

## Part 1 – Agency Profile

### Agency Overview

The Idaho State Liquor Dispensary was established in 1935, following the repeal of prohibition, as a means of providing greater control over the distribution, sale, and consumption of alcohol beverages. Idaho is one of 19 control jurisdictions that control the sale of alcohol beverages. (Eighteen control states and Montgomery County, Maryland). These jurisdictions account for almost one-third of the U.S. population, and regulate their own retail and/or wholesale distribution of alcohol beverages.

Organizationally, the Dispensary has been a division of the Office of the Governor since 1974. Dyke Nally, Superintendent, is appointed by the Governor.

The Dispensary's central office and warehouse are located in Boise. The Central Office staff of 25 and three District Managers manages all administrative aspects of the business; including purchasing, accounting, information technology, human resources, contracts, and store supervision. Fourteen warehouse personnel, co-located with the administrative office, receive, store and distribute more than 750,000 cases annually over a geographic area of 83,000 square miles. The warehouse typically contains about 140,000 cases valued at \$7 to \$8 million.

At fiscal year end, the Dispensary operated 155 retail outlets throughout the State. Of those, 54 were state liquor stores staffed and operated by Dispensary employees, and 101 were contract agencies. Stores are typically open from 11:00 a.m. to 7:00 p.m. Some stores have extended hours for better customer service. Each state and contract store is stocked and maintained to meet the needs of customers including liquor-by-the-drink establishments. Outlets feature a selection of products specific to the tastes and lifestyles of the local communities they serve. All products are priced uniformly throughout the state.

Idaho's system of liquor control provides benefits to all of Idaho's citizens. Moderation and temperance in control states generally reduce social costs associated with alcohol consumption. Additionally, Idaho law provides for the distribution of liquor profits to State programs, 44 counties and 200 cities. Over the last decade \$232 million was distributed to state programs, and to counties and cities.

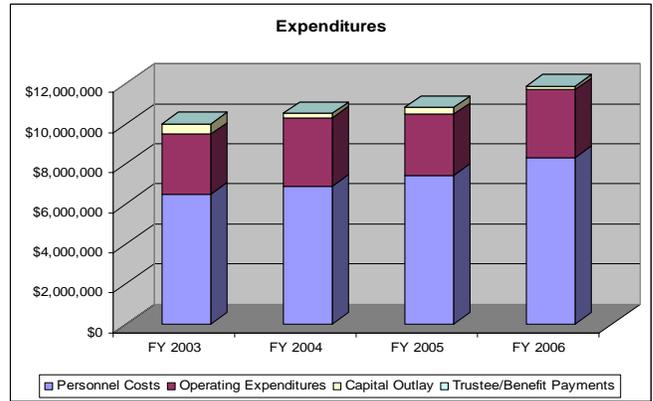
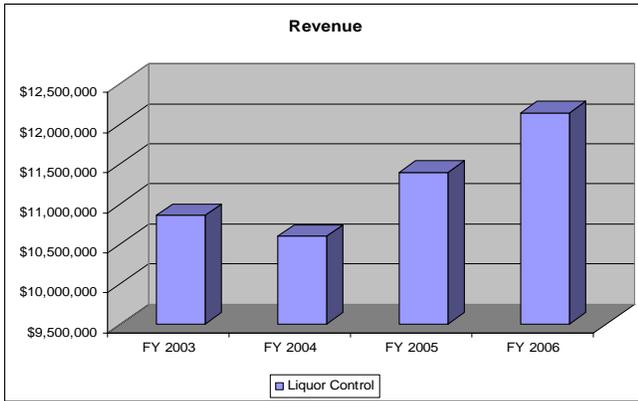
### Core Functions/Idaho Code

The Idaho State Liquor Dispensary statutory authority is stated in Title 23 of the *Idaho Code*. The primary functions of the agency as stated in *Idaho Code 23-203 include but are not limited to:*

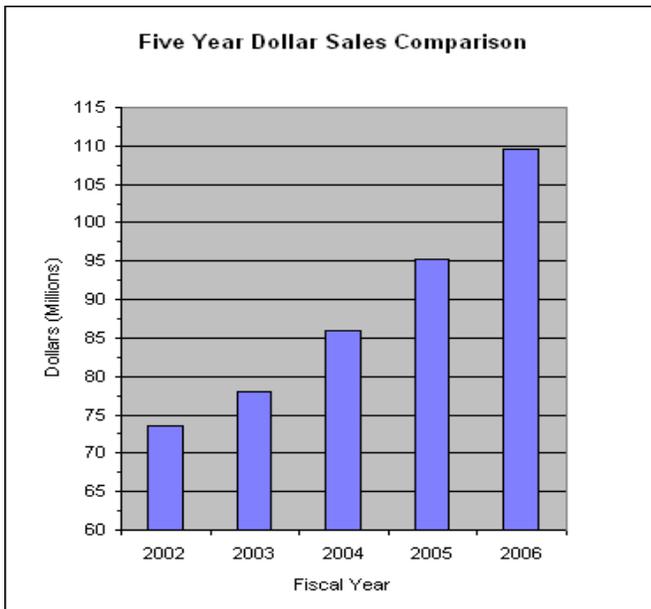
- **Regulation of liquor traffic:** to permit, license, inspect and regulate the manufacture, importation, transportation, storage, sale and delivery of alcoholic liquor;
- **Traffic in Liquor:** to buy, import, transport, store, sell and deliver alcoholic liquor;
- **Operation of Liquor Stores:** to establish, maintain and discontinue warehouse, state liquor stores and distribution stations [contract liquor stores];
- **Acquisition of Real Estate:** to acquire, buy and lease real estate, and to improve and equip the same for the conduct of its business;
- **Acquisition of Personal Property:** to acquire, buy and lease personal property necessary and convenient for the conduct of business;
- **Making Reports:** to report to the Governor annually, and at such other times as he may require, concerning the condition, management, and financial transactions of the Dispensary;

**Revenue and Expenditures:**

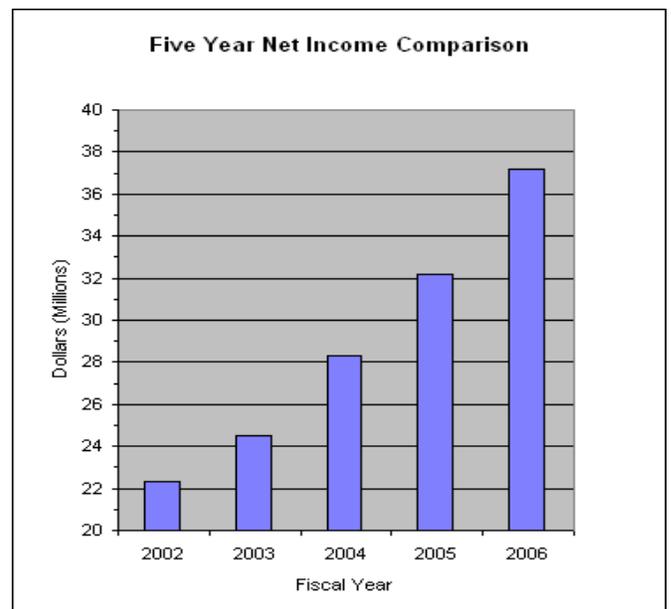
Revenue	FY 2003	FY 2004	FY 2005	FY 2006
Liquor Control	\$10,857,600	\$10,598,800	\$11,397,500	\$12,139,400
<b>Total</b>	<b>\$10,857,600</b>	<b>\$10,598,800</b>	<b>\$11,397,500</b>	<b>\$12,139,400</b>
Expenditure	FY 2003	FY 2004	FY 2005	FY 2006
Personnel Costs	\$6,506,000	\$6,878,700	\$7,432,800	\$8,327,000
Operating Expenditures	\$2,993,600	\$3,435,700	\$3,048,200	\$3,396,200
Capital Outlay	\$498,400	\$220,400	\$350,500	\$161,700
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$9,998,000</b>	<b>\$10,534,800</b>	<b>\$10,831,500</b>	<b>\$11,884,900</b>



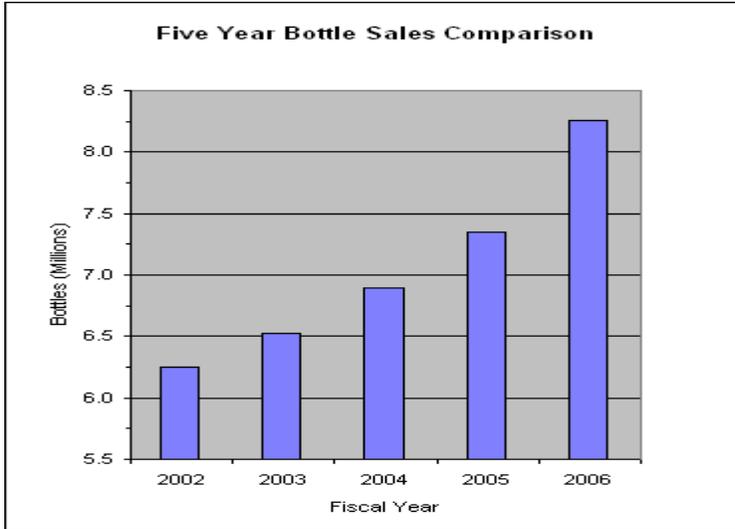
**Profile of Cases Managed and/or Key Services Provided**



Bottle sales increased 36.4% from 6.1 million in 2001 to 8.3 million in 2006. Bottle sales are projected to increase 40.2% over the next five years, reaching 11.6 million by 2011.



Net income increased 69.7% from \$21.9 million in 2001 to \$37.2 million in 2006. Net income is projected to increase 53.0% over the next five years, reaching \$56.9 million by 2011.



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### Performance Highlights

Following is a summary of operations for FY 05:

- Sales increased \$9.2 million from \$86.0 million to \$95.2 million-up 10.7%.
- Profit increased \$3.9 million from \$28.3 million to \$32.2 million-up 13.8%
- Two new stores were opened-one in Meridian and one in Boise.
- Sunday sales are increasing in popularity.
  - 24 Counties have approved Sunday sales.
  - Some of the resort area stores report more sales on Sundays than on their typically large Friday and Saturday sales.
- Sales of Idaho table wines increased 17.5% in FY 05.

Growth is our number one concern at this time. The Dispensary has experienced two straight years of nearly 11% growth. The growth for the first quarter of FY 06 was 14.5%, with the largest growth occurring in Ada, Canyon and Kootenai counties. That directly correlates with the economies in those areas due to large increases in housing sales.

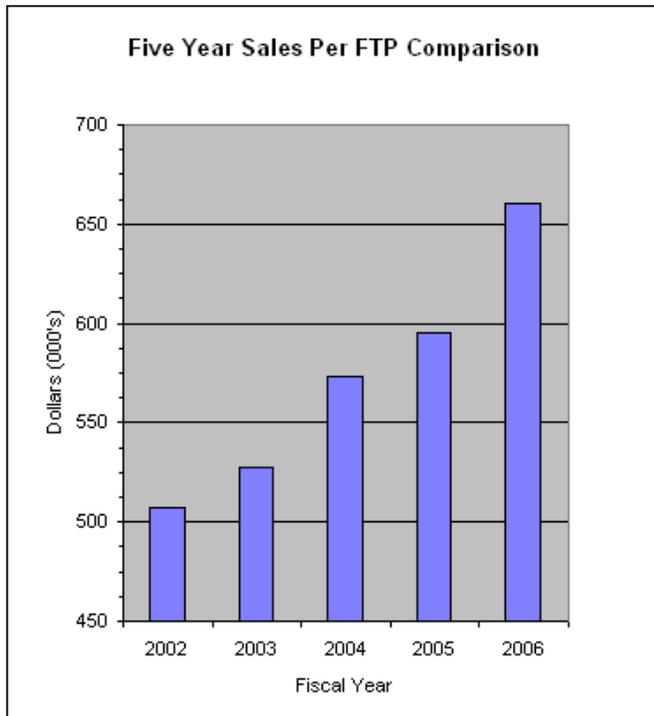
This sudden surge in growth is putting considerable stress on the capacity of the warehouse, as well as increased demands on employees throughout the Dispensary. The Dispensary will be requesting funding for a larger and automated warehouse along with more funding for new and existing stores.

### Part II – Performance Measures

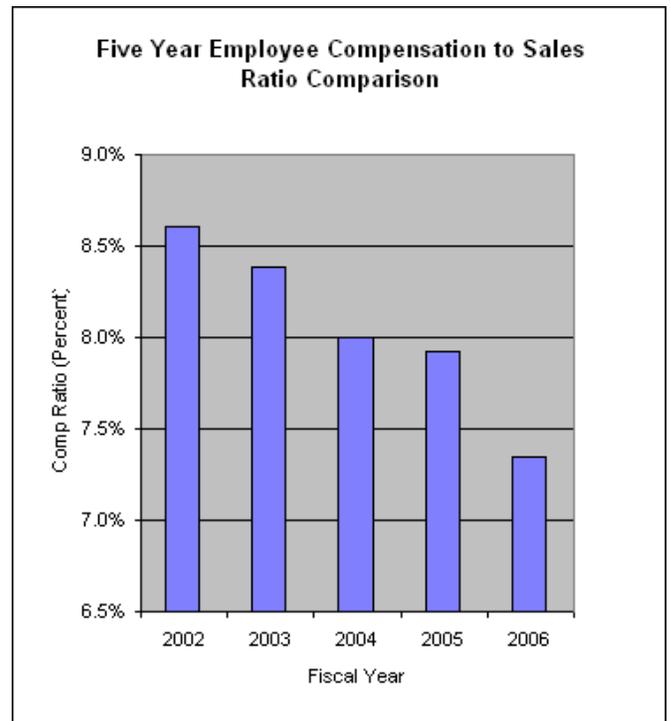
Performance Measure	2003	2004	2005	2006	Benchmark
1. Moderate Consumption	1.04	1.09	1.10	Unavailable	1.15
2. High Sales Per Employee	\$530,000	\$575,000	\$595,000	\$660,000	\$600,000
3. Low Employee Costs per Sale	8.3%	8.0%	7.9%	7.3%	7.5%
4. High Net Income Per Employee	\$166,000	\$189,000	\$201,000	\$224,000	\$225,000

**Performance Measure Explanatory Note:**

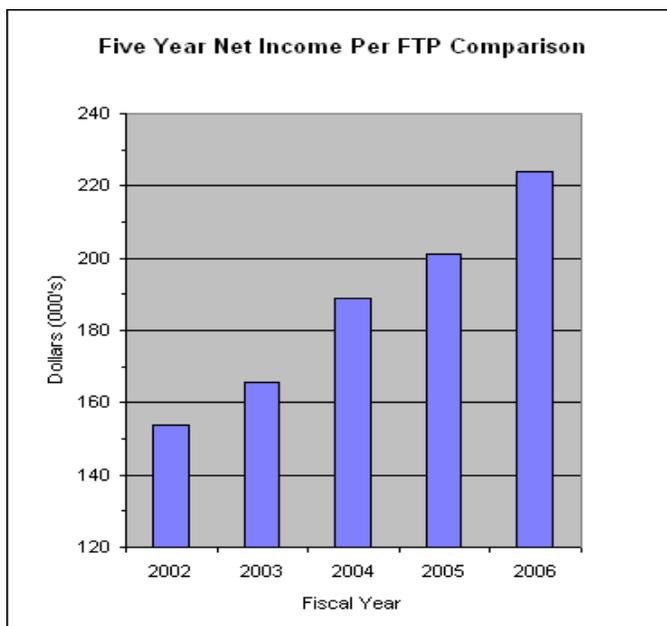
See following graphs and footnotes.



The most recent figures available indicate that average dollar sales per employee is \$528,000 in the Alcohol Beverage Industry. The Liquor Dispensary average of \$660,000 in FY'06 is projected to reach \$839,000 by 2011.

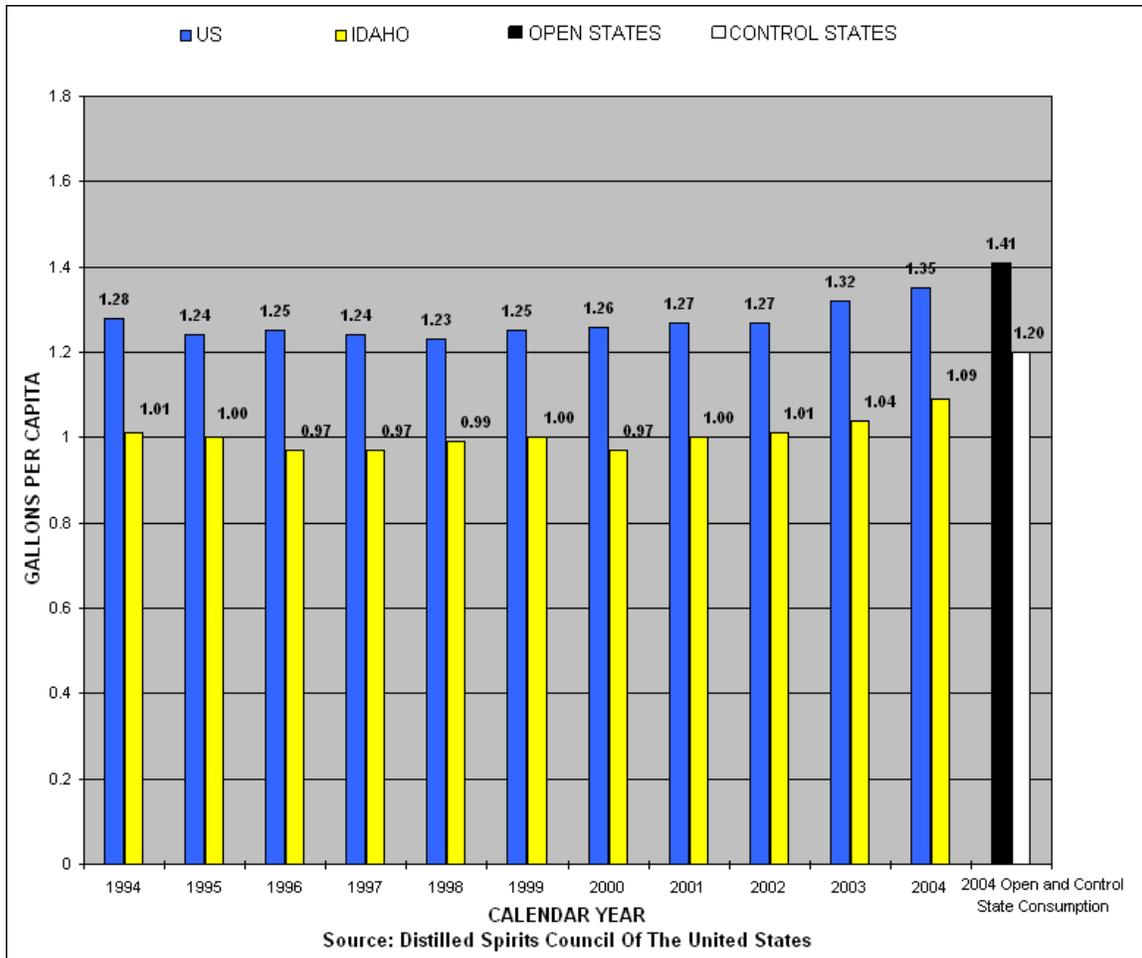


The ratio of employee compensation to sales dollars improved from 8.4% in 2001 to 7.3% in 2006. This ratio is projected to further improve over the next five years, reaching 6.6% by 2011. This commonly used measure of efficiency is 9.9% nationwide for the retail trade industry, and 11.5% for the retail liquor industry, according to recent IRS Corporate Financial Ratios.



The most recent figures available indicate that average net income per employee is \$49,000 in the Alcohol Beverage Industry. The Liquor Dispensary average of \$224,000 in FY'06 is projected to reach \$284,000 by 2011.

## United States and Idaho Apparent Per Capita Consumption Of Distilled Spirits



Apparent per capita consumption is based on total population and not adults age 21 and over. Statistics are based on point of sale and do not take into account cross-border traffic in distilled spirits. Consumption in Idaho was 1.09 gallons in 2004 compared with 1.20 gallons for all control states and 1.41 gallons in open states. Consumption in open states is 18% more than in all control states and 29% more than in Idaho.

### For More Information Contact

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**Director Attestation for Agency Profile**

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In accordance with *Idaho Code 67-1904*, I certify the data provided in the Agency Profile has been internally assessed for accuracy, and, to the best of my knowledge, is deemed to be accurate.

Department: STATE LIQUOR DISPENSARY

  
Director's Signature

9-15-06  
Date

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