



IOWA ALCOHOLIC BEVERAGES DIVISION

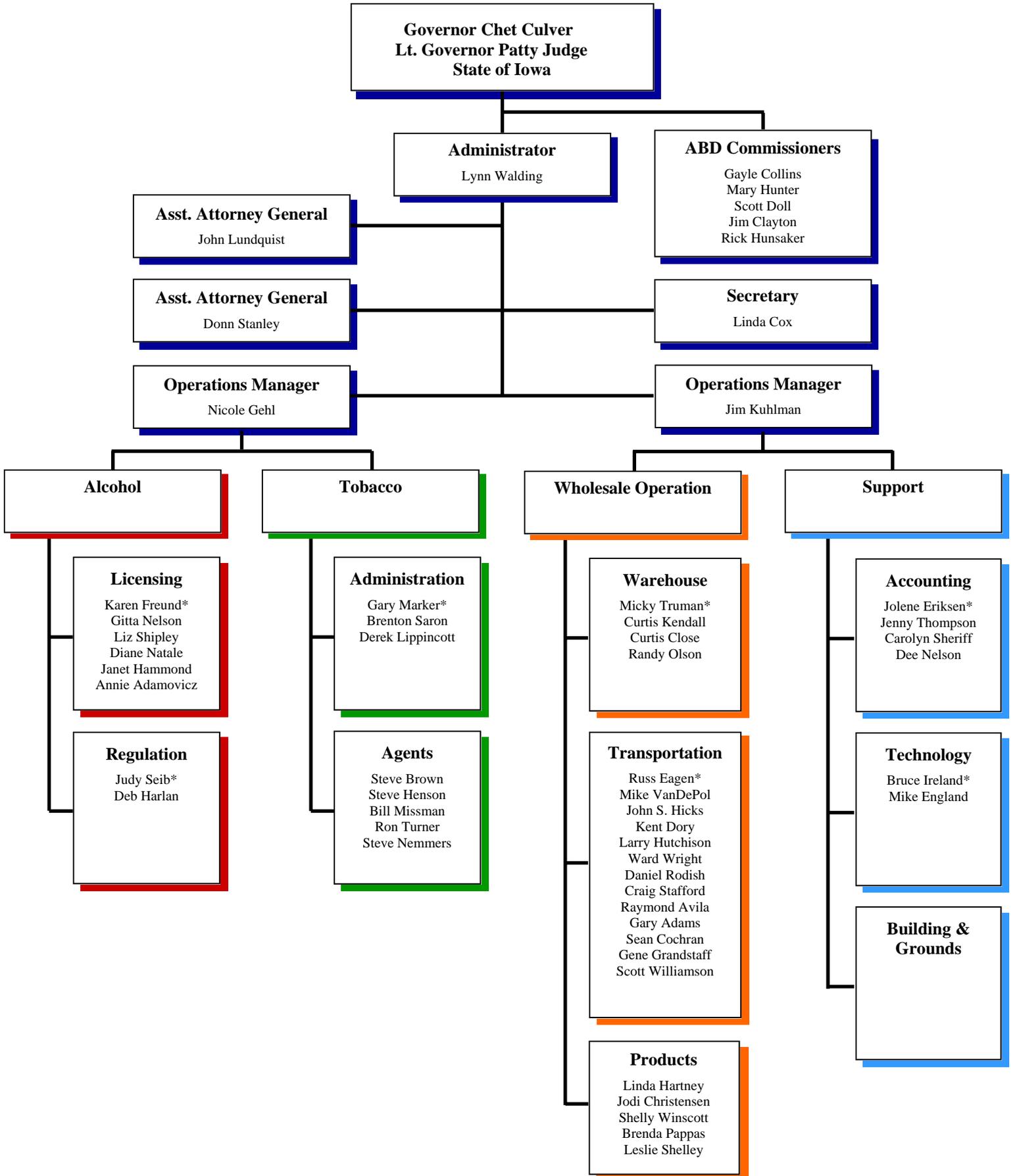
73rd Annual Report

July 2006 – June 2007

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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.

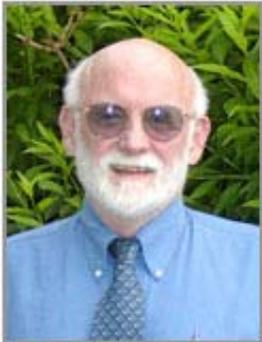


Mary Hunter was appointed to the Alcoholic Beverages Commission May 1, 2002, and assumed the duties of Chairperson July 1, 2006. She has also served as Secretary and Vice-Chairperson of the Commission. Commissioner Hunter is a graduate of Drake University with a Business Management and Marketing degree 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.



Scott Doll was appointed by Governor Vilsack to the Alcoholic Beverages Commission May 1, 2003, and recently was elected as Vice-Chairperson of the Commission. He previously served as the 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.

ALCOHOLIC BEVERAGES COMMISSION (Continued)



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.

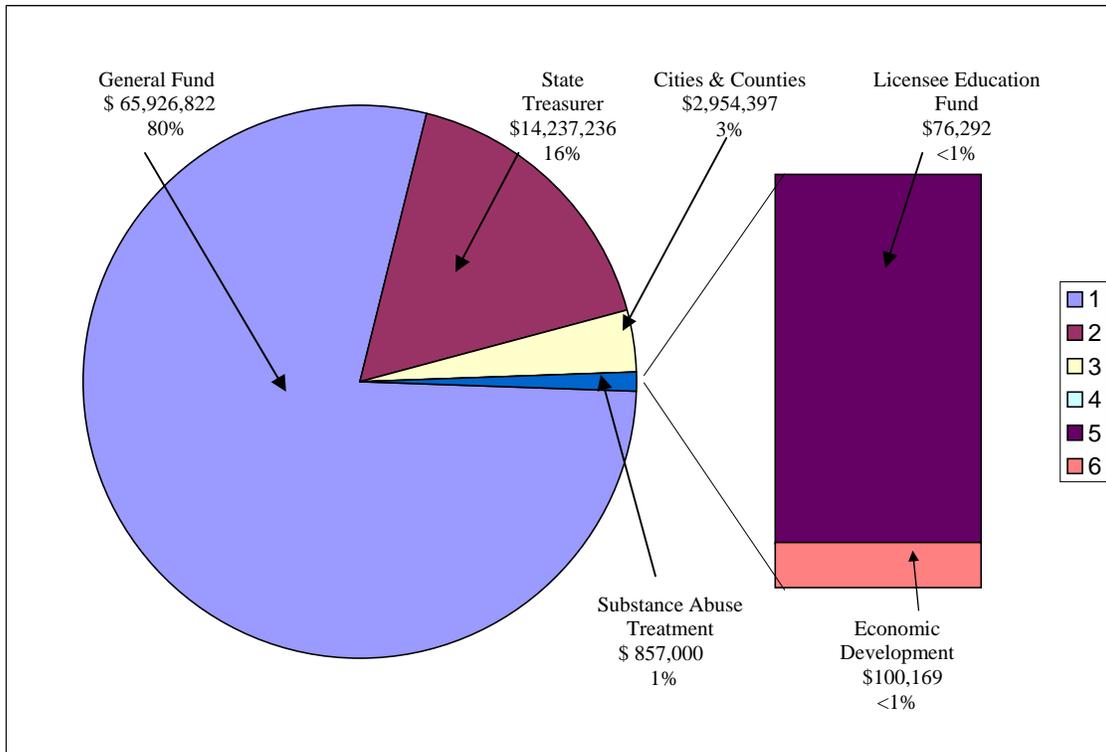


Rick Hunsaker, the newest member of the Commission, was appointed to the Iowa Alcoholic Beverages Commission by Governor Tom Vilsack on May 1, 2006. Commissioner Hunsaker is a graduate of Drake University, receiving a BA in 1988 and a Master of Public Administration in 1990. He is the Executive Director 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 6-30-07	FOR 12 MONTHS ENDED 6-30-06
Direct Transfer to General Fund (\$12,426,822 earmarked for Substance Abuse Treatment)	\$65,926,822	\$64,761,653
Transfer to State Treasurer – Beer & Air Tax Collections	14,237,236	14,133,457
Remit to Cities & Counties – 65% of Licensee Fees	2,954,397	2,778,636
Licensee Education Fund	76,292	86,121
Transfers to Substance Abuse Treatment	857,000	841,000
Transfers – Economic Development (Native Beer & Wine)	100,169	57,884
TOTAL FUNDS GENERATED	<u>\$84,151,916</u>	<u>\$82,658,751</u>

FY 2007 Profit Distribution \$ 84,151,916



SOURCE AND USE OF FUNDS

Fiscal Year 2007

Sources of Funds

Sale of Liquor	\$ 177,517,620
Sale of Licenses	\$ 9,971,783
Beer Tax Collected	\$ 14,246,936
Wine Tax Collected	\$ 6,000,397
Miscellaneous Revenue ⁽¹⁾	<u>\$ 2,733,692</u>
Source of Funds	\$ 210,470,428

Uses of Funds

Payments of Liquor	\$ 116,949,417
Transfer to State General Fund ⁽²⁾	\$ 66,222,295
Transfer to Other State Departments ⁽³⁾	\$ 14,632,769
Cities and Counties – License Fees	\$ 2,954,397
Miscellaneous Expenses ⁽⁴⁾	<u>\$ 4,139,833</u>
Use of Funds	\$ 204,898,711
Increase in Cash Balance	<u><u>\$ 5,571,717</u></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:

\$11,261,653 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 **\$177,517,620**

SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2007)

Net Income	<u>\$68,766,437</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,337,129
Licensee Fees, Cities & Counties	2,954,397
Fines and Penalties	154,892
Liquor Tax – Air Carriers	276
Total Additional Revenue	<u>\$17,446,694</u>
Total Revenue Collected	<u>\$86,213,131</u>

OPERATING BUDGET

(for year ended June 30, 2007)

\$6,446,550

LICENSING

(as of June 30, 2007)

Retail Licenses & Permits Processed	10,445
Wholesale Licenses & Permits in Effect	123
Other Licenses & Permits	584
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, 2007	\$9,971,783

PURCHASING

Cases Purchased, year ended June 30, 2007	1,467,752
Cost of Liquor Purchased, year ended June 30, 2007	\$117,125,539
Number of Vendors	94

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-07	YEAR ENDED 30-Jun-06
SALES		
Liquor Sales	\$177,517,620	\$160,880,750
Cost of Liquor Sales	<u>116,949,417</u>	<u>105,584,426</u>
Gross Profit of Liquor Sales	\$60,568,203	\$55,296,324
OPERATING EXPENSES		
Salaries	\$1,529,391	\$1,526,813
Travel	6,448	8,066
Office Supplies	97,990	91,000
Other Supplies	26,384	88,192
Printing	846	3,663
Telephone	44,855	42,175
Rental - Buildings	3,656	7,493
Utilities	31,824	30,888
Other Contractual Services	335,288	137,323
Intra-State Transfers	107,700	360,776
Equipment	122,335	60,105
Depreciation Expense	<u>29,722</u>	<u>30,578</u>
Total General Fund Expense	2,336,439	2,387,072
Total Trust Fund Expense	<u>4,139,833</u>	<u>3,401,699</u>
Total Operating Expense	\$6,476,272	\$5,788,771
OPERATING INCOME	<u>\$54,091,931</u>	<u>\$49,507,553</u>
OTHER INCOME		
License & Permit Fees	\$7,017,386	\$7,069,493
Wine Tax Collections	5,910,204	5,614,251
Miscellaneous Income	<u>2,733,416</u>	<u>2,489,564</u>
Total Other Income	<u>\$15,661,006</u>	<u>\$15,173,308</u>
TOTAL NET INCOME	<u>\$69,752,937</u>	<u>\$64,680,86</u>

FINANCIAL POSITION

	YEAR ENDED 30-Jun-07	YEAR ENDED 30-Jun-06
CURRENT ASSETS:		
Cash	\$19,690,697	\$15,485,452
Accounts Receivable	986,551	735,146
Liquor Inventory Cost	<u>1,190,822</u>	<u>1,116,616</u>
Total Current Assets	\$21,868,070	\$17,337,214
OTHER ASSETS:		
Reserves	\$73,848	\$62,598
Equipment	66,167	85,839
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$350,015	\$358,437
TOTAL ASSETS	<u>\$22,218,085</u>	<u>\$17,695,651</u>
CURRENT LIABILITIES:		
Prepaid Rent	\$0	\$300
Accounts Payable	14,673,465	14,638,690
Due Approving Bodies of Licensee	<u>594,307</u>	<u>794,051</u>
TOTAL LIABILITIES	\$15,267,722	\$15,433,041
EQUITY:	<u>\$6,950,313</u>	<u>\$2,262,610</u>
TOTAL LIABILITIES & EQUITY	<u>\$22,218,085</u>	<u>\$17,695,651</u>

COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-07 Gallons	YEAR ENDED 30-Jun-06 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
DISTILLED SPIRITS				
Blended Whiskey	191,834	185,271	6,563	4%
Straight Whiskey	165,197	162,296	2,901	2%
Tennessee Whiskey	98,695	93,400	5,295	6%
Bottled in Bond – Bourbon	404	491	(86)	-18%
Straight Whiskey Rye	4,510	517	3,994	773%
Canadian Whiskey	517,729	497,255	20,474	4%
Scotch Whiskey	78,049	78,337	(289)	< 1%
Single Malt Scotch	9,777	8,922	855	25%
Irish Whiskey	8,586	6,887	1,699	25%
Tequila	154,186	170,280	(16,094)	-9%
Vodka	991,688	916,914	74,774	8%
Gin – American	107,837	105,881	1,956	2%
Gin – Foreign	36,881	35,710	1,171	3%
Sloe Gin	3,073	3,233	(161)	-5%
Brandy – American	104,201	100,563	3,638	4%
Brandy – Foreign	25,232	22,779	2,453	11%
Rum	589,665	549,701	39,964	7%
Cocktails	191,216	188,595	2,620	1%
Cordials – American	276,867	235,538	41,329	18%
Cordials – Foreign	105,519	102,003	3,516	3%
Schnapps	220,013	204,279	15,735	8%
Decanters and Specialty Packs	12,391	13,208	(817)	-6%
High Proof Beer	14,573	12,882	1,691	13%
Alcohol	8,640	7,826	634	8%
Other	<u>0</u>	<u>127</u>	<u>(127)</u>	<u>-41%</u>
SPIRITS TOTAL	3,916,582	3,702,894	213,688	6%
WINE SALES*	3,378,373	3,198,209	180,164	6%
BEER SALES*	74,951,591	75,139,849	(188,258)	< 1%

IOWA PER CAPITA CONSUMPTION – 2007 (Based on adult population – 21 and over)

DISTILLED SPIRITS 1.91 WINE 1.65 BEER 36.54

**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

<u>VENDOR</u>	<u>CASES</u>	<u>COST</u>	<u>VENDOR</u>	<u>CASES</u>	<u>COST</u>
3 Vodka Distilleries	20	3,030	Laird and Company	56,339	2,370,080
Alambic INC	79	9,480	Luctor International	68	8,819
Admiral Imports	28	3,519	Luxco	140,616	6,928,110
Anchor Brewing	1	216	Mango Bottling	977	52,676
A V Imports	234	31,990	Manneken-Brussel	258	18,907
Artisanal imports	190	11,911	McCormick Distilling Co.	38,564	1,754,525
Bacardi Imports, Inc.	84,659	8,244,067	Merchant du Vin	547	19,249
Bacmar	68	8,350	MHW, Ltd	300	33,614
Barton Brands, Inc.	220,278	11,688,700	Moet Hennessy	10,719	2,054,451
Bardenheier Wine	18	2,491	Monsieur Henri	111	12,528
Belakus	169	6,475	Niche Import Co	45	6,631
Bell's Brewery	287	6,993	North Coast Brewing	16	377
Blavod Extreme Beverage	88	7,430	Nolet Spirits USA	3,135	547,736
BMC Imports	6	1,658	Oregon Brewing Co.	333	20,319
Boston Beer Co.	36	2,036	Paramount Distillers, Inc.	81,316	3,845,117
Brown-Forman Corporation	66,553	8,573,576	Paterno Imports, Ltd.	275	21,447
B United International	418	22,118	Patron Spirits	3,387	914,472
Canandaigua Wine Co. Inc	6,329	369,819	Pernod Ricard	52,165	6,164,647
Cedar Ridge Vineyard	388	45,054	Phillips Beverage Company	57,176	2,909,496
Charles Jacquin Et. Cie, Inc.	1,559	91,296	Planet 10	543	55,278
Cruzan International	10	899	Post Familie	27	3,910
D & V International, Inc	588	35,813	Preiss Imports	60	16,833
Dana Wine and Spirits	8	1,084	Quadro Group	365	71,502
Daucourt Martin	382	36,689	Remy Cointreau, Inc.	4,724	928,304
Diageo North America, Inc.	303,029	30,212,758	Sans Wine	1	110
Distillerie Stock U. S. A., Ltd.	952	114,863	Sazerac Co., Inc.	21,408	1,753,129
Domaine Charbay	1	287	Shaw Ross Intl Importers, Inc.	468	21,415
Doyna LTD	2	48	Shelton Brothers	258	9,988
Dreyfus Ashby	7	1,144	Sidney Frank Importing Co.	27,499	4,562,475
Drinks America	5	741	Sierra Nevada	770	18,116
Duggans	12	2,190	Skyy Spirts	10,003	1,200,169
E. & J. Gallo Winery	12,984	825,950	Spaten Inc	94	3,488
Efco Importers	4	747	Specialty Spirits	181	12,903
F Korbel & Bros, Inc.	1,193	81,415	Spirits Marque One LLC	2,336	182,910
Fifth Generation	9	1,041	Stellar Importing Co, LLC	65	7,144
Five Star	15	3,569	Summit	141	2,756
Flying Dog	20	500	Unibrew	273	10,557
Future Brands LLC	160,809	13,989,730	Urban Brands	28	1,511
Goose Island	120	5,640	U. S. Distilled Product Co.	625	77,763
Great Lakes Liquor Co.	9,045	530,271	Vanberg and Dewulf	65	3,356
H A P LLC	2	294	Vital Beverages	1	310
Heaven Hill Distilleries Inc.	26,529	1,647,530	Wetten Importers	260	15,903
High Energy Holdings	16	2,255	White Rock Distilleries, Inc.	43,393	2,671,847
Hood River Distillers Inc	115	9,943	Wildman and Sons	8	2,320
International Beverage	13	2,093	William Grant & Sons, Inc.	4,418	574,109
Kobrand Corporation	648	76,052	Wilson Daniels	4,751	483,060
Koenig	13	1,710	Win It Too Inc/Global Beer N	701	35,709
			Total Purchases	<u>1,467,752</u>	<u>\$117,125,539</u>

LICENSES AND PERMITS PROCESSED

RETAIL		NUMBER	REVENUE
BB	Commercial-Beer On/Off Premises	1,148	\$212,574
BC	Retail Store-Beer Off Premises	2,730	491,239
LA	Private Club-Liquor/Wine/Beer On Premises	144	97,668
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	111	196,675
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	3,883	5,639,372
LD	Common Carrier-Liquor/Wine/Beer On Premises	29	7,380
LE	Commercial-Liquor Off Premises	541	2,609,908
BW	Special-Beer/Wine On Premises-Beer Off Premises	435	213,579
WB	Retail Store-Wine Off Premises	1,164	569,790
WBN	Retail Store -Native Wine Off Premises	238	5,950
WCN	Commercial-Native Wine On/Off Premises	<u>22</u>	<u>550</u>
	Subtotal	10,445	\$10,035,685
WHOLESALE			
BA	Beer Wholesaler	39	\$9,750
BAN	Native Wholesale Beer Distributor	3	750
WA	Wine Wholesaler	19	14,250
WAN	Native Wholesale Wine Distributor	<u>62</u>	<u>1,550</u>
	Subtotal	123	\$26,300
OTHER			
	Brewers Certificate of Compliance	89	\$8,900
	Distillers Certificate of Compliance	95	4,750
	Vintners Certificate of Compliance	388	38,800
	Manufacturers Permits	4	1,400
	Special Permits	<u>8</u>	<u>220</u>
	Subtotal	<u>584</u>	<u>\$54,050</u>
	Total	9,873	\$10,116,035
	Less Refunds	<u>0</u>	<u>144,252</u>
	Grand Total	<u>11,152</u>	<u>\$9,971,783</u>

ADMINISTRATIVE HEARINGS

Sales to Minors

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	65
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
LE	Retail Stores	Liquor – Off Premises	10
BC	Retail Stores	Beer – Off Premises	43
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	1
BB	Commercial	Beer On Premises & Off Premises	3
LD	Boat	Beer/Liquor/Wine/On Premises	<u>1</u>
		Total	124

Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	14
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Summary Suspensions/Revocations

BB	Commercial	Beer On Premises & Beer Off Premises	1
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Illegal Gambling

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	26
BC	Retail Stores	Beer Off Premises	<u>3</u>
		Total	29

Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	19
BB	Commercial	Beer On Premises & Off Premises	<u>2</u>
		Total	21

Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	5
BC	Retail Stores	Beer Off Premises	3
BB	Commercial	Beer On Premises & Off Premises	1

ADMINISTRATIVE HEARINGS Continued

WAN	Native Wholesale	Wine Distributors Sales by Iowa Wineries to Licensed Retail Outlets; No Public Sales	<u>1</u>
		Total	10
Intoxication			
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	3
Credit Sales			
LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
Good Moral Character			
LE	Retail Stores	Liquor - Off Premises	1
WAN	Native Wholesale	Wine Distributors Sales By Iowa Wineries to Licensed Retail Outlets; No Public Sales	1

APPEAL HEARINGS

Denied Licenses			
		Liquor	17
		Beer	<u>2</u>
		Total	19