

IOWA

Alcoholic Beverages Division
79th Annual Report



2013
Annual Report

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About the Division

Mission Statement

- To serve Iowans through the responsible regulation and profitable distribution of alcohol while providing opportunities for industry development and promoting health through education.

Achieve the mission by:

- Breaking down the silos that Iowans face when dealing with government.
- Fostering a fair and level playing field.
- Achieving results to show Iowans a return on investment of public funds.

Vision Statement

- The Iowa Alcoholic Beverages Division provides comprehensive services for all aspects of the alcoholic beverages industry in the state of Iowa. The Division will enhance overall operational and cost efficiency while establishing a business-oriented operation model.



Executive Information

Governor : Terry E. Branstad
Lt. Governor : Kim Reynolds

Commission

Chairperson : Claire Celsi
Vice-Chair : Rick Hunsaker
Secretary : Tami Doll
Commissioner : Jay Wilson
Commissioner : Jim Clayton

Executive Staff

Administrator : Stephen Larson
Chief Operating Officer : Tim Iversen
Director of Administration : Doug Webb
Director of Regulatory Affairs : Karen Freund
Director of Warehouse Operations : Tina Norris
Comptroller : Tammy Plowman

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 five-year staggered terms and are chosen on the basis of managerial ability and experience as business executives. 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 spirits, and in the licensing and regulating of Iowa's alcoholic beverages industry.

Claire Celsi – Chairperson



Claire Celsi was appointed to the Iowa Alcoholic Beverages Commission on May 1, 2010, and serves as Chairperson. Commissioner Celsi has also served as Secretary and Vice-Chair. Celsi is a graduate of Drake University and a frequent lecturer at her alma mater, where she has taught in the Business School and School of Journalism and Mass Communications. Commissioner Celsi also serves on Drake's School of Journalism and Mass Communication National Advisory Board. She is employed as Director of Public Relations at Lessing-Flynn Advertising in Des Moines. Commissioner Celsi resides in Des Moines with her husband Jim. Her first term expires in April of 2015, but she is eligible for a second 5-year appointment.

Rick Hunsaker – Vice-Chair



Rick Hunsaker was appointed to the Iowa Alcoholic Beverages Commission on May 1, 2006, and serves as the current Vice-Chairperson for the Commission. Commissioner Hunsaker has also served as Chair and Secretary. He is a graduate of Drake University, receiving a B.A. in 1988 and a Masters 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 60 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, Midwest Assistance Program, Inc. and Western Iowa Advantage, an eight county cooperative marketing group. Mr. Hunsaker is a member of 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. Governor Branstad appointed him to a second term in 2011, which expires in April of 2016.

Alcoholic Beverages Commission (continued)

Tami Doll - Secretary



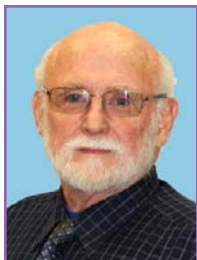
Tami Doll was appointed to the Iowa Alcoholic Beverages Commission May 1, 2012, by Governor Branstad. Employed at Doll Distributing LLC. in Council Bluffs since 1978, Commissioner Doll became Vice President and co-owner in 1985. In addition to her duties at Doll Distributing, she currently serves on the Board of Directors of the Loess Hills Chapter of the American Red Cross, Iowa Beer Wholesalers, and Heartland Family Services Ways to Work Committee. Commissioner Doll's term will expire in April of 2017, but she is eligible for a second 5-year appointment.

Jay Wilson



Jay Wilson was appointed to the Iowa Alcoholic Beverages Commission May 1, 2013. Commissioner Wilson is the Assistant Vice President of Wine and Spirits for Hy-Vee. He was selected as one of six Market Watch Leaders in 2009 by Market Watch magazine. He also started an online wine study program in 2006, intended for employees to increase their wine knowledge and improve performance. Once the employee completes the online program, they become a Certified Hy-Vee Wine Specialist. Commissioner Wilson's term will expire in April of 2018, but he is eligible for a second 5-year appointment.

Jim Clayton



Jim Clayton was appointed to the Iowa Alcoholic Beverages Commission February 14, 2005. He has previously served as Chair, Vice-Chair and Secretary. Commissioner Clayton is a graduate of Beloit College with B.A. degree and is the owner of The Soap Opera, a 30-year retail specialty store in Iowa City. He was 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 2002 until July of 2005. He has also been a long time volunteer with Big Brothers big Sister and has served as Chairperson at the Crisis Center and The Arc of East Central Iowa. Previously, Commissioner Clayton owned and operated the Desoto Hotel in Galena, IL and managed the bar and restaurant in the hotel. Commissioner Clayton lives in Iowa City. His second term will expire in April of 2014.

Also on the Iowa Alcoholic Beverages Commission this fiscal year, Greg Nashleanas served until the end of his term on April 30, 2013.



Year in Review

In fiscal year 2013, the Iowa Alcoholic Beverages Division (Division) had a record-breaking year in sales and funds generated for the State. The rapid increase in delivery points and demand for a dynamic product base led to the need to evaluate the distribution network. The Division is in the process of implementing the comprehensive recommendations of its transportation and logistics assessment to create an efficient, sustainable distribution model. These improvements align with Governor Branstad's goals of decreasing the cost of state government, creating jobs and increasing family incomes while supporting Iowa businesses.

Also, for the third year in a row, the Division put great emphasis on education and outreach by focusing its efforts in the areas of alcohol awareness and prevention, compliance with alcohol beverage laws and regulations, and the development of partnerships.

Revenue

While the Division spent the year focused on long term planning and infrastructure improvements, it also had a record-breaking fiscal year. Over \$255 million from the wholesale of spirits broke last year's record by \$13.5 million, representing a 5.6 percent increase in sales. In addition to revenue from spirits profits, funds generated by excise taxes on wine and beer, license fees and civil penalties translated into a general fund transfer of over \$119 million. The majority of this money will be used as general funding to be appropriated by the legislature for a variety of state programs. A portion of the funds is earmarked for substance abuse and local programs. The remaining funds will be used for Iowa native wine and beer promotion.

Master Plan Implementation

Since a legislative change two years ago removed spirits sales restrictions on gas stations, the Division has experienced rapid and significant growth both in sales and delivery points. The majority of this growth has been with non-traditional licensees such as convenience stores, discount stores and pharmacies, adding spirits to their existing infrastructure as a customer convenience. Typically non-traditional stores maintain a much smaller inventory in a significantly smaller facility.

As a result, the distribution network for the Division had to evolve. These necessary changes also presented an opportunity to better meet the demand for a dynamic product base due to the changing demographics of the market. In order to position the agency for growth and inventory diversity, it was essential for the Division to evaluate the existing distribution facility in terms of building architecture, capacity utilization and site plan.

A master plan was completed as part of a multi-disciplinary team of consultants early in the fiscal year. An independent assessment was done to provide a barometer for the current operation and to provide a comprehensive recommendation and deployment plan for the future state of the network. The independent consultant evaluated the Division's technology, facility and delivery process. Through data analysis of inventory movement and building capacity, site observations and industry experience, the conclusion was that the master plan provides a valid blueprint for moving forward into the next 3-5 years.

Year in Review (continued)

Also contributing to the need to evolve is an explosion of growth and innovation in the flavored spirits categories. The current product offering is approximately 1,500 items. Consumers expect variety and the Division's customers are responding to that demand. Based on independent evaluation of the current product offering and the need to add an additional several hundred SKUs, the master plan recommendations are sufficient to position the Division for future product expansion and productivity enhancement. Numerous projects are being executed to increase space utilization and pick productivity including racking in the warehouse, changing the direction of the flow of picking and prioritizing pick slots by volume.

New technology will provide increased visibility and accuracy in inventory management, warehouse productivity improvement and efficiency in order entry through web based customer portals. The Division has invested significant time and resources into identifying, evaluating, selecting and implementing systems to drive operational improvement, provide real-time visibility and establish controls for cost containment. Collectively, these systems in tandem with ongoing commitment from the Division team will provide a solid foundation for continued measurable success.

Increase compliance and regulatory clarity

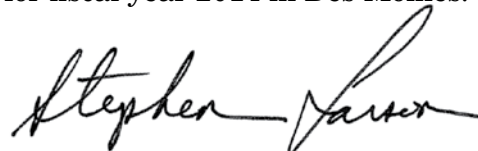
As part of the strategic plan, the Division has been developing technology and educational programs that will result in increased compliance with the regulations that are the framework for the agency's mission and the sale of alcohol to consumers. In

accordance with that goal, the Division has made a commitment to hold town hall style meetings in all of Iowa's 99 counties. The educational forums bring together on- and off-premises licensees, local authorities and law enforcement to cover Iowa laws and have an open discussion. Licensees are notified that countywide compliance checks will follow the meetings. The educational efforts have received overwhelming positive responses.

In conjunction with the meetings, the Division published a quick reference guide for law enforcement and local authorities titled "Enforcing Iowa's Alcoholic Beverage Laws." This manual is a companion to the previously published "Iowa's Alcohol Laws and You," which is aimed at licensees. Both publications are available to download for free at IowaABD.com and were paid for through an educational grant from the National Alcoholic Beverages Control Association.

Symposium 21

Also in fiscal year 2013, the Division hosted its first alcohol policy conference, *Symposium 21: From Production to Consumption*, which brought together policy makers, industry professionals, licensees, local authorities and prevention experts for a discussion about the relevance of the three-tier system in the alcohol marketplace. Based on the inaugural event's success, the Division is planning another symposium for fiscal year 2014 in Des Moines.



Stephen Larson,
Administrator



Education & Outreach

The Division's education and outreach program is aligned with its mission to serve Iowans through the responsible regulation and profitable distribution of alcohol while providing opportunities for industry development and promoting health through education. The Division has taken a broad approach to educating stakeholders, industry members, law enforcement, licensees, city officials, state agencies and citizens alike to remain compliant with Iowa's alcohol laws.

The Division's proactive approach in these areas communicates relevant information in a timely manner. In addition personnel is available as a key resource when issues and concerns arise regarding the use and misuse of age restricted products. Several projects and programs were developed in 2013 that have continued to grow and will continue to be utilized in years to come.

Town hall meetings in each of the state's 99 counties commenced in December of 2012 to educate licensees, city officials, law enforcement, non-profit and prevention agencies on conducting business within the confines of the Iowa Alcoholic Beverage Control Act.

Education letters went out to 8,500 licensees and business owners in early March identifying several milestone events where underage consumption of alcohol is historically high. The letter asked for voluntary compliance from those businesses to ensure Iowa's youth have a safe prom and graduation season and that all staff is trained on proper ID card practices via I-PACT.com. Through this initiative, the Division was successful in developing a partnership with several other state agencies to offi-

cially declare April as Alcohol Awareness Month in the state of Iowa by proclamation from Governor Branstad.

Calculate the number of standard drinks per serving by entering percent of alcohol/proof and serving size. Calculate suggested serving size by entering a percent of alcohol/proof.

% Alcohol	12	use proof
Serving in Ounces	23	use liters
Standard Drinks	4.6	

RESET CALCULATE

The CALCOHOL mobile website was developed and launched in November 2012 to educate sellers and servers of alcohol and consumers just how much alcohol is in any given drink. Not all products are created equal; many new alcoholic beverage products blur the lines between the traditional categories of beer, wine and spirits. This makes the notion of drinking in moderation even more difficult to determine as product categories cross over with one another. CALCOHOL visually represents how much alcohol is in any given drink container by proof or percentage of alcohol as well as calculates a single serving size of any particular product. CALCOHOL can be found via the Division's website at IowaABD/CALCOHOL.com.



Discover the Division Online

The Division actively works to increase accessibility and transparency through its online presence. The main website, IowaABD.com, is a comprehensive one-stop-shop where citizens and customers can make open records requests, track administrative hearings, see sales data and trends, access educational materials and so much more.

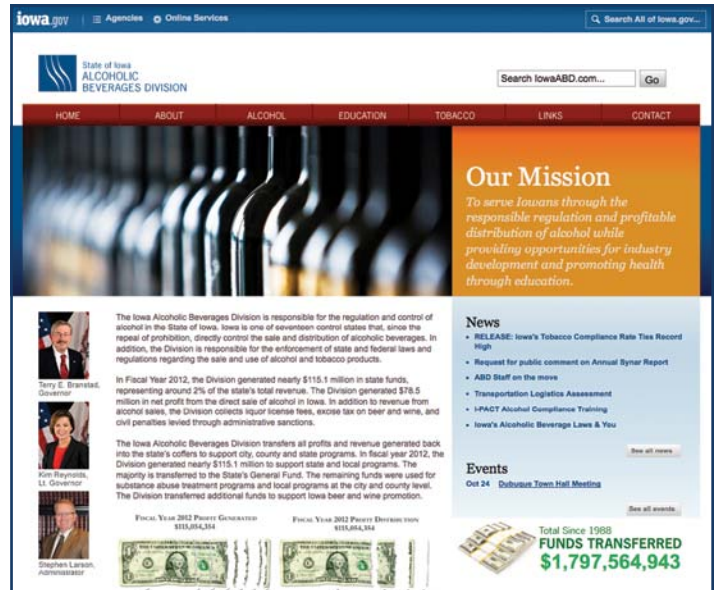
Visitors learn about the Division's facility, history, commission and partnerships. Media read annual reports, sales analysis, presentations and press releases. Establishment owners apply for licenses and utilize a variety of services. Prevention experts and parents download educational materials, get tips on talking to kids and find recommended resources. Tobacco clerks and alcohol servers take the pledge and make a pact to keep kids tobacco and alcohol free with the I-Pledge and I-PACT eLearning courses.

The Division is also utilizing social media to maintain constant contact with licensees, media and citizens. The Facebook pages currently boast over 1,000 friends and likes. Over 1,500 Twitter followers interact with the Division several times a day. Social media is used to promote the positive, address customer concerns via two-way communication, share news updates and drive web traffic.

The Division is committed to keeping up-to-date with public expectations and will continue to stay current with emerging communication trends and technologies as they develop.

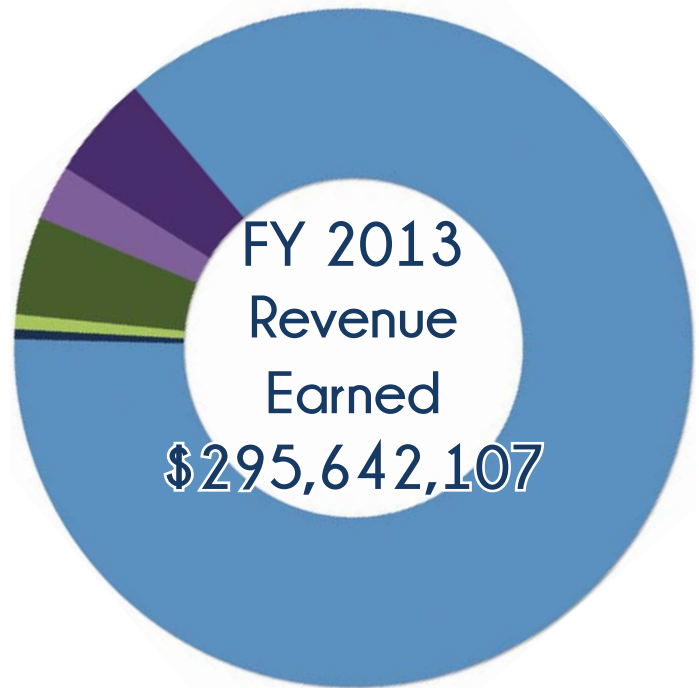
FY13 Web Analytics

VISITS : 178,528
UNIQUE VISITORS : 88,811
PAGE VIEWS : 478,397
AVERAGE VISITS PER WEEK : 3,433



Revenue Earned

Liquor Sales	\$255,846,573 86.5%
Split Case Revenue	\$1,411,057 0.5%
Bottle Deposit/Surcharge Revenue	\$2,061,722 0.7%
Beer Tax	\$13,888,888 4.7%
Wine Tax	\$7,727,636 2.6%
License Fees	\$14,706,231 5.0%



Liquor Sales: \$255,846,573

The Division is vested with the exclusive control within the state as purchaser of all alcoholic liquor sold within the state or imported. The Division receives liquor on a bailment system for resale “shall act as the sole wholesaler of alcoholic liquor to class ‘E’ liquor control licenses”. The Division charges a mark-up of 50% based on the wholesale price paid by the Division. Iowa Code Section 123.22 and 123.22(4).

Split Case Revenue: \$1,411,057

The Division may assess a split-case charge when liquor is sold in quantities which require a case to be split. The fee assessed by the Division for fiscal year 2013 is .50/split. Iowa Code Section 123.24(1).

Bottle Deposit/Surcharge Revenue: \$2,061,722

The Division is allowed to assess a bottle surcharge to be included in the price of alcoholic liquor to pay costs incurred by the Division for collecting and properly disposing of liquor containers. The charge assessed by the Division is .09/per unit sold; this amount includes the .05 bottle deposit fee as prescribed in Iowa Code Section 455C.2. Iowa Code Section 123.24(5).

Beer Tax: \$13,888,888

All beer manufactured or sold in the state at wholesale, and all beer imported into the state and sold at wholesale, a tax of five dollars and eighty nine cents for every barrel. Of the amount reported \$24,112 is collected from native breweries. Iowa Code Section 123.136.

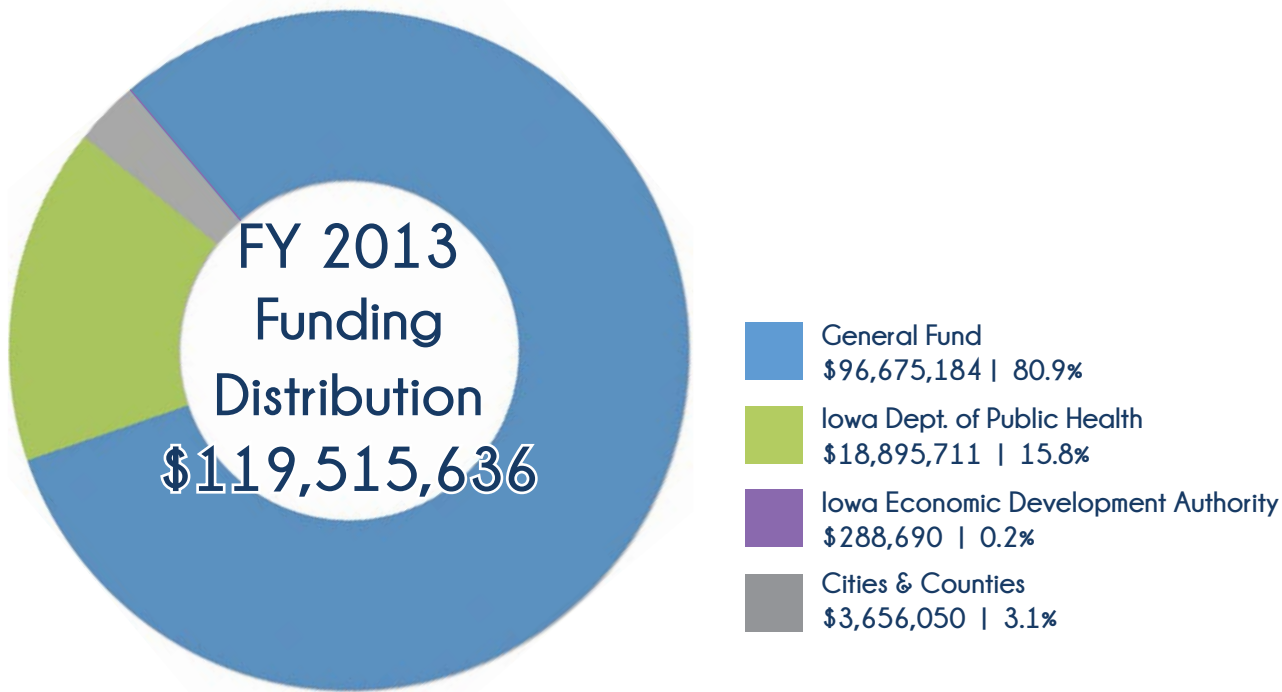
Wine Tax: \$7,727,636

All wine manufactured for sale and sold in the state at wholesale, all wine imported and sold in the state at wholesale, and wine directly shipped to consumers shall be assessed a tax at the rate of one dollar and seventy-five cents for each wine gallon. Of the amount reported \$264,578 is collected from native wineries. Iowa Code Section 123.183.

License Fees: \$14,706,231

The power to establish licenses and permits regarding the sale, importing, and manufacturing of spirits, wine, and beer are vested exclusively with the state. License fees vary dependent on license type, for more information on license revenue see pages 21-23. Iowa Code Section 123.37(1).

Where the Money Goes



General Fund Reversion: \$96,675,184

Revenues generated from liquor profits and barrel tax collected on beer are deposited into the State General Fund. Payments made to the State of Iowa General Fund help pay for programs that benefit all Iowans including education, natural resources, health and family services and public safety.

Iowa Department of Public Health: \$18,895,711

The Division is required to transfer 7% of gross sales of liquor to the State of Iowa General Fund to be appropriated to the Iowa Department of Public Health to administer the Substance Abuse Program. IDPH is also given Sunday Sales license fees, fifty percent of which is to be used for grants to counties for operating substance abuse programs involving only education, prevention, referral or post treatment services.

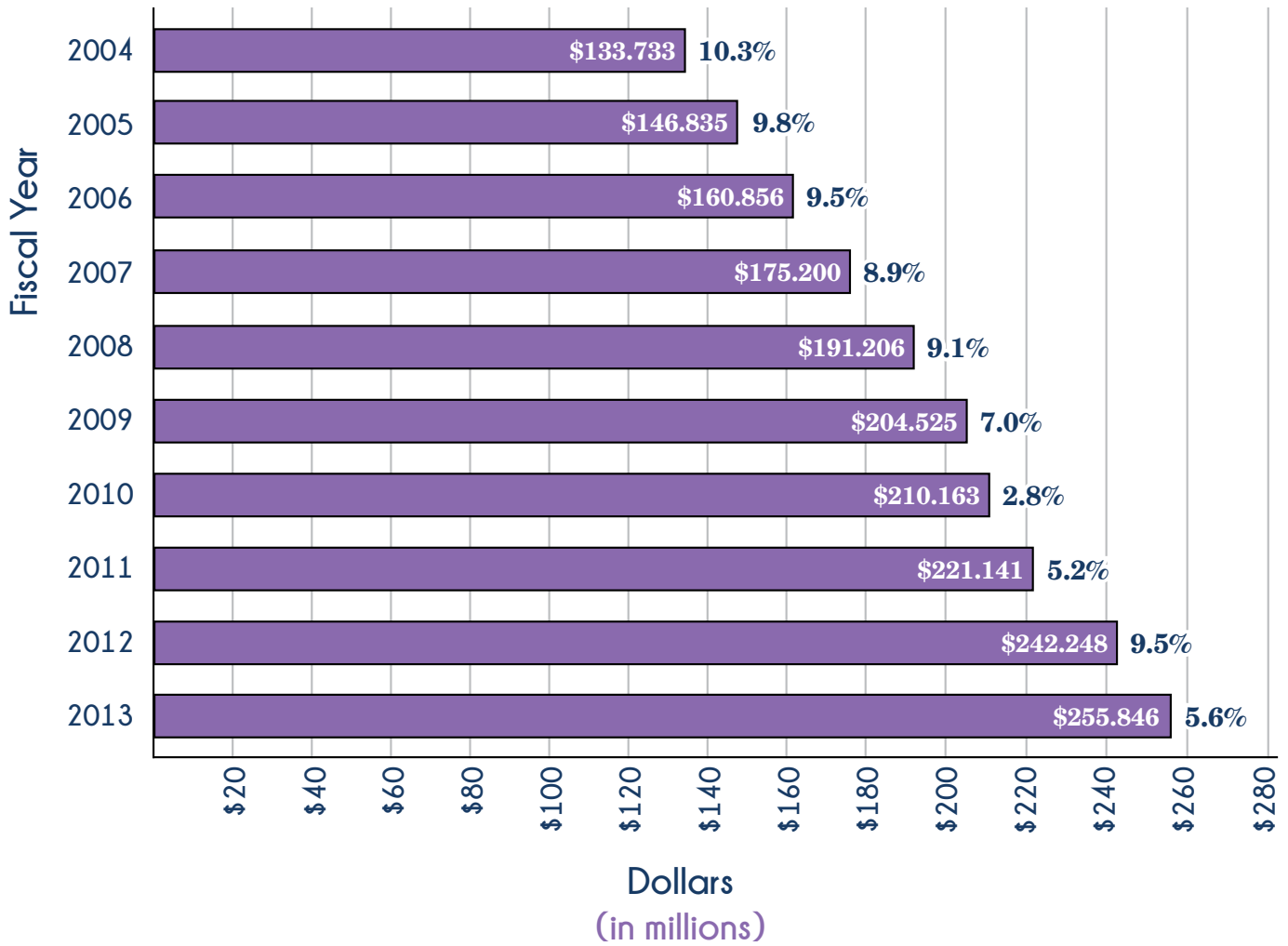
Iowa Economic Development Authority: \$288,690

Revenues collected from the wine gallon tax on native Iowa wine producers and the beer gallon tax on native breweries are deposited with the Iowa Economic Development Authority's beer and wine promotion board. Revenue collected from these taxes are used for: research, enology (science of wine and wine making), development of job training programs specific for wine making, and promotion of native breweries and native wineries in the state of Iowa.

Cities & Counties: \$3,656,050

A percentage of revenues collected from sale of licenses are remitted to the applicable city or county issuing the licenses.

Annual Liquor Sales



LIQUOR SALES

(year ended 6-30-13)

Sales Days Over \$1 Million : 182
 Bottles Delivered : 19,993,234

PURCHASING

(year ended 6-30-13)

Cases Purchased : 1,947,044
 Cost of Liquor Purchased : \$166,658,797
 Number of Vendors : 121

Comparative Statement of Liquor Gallon Sales

DISTILLED SPIRITS	FY13	FY12	Increase (Decrease) + / -	Market Share &
Vodka	1,200,741	1,152,942	4%	24%
Canadian Whisky	645,228	609,081	6%	13%
Rum - Flavored	472,163	480,164	-2%	10%
Cordials & Liqueurs - Domestic	410,951	346,954	18%	8%
Vodka - Flavored	240,707	253,816	-5%	5%
Schnapps	237,211	257,978	-8%	5%
Rum	236,454	246,839	-4%	5%
Blended Whiskey	230,623	225,472	2%	5%
Straight Whiskey	199,992	188,988	6%	4%
Cocktails	182,377	222,307	-18%	4%
Tequila	178,303	186,174	-4%	4%
Brandy - Domestic	114,555	112,885	1%	2%
Gin - Domestic	114,375	117,063	-2%	2%
Tennessee Whiskey	114,355	112,521	2%	2%
Cordials & Liqueurs - Imported	88,753	100,132	-11%	2%
Scotch Whisky	85,998	86,210	0%	2%
Gin- Imported	39,884	38,948	2%	1%
Straight Rye Whiskey	39,861	30,891	29%	1%
Brandy - Imported	31,763	30,846	3%	1%
Irish Whiskey	31,375	24,198	30%	1%
Decanters & Splty Packaging	27,437	22,448	22%	1%
Alcohol	26,301	10,684	146%	1%
Sloe Gin	1,695	2,000	-15%	0%
Bottled In Bond - Bourbon	291	337	-14%	0%
GRAND TOTAL	4,951,393	4,859,878	2%	100%
WINE SALES*	4,415,792	4,163,678	6.1%	
BEER SALES*	73,099,412	77,634,121	-5.8%	

*Wine, beer & low proof wine/cooler sales are based on sales by wholesalers to retailers.

Top 50 Brands

Rank	Brand	Case Sales
1	Black Velvet	125,102
2	Hawkeye Vodka	95,041
3	Captain Morgan Original Spiced Rum	85,149
4	Five O'Clock Vodka	57,374
5	Smirnoff Vodka	37,953
6	Phillips Vodka	36,728
7	Jack Daniel Black Label Whiskey	36,612
8	Seagram Crown Royal	32,690
9	McCormick Vodka	31,051
10	Barton Vodka	29,597
11	Bacardi Light Dry Rum	29,147
12	Seagram 7 Crown Whiskey	27,642
13	Admiral Nelson Spiced Rum	24,998
14	Canadian Ltd	24,375
15	Paramount White Rum	24,370
16	Absolut Vodka	24,182
17	Rum Chata	22,587
18	Jagermeister	20,664
19	Jim Beam Whiskey	19,535
20	Fireball Cinnamon Whiskey	19,104
21	G W Five Star Whiskey	19,018
22	UV Blue Raspberry Vodka	17,796
23	Cuervo Especial Tequila	17,142
24	Southern Comfort 70 Whiskey	16,840
25	Malibu Natural Rum	16,081

Rank	Brand	Case Sales
26	Templeton Whiskey	15,428
27	Dr. McGillicuddy Cherry	14,681
28	Kinky	14,440
29	Kessler Whiskey	13,671
30	Windsor Canadian	13,451
31	Skol Vodka	12,902
32	Ten High Whiskey	12,612
33	Grey Goose Vodka	12,516
34	Cuervo A Lime Mrg Cocktail	12,460
35	Nikolai 80 Proof Vodka	12,440
36	Juarez Tequila	11,340
37	Paramount Peppermint Schnapps	10,987
38	Svedka Vodka	10,746
39	Seagram Extra Dry Gin	10,663
40	Bailey's Original Irish Cream Liquor	10,583
41	Popov Vodka	10,555
42	E & J Brandy	10,384
43	Canadian Club 1858 Whisky	9,431
44	UV Vodka	9,406
45	Jameson	9,404
46	Paramount Gold Rum	8,948
47	Beam 8 Star Whiskey	8,665
48	Dekuyper Peachtree Schnapps	8,555
49	Paramount Gin	8,448
50	Hennessy V S Brandy	8,387

TOTAL 9L CASES TOP 50 BRANDS 1,171,881

TOTAL 9L CASES FY13 1,848,767

TOP 50 BRANDS % OF TOTAL 63.4%

TOTAL 9L CASES FY12 1,800,507

+ OR - % FY13 VS FY12 2.68%

*Data from National Alcoholic Beverage Control Association's
"Case Sales Report of Alcoholic Beverages," based on 9 liter cases.

Per Capita Gallonage by County

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY12	FY13	+ / -	% + / -
1	Dickinson	11,917	6.45	6.11	(0.34)	-5.33%
2	Cerro Gordo	31,568	3.28	3.31	0.03	0.80%
3	Polk	307,908	3.17	3.25	0.09	2.69%
4	Iowa	11,694	3.25	3.20	(0.05)	-1.56%
5	Black Hawk	93,729	3.14	3.13	(0.02)	-0.51%
6	Kossuth	11,113	3.05	3.05	(0.01)	-0.18%
7	Carroll	14,883	3.03	3.03	(0.00)	-0.13%
8	Linn	151,027	2.88	2.94	0.06	1.95%
9	Scott	118,135	2.76	2.85	0.10	3.45%
10	Johnson	93,581	2.75	2.83	0.08	2.78%
11	Hardin	12,537	2.80	2.80	0.01	0.24%
12	Des Moines	28,832	2.15	2.71	0.56	26.24%
13	Clay	11,917	2.76	2.69	(0.06)	-2.30%
14	O'Brien	10,295	2.60	2.58	(0.02)	-0.93%
15	Pottawattamie	66,608	2.56	2.57	0.01	0.36%
16	Lee	25,641	2.25	2.39	0.14	6.33%
17	Buena Vista	14,486	2.29	2.39	0.10	4.19%
18	Story	64,023	2.45	2.39	(0.06)	-2.59%
19	Howard	6,840	2.42	2.38	(0.04)	-1.54%
20	Cass	9,979	2.28	2.31	0.03	1.34%
21	Dubuque	66,962	2.30	2.30	(0.01)	-0.32%
22	Woodbury	73,053	2.21	2.24	0.03	1.34%
23	Webster	27,179	2.10	2.24	0.14	6.52%
24	Bremer	17,357	2.13	2.16	0.02	1.16%
25	Crawford	12,224	1.98	2.15	0.17	8.69%
26	Union	8,962	2.05	2.10	0.05	2.63%
27	Page	11,391	2.02	2.07	0.05	2.52%
28	Emmet	7,366	2.08	2.05	(0.03)	-1.51%
29	Palo Alto	6,736	1.89	1.96	0.07	3.77%
30	Humboldt	7,018	1.75	1.96	0.21	11.71%
31	Wapello	25,472	1.93	1.92	(0.01)	-0.34%
32	Clinton	35,118	1.85	1.90	0.04	2.39%
33	Poweshiek	13,524	1.87	1.89	0.01	0.80%
34	Floyd	11,657	1.84	1.88	0.04	2.10%
35	Cherokee	8,631	1.74	1.86	0.12	6.86%
36	Marshall	29,063	1.84	1.84	(0.00)	-0.23%
37	Winnebago	7,769	1.84	1.83	(0.01)	-0.73%
38	Winneshiek	15,055	1.76	1.82	0.06	3.36%

(continued next page)

Per Capita Gallonage by County (continued)

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY12	FY13	+ / -	% + / -
39	Buchanan	14,985	1.77	1.82	0.05	2.64%
40	Muscatine	30,563	1.75	1.81	0.06	3.40%
41	Boone	18,809	1.61	1.79	0.18	10.90%
42	Ida	5,069	1.94	1.76	(0.18)	-9.19%
43	Jones	14,756	1.87	1.75	(0.11)	-6.03%
44	Jackson	14,191	1.75	1.74	(0.00)	-0.06%
45	Shelby	8,699	1.70	1.71	0.01	0.72%
46	Plymouth	17,865	1.74	1.70	(0.04)	-2.50%
47	Clarke	6,639	1.52	1.70	0.18	12.16%
48	Appanoose	9,214	1.41	1.70	0.29	20.54%
49	Allamakee	10,246	1.69	1.67	(0.01)	-0.68%
50	Hamilton	11,206	1.59	1.66	0.06	4.02%
51	Fayette	14,929	1.63	1.65	0.02	1.25%
52	Wright	9,459	1.66	1.62	(0.04)	-2.48%
53	Monona	6,609	1.62	1.61	(0.00)	-0.20%
54	Sac	7,400	1.71	1.55	(0.15)	-8.92%
55	Adair	5,493	1.37	1.54	0.17	12.42%
56	Montgomery	7,679	1.58	1.51	(0.06)	-4.09%
57	Washington	15,518	1.59	1.51	(0.08)	-4.76%
58	Pocahontas	5,227	1.68	1.51	(0.17)	-10.08%
59	Marion	23,816	1.45	1.47	0.02	1.59%
60	Delaware	12,701	1.40	1.47	0.07	4.83%
61	Dallas	47,287	1.41	1.43	0.02	1.76%
62	Jasper	26,342	1.33	1.38	0.05	3.45%
63	Franklin	7,636	1.43	1.36	(0.06)	-4.48%
64	Lyon	8,280	1.28	1.36	0.08	6.61%
65	Henry	14,404	1.26	1.35	0.08	6.47%
66	Mitchell	7,705	1.34	1.28	(0.06)	-4.79%
67	Sioux	24,098	1.16	1.24	0.08	6.78%
68	Jefferson	12,043	1.19	1.22	0.03	2.75%
69	Warren	33,051	1.19	1.21	0.02	1.90%
70	Calhoun	6,914	1.23	1.17	(0.06)	-4.97%
71	Mahaska	16,002	1.15	1.15	0.00	0.07%
72	Monroe	5,699	1.04	1.10	0.06	6.10%
73	Madison	11,210	0.90	1.07	0.17	18.75%
74	Lucas	6,362	0.87	1.03	0.16	18.77%
75	Clayton	12,962	1.09	0.96	(0.13)	-11.81%
76	Chickasaw	8,894	1.02	0.96	(0.06)	-5.80%

(continued next page)

Per Capita Gallonage by County (continued)

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY12	FY13	+ / -	% + / -
77	Greene	6,675	0.90	0.95	0.05	6.08%
78	Osceola	4,620	1.03	0.95	(0.08)	-7.55%
79	Tama	12,703	0.96	0.91	(0.05)	-5.43%
80	Audubon	4,375	0.91	0.88	(0.03)	-3.76%
81	Mills	10,767	0.83	0.87	0.04	5.27%
82	Harrison	10,674	0.90	0.82	(0.08)	-8.62%
83	Hancock	8,109	0.76	0.80	0.04	5.94%
84	Worth	5,433	0.63	0.79	0.16	25.64%
85	Benton	18,644	0.74	0.79	0.05	6.74%
86	Guthrie	7,832	0.85	0.75	(0.10)	-11.56%
87	Cedar	13,227	0.72	0.74	0.02	3.19%
88	Ringgold	3,669	0.85	0.74	(0.11)	-12.95%
89	Grundy	8,904	0.71	0.71	0.00	0.03%
90	Van Buren	5,413	0.68	0.67	(0.01)	-1.54%
91	Adams	2,881	0.73	0.63	(0.09)	-12.88%
92	Wayne	4,578	0.70	0.62	(0.08)	-11.89%
93	Louisa	8,142	0.63	0.61	(0.02)	-3.08%
94	Butler	10,630	0.48	0.54	0.06	12.77%
95	Decatur	6,047	0.50	0.52	0.03	5.50%
96	Taylor	4,517	0.48	0.48	(0.01)	-1.23%
97	Keokuk	7,515	0.40	0.38	(0.02)	-5.31%
98	Davis	6,258	0.36	0.34	(0.02)	-5.52%
99	Fremont	5,320	0.06	0.08	0.02	36.48%
TOTAL		2,178,145	2.23	2.27	0.04	1.88%

IOWA PER CAPITA CONSUMPTION | 2013

(based on adult population* | 21 & over)

DISTILLED SPIRITS | 2.27 Gallons

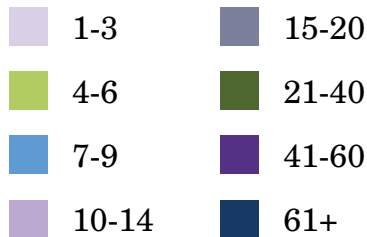
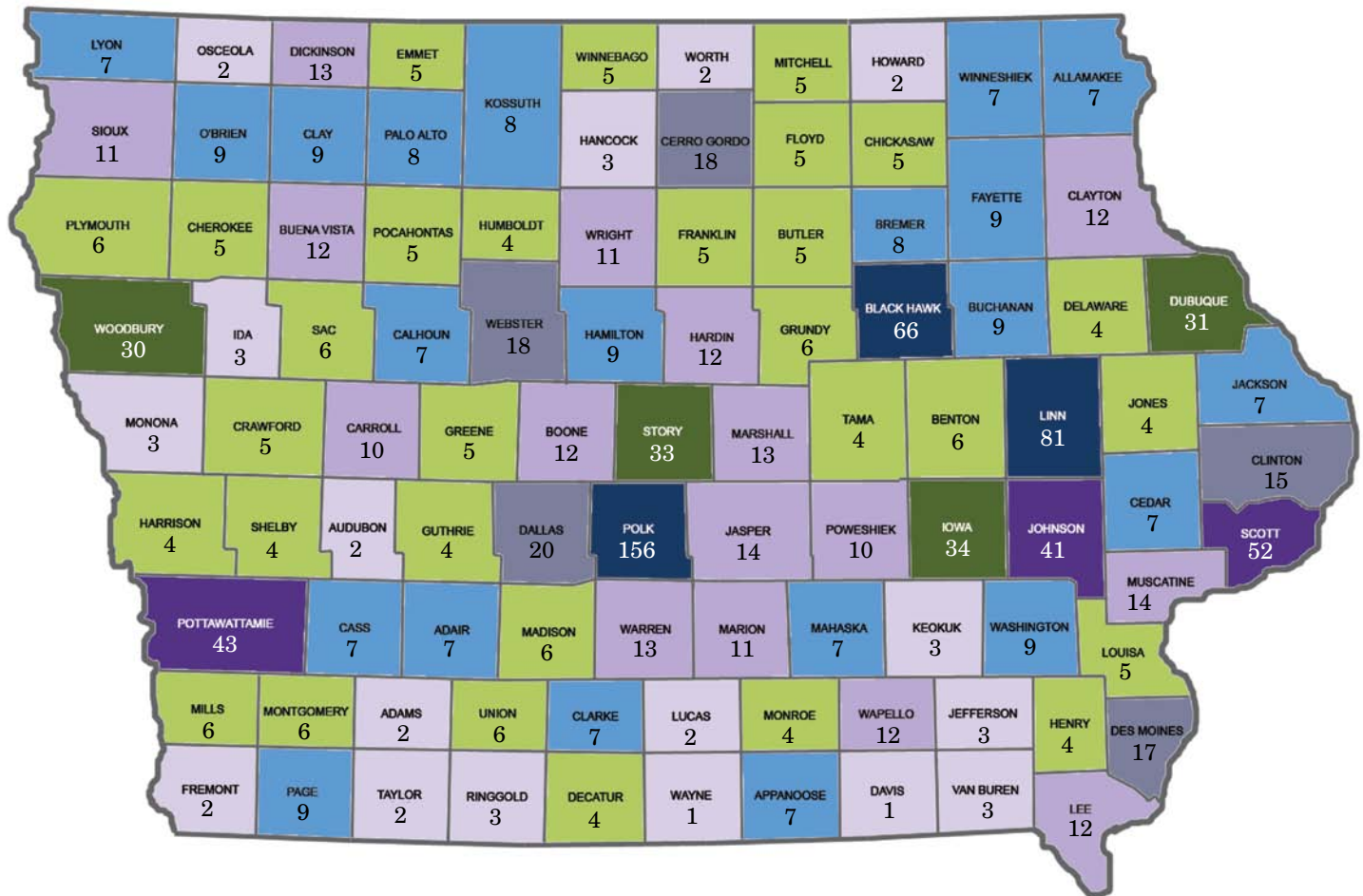
WINE | 2.03 Gallons**

BEER | 33.56 Gallons

*United States Census Bureau. 2010 Census. Web. 1 January 2013.

**The wine per capita tabulation represents products legally defined as wine.

Class "E" Liquor Licensees by County*



TOTAL CLASS "E" LICENSEES 1,198

Class "E" licenses allows commercial establishments to sell liquor to consumers for off-premises consumption in original unopened containers. With a TTB Federal Wholesale Permit, they may sell to on-premises class A, B, C and D liquor licensees. Sunday sales are included.

Tax & Licensing Statistics

TAXES COLLECTED

(year ended 6-30-13)

		+ or - % FY13 vs FY12
Beer Tax	: \$13,864,776	-5.8%
Native Beer Tax	: \$24,112	-2.4%
Wine Tax	: \$7,463,058	6.1%
Native Wine Tax	: \$264,578	3.5%
TOTAL TAXES COLLECTED	: \$21,616,524	-1.9%

GALLONS DISTRIBUTED

(year ended 6-30-13)

		+ or - % FY13 vs FY12
Wine Gallons	: 4,415,792	6.1%
Beer Gallons	: 73,099,412	-5.8%

LICENSE REVENUE

(year ended 6-30-13)

		+ or - % FY13 vs FY12
Liquor and Wine Permits	: \$13,771,290	2.9%
Beer Permits	: \$792,641	-4.0%
Special Licenses	: \$4,000	162.3%
Compliance Licenses	: \$138,300	5.1%
TOTAL	: \$14,706,231	2.5%

Licenses & Permits Processed

RETAIL	FY13	FY12	+ or - % FY13 vs FY12
BB Commercial Beer On/Off Premises	1,027	1,080	-4.9%
BC Retail Store Beer Off Premises	3,548	3,218	10.3%
LA Private Club Liquor/Wine/Beer On Premises	143	155	-7.7%
LB Hotel/Motel Liquor/Wine/Beer On Premises-Beer Off Premises	122	124	-1.6%
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	4,193	4,433	-5.4%
LD Common Carrier Liquor/Wine/Beer On Premises	22	24	-8.3%
LE Commercial Liquor Off Premises	1,354	1,150	17.7%
BW Special Beer/Wine On Premises-Beer Off Premises	621	585	6.2%
WB Retail Store Wine Off Premises	1,698	1,489	14.0%
WBN Retail Store Native Wine Off Premises	524	748	-29.9%
WCN Commercial Native Wine On/Off Premises	53	48	10.4%
Direct Shippers Permit	599	594	0.8%
SUBTOTAL	13,904	13,648	1.9%

(continued next page)

Licenses & Permits Processed (continued)

WHOLESALE	FY13	FY12	+ or - % FY13 vs FY12
BA Beer Wholesaler	44	50	-12.0%
BAN Native Wholesale Beer Manufacturer/Distributor	21	15	40.0%
WA Wine Wholesaler	43	37	16.2%
WAN Native Wholesale Wine Manufacturer/Distributor	93	99	-6.1%
BAA High Alcohol Content Beer Distributor	39	40	-2.5%
BAAN Native High Alcohol Content Beer Manufacturer/Distributor	14	11	27.3%
MD Micro-Distillery	6	5	20.0%
CM Manufacturers Permit	6	4	50.0%
SUBTOTAL	266	261	1.9%
CB Brewers Certificate of Compliance	141	138	2.2%
CD Distillers Certificate of Compliance	118	133	-11.3%
CV Vintners Certificate of Compliance	512	559	-8.4%
SP Brokers Permit	16	21	-23.8%
AC Alcohol Carrier Permit	-	-	0.0%
CP Charity Beer & Wine Permit	47	39	20.5%
SUBTOTAL	834	890	-6.3%
TOTAL	15,004	14,799	1.4%

Administrative Hearings

	FY13	+ or - % FY13 vs FY12
Sales to Minors		
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	148	-15%
LB Hotel/Motel Liquor/Wine/Beer On Premises-Beer Off Premises	8	33%
LE Retail Stores Liquor-Off Premises	61	-6%
BC Retail Stores Beer-Off Premises	103	-37%
BW Retail Beer/Wine Beer On/Off Premises-Wine On Premises	21	133%
BB Commercial Beer On/Off Premises	8	-43%
WBN Retail Store Native Wine Off Premises	6	200%
TOTAL	355	-19%

Summary Suspensions

Failure to Pay Sales Tax

BB Commercial Beer On/Off Premises	2	150%
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	19	84%
BC Retail Stores Beer Off Premises	2	0%
BW Special Beer/Wine On Premises-Beer Off Premises	1	100%
WBN Retail Store Native Wine Off Premises	1	0%
TOTAL	25	-44%

Failure to Maintain Dram Liability Insurance

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	13	0%
TOTAL	13	-13%

Revocations

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	3	0%
TOTAL	3	67%

Administrative Hearings (continued)

	FY13	+ or - % FY13 vs FY12
Illegal Gambling		
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	9	-50%
BC Retail Stores Beer Off Premises	5	25%
BB Commercial Beer On/Off Premises	2	100%
LE Retail Stores Liquor Off Premises	2	100%
TOTAL	18	-25%

Sales During Prohibited Hours

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	6	-68%
TOTAL	6	-68%

Illegal Activity

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	10	-52%
LE Retail Stores Liquor Off Premises	1	-50%
TOTAL	11	-56%

Intoxication

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	1	0%
TOTAL	1	-50%

Credit Sales

LE Retail Stores Liquor Off Premises	1	100%
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	2	-71%
TOTAL	3	-57%

Good Moral Character

LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	2	100%
TOTAL	2	100%

Appeal Hearings

Denied Licenses

	FY13	+ or - % FY13 vs FY12
Liquor :	146	668%
Beer :	42	4,100%
Wine :	3	200%
TOTAL :	191	810%

Alcohol Compliance Statistics

	FY13	+ or - % FY13 vs FY12
Investigations		
Number of Complaints Received	: 163	4%
Number of Investigations Completed	: 176	41%
Number of Founded Investigations	: 69	-19%
Number of Unfounded Investigations	: 107	168%

Routine Compliance Checks

Checks Completed	: 593	131%
Compliant	: 491	189%
Non-Compliant	: 102	17%

Action Taken

Educational Letter	: 137	12%
Warning - Verbal	: 14	17%
Phone Call - Educational	: 18	64%
Sent to AG for Review	: 38	41%
(13 settled; 10 dismissed; 2 canceled license; 3 sent educational letters;10 pending)	:	
Waivers Granted	: 13	86%

Top 2 Violations

1. Infusing
2. Purchasing from a non-wholesaler

Law Enforcement Training by Investigators : 6

FINANCIAL STATEMENTS

This discussion and analysis of the Iowa Alcohol Beverages Division financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2013. All financial data reported is based off the State accounting I/3 system. Except as noted, all financial information presented reflects financial transactions for the reported fiscal year, including the State of Iowa's hold open period. It is essential to note the financial statements, discussion and analysis on the following pages has not been audited.

Revenue Earned	•	Page 12
Revenue Distribution	•	Page 13
Annual Liquor Sales	•	Page 14
Financial Highlights & Analysis	•	Page 29 - 30
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Net Income Statement	•	Page 32
Statement of Cash Flows	•	Page 33
Statement of Net Assets	•	Page 34
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As a result of the master plan and distribution study, the Division began the process of a complete overhaul of its warehouse facility in FY13. In June 2013, in preparation for the installation of racking, the isles of product were turned to run in a more efficient direction, facing the dock doors.

Top: The 175,000 square foot warehouse is situated on nearly 14 acres of land.

Bottom: Warehouse renovations will allow for up to 1,000 new SKUs.

FINANCIAL HIGHLIGHTS & ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS

The annual report consists of a series of proprietary financial statements. The Division operates out of the State of Iowa General Fund (Fund 0001) and the Liquor Control Trust Fund (Fund 0631). The Statement of Net Assets provides information about the Division's assets and liabilities and reflects the financial position as of June 30, 2013, with comparison to the Division's financial position as of June 30, 2012. The Division utilized information submitted in its annual GAAP package that is used in the State of Iowa CAFR, and payment and revenues received during the State of Iowa's hold open period (July 1, 2013 – August 31, 2013). The Profit and Loss Statement reflects the Division's financial performance with respect to wholesale operations. The Net Income Statement outlines fiscal

year 2012 and fiscal year 2013 comparison of the Division's operation and performance relating to Iowa Code Chapter 123, including distribution. Revenue Distribution highlights the amount of payments to government agencies made by the Division; these are obligations as prescribed in Iowa Code Chapter 123. The Statement of Cash Flows represents cash flow comparison for fiscal year 2012 and fiscal year 2013 for the Liquor Control Trust Fund only. Financial statements presented in this report also include 'Notes to Financial Statements' that provide additional information that is essential to a full understanding of the data provided in the statements. These statements provide current and non-current information about the Division's financial position.

FINANCIAL ANALYSIS

Revenue Analysis

- The Division generated \$295.6 million in overall revenue for FY13; this represents a 5% increase over FY12 overall revenues.
- The Division distributed a record \$119.5 million in funds to the State of Iowa, city and counties, and Iowa Economic Development Authority.
- Of the \$285,565,403 in direct revenue collected during FY13, sale of liquor accounts for 89.6% percent of revenues.
- Operating revenues increased by 5.7% in FY13 compared to FY12. This increase represents \$13.9 million in additional revenue.
- Non-operating revenues decreased in FY13 by 1.4%.

Expense Analysis

- Total expenses increased by 5.4% in FY13 over FY12.
- Overall operating expenses increased by 5.5%.
 - Of the \$193 million in operating revenues, purchase of liquor represents 86.1%.
 - The Division exceeded its REC obligation by 6.6% in FY13; total transfer to the State of Iowa General Fund was \$100.8 million, a \$5.3 million increase over FY12.
 - Substance Abuse transfer increased by 5.6%.
 - General Fund transfer increased by 5.5%.
 - The Division incurred one-time capital expenses in FY13:
 - Purchase of logistics software and warehouse management software: \$234,931.
 - Master Plan and building improvements: \$1,393,057.
 - Of the amount reported \$1,331,930 will be capitalized.
- Non-operating expenses increased by 1.9%; this increase represent \$137,923 in expenses. Main contributions to this increase can be attributed to:
 - \$39,000 increase in Sunday Sales transfer to Department of Public Health.
 - \$91,431 increase in General Fund expenditures.

PROFIT & LOSS STATEMENT

	FY13	FY12	% Change
LIQUOR SALES REVENUE	\$255,813,575	\$242,247,993	5.6%
Cost of Sales			
Bailment	\$168,840,059	\$161,438,706	4.6%
Less: Bailment Fees	(\$1,947,044)	(\$1,886,816)	3.2%
Less: Special Handling Fees	(\$134,136)	(\$49,413)	171.5%
Less: Defective Products	(\$85,571)	(\$35,111)	143.7%
TOTAL COST OF SALES¹	\$166,673,308	\$159,467,366	4.5%
GROSS PROFIT	\$89,140,267	\$82,780,627	7.7%
GROSS PROFIT %	34.8%	34.2%	2.0%
Operating Expenses			
Freight Expenses ²	\$2,587,433	\$2,423,763	6.8%
Warehouse Expenses ³	\$1,502,976	\$1,553,893	-3.3%
Other Expenses ⁴	\$1,782,944	\$192,321	827.1%
TOTAL OPERATING EXPENSES	\$5,873,353	\$4,169,977	40.8%
General and Administrative Expenses			
Warehouse Administration	\$526,595	\$329,195	60.0%
Product Administration	\$370,564	\$355,381	4.3%
Accounting/HR	\$265,148	\$194,107	36.6%
Information Technology	\$202,549	\$174,401	16.1%
GENERAL AND ADMIN TOTAL⁵	\$1,364,856	\$1,053,084	29.6%
Income from Operations	\$81,902,058	\$77,557,566	5.6%
Other Revenues			
Split Case Fee	\$1,411,057	\$1,304,663	8.2%
Bottle Deposit/Surcharge	\$2,061,722	\$1,846,580	11.7%
Recycling	\$21,015	-	100.0%
TOTAL OTHER REVENUES	\$3,493,794	\$3,151,243	10.9%
Other Expenses			
Bottle Deposit Fee	\$512,770	\$514,220	-0.3%
Recycle Surcharge Fee	\$1,135,275	\$1,164,483	-2.5%
Liquor Refunds	\$52,727	\$106,169	-50.3%
Substance Abuse Transfer	\$18,005,711	\$17,048,686	5.6%
TOTAL OTHER EXPENSES	\$19,706,483	\$18,833,558	4.6%
NET PROFIT	\$65,689,369	\$61,875,251	6.2%
RETURN ON SALES	25.7%	25.5%	0.5%

NET INCOME STATEMENT

REVENUES	FY13	FY12	% Change
Operating Revenues			
Liquor Sales	\$255,813,575	\$242,247,993	5.6%
Split Case Revenue	\$1,411,057	\$1,304,663	8.2%
Bottle Deposit/Surcharge	\$2,061,722	\$1,846,580	11.7%
Recycling Revenue	\$21,015	-	100.0%
TOTAL OPERATING REVENUES	\$259,307,369	\$245,399,236	5.7%
Non-Operating Revenues			
Lease Revenue	\$202,065	\$202,065	0.0%
License Fees	\$14,706,231	\$14,343,440	2.5%
Wine Tax	\$7,463,058	\$7,030,809	6.1%
Fines/Penalties	\$2,491	\$2,040	22.1%
Misc. Funding Sources	\$287,515	\$388,340	-26.0%
State Appropriations	\$1,223,391	\$1,223,391	0.0%
Prior Year Carryforward	\$2,373,283	\$3,444,267	-31.1%
TOTAL NON-OPERATING REVENUES	\$26,258,034	\$26,634,352	-1.4%
TOTAL REVENUES	\$285,565,403	\$272,033,588	5.0%
EXPENSES			
Operating Expenses			
Purchase of Spirits ¹	\$166,673,307	\$159,467,366	4.5%
Freight Expenses ²	\$2,587,433	\$2,423,763	6.8%
Warehouse Expenses ³	\$1,502,976	\$1,553,893	-3.3%
Other Expenses Related To Distribution ⁴	\$1,782,944	\$192,321	827.1%
Warehouse Administration ⁵	\$526,595	\$329,195	60.0%
Product Administration ⁵	\$370,564	\$355,381	4.3%
Accounting/HR ⁵	\$265,148	\$194,107	36.6%
Information Technology ⁵	\$202,549	\$174,401	16.1%
Bottle Deposit Fee	\$512,770	\$514,220	-0.3%
Recycle Surcharge Fee	\$1,135,275	\$1,164,483	-2.5%
Liquor Refunds	\$52,727	\$106,169	-50.3%
Substance Abuse Transfer	\$18,005,711	\$17,048,686	5.6%
Liquor Profits Transfer	\$82,810,408	\$78,500,000	5.5%
TOTAL OPERATING EXPENSES	\$276,428,407	\$262,023,985	5.5%
Non-Operating Expenses			
Sunday Sales Transfer	\$890,000	\$851,000	4.6%
Payments to City and Counties	\$3,656,050	\$3,648,558	0.2%
Non-Operating Expenditures ⁶	\$2,838,389	\$2,746,958	3.3%
NON-OPERATING EXPENSES TOTAL	\$7,384,439	\$7,246,516	1.9%
TOTAL EXPENSES	\$283,812,846	\$269,270,501	5.4%
NET INCOME	\$1,752,557	\$2,763,087	-36.6%

STATEMENT OF CASH FLOW: LIQUOR CONTROL FUND

CASH IN	FY13	FY12	% Change
Sales-Spirits	\$255,846,573	\$242,247,993	5.6%
Wine Tax	\$7,463,058	\$7,030,809	6.1%
License Fees	\$14,706,231	\$14,343,440	2.5%
Split Case Fee	\$1,411,057	\$1,304,663	8.2%
Bottle Deposit/Surcharge	\$2,061,159	\$1,846,580	11.6%
Misc. Income	\$240,307	\$249,576	-3.7%
TOTAL CASH IN	\$281,728,384	\$267,023,061	5.5%
CASH OUT			
To Local Authorities	\$3,656,050	\$3,648,558	0.2%
Sunday Sales	\$890,000	\$851,000	4.6%
Substance Abuse	\$18,005,711	\$17,048,686	5.6%
General Fund Transfer	\$82,810,408	\$78,500,000	5.5%
Intra State Transfers	\$52,467	\$375,000	-86.0%
Liquor Trust Fund Salaries and Benefits	\$4,395,873	\$3,868,707	13.6%
Liquor Purchases	\$166,658,797	\$159,467,366	4.5%
Bottle Deposit Refund	\$566,915	\$514,220	10.2%
Recycle Surcharge Fee	\$1,254,937	\$1,164,483	7.8%
Travel	\$59,802	\$58,763	1.8%
Vehicle Operation	\$582,537	\$579,253	0.6%
State Vehicle Depreciation	\$2,520	\$2,520	0.0%
Supplies	\$162,034	\$180,702	-10.3%
Printing and Binding	\$21,414	\$8,862	141.6%
Uniforms and Related Items	\$10,196	\$8,157	25.0%
Postage	\$16,772	-	100.0%
Communications	\$76,839	\$43,338	77.3%
Rental	\$67,383	\$577,267	-88.3%
Utilities	\$97,822	\$68,398	43.0%
Outside Services	\$188,328	\$393,142	-52.1%
Payments to other Agencies	\$240,891	\$229,030	5.2%
Equipment	\$761,912	\$59,536	1179.7%
Other Expenses and Obligations	\$1,858	\$1,676	10.9%
Refunds-Other	\$269,300	\$320,229	-15.9%
Capitals	\$1,331,930	-	100.0%
TOTAL CASH OUT	\$282,182,695	\$267,968,893	5.3%
TOTAL CHANGE IN CASH	(\$454,311)	(\$945,832)	-52.0%

STATEMENT OF NET ASSETS

	FY13	FY12	% Change
CURRENT ASSETS			
Cash			
Petty Cash	\$200	\$200	0.0%
Cash	\$8,239,184	\$6,175,317	33.4%
Accounts Receivable			
Liquor	\$6,086,158	\$6,173,781	-1.4%
Split Case Fees	\$33,433	\$30,364	10.1%
Recycle Fee/Surcharge	\$49,275	\$48,730	1.1%
Wine Tax	\$613,542	\$581,220	5.6%
Licenses	\$318,764	\$220,260	44.7%
Fines and Penalties	\$140	\$140	0.1%
Refunds and Reimbursements	\$36,471	\$22,632	61.1%
Other Agency Billings	\$41,332	\$1,254	3196.0%
Inventory	\$1,285,147	\$1,613,404	-20.3%
TOTAL CURRENT ASSETS	\$16,703,645	\$14,867,302	12.4%
PROPERTY PLANT & EQUIPMENT			
Machinery, Equipment and Vehicles	\$539,554	\$532,090	1.4%
Less: Accumulated Depreciation	(\$425,535)	(\$479,837)	-11.3%
Buildings and Building Improvements	\$5,654,397	\$4,232,598	33.6%
Land	\$210,000	\$210,000	0.0%
TOTAL ASSETS	\$22,682,061	\$19,362,153	17.1%
LIABILITIES			
Current Liabilities			
Wages and Benefits	\$173,073	\$144,209	20.0%
Liquor Purchases	\$5,991,360	\$8,259,828	-27.5%
Bottle Deposit Refund	\$42,689	\$54,145	-21.2%
Recycle Surcharge Fee	\$94,515	\$119,661	-21.0%
Substance Abuse Obligation	\$16,119	\$1,448,686	-98.9%
General Fund Obligation	\$6,200,000	-	100.0%
Due to Other State Agencies	\$63,348	\$35,350	79.2%
License Fees to Cities/Counties	\$712,932	\$683,518	4.3%
Liquor Refunds	\$17,517	(\$189)	9181.8%
License Refunds	\$21,411	\$25,260	-15.2%
Misc. Obligations	\$130,887	\$109,947	19.0%
Non-Current Liabilities			
Liquor Payable	-	\$1,056,898	-100.0%
TOTAL LIABILITIES	\$13,463,852	\$11,937,313	12.8%
TOTAL NET ASSETS	\$9,218,210	\$7,424,840	24.2%
TOTAL LIABILITIES & NET ASSETS	\$22,682,061	\$19,362,153	17.1%

NOTES TO FINANCIAL STATEMENTS

- 1 • Cost of goods sold represents purchase of liquor. Per Iowa Code Chapter 123.22, the Division operates on bailment system. The Division charges a \$1.00 bailment fee per case sold to liquor suppliers for warehousing liquor. The bailment fee is deducted from payments to vendors. Bailment fees and special handling fees are not actual revenues received, rather they are a reduction in the purchase of liquor. The amount reported reflects the Division's liquor purchases including the reduction of bailment fees and special handling fees.
- 2 • Freight expenses represent costs associated with delivery spirits to Class E licensees throughout the state of Iowa. Some expenses included in freight are wages and benefits of delivery drivers, fuel expense, and leasing of vehicles.
- 3 • Warehouse expenses represent costs associated with warehousing spirits. Expenses included in warehouse costs are wages and benefits of warehouse employees, supplies utilized for distributing liquor, equipment, and maintenance on equipment.
- 4 • Other expenses related to distribution represent indirect costs associated with warehousing and distribution of spirits. These are expenses the Division incurs as a result of spirit distribution. Some expenses reported are employee uniforms, workers compensation premiums, unemployment claims, major software purchases and capital improvements.
- 5 • General and administrative expenses represent salaries and benefits of employees directly involved with the distribution of spirits. Salaries and wages reported are for warehouse management, product management, accounting, IT and human resource functions.
- 6 • Non-operating expenditures reported represent the Division's cost that are not associated with the physical distribution of spirits. Expenses reported in this category reflect salaries and costs associated with non-distribution functions including the Division Administrator, licensing, investigation, education and outreach, buildings and grounds, accounting, information technology, and human resources.

LIQUOR CONTROL JURISDICTIONS

Alabama, Idaho, *Iowa, Maine, *Michigan, *Mississippi, Montana,
Montgomery County Maryland, New Hampshire, North Carolina, Ohio, Oregon,
Pennsylvania, Utah, Vermont, Virginia, West Virginia, *Wyoming *Wholesale Operations Only



Contact the Division

Facility

Address : 1918 SE. Hulsizer Road, Ankeny, IA 50021
Phone : 515.281.7400 or 866.IowaABD

Online

Website : IowaABD.com
Retailer Training : I-PACT.com
Email : Info@IowaABD.com
Facebook : [Facebook.com/ABDIowa](https://www.facebook.com/ABDIowa)
Twitter : [Twitter.com/IowaABD](https://twitter.com/IowaABD)