Distilled Product Co	348	55,584
Spaten Inc.	140	3,024	Vanberg and Dewulf	70	3,185
Spirits Marque One LLC	1,013	80,404	White Rock Distilleries	44,247	2,514,936
Star Brand	46	1,104	Wildman and Sons	11	3,154
Stellar Importing Co, LLC	73	8,023	William Grant & Sons, Inc.	3,743	422,527
Summit	98	1,882	Win It Too Inc/Global Beer	552	29,264
Todhunter Int'l.	3,117	221,227	Winebow, Inc.	10	1,130
			Total Purchases	<u>1,281,047</u>	<u>\$96,572,744</u>

LICENSES AND PERMITS PROCESSED

RETAIL		NUMBER	REVENUE	
BB	Commercial-Beer On/Off Premises	1,192	\$30,052	*
BC	Retail Store-Beer Off Premises	3,097	266,024	*
LA	Private Club-Liquor/Wine/Beer On Premises	186	133,450	
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	119	213,818	
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	4,103	5,887,013	
LD	Common Carrier-Liquor/Wine/Beer On Premises	29	7,530	
LE	Commercial-Liquor Off Premises	540	2,591,516	
BW	Special-Beer/Wine On Premises-Beer Off Premises	403	199,177	
WB	Retail Store-Wine Off Premises	572	45,599	
WBN	Retail Store -Native Wine Off Premises	123	3,050	
WCN	Commercial-Native Wine On/Off Premises	<u>2</u>	<u>185</u>	
	Subtotal	10,373	\$9,377,415	
WHOLESALE				
BA	Beer Wholesaler	50	\$12,500	
BAN	Native Wholesale Beer Distributor	2	500	
WA	Wine Wholesaler	25	18,750	
WAN	Native Wholesale Wine Distributor	<u>42</u>	<u>1,050</u>	
	Subtotal	119	\$32,800	
OTHER				
	Brewers Certificate of Compliance	96	\$9,500	
	Distillers Certificate of Compliance	83	4,150	
	Vintners Certificate of Compliance	412	37,000	
	Manufacturers Permits	3	1,050	
	Special Permits	<u>6</u>	<u>150</u>	
	Subtotal	<u>600</u>	<u>\$51,850</u>	
	Total	11,092	\$9,462,065	
	Less Refunds	<u>0</u>	<u>119,580</u>	
	Grand Total	<u>11,092</u>	<u>\$9,342,485</u>	

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

ADMINISTRATIVE HEARINGS

Sales to Minors

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	2
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	<u>1</u>
		Total	3

Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	29
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Summary Suspensions/Revocations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	7
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Summary Suspensions/Revocations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	22
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Illegal Gambling

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	22
BC	Retail Stores	Beer Off Premises	6
BW	Beer/Wine	Beer On/Off Premises & Wine/On Premises	<u>2</u>
		Total	30

Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
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Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
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Intoxication

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	5
LD	Boat	Beer/Liquor/Wine/On Premises	<u>1</u>
		Total	6

ADMINISTRATIVE HEARINGS Continued

Credit Sales

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
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Multiple Violations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
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Illegal Trafficking

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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Good Moral Character

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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APPEAL HEARINGS

Denied Licenses

Liquor	18
Beer	<u>5</u>
Total	23