



***IOWA ALCOHOLIC BEVERAGES***

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***69<sup>th</sup> Annual Report***

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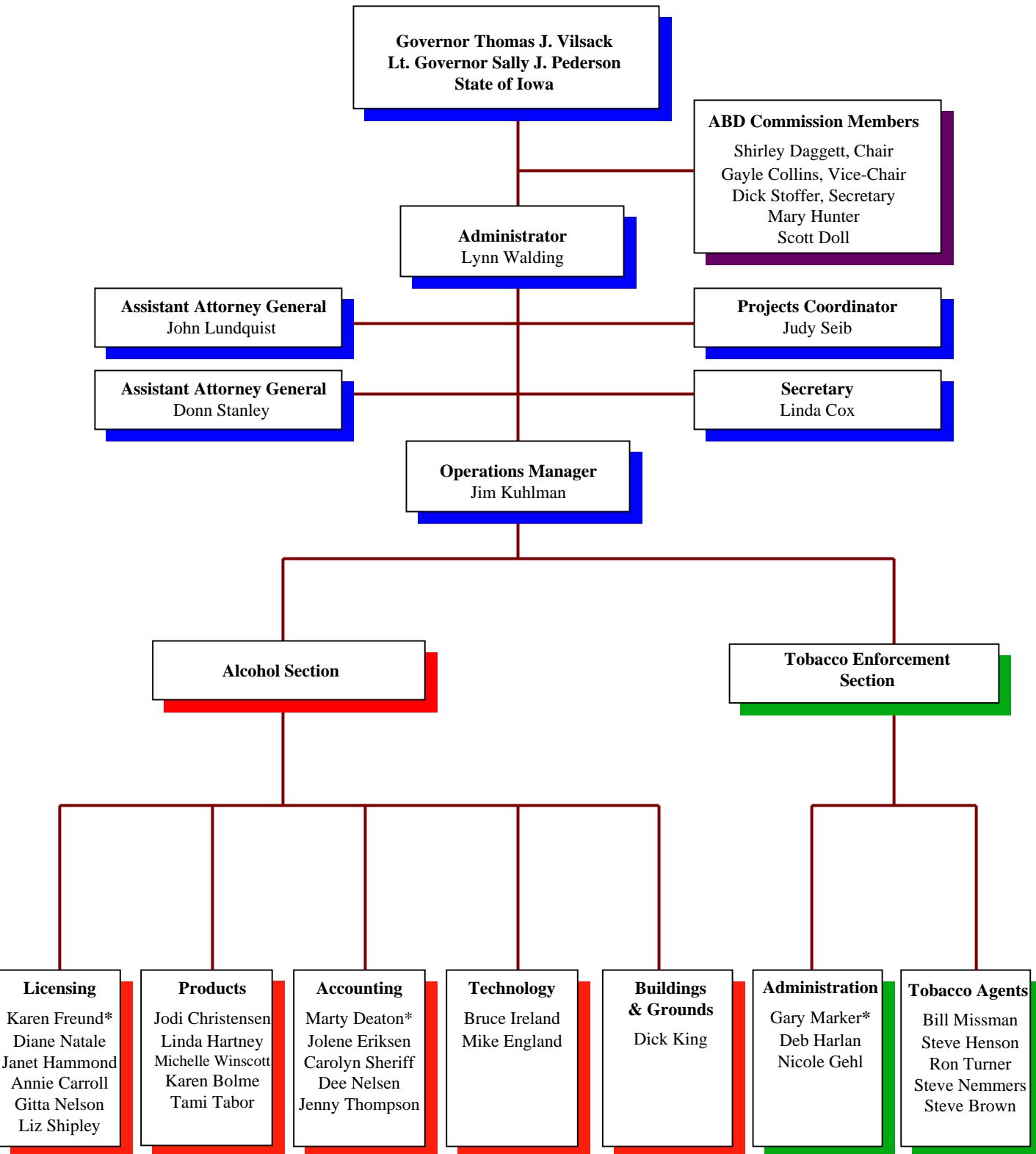
***July 2002 – June 2003***

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# IOWA ALCOHOLIC BEVERAGES DIVISION



# **ALCOHOLIC BEVERAGES COMMISSION**

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## **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. During her tenure, Commissioner Daggett has served as Vice-Chairperson and Secretary. She currently serves as the Chairperson of the Commission.

Commissioner 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. Commissioner Daggett and her husband live on a farm near Earlham, Iowa.

## **Robert L. Cramer:**

Robert Cramer served two terms as a member of the Alcoholic Beverages Commission. Commissioner Cramer was appointed by Governor Branstad in May of 1996 to fill an unexpired term. He was reappointed in 1998 to serve an additional 5-year-term. Commissioner Cramer was serving his second year as Chairperson of the Commission when his term expired in April 2003.

Commissioner Cramer is a graduate of Parsons College and is currently the President and Director of Fareway Stores, Inc. in Boone. He also serves as Director of the Boone Bank & Trust and previously served as a Director of Citizens National Bank and as Past Chairman of the Iowa Grocers Association. Commissioner Cramer lives in Boone where he is active in many organizations. He has served for many years as the Chairman of the Boone Educational Endowment Foundation and also serves as a trustee of Buena Vista College.

## **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.

## **ALCOHOLIC BEVERAGES COMMISSION Continued**

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### **Gayle Collins:**

Governor Tom Vilsack appointed Gayle Collins to the Alcoholic Beverages Commission in May of 2001. Commissioner Collins was appointed to fill a 5-year-term and was recently elected to serve as the Vice-Chairperson to the Commission.

Commissioner Collins graduated from the University of Iowa with a Bachelors and Masters degree 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.

### **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, Junior League of Des Moines, Urbandale Soccer League Coach, and Parent Teacher Committee President. Commissioner Hunter resides in Urbandale, Iowa.

### **Scott Doll:**

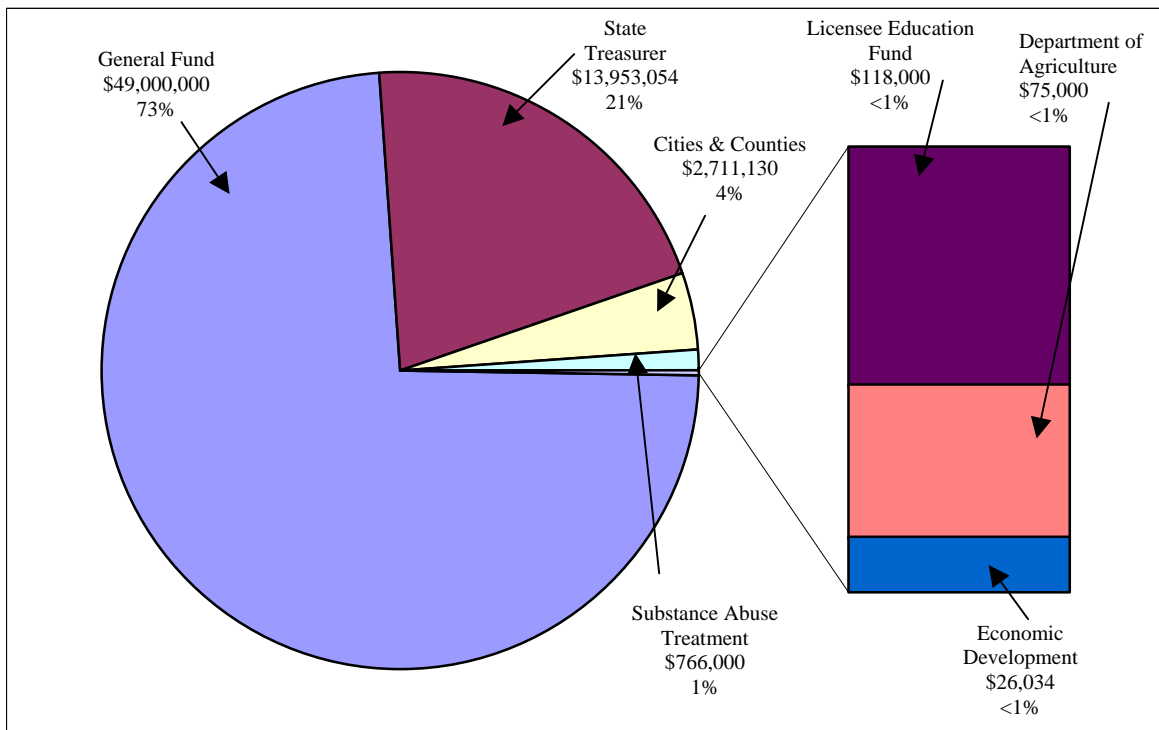
Scott Doll, the newest member of the Alcoholic Beverages Commission, was appointed to his position by Governor Vilsack. He assumed his duties as commissioner on May 1, 2003 replacing Commissioner Cramer whose term expired April 30, 2003.

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.

# TOTAL FUNDS GENERATED

	<b>FOR 12 MONTHS ENDED 6-30-03</b>	<b>FOR 12 MONTHS ENDED 6-30-02</b>
Direct Transfer to General Fund (\$9,000,000 earmarked for Substance Abuse Treatment)	\$49,000,000	\$47,040,430
Transfer to State Treasurer – Beer & Air Tax Collections	13,953,054	13,766,856
Remit to Cities & Counties – 65% of Licensee Fees	2,711,130	2,579,732
Licensee Education Fund	118,000	167,815
Transfers to Substance Abuse Treatment	766,000	793,000
Transfers – Economic Development (Native Beer & Wine)	26,034	24,496
Transfers – Dept. of Agriculture (Grape & Wine Dev. Fund)	<u>75,000</u>	<u>0</u>
<b>TOTAL FUNDS GENERATED</b>	<u>66,649,218</u>	<u>\$64,372,329</u>

## FY 2003 Profit Distribution \$66,649,218



# SOURCE AND USE OF FUNDS

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## Fiscal Year 2003

### Sources of Funds

Sale of Liquor	\$ 121,198,962
Sale of Licenses	\$ 9,033,647
Beer Tax Collected	\$ 13,917,453
Wine Tax Collected	\$ 4,567,331
Miscellaneous Revenue <sup>(1)</sup>	\$ <u>2,093,478</u>
<b>Source of Funds</b>	<b>\$150,810,871</b>

### Uses of Funds

Payments of Liquor	\$ 79,275,363
Transfer to State General Fund <sup>(2)</sup>	\$ 49,000,000
Transfer to Other State Departments <sup>(3)</sup>	\$ 14,698,342
Cities and Counties – License Fees	\$ 2,605,231
Miscellaneous Expenses <sup>(4)</sup>	\$ <u>2,884,485</u>
<b>Use of Funds</b>	<b>\$ 148,463,421</b>
<b>Increase in Cash Balance</b>	<b>\$ <u>2,347,450</u></b>

<sup>(1)</sup>Misc. Revenue Includes:

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

<sup>(2)</sup>Transfer to General Fund Includes:

\$9,000,000 Earmarked  
for Substance Abuse

<sup>(3)</sup>Transfer to Other State Dept. Includes:

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

<sup>(4)</sup>Misc. Expenses Includes:

Operating Expense  
Bottle Deposit Refund  
Recyclable Surcharge Fee

# VITAL STATISTICS

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## SALES

To Class E Liquor Retailers \$121,198,962

## SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2003)

Net Income	\$49,737,098
Additional Revenue	
Beer & Native Wine Tax Collections	\$13,978,369
Licensee Fees, Cities & Counties	2,711,130
Fines and Penalties	118,000
Liquor Tax – Air Carriers	<u>720</u>
Total Additional Revenue	<u>\$16,808,219</u>
Total Revenue Collected	<u>\$66,545,317</u>

## OPERATING BUDGET

(for year ended June 30, 2003)

\$4,742,531

## LICENSING

(as of June 30, 2003)

Retail Licenses & Permits Processed	10,771
Wholesale Licenses & Permits in Effect	86
Other Licenses & Permits	413
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,	\$9,197,187

2003

## PURCHASING

Cases Purchased, year ended June 30, 2003	1,116,367
Cost of Liquor Purchased, year ended June 30, 2003	<u>\$79,715,791</u>
Number of Vendors	69

## 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

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	YEAR ENDED 30-Jun-03	YEAR ENDED 30-Jun-02
<b>SALES</b>		
Liquor Sales	\$121,198,962	\$114,061,508
Cost of Liquor Sales	<u>79,757,275</u>	<u>75,015,359</u>
<b>Gross Profit of Liquor Sales</b>	<b>\$41,441,687</b>	<b>\$39,046,149</b>
<b>OPERATING EXPENSES</b>		
Salaries	\$1,479,784	\$1,175,824
Travel	7,463	18,071
Office Supplies	53,449	40,082
Other Supplies	5,488	6,580
Printing	752	2,134
Telephone	37,603	39,851
Rental - Buildings	7,446	22,388
Utilities	29,069	26,111
Other Contractual Services	111,510	81,218
Intra-State Transfers	80,780	490,365
Equipment	7,895	579
Depreciation Expense	<u>41,526</u>	<u>39,374</u>
<b>Total General Fund Expense</b>	1,862,765	1,942,577
<b>Total Trust Fund Expense</b>	<u>2,921,291</u>	<u>2,737,291</u>
<b>Total Operating Expense</b>	<b>\$4,784,056</b>	<b>\$4,679,868</b>
<b>OPERATING INCOME</b>	<b><u>\$36,657,631</u></b>	<b><u>\$34,366,281</u></b>
<b>OTHER INCOME</b>		
Licenses & Permit Fees	\$6,336,604	\$6,119,036
Wine Tax Collections	4,644,621	4,243,849
Miscellaneous Income	<u>2,098,243</u>	<u>1,864,995</u>
<b>Total Other Income</b>	<b><u>\$13,079,468</u></b>	<b><u>\$12,227,880</u></b>
<b>TOTAL NET INCOME</b>	<b><u>\$49,737,099</u></b>	<b><u>\$46,594,161</u></b>

# FINANCIAL POSITION

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	YEAR ENDED 30-Jun-03	YEAR ENDED 30-Jun-02
<b>CURRENT ASSETS:</b>		
Cash	\$10,598,348	\$8,303,735
Accounts Receivable	672,494	645,549
Liquor Inventory Cost	<u>859,723</u>	<u>972,012</u>
Total Current Assets	\$12,130,565	\$9,921,296
<b>OTHER ASSETS:</b>		
Reserves	\$71,080	\$84,435
Equipment	52,982	80,303
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$334,062	\$374,738
<b>TOTAL ASSETS</b>	<u>\$12,464,627</u>	<u>\$10,296,034</u>
<b>CURRENT LIABILITIES:</b>		
Prepaid Rent	\$1,300	\$1,300
Accounts Payable	7,873,188	7,454,137
Due Approving Bodies of Licensee	<u>770,412</u>	<u>663,343</u>
<b>TOTAL LIABILITIES</b>	\$8,644,900	\$8,118,780
<b>EQUITY:</b>	<u>\$3,819,727</u>	<u>\$2,177,254</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$12,464,627</u>	<u>\$10,296,034</u>

# COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-03 Gallons	YEAR ENDED 30-Jun-02 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
<b>DISTILLED SPIRITS</b>				
Blended Whiskey	172,457	170,776	1,681	1%
Straight Whiskey	147,842	146,109	1,734	1%
Tennessee Whiskey	71,218	69,856	1,362	2%
Bottled in Bond – Bourbon	532	579	(47)	-8%
Straight Whiskey Rye	470	402	68	17%
Canadian Whiskey	444,734	435,587	9,147	2%
Scotch Whiskey	81,039	80,657	381	0%
Single Malt Scotch	6,453	6,001	451	8%
Irish Whiskey	4,309	3,821	488	13%
Tequila	107,973	96,401	11,573	12%
Vodka	733,363	672,885	60,478	9%
Gin – American	100,130	97,854	2,276	2%
Gin – Foreign	32,069	30,870	1,200	4%
Sloe Gin	3,923	4,307	(384)	-9%
Brandy – American	90,489	88,335	2,153	2%
Brandy – Foreign	15,157	14,147	1,010	7%
Rum	400,602	373,286	27,316	7%
Cocktails	133,233	124,295	8,939	7%
Cordials – American	203,757	152,016	51,740	34%
Cordials – Foreign	45,170	31,462	13,708	44%
Schnapps	202,993	208,607	(5,613)	-3%
Decanters and Specialty Packs	10,460	7,010	3,450	49%
Distilled Spirits Specialty	17,541	15,998	1,543	10%
High Proof Beer	3,472	2,037	1,435	70%
Alcohol	5,772	5,562	210	4%
Other	<u>(89)</u>	<u>2,309</u>	<u>(2,398)</u>	<u>100%</u>
<b>SPIRITS TOTAL</b>	<u>3,035,070</u>	<u>2,841,169</u>	<u>193,900</u>	<u>7%</u>
<b>WINE SALES*</b>	<u>2,652,761</u>	<u>2,432,758</u>	<u>220,003</u>	<u>9%</u>
<b>BEER SALES*</b>	<u>73,475,582</u>	<u>72,491,698</u>	<u>983,884</u>	<u>1%</u>

**IOWA PER CAPITA CONSUMPTION – 2003 (Based on adult population – 21 and over)**  
**DISTILLED SPIRITS 1.48    WINE 1.29    BEER 35.82**

*\*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
AIG Wine & Spirits	5	525	MHW, Ltd.	31	3,244
Allied Domecq Spirits & Wine US	44,345	4,869,325	Millennium Import Co.	651	116,871
A.V. Imports	50	7,836	Niche Import Co.	44	5,863
Bacardi Imports, Inc.	57,912	5,084,447	Nicholas Enterprises	59	8,583
Barton Brands, Inc.	200,550	10,421,345	Nolet Spirits USA	1,612	236,977
Bavaria House Inc.	55	1,623	NWS, INC dba Consolidated	23	875
Better Beverage Imp.	3	249	Oregon Brewing Company	60	2,430
Bishop Wines and Spirits	19	1,823	Paramount Distillers, Inc.	73,607	3,426,787
Boston Beer Co.	25	1,414	Paterno Imports, Ltd.	383	25,478
Brown-Forman Corporation	48,599	5,108,188	Pearl Spirits, Inc.	36	4,606
B United International	246	9,656	Pernod Ricard	16,665	1,853,596
Canandaigua Wine Co., Inc.	3,610	226,382	Phillips Beverage Company	25,718	1,042,958
Capstone International	4	550	Phoenix Imports	56	2,294
Charles Jacquin Et. Cie, Inc.	2,305	178,431	Remy Amerique, Inc.	2,756	504,875
D and V International, Inc.	182	8,523	Royal Products Int'l.	1	32
David Sherman Corporation	99,621	4,607,784	Sazerac Co., Inc.	11,129	950,462
Diageo North America, Inc.	105,566	8,664,921	Schieffelin & Somerset Co.	16,892	2,960,821
Distillerie Stock U.S.A., Ltd.	327	36,578	Seagram Americas	81,401	8,174,846
Duggans Distillers Prod	1	70	Shaw Ross Intl Importers, Inc.	35	4,075
E & J Gallo Winery	8,907	563,305	Shelton Brothers	120	6,504
F Korbel and Bros., Inc.	89	6,052	Sidney Frank Importing Co.	13,065	1,841,187
Futures Brands LLC	125,506	9,359,454	Skyy Spirits	5,420	675,099
Gaetano Specialties, Ltd.	702	8,178	Spirits Marque One LLC	211	18,163
Great Lakes Liquor Co.	14,706	733,441	St. Maarten Spirits	148	49,163
Heaven Hill Distilleries Inc.	15,434	972,699	Stellar Importing Co., LLC	10	1,099
Hood River Distillers Inc.	54	5,332	Todhunter Int'l.	1,543	106,861
Koan, Inc.	13	2,494	U.S. Distilled Products Co.	1,896	65,198
Kobrand Corporation	843	101,394	W J Deutsch & Sons	32	2,559
Laird and Company	47,450	1,995,865	White Rock Distilleries, Inc.	48,811	2,654,376
Levecke Corp.	39	2,429	Wildman & Sons, F.	17	4,488
Luctor International	79	7,492	William Grant & Sons, Inc.	3,874	387,232
Mango Bottling	1,482	66,174	Win It Too Inc/Global Beer Net	270	10,963
McCormick Distilling Co.	30,673	1,493,775	Winebow Inc.	25	2,720
McLain and Kyne Distillery	4	666	World of Spirits, Inc.	69	4,482
Merchant du Vin	291	11,608			
			<b>TOTAL PURCHASES</b>	<b>1,116,367</b>	<b>\$79,715,791</b>

# LICENSES AND PERMITS PROCESSED

	NUMBER	GROSS REVENUE	
<b>RETAIL</b>			
BB	Commercial-Beer On/Off Premises	1,181	\$31,179 *
BC	Retail Stores-Beer Off Premises	2,981	71,859 *
LA	Private Club-Liquor/Wine/Beer On Premises	185	136,396
LB	Hotel/Motel-Liquor/Wine/Beer On Premises–Beer Off Premises	140	255,190
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	4,036	5,761,899
LD	Common Carrier-Liquor/Wine/Beer On Premises	31	7,910
LE	Commercial-Liquor Off Premises	479	2,271,000
BW	Special-Beer/Wine On Premises-Beer Off Premises	346	173,921
WB	Retailer-Wine Off Premises	<u>848</u>	<u>420,083</u>
	Sub Total	10,227	\$9,129,437
<b>WHOLESALE</b>			
BA	Beer Wholesaler	49	\$12,250
WA	Wine Wholesaler	<u>39</u>	<u>14,750</u>
	Sub Total	88	\$27,000
<b>OTHER</b>			
	Brewers Certificate of Compliance	101	\$10,400
	Distillers Certificate of Compliance	74	4,200
	Vintners Certificate of Compliance	272	25,600
	Manufacturers Permits	1	350
	Special Permits	<u>8</u>	<u>200</u>
	Sub Total	<u>456</u>	<u>\$40,750</u>
	Total	10,771	\$9,197,187
	Less Refunds	<u>0</u>	<u>148,336</u>
	Grand Total	<u>10,771</u>	<u>\$9,048,851</u>

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

# ADMINISTRATIVE HEARINGS

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## Sales to Minors

BC	Retail Stores	Beer Off Premises	84
BB	Commercial	Beer On/Off Premises	2
WB	Retail Wine	Off Premises	0
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	43
BW	Beer/Wine	Beer On/Off Premises & Wine/On Premises	3
LA	Club	Liquor/Wine/Beer/On Premises	0
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
BC/WB	Retail Stores	Wine & Beer Off Premises	5
LE/BC/WB	Retail Stores	Beer/Wine/Liquor Off Premises	2
<b>Total</b>			143

## Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	28
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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	22
LE/BC	Retail Stores	Beer/Wine/Liquor Off Premises	0
BB	Commercial	Beer On/Off Premises	0
BC	Retail Stores	Beer Off Premises	1
LA	Club	Beer/Liquor/Wine/On Premises	1
<b>Total</b>			24

## **ADMINISTRATIVE HEARINGS Continued**

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### **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>
		<b>Total</b>	7

### **Illegal Activity**

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	3
BB	Commercial	Beer On/Off Premises	<u>0</u>
		<b>Total</b>	3

### **Intoxication**

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	3
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### **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	11
BC	Retail Stores	Beer Off Premises	<u>1</u>
		<b>Total</b>	12

# APPEAL HEARINGS

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## Denied Licenses

Liquor  
Beer

22  
3  
25

**Total**