

# ***IOWA ALCOHOLIC BEVERAGES DIVISION***

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## ***74th Annual Report***

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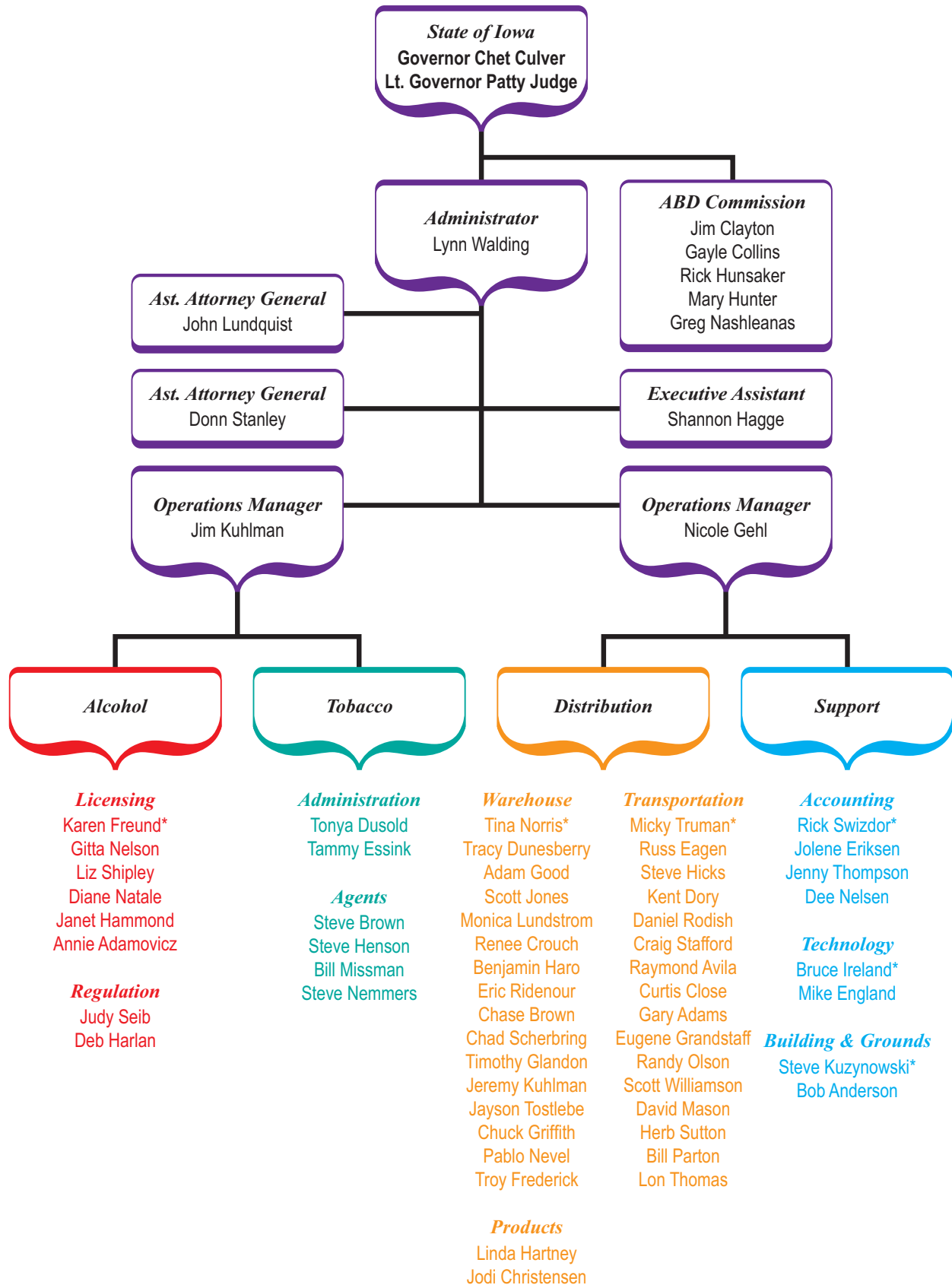
***July 2007 – June 2008***

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# IOWA ALCOHOLIC BEVERAGES DIVISION



## ALCOHOLIC BEVERAGES COMMISSION

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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.



**Mary Hunter** was appointed to the Alcoholic Beverages Commission May 1, 2002, and assumed the duties of Chairperson July 1, 2006. She has also served as Secretary and Vice-Chairperson of the 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 a school volunteer and is involved with Variety Club, Juvenile Diabetes Research Foundation and the American Business Women's Association. She will assume the leadership position as President of the ALS (Lou Gehrig's Disease) in January 2007. Commissioner Hunter resides in Clive.



**Greg Nashleanas** was appointed to the Alcoholic Beverages Commission May 1, 2008. Currently Commissioner Nashleanas is employed at L & L Distributing Co. in Sioux City, and has been since 1979 as a general manager. Prior to his current position at L&L Distributing Commissioner Nashleanas owned Northwest Iowa Beer Distribution. In addition to his duties with the Commission Mr. Nashleanas has served on the Board of Directors of the War Eagle Council of the Area Boy Scouts of America and Telco Credit Union, and has also been involved with the community, including the support and mission of treatment centers and recovering community in the Siouxland area. Commissioner Nashleanas is a lifelong resident of Sioux City where he currently resides.

## ALCOHOLIC BEVERAGES COMMISSION (Continued)

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**Jim Clayton** was appointed to the Alcoholic Beverages Commission February 14, 2005, and was recently elected Secretary of the Alcoholic Beverages Commission. 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 is the co-chairperson 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.



**Gayle Collins** served as the Chairperson of the Iowa Alcoholic Beverages Commission for Fiscal Year 2005. She has also served as Vice-Chairperson and Secretary of the Commission. 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. She also received a Masters degree in counseling from Drake University. Commissioner Collins 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.



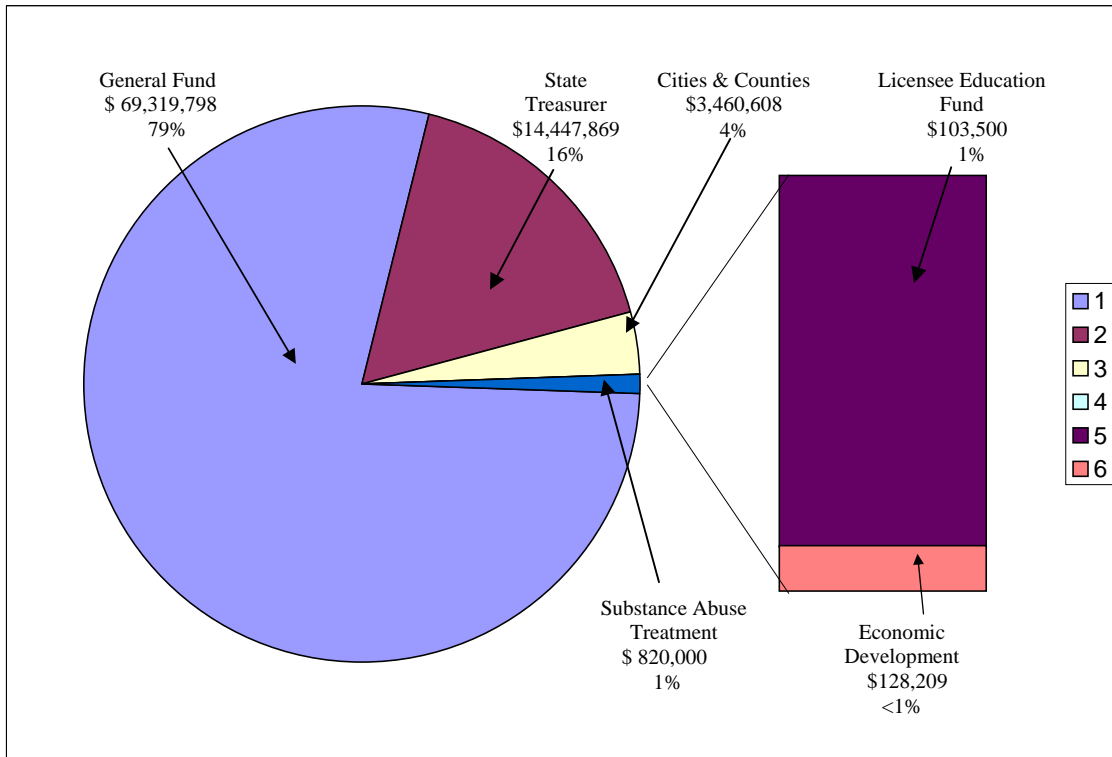
**Rick Hunsaker**, the newest member of the Commission, was appointed to the Iowa Alcoholic Beverages Commission by Governor Tom Vilsack on May 1, 2006. Commissioner Hunsaker is a graduate of Drake University, receiving a BA in 1988 and a Master of Public Administration in 1990. He is the Executive Director of Region XII Council of Governments in Carroll, a regional agency serving 6 counties and 58 cities in west central Iowa. Commissioner Hunsaker serves on the Board of Directors for the Iowa Association of Regional Councils (past chair), the Association of Iowa Workforce Partners, Carroll Area Development Cooperation, and Western Iowa Advantage, an eight county cooperative marketing group. Mr. Hunsaker is a member of the American Planning Association and the Iowa Historic Preservation Alliance.

He is the current treasurer of Depot Center, Ltd., a local non-profit historic preservation organization. Commissioner Hunsaker resides in Carroll.

## TOTAL FUNDS GENERATED

	FOR 12 MONTHS ENDED 6-30-08	FOR 12 MONTHS ENDED 6-30-07
Direct Transfer to General Fund (\$12,426,822 earmarked for Substance Abuse Treatment)	\$69,319,798	\$65,926,822
Transfer to State Treasurer – Beer & Air Tax Collections	14,447,869	14,237,236
Remit to Cities & Counties – 65% of Licensee Fees	3,460,608	3,423,288
Licensee Education Fund	103,500	76,292
Transfers to Substance Abuse Treatment	820,000	857,000
Transfers – Economic Development (Native Beer & Wine)	<u>128,209</u>	<u>100,169</u>
<b>TOTAL FUNDS GENERATED</b>	<b><u>\$88,279,984</u></b>	<b><u>\$84,620,807</u></b>

### FY 2008 Profit Distribution \$ 88,279,984



# SOURCE AND USE OF FUNDS

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Fiscal Year 2008

## Sources of Funds

Sale of Liquor	\$ 188,856,015
Sale of Licenses	\$ 10,718,738
Beer Tax Collected	\$ 14,459,931
Wine Tax Collected	\$ 6,191,207
Miscellaneous Revenue <sup>(1)</sup>	<u>\$ 3,010,850</u>
<b>Source of Funds</b>	<b>\$ 223,236,741</b>

## Uses of Funds

Payments of Liquor	\$ 124,882,963
Transfer to State General Fund <sup>(2)</sup>	\$ 70,139,798
Transfer to Other State Departments <sup>(3)</sup>	\$ 15,395,848
Cities and Counties – License Fees	\$ 3,460,608
Miscellaneous Expenses <sup>(4)</sup>	<u>\$ 7,884,228</u>
<b>Use of Funds</b>	<b>\$ 221,763,445</b>
<b>Increase in Cash Balance</b>	<b><u>\$ 1,473,296</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:

\$13,219,798 Earmarked  
for Substance Abuse

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

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

<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 **\$188,856,015**

## SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2008)

Net Income	<u>\$70,152,373</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,575,848
Licensee Fees, Cities & Counties	3,460,639
Fines and Penalties	103,500
Liquor Tax – Air Carriers	230
Total Additional Revenue	<u>\$18,140,217</u>
Total Revenue Collected	<u>\$88,292,590</u>

## OPERATING BUDGET

(for year ended June 30, 2008)

**\$10,164,719**

## LICENSING

(as of June 30, 2008)

Retail Licenses & Permits Processed	9,437
Wholesale Licenses & Permits in Effect	158
Other Licenses & Permits	621
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, 2008	\$9,971,783

## PURCHASING

Cases Purchased, year ended June 30, 2008	1,473,818
Cost of Liquor Purchased, year ended June 30, 2008	\$121,113,110
Number of Vendors	104

## 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-08	YEAR ENDED 30-Jun-07
<b>SALES</b>		
Liquor Sales	\$188,856,015	\$177,517,620
Cost of Liquor Sales	<u>124,882,963</u>	<u>116,949,417</u>
Gross Profit of Liquor Sales	\$63,973,052	\$60,568,203
 <b>OPERATING EXPENSES</b>		
Salaries	\$1,519,823	\$1,529,391
Travel	11,183	6,448
Office Supplies	86,463	97,990
Other Supplies	14,705	26,384
Printing	4,428	846
Telephone	92,582	44,855
Rental - Buildings	191	3,656
Utilities	33,499	31,824
Other Contractual Services	173,926	335,288
Intra-State Transfers	114,855	107,700
Equipment	157,648	122,335
Depreciation Expense	<u>71,188</u>	<u>29,722</u>
Total General Fund Expense	2,280,491	2,336,439
Total Trust Fund Expense	<u>7,884,228</u>	<u>4,139,833</u>
Total Operating Expense	\$10,164,719	\$6,476,272
 <b>OPERATING INCOME</b>	<u>\$56,808,333</u>	<u>\$54,091,931</u>
 <b>OTHER INCOME</b>		
License & Permit Fees	\$7,258,130	\$7,017,386
Wine Tax Collections	6,075,290	5,910,204
Miscellaneous Income	<u>3,010,620</u>	<u>2,733,416</u>
Total Other Income	<u>\$16,344,040</u>	<u>\$15,661,006</u>
 <b>TOTAL NET INCOME</b>	<u>\$70,152,373</u>	<u>\$69,752,937</u>

## FINANCIAL POSITION

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	YEAR ENDED 30-Jun-08	YEAR ENDED 30-Jun-07
<b>CURRENT ASSETS:</b>		
Cash	\$17,437,918	\$19,690,697
Accounts Receivable	855,298	986,551
Liquor Inventory Cost	<u>1,263,951</u>	<u>1,190,822</u>
Total Current Assets	\$19,557,167	\$21,868,070
 <b>OTHER ASSETS:</b>		
Reserves	\$87,623	\$73,848
Equipment	284,884	66,167
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$582,507	\$350,015
 <b>TOTAL ASSETS</b>	<u>\$20,139,674</u>	<u>\$22,218,085</u>
 <b>CURRENT LIABILITIES:</b>		
Prepaid Rent	\$0	\$0
Accounts Payable	10,755,489	14,673,465
Due Approving Bodies of Licensee	<u>235,017</u>	<u>594,307</u>
 <b>TOTAL LIABILITIES</b>	\$10,990,506	\$15,267,772
 <b>EQUITY:</b>	<u>\$9,149,168</u>	<u>\$6,950,313</u>
 <b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$20,139,674</u>	<u>\$22,218,085</u>

# COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-08 Gallons	YEAR ENDED 30-Jun-07 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
<b>DISTILLED SPIRITS</b>				
Blended Whiskey	195,612	191,834	3,778	2%
Straight Whiskey	167,111	165,197	1,914	1%
Tennessee Whiskey	101,243	98,695	2,548	3%
Bottled in Bond – Bourbon	401	404	(3)	-1%
Straight Whiskey Rye	7,389	4,510	2,879	64 %
Canadian Whiskey	531,687	517,729	13,958	3%
Scotch Whiskey	76,567	78,049	(1,482)	- 2%
Single Malt Scotch	9,921	9,777	143	1%
Irish Whiskey	10,165	8,586	1,578	18%
Tequila	160,956	154,186	6,770	4%
Vodka	1,059,766	991,688	68,078	7%
Gin – American	107,319	107,837	(517)	0%
Gin – Foreign	37,757	36,881	876	2%
Sloe Gin	2,986	3,073	(97)	-3%
Brandy – American	107,447	104,201	3,245	3%
Brandy – Foreign	26,497	25,232	1,266	5%
Rum	617,020	589,665	27,355	5%
Cocktails	182,956	191,216	8,260	-4%
Cordials – American	251,481	276,867	(25,385)	-9%
Cordials – Foreign	109,070	105,519	3,551	3%
Schnapps	236,222	220,013	16,209	7%
Decanters and Specialty Packs	39,357	12,391	26,966	218%
High Proof Beer	14,802	14,573	229	2%
Alcohol	9,115	8,460	655	8%
Other	<u>2,080</u>	<u>0</u>	<u>2,080</u>	<u>0%</u>
<b>SPIRITS TOTAL</b>	4,064,928	3,916,582	148,346	379%
<b>WINE SALES*</b>	3,487,232	3,378,373	108,859	3.22%
<b>BEER SALES*</b>	76,034,724	74,951,591	1,083,133	1.45%

IOWA PER CAPITA CONSUMPTION – 2008 (Based on adult population – 21 and over)

DISTILLED SPIRITS 1.98 WINE 1.70 BEER 37.07

*\*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

PURCHASES			PURCHASES		
<u>VENDOR</u>	<u>CASES</u>	<u>COST</u>	<u>VENDOR</u>	<u>CASES</u>	<u>COST</u>
209, LTD	1	106	Inmperial Brands	150	10,091
3 Vodka Distilleries	14	2,170	International Beverage	14	3,633
AIG Wine and Spirits	3	380	Kindred Spirits	3	285
Alambic INC	131	15,803	Kobrand Corporation	608	73,248
Admiral Imports	15	2,023	Koenig	15	1,973
Anheuser Bush	9	947	Laird and Company	56,961	2,407,227
A V Imports	75	10,138	Levecke Corp	1	67
Artisanal imports	83	7,221	Luctor International	154	14,527
Bacardi Imports, Inc.	88,888	8,729,395	Luxco	135,559	6,865,096
Bacmar	33	4,095	Mango Bottling	952	49,389
Behn of North America	37	4,806	Manneken-Brussel	756	52,774
Bell's Brewery	105	2,359	McCormick Distilling Co.	32,271	1,610,893
Bendilstillery	1	168	Merchant du Vin	337	12,482
Black Diamond	4	619	MHW, Ltd	1,553	210,186
Blavod Extreme Beverage	23	2,311	Moet Hennessy	11,185	2,215,380
BMC Imports	5	1,342	Monsieur Henri	70	8,121
Boston Beer Co.	48	4,408	Niche Import Co	37	5,407
Boz Spirits	40	2,880	North Shore	10	1,300
Brown-Forman Corporation	66,708	8,934,091	Nolet Spirits USA	3,371	584,745
B United International	515	28,416	Oregon Brewing Co.	99	9,913
Canandaigua Wine Co. Inc	6,532	374,081	Paramount Distillers, Inc.	79,642	3,789,835
Capstone International	2	334	Patron Spirits	5,052	1,352,966
Carriage House	3	213	Pernod Ricard	51,319	6,247,664
Cedar Ridge Vineyard	562	66,891	Phillips Beverage Company	69,297	3,677,216
Charles Jacquin Et. Cie, Inc.	1,279	76,129	Planet 10	545	49,920
Constellation Brands	218,996	11,636,608	Post Famile	45	6,300
D & V International, Inc	541	32,074	Preiss Imports	109	13,656
Daucourt Martin	39	3,658	Quadro Group	264	50,939
Diageo North America, Inc.	300,610	31,264,744	Remy Cointreau, Inc.	4,804	959,644
Distillerie Stock U. S. A., Ltd.	1,048	127,416	Sans Wine	2	240
Domaine Charbay	7	1,785	Sazerac Co., Inc.	25,470	2,157,596
Dorado, Pizzorni	6	1,345	Shaw Ross Intl Importers, Inc.	388	18,864
Dreyfus Ashby	7	1,238	Shelton Brothers	113	4,312
Drinks America	8	1,188	Sidney Frank Importing Co.	27,303	4,507,763
Duggans	8	1,460	Sierra Nevada	580	14,964
Duvel Moortgat	435	21,511	Skyy Spirts	9,902	1,168,294
E. & J. Gallo Winery	13,907	895,455	Spaten Inc	296	15,188
Evaton, Inc	14	3,223	Specialty Spirits	91	6,549
F Korbel & Bros, Inc.	1,227	83,700	Spirits Marque One LLc	3,612	281,491
Fifth Generation	151	17,471	Stellar Importing Co, LLC	57	6,264
Five Star	2	719	Summit	297	5,588
Flying Dog	517	17,107	Total Beverage	174	9,840
Frank Pesce International	1	115	Unibrew	178	6,303
Future Brands LLC	159,749	14,127,703	U. S. Distilled Product Co.	538	65,219
Goose Island	322	13,660	Vanberg and Dewulf	70	3,780
Great Lakes Liquor Co.	8,089	459,567	Vital Beverages	10	2,889
H A P LLC	1	147	Wetten Importers	296	18,737
Harbrew	3	454	White Rock Distilleries, Inc.	39,426	2,591,620
Heartland Wine	3	297	Wildman and Sons	11	3,508
Heaven Hill Distilleries Inc.	26,353	1,616,924	William Grant & Sons, Inc.	5,141	623,143
High Energy Holdings	9	1,269	Wilson Daniels	6,881	675,432
Hood River Distillers Inc	193	15,650	Win It Too Inc/Global Beer Netwoi	437	22,835
Total Purchases				<u>1,473,818</u>	<u>\$121,113,110</u>

# LICENSES AND PERMITS PROCESSED

RETAIL		NUMBER	REVENUE
BB	Commercial-Beer On/Off Premises	1,085	\$167,947
BC	Retail Store-Beer Off Premises	2,451	622,461
LA	Private Club-Liquor/Wine/Beer On Premises	155	105,443
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	114	215,738
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	4,023	5,638,955
LD	Common Carrier-Liquor/Wine/Beer On Premises	27	7,600
LE	Commercial-Liquor Off Premises	787	2,884,681
BW	Special-Beer/Wine On Premises-Beer Off Premises	465	229,900
WB	Retail Store-Wine Off Premises	54	26,750
WBN	Retail Store -Native Wine Off Premises	254	6,350
WCN	Commercial-Native Wine On/Off Premises	<u>22</u>	<u>550</u>
	Subtotal	9,437	\$9,906,375
WHOLESALE			
BA	Beer Wholesaler	55	\$13,750
BAN	Native Wholesale Beer Distributor	5	1,710
WA	Wine Wholesaler	27	20,250
WAN	Native Wholesale Wine Distributor	<u>71</u>	<u>2,075</u>
	Subtotal	158	\$37,785
OTHER			
	Brewers Certificate of Compliance	101	\$10,100
	Distillers Certificate of Compliance	97	4,850
	Vintners Certificate of Compliance	405	40,500
	Manufacturers Permits	5	1,750
	Special Permits	<u>13</u>	<u>325</u>
	Subtotal	<u>621</u>	<u>\$57,525</u>
	Total	10,216	\$10,116,035
	Less Refunds	<u>0</u>	<u>-</u>
	Grand Total	<u>10,216</u>	<u>\$10,001,685</u>

# ADMINISTRATIVE HEARINGS

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## Sales to Minors

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	61
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
LE	Retail Stores	Liquor – Off Premises	11
BC	Retail Stores	Beer – Off Premises	51
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	1
BB	Commercial	Beer On Premises & Off Premises	6
WB	Retail	Wine Carry Out	1
		Total	<u>133</u>

## Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	18
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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	41
BC	Retail Stores	Beer Off Premises	5
BW	Retail	Beer/Wine On/Off Premises & Wine/On Premises	1
BB	Commercial	Beer On Premises & Off Premises	1
LA	Retail	On Premises Liquor, Beer, Wine: No Carry Out	2
		Total	<u>50</u>

## Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	12
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	1
		Total	<u>13</u>

## Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	5
BC	Retail Stores	Beer Off Premises	3

## ADMINISTRATIVE HEARINGS Continued

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LE	Retail Stores	Liquor/Off Premises	2
BW	Retail	Beer/Wine Beer On/Off Premises & Wine/On Premises	1
		Total	<u>13</u>
<b>Intoxication</b>			
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	4
<b>Credit Sales</b>			
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	12
LE	Retail Stores	Liquor/Off Premises	1
		Total	13
<b>Good Moral Character</b>			
BC	Retail Stores	Beer Liquor Off Premises	2
LB	Hotel/Motel	Liquor/ Wine/Beer/On-Premises Beer Off Premises	1
LC	Commercial	Liquor/Wine/Beer/On-Premises Beer Off Premises	7
		Total	10

## APPEAL HEARINGS

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### Denied Licenses

Liquor	62
Beer	9
Total	<u>71</u>