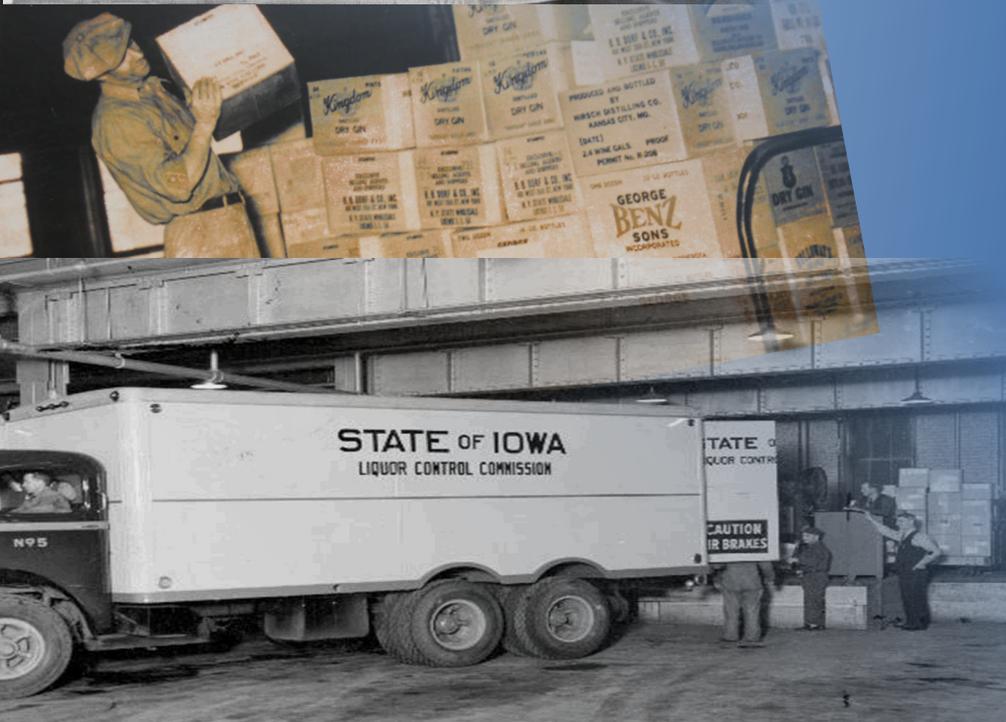


# IOWA

Alcoholic Beverages  
Division

# Annual Report 2016





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## About the Division

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### MISSION STATEMENT

To serve Iowans through responsible and efficient licensing, regulation and distribution of alcohol.

### VISION STATEMENT

The Iowa Alcoholic Beverages Division provides clarity, consistency and equity to all stakeholders within the beverage alcohol industry.

### EXECUTIVE INFORMATION

#### **Governor**

Terry E. Branstad

#### **Lt. Governor**

Kim Reynolds

#### **Commission Members**

- Chairperson: Jay Wilson
- Vice-Chairperson: Gary Nystrom
- Secretary: Rachel Eubank
- Commissioner: Tami Doll
- Commissioner: John Pauli

#### **Division Administration**

##### **Administrator**

Stephen Larson

##### **Comptroller**

Todd Halbur



## Year in Review

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**“ The Division continues to produce a robust return on investment.”**

— Stephen Larson, Administrator

The alcoholic beverages industry is anything but static. Mergers and acquisitions on a global scale along with a craft industry growing at a pace never seen before are intertwined with changes in customer demand and expectations.

Clearly, these are exciting times at the Iowa Alcoholic Beverages Division (Division) as we continue to adapt our operations to enable us to work effectively with this evolving industry.

In Fiscal Year 2016, the Division saw another increase in liquor sales to more than \$288.9 million. Total revenue, which includes fees for licensing as well as collecting beer and wine taxes, topped \$330.4 million and the Division was able to distribute more than \$131.1 million to the General Fund, the Iowa Department of Public Health, the Iowa Economic Development Authority and city and county governments across the state.

Combined with continued operational improvements and efficiencies, the Division continues to produce a robust return on investment and is in a position of being a significant source of state revenue at a time of subdued economic growth in the state.

### Improving Business Practices

As a state agency operating alongside various private sector businesses on a daily basis, it is critical that the Division utilizes technology and practices that optimize efficiency and effectiveness. During Fiscal Year 2016, we completed certain steps toward these goals while committing to other projects that will clearly improve and enhance our productivity and ability to work dynamically with customers, vendors and other regulators.

During the fiscal year, adoption of the Division's web-based portals by customers and vendors was completed, leading to significant savings of time and human resources as the older 'phone and/or fax' ordering system became a thing of the past.

In Fiscal 2016, the Division began a migration from several distinct computer operating systems to a single platform (Microsoft Dynamics AX) that is capable of managing all business and fulfillment processes more effectively. While any such transition can lead to temporary challenges, our staff and the consultants advising this transition have been able to navigate these few 'bumps' very effectively.



## Year in Review (continued)

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Another significant step in ensuring the Division is operating as efficiently as possible was the conclusion of a study by Johnson Stephens Consulting, a transportation and warehousing consulting company. The Johnson Stephens report confirmed that the Division is taking the necessary steps to continue to improve upon the entire fulfillment process, from receiving product into the warehouse to delivering orders directly to our customers.

The Division took great strides in areas other than technology and the fulfillment process in Fiscal Year 2016. In past years, compliance efforts regarding the Register's Annual Great Bike Ride Across Iowa (RAGBRAI) were somewhat ad hoc and less-than-effective. In 2016, the approach to this massive event changed and the Division was able to provide education to more than 400 license holders and every local authority on the route before RAGBRAI started rolling across the state. Compliance personnel followed up by physically checking each community and various events involving liquor licenses along the ride. This effort was due in large part to the decision to create a more robust and effective compliance team after nearly two decades of insufficient resources and personnel. The Division's compliance team is now capable of performing financial audits as well as ensuring license holders are educated on operating within the rules.

Building a more comprehensive compliance program is a key part of the Division's future – a future that will surely involve further change. Will the local craft movement continue to

expand? Will consumers have a more direct effect on where alcohol is sold or delivered? What new products are on the horizon?

Clearly, the Division needs to be prepared for further growth in the number of customers we serve and continue to build upon a tradition and commitment that fosters a contemporary and successful alcoholic beverages industry while ensuring the safety and well-being of Iowans and the communities in which they live.





## 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 and subject to confirmation by the Iowa State Senate. The commission acts as a public policy-making body and serves in an advisory capacity to the Administrator of the Iowa Alcoholic Beverages Division.



### Jay Wilson – Chairperson

Jay Wilson was appointed by Governor Branstad to the Alcoholic Beverages Commission and began his first term on May 1, 2013. Commissioner Wilson is the 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 completing the online program, the employee is a Certified Hy-Vee Wine Specialist. Commissioner Wilson's current term will expire on April 30, 2018. He will be eligible for a second five year appointment.



### Gary Nystrom – Vice Chairperson

Gary Nystrom was appointed by Governor Branstad to the Alcoholic Beverages Commission and began his first term on May 1, 2014. Commissioner Nystrom became a partner in Pritchard Brothers Plumbing, Heating and Cooling in 1974 and is currently President of the company. He is a lifelong resident of Boone where he is starting his second four-year term as a City Councilman. He currently serves as Chairman of the Utility Committee and member of the Economic Committee. Commissioner Nystrom's current term will expire on April 30, 2019. He will be eligible for a second five year appointment.



## **Alcoholic Beverages Commission (continued)**

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### **Rachel Eubank – Secretary**

Rachel Eubank was appointed to the Commission on May 1, 2015 by Governor Branstad. Currently the President of Sticks, Inc., she has served as a volunteer with many organizations, including Chrysalis, I Have a Dream Foundation, the Des Moines Art Center and the 20/30 Society. She is a graduate of the University of Iowa and the University Lueneburg in Germany. She is a native of Des Moines and currently resides there with her husband and three young children. Her term will expire in April, 2020 and she will be eligible for a second, five year term.



### **John Pauli – Commissioner**

John Pauli was appointed to the Commission on May 1, 2016 by Governor Branstad. Commissioner Pauli is an engineer with Pella Windows Corporation in Carroll. He is a graduate of the University of Wisconsin, Platteville (Industrial Engineering) and Drake University (MBA). He is a past member and Chairman of the Carroll County Conservation Board and has served in a number of volunteer positions in the community, including serving as the coach for the local trap shooting team. His term will expire in April, 2021 and he will be eligible for a second, five year term.



### **Tami Doll – Commissioner**

Tami Doll was appointed by Governor Branstad to the Alcoholic Beverages Commission and began her first term on May 1, 2012. Tami is Vice President and co-owner of Doll Distributing, LLC, in Council Bluffs, Iowa. In addition to her responsibilities at Doll Distributing, she 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 on April 30, 2017. She will be eligible for a second five year appointment.



## Revenue Earned

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### **Liquor Sales:** **\$288,908,790**

The Division is the sole wholesaler for all alcoholic liquor (spirits) sold in Iowa and delivers product to over 1,300 retail locations across the state. Iowa Code requires the Division to markup product by 50 percent. Iowa Code §123.24(4).

### **Split Case Revenue:** **\$1,493,939**

A 'split case' fee is applied when liquor is sold to a retailer as a single bottle. The split case fee is fifty cents a bottle and is required by Iowa Code §123.24(1).

### **Bottle Deposit / Surcharge Revenue:** **\$2,597,867**

Pursuant to Iowa Code §455 (C) (2) and Iowa Code §123.24(5), the Division will charge a bottle deposit and a surcharge to be included in the wholesale purchase price. The charge assessed by the Division is nine cents per unit sold and includes the five cent bottle deposit.

### **Beer Tax:** **\$14,231,744**

The Division collects all taxes for beer manufactured or sold in the state at wholesale and beer imported into the state and sold at wholesale at a rate of nineteen cents per gallon.

### **Wine Tax:** **\$7,648,753**

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 in the state shall be assessed a tax at the rate of one dollar and seventy-five cents per gallon.

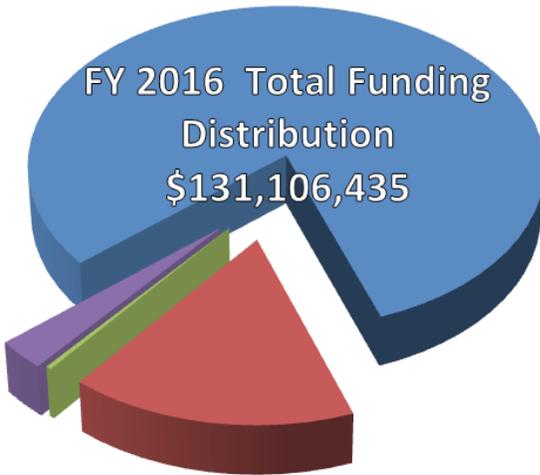
### **License Fees:** **\$15,608,360**

Fees collected are for the licenses and permits required for the sale, manufacturing and importing of spirits, wine and beer in the state.



## Where the Profits Go

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### **General Fund Reversion: \$105,691,821**

Payments made to the State of Iowa General Fund are appropriated by the General Assembly to areas in need, including education, natural resources, public safety and health and family services.

### **Iowa Department of Public Health: \$21,272,448**

The Division transfers seven percent of gross sales of liquor to the State of Iowa General Fund for specific appropriation to the Iowa Department of Public Health for administering of substance abuse and prevention education programs. The Department of Public Health receives Sunday Sales license fees, of which fifty percent are to be earmarked for grants to counties for operating substance abuse programs involving education, prevention, referral or post-treatment services.

### **Iowa Economic Development Authority: \$429,404**

Tax revenues collected from native Iowa wine producers and native breweries are directed to the Iowa Economic Development Authority's Beer and Wine Promotion Board. Funds collected are used for research and development of training programs within the native wine, beer and spirits industries.

### **Cities & Counties: \$3,712,762**

A percentage of revenue collected from sales of licenses are remitted to the local authorities (cities and counties) issuing the licenses.



## Comparative Statement of Gallons Sold

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### Comparative Statement of Liquor Gallons Sold

| DISTILLED SPIRITS              | FY15<br>Gallons     | FY16<br>Gallons     | Increase<br>(Decrease)<br>+ / (-) |
|--------------------------------|---------------------|---------------------|-----------------------------------|
| Whiskey                        | 1,641,237.88        | 1,670,224.43        | 1.77%                             |
| Vodka                          | 1,545,989.05        | 1,636,045.56        | 5.83%                             |
| Cordials and Liqueurs          | 557,224.44          | 487,803.94          | -12.46%                           |
| Brandy                         | 152,940.62          | 163,769.66          | 7.08%                             |
| Rum                            | 697,850.14          | 703,933.95          | 0.87%                             |
| Tequila                        | 194,467.46          | 204,095.46          | 4.95%                             |
| Gin                            | 150,598.74          | 151,207.22          | 0.40%                             |
| Cocktails                      | 166,882.28          | 182,234.23          | 9.20%                             |
| Distilled Spirits Specialty    | 49,962.87           | 84,216.75           | 68.56%                            |
| <b>TOTAL DISTILLED GALLONS</b> | <b>5,157,153.49</b> | <b>5,283,531.18</b> | <b>2.45%</b>                      |

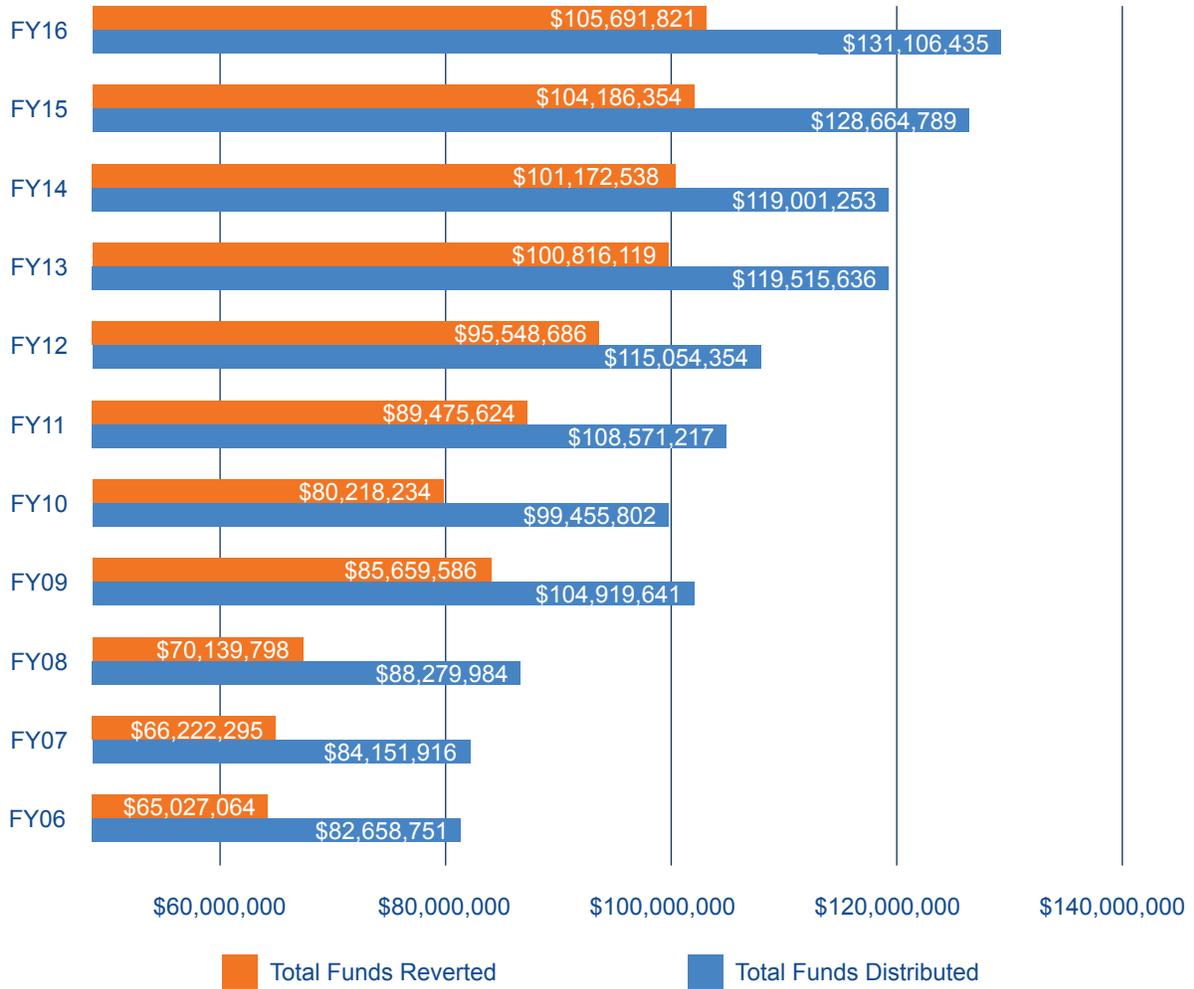
### Comparative Statement of Beer and Wine Gallons Sold

|                           | FY15<br>Gallons   | FY16<br>Gallons   | Increase<br>(Decrease)<br>+ / (-) |
|---------------------------|-------------------|-------------------|-----------------------------------|
| Beer Gallons              | 73,835,128        | 74,746,570        | 1.23%                             |
| Native Beer Gallons       | 560,570           | 560,944           | -                                 |
| <b>TOTAL BEER GALLONS</b> | <b>74,395,698</b> | <b>75,307,514</b> | <b>1.22%</b>                      |
| Wine Gallons              | 4,521,250         | 4,369,835         | -3.35%                            |
| Native Wine Gallons       | 153,665           | 182,261           | 18.60%                            |
| <b>TOTAL WINE GALLONS</b> | <b>4,674,915</b>  | <b>4,552,096</b>  | <b>-2.63%</b>                     |



# Reversion Growth

## DISTRIBUTED / REVERTED FUNDS BY THE DIVISION



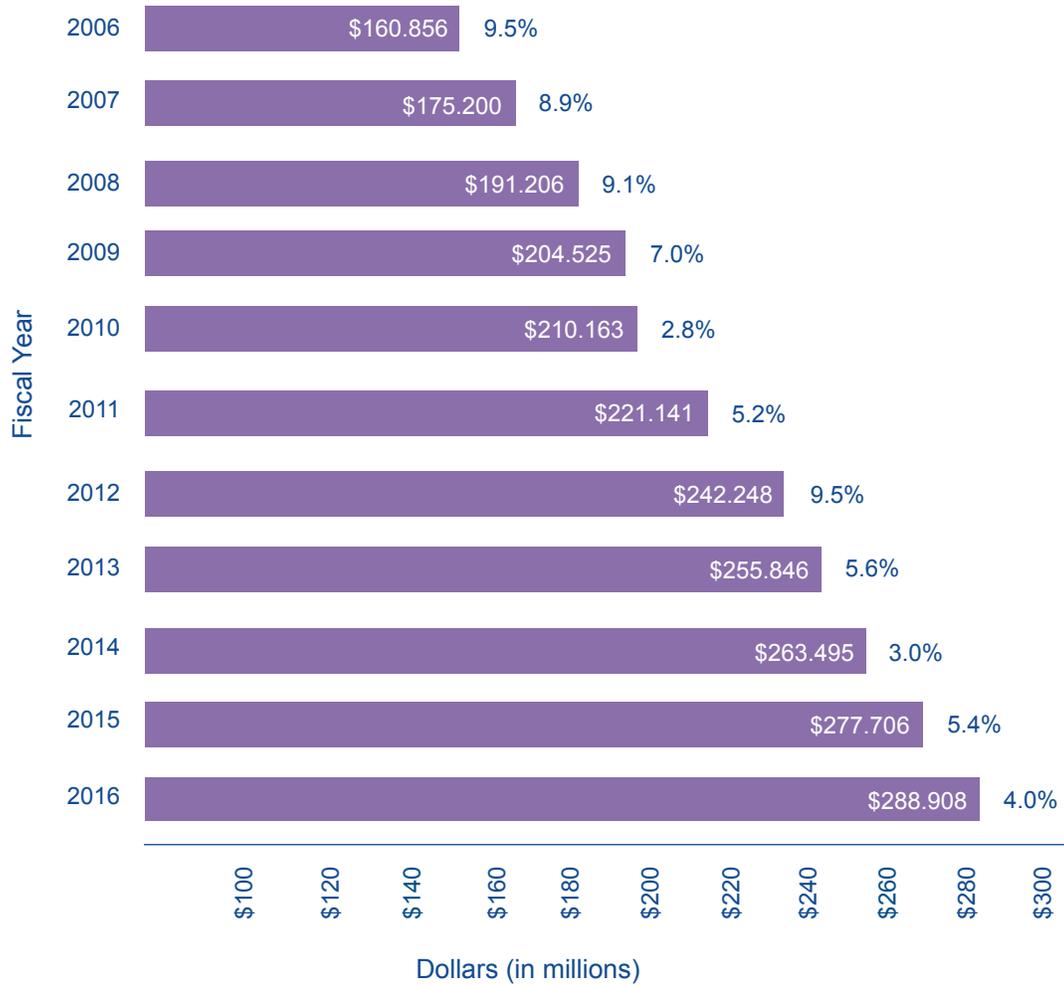
Total Funds Reverted is the amount returned to the General Fund for appropriation by the Legislature.

Total Funds Distributed refers to funds sent to all recipients, including the Iowa Economic Development Authority, Iowa Department of Public Health and local authorities.



## Annual Liquor Sales

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## Purchasing

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(Year ended 6-30-16)

Total Cases of Liquor Purchased .....2,091,996  
Total Cost of Liquor Sales .....\$189,335,883  
Number of Vendors .....174

For more information regarding computation of costs of sales see footnote 1.



## Top 50 Brands \*

| Rank / Brand  | Case Sales | Rank / Brand   | Case Sales |
|---|------------|--|------------|
| 1 Black Velvet Canadian Whiskey                     | 157,190    | 26 Jagermeister Liqueur                              | 18,925     |
| 2 Hawkeye Vodka                                     | 101,837    | 27 Nikolai 80 Proof Vodka                            | 18,338     |
| 3 Captain Morgan Original Spiced Rum                | 86,487     | 28 Uv Blue Raspberry Flavored Vodka                  | 17,581     |
| 4 Fireball Cinnamon Whiskey                         | 74,881     | 29 Southern Comfort Whiskey Liqueur                  | 16,979     |
| 5 Five O'Clock Vodka                                | 60,937     | 30 New Amsterdam Vodka                               | 16,532     |
| 6 Barton Vodka                                      | 54,261     | 31 Jose Cuervo Authentic Lime Margarita              | 16,061     |
| 7 Smirnoff Vodka                                    | 46,629     | 32 Skol Vodka  | 15,845     |
| 8 McCormick Vodka                                   | 45,909     | 33 Windsor Canadian Blended Canadian Whiskey         | 15,655     |
| 9 Jack Daniels Old #7 Black Label Tennessee Whiskey | 44,387     | 34 Jameson Irish Whiskey                             | 15,262     |
| 10 Seagram's Crown Royal Canadian Whiskey           | 40,288     | 35 Kessler Blended Whiskey                           | 15,032     |
| 11 Phillips Vodka                                   | 37,230     | 36 Grey Goose Imported Vodka                         | 14,651     |
| 12 Tito Handmade Texas Vodka                        | 31,964     | 37 Dr McGillicuddys Cherry Schnapps                  | 14,254     |
| 13 Bacardi Light-Dry Rum                            | 31,903     | 38 Uv Vodka  | 13,800     |
| 14 Absolut Imported Vodka                           | 30,913     | 39 Ten High Sour Mash Kentucky Bourbon Whiskey Blend | 13,778     |
| 15 Seagram's Seven Crown Blended Whiskey            | 28,964     | 40 Fleischmann's Royal Vodka                         | 12,530     |
| 16 Admiral Nelson's Spiced Rum                      | 28,889     | 41 Hennessy VS Imported Brandy                       | 12,401     |
| 17 Paramount White Rum                              | 24,445     | 42 Crown Royal Regal Apple Flavored Canadian Whiskey | 12,286     |
| 18 Paramount Peppermint Schnapps                    | 23,660     | 43 Pinnacle Imported Vodka (France)                  | 12,151     |
| 19 Canadian LTD Whiskey                             | 23,643     | 44 Svedka Imported Vodka (Swedish)                   | 11,912     |
| 20 G & W Five Star Blended Whiskey                  | 22,709     | 45 Black Velvet Toasted Caramel Canadian Whiskey     | 11,423     |
| 21 Jim Beam Kentucky Straight Bourbon Whiskey       | 22,466     | 46 E & J VS Brandy                                   | 10,724     |
| 22 Captain Morgan Original Spiced Rum Barrel Shape  | 21,173     | 47 Canadian Club Original 1858 Canadian Whiskey      | 10,701     |
| 23 Malibu Rum Natural Coconut                       | 20,474     | 48 Seagram's Extra Dry Gin                           | 10,268     |
| 24 Joese Cuervo Especial Reposado Tequila           | 20,040     | 49 DeKuyper Peachtree Schnapps                       | 10,177     |
| 25 Juarez Gold Tequila                              | 19,540     | 50 Baileys Original Irish Cream Liqueur              | 9,812      |

**Total 9 Liter Cases FY 16**      **2,219,162**  
**9 Liter Cases Top 50**      **1,447,896**  
**% all Cases**      **65.25%**  
**+ or (-) % FY 16 vs FY15**      **2.31%**

**Total 9 Liter Cases FY 15**      **2,169,018**  
**+ or (-) % FY 15 vs FY14**      **2.54%**

**Total 9 Liter Cases FY 14**      **2,115,198**

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



## Total Gallons Sold per County

| RANK | COUNTY        | FISCAL YEAR GALLONS |              |            |         | Retailers Selling Spirits |         |       |         |
|------|---------------|---------------------|--------------|------------|---------|---------------------------|---------|-------|---------|
|      |               | FY 2015             | FY 2016      | + / -      | % + / - | FY 2015                   | FY 2016 | + / - | % + / - |
| 1    | Polk          | 1,065,884.54        | 1,108,697.55 | 42,813.01  | 4.02%   | 216                       | 205     | -11   | -5.09%  |
| 2    | Linn          | 458,179.08          | 461,813.04   | 3,633.96   | 0.79%   | 96                        | 100     | 4     | 4.17%   |
| 3    | Scott         | 351,470.83          | 355,458.53   | 3,987.70   | 1.13%   | 66                        | 71      | 5     | 7.58%   |
| 4    | Johnson       | 289,042.91          | 298,784.38   | 9,741.47   | 3.37%   | 51                        | 55      | 4     | 7.84%   |
| 5    | Black Hawk    | 292,266.30          | 292,454.12   | 187.82     | 0.06%   | 78                        | 69      | -9    | -11.54% |
| 6    | Woodbury      | 173,126.62          | 182,651.50   | 9,524.88   | 5.50%   | 40                        | 39      | -1    | -2.50%  |
| 7    | Pottawattamie | 178,204.43          | 178,690.18   | 485.75     | 0.27%   | 51                        | 52      | 1     | 1.96%   |
| 8    | Dubuque       | 158,606.42          | 163,807.01   | 5,200.59   | 3.28%   | 38                        | 41      | 3     | 7.89%   |
| 9    | Story         | 160,068.47          | 162,567.71   | 2,499.24   | 1.56%   | 36                        | 38      | 2     | 5.56%   |
| 10   | Cerro Gordo   | 114,610.22          | 120,372.80   | 5,762.58   | 5.03%   | 19                        | 23      | 4     | 21.05%  |
| 11   | Dallas        | 83,086.07           | 92,797.95    | 9,711.88   | 11.69%  | 17                        | 18      | 1     | 5.88%   |
| 12   | Dickinson     | 75,379.25           | 78,272.52    | 2,893.27   | 3.84%   | 17                        | 13      | -4    | -23.53% |
| 13   | Clinton       | 67,020.69           | 68,064.13    | 1,043.44   | 1.56%   | 17                        | 17      | 0     | 0.00%   |
| 14   | Des Moines    | 65,464.00           | 67,953.23    | 2,489.23   | 3.80%   | 20                        | 21      | 1     | 5.00%   |
| 15   | Lee           | 67,538.65           | 67,352.34    | (186.31)   | -0.28%  | 17                        | 18      | 1     | 5.88%   |
| 16   | Webster       | 58,239.38           | 65,690.46    | 7,451.08   | 12.79%  | 19                        | 23      | 4     | 21.05%  |
| 17   | Muscatine     | 57,623.69           | 59,019.68    | 1,395.99   | 2.42%   | 20                        | 21      | 1     | 5.00%   |
| 18   | Marshall      | 52,523.01           | 57,176.22    | 4,653.21   | 8.86%   | 14                        | 15      | 1     | 7.14%   |
| 19   | Wapello       | 50,152.05           | 50,179.79    | 27.74      | 0.06%   | 13                        | 14      | 1     | 7.69%   |
| 20   | Warren        | 42,476.98           | 47,452.20    | 4,975.22   | 11.71%  | 20                        | 21      | 1     | 5.00%   |
| 21   | Carroll       | 46,761.64           | 46,331.67    | (429.97)   | -0.92%  | 11                        | 12      | 1     | 9.09%   |
| 22   | Marion        | 37,809.86           | 39,703.91    | 1,894.05   | 5.01%   | 11                        | 13      | 2     | 18.18%  |
| 23   | Hardin        | 37,364.75           | 38,115.27    | 750.52     | 2.01%   | 13                        | 13      | 0     | 0.00%   |
| 24   | Bremer        | 38,442.11           | 37,489.29    | (952.82)   | -2.48%  | 9                         | 9       | 0     | 0.00%   |
| 25   | Boone         | 36,320.88           | 36,316.14    | (4.74)     | -0.01%  | 15                        | 15      | 0     | 0.00%   |
| 26   | Kossuth       | 37,572.28           | 35,208.67    | (2,363.61) | -6.29%  | 8                         | 7       | -1    | -12.50% |
| 27   | Jasper        | 36,677.11           | 34,457.83    | (2,219.28) | -6.05%  | 15                        | 15      | 0     | 0.00%   |
| 28   | Buena Vista   | 34,512.31           | 33,674.40    | (837.91)   | -2.43%  | 13                        | 14      | 1     | 7.69%   |
| 29   | Clay          | 34,007.46           | 32,275.28    | (1,732.18) | -5.09%  | 9                         | 8       | -1    | -11.11% |
| 30   | Plymouth      | 34,720.25           | 29,968.49    | (4,751.76) | -13.69% | 8                         | 8       | 0     | 0.00%   |
| 31   | Sioux         | 28,722.13           | 29,548.58    | 826.45     | 2.88%   | 10                        | 9       | -1    | -10.00% |
| 32   | Fayette       | 24,842.01           | 27,743.94    | 2,901.93   | 11.68%  | 8                         | 10      | 2     | 25.00%  |
| 33   | Buchanan      | 27,491.42           | 27,366.68    | (124.74)   | -0.45%  | 11                        | 11      | 0     | 0.00%   |
| 34   | Washington    | 25,082.56           | 27,213.83    | 2,131.27   | 8.50%   | 8                         | 7       | -1    | -12.50% |
| 35   | O'Brien       | 26,516.45           | 27,056.60    | 540.15     | 2.04%   | 10                        | 10      | 0     | 0.00%   |
| 36   | Poweshiek     | 25,749.20           | 26,886.76    | 1,137.56   | 4.42%   | 13                        | 14      | 1     | 7.69%   |
| 37   | Winneshiek    | 26,470.91           | 26,256.10    | (214.81)   | -0.81%  | 6                         | 5       | -1    | -16.67% |
| 38   | Iowa          | 28,317.19           | 25,229.16    | (3,088.03) | -10.91% | 11                        | 13      | 2     | 18.18%  |
| 39   | Jackson       | 25,430.46           | 25,208.13    | (222.33)   | -0.87%  | 8                         | 8       | 0     | 0.00%   |
| 40   | Crawford      | 24,253.97           | 24,970.61    | 716.64     | 2.95%   | 6                         | 5       | -1    | -16.67% |

(continued on page 15)



## Total Gallons Sold per County (continued)

| RANK | COUNTY     | FISCAL YEAR GALLONS |           |            |         | Retailers Selling Spirits |         |       |         |
|------|------------|---------------------|-----------|------------|---------|---------------------------|---------|-------|---------|
|      |            | FY 2015             | FY 2016   | + / -      | % + / - | FY 2015                   | FY 2016 | + / - | % + / - |
| 41   | Floyd      | 23,275.19           | 24,262.17 | 986.98     | 4.24%   | 7                         | 6       | -1    | -14.29% |
| 42   | Cass       | 22,772.00           | 23,537.40 | 765.40     | 3.36%   | 9                         | 9       | 0     | 0.00%   |
| 43   | Jones      | 23,300.34           | 21,990.80 | (1,309.54) | -5.62%  | 4                         | 5       | 1     | 25.00%  |
| 44   | Page       | 22,605.38           | 21,963.22 | (642.16)   | -2.84%  | 8                         | 8       | 0     | 0.00%   |
| 45   | Henry      | 20,896.34           | 20,472.27 | (424.07)   | -2.03%  | 5                         | 5       | 0     | 0.00%   |
| 46   | Union      | 19,729.02           | 19,247.74 | (481.28)   | -2.44%  | 6                         | 6       | 0     | 0.00%   |
| 47   | Mahaska    | 19,867.22           | 18,967.66 | (899.56)   | -4.53%  | 6                         | 6       | 0     | 0.00%   |
| 48   | Delaware   | 17,260.66           | 18,884.08 | 1,623.42   | 9.41%   | 4                         | 5       | 1     | 25.00%  |
| 49   | Hamilton   | 17,669.17           | 18,153.71 | 484.54     | 2.74%   | 8                         | 8       | 0     | 0.00%   |
| 50   | Allamakee  | 17,718.55           | 17,481.97 | (236.58)   | -1.34%  | 6                         | 6       | 0     | 0.00%   |
| 51   | Appanoose  | 16,378.50           | 16,454.96 | 76.46      | 0.47%   | 6                         | 8       | 2     | 33.33%  |
| 52   | Benton     | 15,804.84           | 16,257.23 | 452.39     | 2.86%   | 6                         | 6       | 0     | 0.00%   |
| 53   | Shelby     | 16,382.10           | 16,138.07 | (244.03)   | -1.49%  | 4                         | 4       | 0     | 0.00%   |
| 54   | Winnebago  | 16,058.34           | 16,134.63 | 76.29      | 0.48%   | 6                         | 7       | 1     | 16.67%  |
| 55   | Jefferson  | 15,688.14           | 15,748.60 | 60.46      | 0.39%   | 4                         | 4       | 0     | 0.00%   |
| 56   | Madison    | 14,673.13           | 15,722.19 | 1,049.06   | 7.15%   | 8                         | 8       | 0     | 0.00%   |
| 57   | Cherokee   | 14,863.22           | 15,569.25 | 706.03     | 4.75%   | 7                         | 6       | -1    | -14.29% |
| 58   | Lyon       | 14,470.07           | 15,437.80 | 967.73     | 6.69%   | 10                        | 9       | -1    | -10.00% |
| 59   | Howard     | 16,527.06           | 15,356.57 | (1,170.49) | -7.08%  | 3                         | 4       | 1     | 33.33%  |
| 60   | Wright     | 15,250.61           | 15,264.19 | 13.58      | 0.09%   | 10                        | 10      | 0     | 0.00%   |
| 61   | Tama       | 13,384.11           | 14,222.88 | 838.77     | 6.27%   | 5                         | 5       | 0     | 0.00%   |
| 62   | Humboldt   | 14,003.70           | 14,199.67 | 195.97     | 1.40%   | 4                         | 4       | 0     | 0.00%   |
| 63   | Clayton    | 14,589.63           | 13,869.19 | (720.44)   | -4.94%  | 12                        | 12      | 0     | 0.00%   |
| 64   | Emmet      | 12,660.32           | 13,154.55 | 494.23     | 3.90%   | 4                         | 4       | 0     | 0.00%   |
| 65   | Palo Alto  | 12,847.76           | 12,930.77 | 83.01      | 0.65%   | 8                         | 7       | -1    | -12.50% |
| 66   | Montgomery | 12,481.01           | 12,839.38 | 358.37     | 2.87%   | 5                         | 5       | 0     | 0.00%   |
| 67   | Clarke     | 12,098.47           | 12,304.47 | 206.00     | 1.70%   | 6                         | 6       | 0     | 0.00%   |
| 68   | Sac        | 11,647.94           | 12,237.54 | 589.60     | 5.06%   | 7                         | 8       | 1     | 14.29%  |
| 69   | Cedar      | 11,224.83           | 11,291.10 | 66.27      | 0.59%   | 9                         | 9       | 0     | 0.00%   |
| 70   | Greene     | 9,096.68            | 11,281.01 | 2,184.33   | 24.01%  | 7                         | 6       | -1    | -14.29% |
| 71   | Franklin   | 10,570.29           | 11,278.75 | 708.46     | 6.70%   | 6                         | 6       | 0     | 0.00%   |
| 72   | Ida        | 9,445.84            | 11,185.86 | 1,740.02   | 18.42%  | 5                         | 4       | -1    | -20.00% |
| 73   | Monona     | 10,354.74           | 10,311.07 | (43.67)    | -0.42%  | 3                         | 4       | 1     | 33.33%  |
| 74   | Mitchell   | 9,836.93            | 9,978.04  | 141.11     | 1.43%   | 5                         | 5       | 0     | 0.00%   |
| 75   | Mills      | 8,826.69            | 9,871.01  | 1,044.32   | 11.83%  | 6                         | 7       | 1     | 16.67%  |
| 76   | Harrison   | 9,759.63            | 9,850.45  | 90.82      | 0.93%   | 6                         | 7       | 1     | 16.67%  |
| 77   | Adair      | 8,807.76            | 9,225.98  | 418.22     | 4.75%   | 8                         | 7       | -1    | -12.50% |
| 78   | Chickasaw  | 8,698.34            | 8,437.14  | (261.20)   | -3.00%  | 6                         | 5       | -1    | -16.67% |
| 79   | Lucas      | 8,414.06            | 8,284.12  | (129.94)   | -1.54%  | 2                         | 3       | 1     | 50.00%  |
| 80   | Pocahontas | 7,899.47            | 8,112.82  | 213.35     | 2.70%   | 6                         | 5       | -1    | -16.67% |

(continued on page 16)



## Total Gallons Sold per County (continued)

| RANK         | COUNTY    | FISCAL YEAR GALLONS |                     |                   |              | Retailers Selling Spirits |               |           |              |
|--------------|-----------|---------------------|---------------------|-------------------|--------------|---------------------------|---------------|-----------|--------------|
|              |           | FY 2015             | FY 2016             | + / -             | % + / -      | FY 2015                   | FY 2016       | + / -     | % + / -      |
| 81           | Calhoun   | 7,622.57            | 7,847.41            | 224.84            | 2.95%        | 8                         | 6             | -2        | -25.00%      |
| 82           | Grundy    | 6,826.20            | 7,574.74            | 748.54            | 10.97%       | 7                         | 8             | 1         | 14.29%       |
| 83           | Hancock   | 7,151.19            | 7,527.17            | 375.98            | 5.26%        | 4                         | 4             | 0         | 0.00%        |
| 84           | Butler    | 6,756.61            | 6,979.55            | 222.94            | 3.30%        | 7                         | 7             | 0         | 0.00%        |
| 85           | Monroe    | 6,521.76            | 6,329.06            | (192.70)          | -2.95%       | 3                         | 3             | 0         | 0.00%        |
| 86           | Guthrie   | 6,054.13            | 6,314.20            | 260.07            | 4.30%        | 4                         | 5             | 1         | 25.00%       |
| 87           | Worth     | 5,423.34            | 5,750.40            | 327.06            | 6.03%        | 3                         | 3             | 0         | 0.00%        |
| 88           | Osceola   | 5,210.08            | 5,250.49            | 40.41             | 0.78%        | 2                         | 2             | 0         | 0.00%        |
| 89           | Louisa    | 4,536.79            | 4,261.24            | (275.55)          | -6.07%       | 5                         | 4             | -1        | -20.00%      |
| 90           | Audubon   | 3,892.63            | 4,020.71            | 128.08            | 3.29%        | 2                         | 4             | 2         | 100.00%      |
| 91           | Keokuk    | 3,402.32            | 3,674.96            | 272.64            | 8.01%        | 3                         | 3             | 0         | 0.00%        |
| 92           | Van Buren | 3,428.99            | 3,628.70            | 199.71            | 5.82%        | 3                         | 3             | 0         | 0.00%        |
| 93           | Decatur   | 3,060.70            | 3,490.56            | 429.86            | 14.04%       | 5                         | 5             | 0         | 0.00%        |
| 94           | Ringgold  | 2,895.76            | 3,258.16            | 362.40            | 12.51%       | 3                         | 3             | 0         | 0.00%        |
| 95           | Taylor    | 2,149.70            | 2,477.88            | 328.18            | 15.27%       | 3                         | 2             | -1        | -33.33%      |
| 96           | Wayne     | 1,873.23            | 2,225.18            | 351.95            | 18.79%       | 3                         | 3             | 0         | 0.00%        |
| 97           | Davis     | 2,249.45            | 2,141.21            | (108.24)          | -4.81%       | 1                         | 1             | 0         | 0.00%        |
| 98           | Adams     | 1,841.61            | 1,916.09            | 74.48             | 4.04%        | 1                         | 1             | 0         | 0.00%        |
| 99           | Fremont   | 389.79              | 676.52              | 286.73            | 73.56%       | 1                         | 2             | 1         | 100.00%      |
| <b>TOTAL</b> |           | <b>5,157,153.47</b> | <b>5,283,531.22</b> | <b>126,377.75</b> | <b>2.45%</b> | <b>1,383</b>              | <b>1,398*</b> | <b>15</b> | <b>1.08%</b> |

\*Totals above represent all licenses issued in the fiscal year. This total does not reflect the licenses canceled or refunded during this same period.



## Tax & Licensing Statistics

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### TAXES COLLECTED

(Includes penalties and adjusted for fiscal year collection and refunds)

(year ended 6-30-16)

|                              | FY15                | FY16                | + or (-) % FY16<br>vs FY15 |
|------------------------------|---------------------|---------------------|----------------------------|
| Beer Tax*                    | \$14,489,027        | \$14,231,743        | (1.8%)                     |
| Native Beer Tax*             | \$65,379            | \$108,887           | 66.5%                      |
| Wine Tax*                    | \$7,765,256         | \$7,648,753         | (1.5%)                     |
| Native Wine Tax              | \$247,851           | \$320,516           | 29.3%                      |
| <b>TOTAL TAXES COLLECTED</b> | <b>\$22,567,513</b> | <b>\$22,309,899</b> | <b>(1.2%)</b>              |

### LICENSE REVENUE

(year ended 6-30-16)

|                              | FY15                | FY16                | + or (-) % FY16<br>vs FY15 |
|------------------------------|---------------------|---------------------|----------------------------|
| Liquor and Wine Permits      | \$13,982,232        | \$14,257,743        | .01%                       |
| Beer Permits                 | \$1,136,313         | \$1,179,560         | 2.9%                       |
| Special Licenses             | \$7,950             | \$9,895             | 24.0%                      |
| Compliance Licenses**        | \$157,000           | \$161,162           | 2.5%                       |
| <b>TOTAL LICENSE REVENUE</b> | <b>\$15,283,496</b> | <b>\$15,608,360</b> | <b>0.1%</b>                |

\* For gallons reported, see page 10

\*\* Refers to certificates of compliance for brewers, distillers and vintners (Page 19)



## Licenses & Permits Processed

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### RETAIL

|                |   | FY15          | FY16          | + OR (-) %<br>FY16 VS<br>FY15 |
|----------------|---|---------------|---------------|-------------------------------|
| <b>License</b> |   |               |               |                               |
| BB             | Commercial   Beer On / Off Premises                                     | 1,115         | 1,092         | -2.06%                        |
| BC             | Retail Store   Beer Off Premises  | 3,058         | 3,154         | 3.14%                         |
| LA             | Private Club   Liquor / Wine / Beer On Premises                         | 140           | 147           | 5.00%                         |
| LB             | Hotel / Motel   Liquor / Wine / Beer On Premises -<br>Beer Off Premises | 122           | 132           | 8.20%                         |
| LC             | Commercial   Liquor / Wine / Beer On Premises -<br>Beer Off Premises    | 4,489         | 4,483         | -0.13%                        |
| LD             | Common Carrier   Liquor / Wine / Beer On<br>Premises                    | 24            | 25            | 4.17%                         |
| LE             | Commercial   Liquor Off Premises  | 1,440         | 1,375         | -4.51%                        |
| BW             | Special   Beer / Wine On Premises - Beer Off<br>Premises                | 744           | 779           | 4.70%                         |
| WB             | Retail Store   Wine Off Premises  | 1,481         | 1,872         | 26.40%                        |
| WBN            | Retail Store   Native Wine Off Premises                                 | 918           | 1,264         | 37.69%                        |
| WCN            | Commercial   Native Wine On / Off Premises                              | 86            | 137           | 59.30%                        |
|                | <b>RETAIL TOTAL</b>   | <b>13,617</b> | <b>14,460</b> | <b>6.19%</b>                  |

### Licenses Suspended

In Fiscal Year 2016, 48 licenses were suspended by the Division. The most common reasons leading to suspension include serving alcohol to minors, delinquent tax payments or failure to maintain dram shop insurance.

(continued on page 19)



## Licenses & Permits Processed (continued)

### WHOLESALE / MANUFACTURER / IMPORTER

|  |  | FY15          | FY16          | + OR (-) %<br>FY16 VS<br>FY15 |
|--|--|---------------|---------------|-------------------------------|
| <b>License</b>                                   |  |               |               |                               |
| BA   | Beer Wholesaler                        | 48            | 43            | -10.42%                       |
| BAA  | High Alcohol Content Beer Wholesaler   | 41            | 34            | -17.07%                       |
| WA   | Wine Wholesaler                        | 38            | 31            | -18.42%                       |
| <b>WHOLESALE SUBTOTAL</b>                        |  | <b>127</b>    | <b>108</b>    | <b>-14.96%</b>                |
| BAN  | Native Beer Manufacturer / Distributor | 34            | 46            | 35.29%                        |
| BAAN   | High Alcohol Content Native Beer       | 31            | 40            | 29.03%                        |
| BB Brew<br>Pub                                   | Commercial   Beer On / Off Premises    | 4             | 2             | -50.00%                       |
| LC Brew<br>Pub                                   | Commercial   Liquor / Wine / Beer      | 25            | 38            | 52.00%                        |
| WAN  | Native Wine Manufacturer / Distributor | 110           | 115           | 4.55%                         |
| MD   | Micro-Distillery                       | 12            | 13            | 8.33%                         |
| CM   | Liquor Manufacturers Permit            | 16            | 21            | 31.25%                        |
| <b>MANUFACTURERS SUBTOTAL</b>                    |  | <b>232</b>    | <b>275</b>    | <b>18.53%</b>                 |
| CB   | Brewers Certificate of Compliance      | 178           | 181           | 1.69%                         |
| CD   | Distillers Certificate of Compliance   | 154           | 175           | 13.64%                        |
| CV   | Vintners Certificate of Compliance     | 610           | 637           | 4.43%                         |
| SP   | Brokers Permit                         | 28            | 32            | 14.29%                        |
| CP   | Charity Auction Permit                 | 69            | 76            | 10.14%                        |
| DS   | Direct Shippers Permit                 | 837           | 885           | 5.73%                         |
| <b>IMPORTER AND SPECIAL SUBTOTAL</b>             |  | <b>1,876</b>  | <b>1,986</b>  | <b>5.86%</b>                  |
| <b>WHOLESALE / MANUFACTURER / IMPORTER TOTAL</b> |  | <b>2,235</b>  | <b>2,369</b>  | <b>6.00%</b>                  |
| <b>TOTAL</b>                                     |  | <b>15,823</b> | <b>16,789</b> | <b>6.11%</b>                  |

# Profit & Loss Statement

Year ended June 30, 2016

|   | YTD<br>FY 2015     | YTD<br>FY 2016     | FY16 vs. FY15<br>% Change | FY16 vs. FY15<br>Amount Change |
|---|--------------------|--------------------|---------------------------|--------------------------------|
| <b>Liquor Sales Revenue</b>                             | <b>277,706,515</b> | <b>288,908,790</b> | <b>4.03%</b>              | <b>11,202,275</b>              |
| <b>Cost of Sales <sup>1</sup></b>                       |                    |                    |                           |                                |
| Bailment  | 184,001,456        | 191,821,836        | 4.25%                     | 7,820,380                      |
| Less: Bailment Fees                                     | (2,025,505)        | (2,092,003)        | 3.28%                     | (66,498)                       |
| Less: Special Handling Fees                             | (405,492)          | (324,638)          | -19.94%                   | 80,854                         |
| Less: Defective Products                                | (77,730)           | (69,312)           | -10.83%                   | 8,418                          |
| <b>Total Cost of Sales</b>                              | <b>181,492,729</b> | <b>189,335,883</b> | <b>4.32%</b>              | <b>7,843,154</b>               |
| <b>Gross Profit</b>                                     | <b>96,213,786</b>  | <b>99,572,907</b>  | <b>3.49%</b>              | <b>3,359,121</b>               |
| <b>Gross Profit %</b>                                   | <b>34.6%</b>       | <b>34.5%</b>       | <b>-0.29%</b>             | <b>-0.10%</b>                  |
| <b>Operating Expenses</b>                               |                    |                    |                           |                                |
| Freight Expenses <sup>2</sup>                           | 2,703,541          | 2,625,272          | -2.90%                    | (78,269)                       |
| Warehouse Expenses <sup>3</sup>                         | 1,662,697          | 1,850,231          | 11.28%                    | 187,534                        |
| Other Expenses Related To Distribution <sup>4</sup>     | 1,930,246          | 468,688            | -75.72%                   | (1,461,558)                    |
| <b>Total Operating Expenses</b>                         | <b>6,296,484</b>   | <b>4,944,191</b>   | <b>-21.48%</b>            | <b>(1,352,293)</b>             |
| <b>General and Administrative Expenses <sup>5</sup></b> |                    |                    |                           |                                |
| Warehouse Administration                                | 552,411            | 638,630            | 15.61%                    | 86,219                         |
| Product Administration                                  | 387,387            | 471,049            | 21.60%                    | 83,662                         |
| Accounting  | 438,952            | 459,861            | 4.76%                     | 20,909                         |
| Information Technology                                  | 1,027,739          | 2,241,770          | 118.13%                   | 1,214,031                      |
| Buildings and Grounds                                   | 353,049            | 451,766            | 27.96%                    | 98,717                         |
| <b>General and Administrative Expense Total</b>         | <b>2,759,538</b>   | <b>4,263,076</b>   | <b>54.49%</b>             | <b>1,503,538</b>               |
| <b>Income from Operations</b>                           | <b>87,157,764</b>  | <b>90,365,640</b>  | <b>3.68%</b>              | <b>3,207,876</b>               |
| <b>Other Revenues</b>                                   |                    |                    |                           |                                |
| Split Case Fee  | 1,426,902          | 1,493,939          | 4.70%                     | 67,037                         |
| Bottle Deposit/Surcharge                                | 2,385,737          | 2,597,867          | 8.89%                     | 212,130                        |
| Recycling   | 18,111             | 23,409             | 29.25%                    | 5,298                          |
| Fuel and Lease Reimbursement                            | 11,944             | 29,296             | 145.28%                   | 17,352                         |
| Lease Revenue   | 79,950             | 81,617             | 2.09%                     | 1,667                          |
| <b>Total Other Revenues</b>                             | <b>3,922,644</b>   | <b>4,226,128</b>   | <b>7.74%</b>              | <b>303,484</b>                 |
| <b>Other Expenses</b>                                   |                    |                    |                           |                                |
| Bottle Deposit Fee                                      | 534,945            | 563,914            | 5.42%                     | 28,969                         |
| Recycle Surcharge Fee                                   | 1,203,458          | 1,266,757          | 5.26%                     | 63,299                         |
| Liquor Refunds  | (4,202)            | (2,105)            | -49.90%                   | 2,097                          |
| Substance Abuse Transfer                                | 19,539,339         | 20,328,191         | 4.04%                     | 788,852                        |
| Sunday Sales Transfer to IDPH                           | 907,891            | 944,257            | 4.01%                     | 36,366                         |
| <b>Total Other Expense</b>                              | <b>21,273,540</b>  | <b>22,156,757</b>  | <b>4.15%</b>              | <b>883,217</b>                 |
| <b>Net Profit</b>                                       | <b>69,806,868</b>  | <b>72,435,011</b>  | <b>3.76%</b>              | <b>2,628,143</b>               |
| <b>Return on Sales</b>                                  | <b>25.1%</b>       | <b>25.1%</b>       | <b>0.00%</b>              | <b>0.00%</b>                   |

# Net Income Statement

Year ended June 30, 2016

|   | YTD<br>FY 2015     | YTD<br>FY 2016     | YTD<br>FY16 vs. FY15<br>% Change | YTD<br>FY16 vs. FY15<br>Amount Change |
|---|--------------------|--------------------|----------------------------------|---------------------------------------|
| <b>REVENUES</b>                                     |                    |                    |                                  |                                       |
| <b>Operating Revenues</b>                           |                    |                    |                                  |                                       |
| Liquor Sales  | 277,706,515        | 288,908,790        | 4.03%                            | 11,202,275                            |
| Split Case Revenue                                  | 1,426,902          | 1,493,939          | 4.70%                            | 67,037                                |
| Bottle Deposit/Surcharge                            | 2,385,737          | 2,597,867          | 8.89%                            | 212,130                               |
| Recycling Revenue                                   | 20,122             | 26,009             | 29.26%                           | 5,887                                 |
| Fuel and Lease Reimbursement                        | 3,546              | 3,266              | -7.90%                           | (280)                                 |
| <b>Total Operating Revenues</b>                     | <b>281,542,822</b> | <b>293,029,871</b> | <b>4.08%</b>                     | <b>11,487,049</b>                     |
| <b>Non-Operating Revenues</b>                       |                    |                    |                                  |                                       |
| Lease Revenue                                       | 99,937             | 81,617             | -18.33%                          | (18,320)                              |
| License Fees  | 15,511,139         | 15,608,360         | 0.63%                            | 97,221                                |
| Wine Tax  | 7,765,256          | 7,648,753          | -1.50%                           | (116,503)                             |
| Fines/Penalties                                     | 30,725             | 66,352             | 115.95%                          | 35,627                                |
| Misc. Funding Sources                               | 440,330            | 357,125            | -18.90%                          | (83,205)                              |
| State Appropriations                                | 1,220,391          | 1,220,391          | -                                | -                                     |
| Inter Department Transfers                          | 1,053,067          | 940,067            | -10.73%                          | (113,000)                             |
| Prior Year Liquor Control Fund Carry forward        | 2,975,171          | 1,302,775          | -56.21%                          | (1,672,396)                           |
| <b>Total Non-Operating Revenues</b>                 | <b>29,096,016</b>  | <b>27,225,440</b>  | <b>-6.43%</b>                    | <b>(1,870,576)</b>                    |
| <b>Total Revenues</b>                               | <b>310,638,838</b> | <b>320,255,311</b> | <b>3.10%</b>                     | <b>9,616,473</b>                      |
| <b>EXPENSES</b>                                     |                    |                    |                                  |                                       |
| <b>Operating Expenses</b>                           |                    |                    |                                  |                                       |
| Purchase of Spirits <sup>1</sup>                    | 181,492,729        | 189,335,883        | 4.32%                            | 7,843,154                             |
| Freight Expenses <sup>2</sup>                       | 2,703,541          | 2,625,272          | -2.90%                           | (78,269)                              |
| Warehouse Expenses <sup>3</sup>                     | 1,662,697          | 1,850,231          | 11.28%                           | 187,534                               |
| Other Expenses Related To Distribution <sup>4</sup> | 1,930,246          | 468,688            | -75.72%                          | (1,461,558)                           |
| Warehouse Administration <sup>5</sup>               | 552,411            | 638,630            | 15.61%                           | 86,219                                |
| Product Administration <sup>5</sup>                 | 387,387            | 471,049            | 21.60%                           | 83,662                                |
| Accounting <sup>5</sup>                             | 438,952            | 459,861            | 4.76%                            | 20,909                                |
| Information Technology <sup>5</sup>                 | 1,027,739          | 2,241,770          | 118.13%                          | 1,214,031                             |
| Buildings and Grounds <sup>5</sup>                  | 353,049            | 451,766            | 27.96%                           | 98,717                                |
| Bottle Deposit Fee                                  | 534,945            | 563,914            | 5.42%                            | 28,969                                |
| Recycle Surcharge Fee                               | 1,203,458          | 1,266,757          | 5.26%                            | 63,299                                |
| Liquor Refunds                                      | (4,202)            | (2,105)            | -49.90%                          | 2,097                                 |
| Substance Abuse Transfer                            | 19,539,339         | 20,328,191         | 4.04%                            | 788,852                               |
| Liquor Profits Transfer                             | 89,697,323         | 91,460,077         | 1.97%                            | 1,762,754                             |
| <b>Total Operating Expenses</b>                     | <b>301,519,614</b> | <b>312,159,984</b> | <b>3.53%</b>                     | <b>10,640,370</b>                     |
| <b>Non-Operating Expenses</b>                       |                    |                    |                                  |                                       |
| Sunday Sales Transfer                               | 907,891            | 944,257            | 4.01%                            | 36,366                                |
| Payments to City and Counties                       | 3,717,974          | 3,712,761          | -0.14%                           | (5,213)                               |
| Non-Operating Expenditures <sup>6</sup>             | 2,831,038          | 2,572,382          | -9.14%                           | (258,656)                             |
| Inter-Department Transfers                          | 600,000            | 487,000            | -18.83%                          | (113,000)                             |
| <b>Non-Operating Expenses Total</b>                 | <b>8,056,903</b>   | <b>7,716,400</b>   | <b>-4.23%</b>                    | <b>(340,503)</b>                      |
| <b>Total Expenses</b>                               | <b>309,576,517</b> | <b>319,876,384</b> | <b>3.33%</b>                     | <b>10,299,867</b>                     |
| <b>Net Income</b>                                   | <b>1,062,321</b>   | <b>378,927</b>     | <b>-64.33%</b>                   | <b>(683,394)</b>                      |



## Statement of Cash Flow

On June 30, 2016

|                                   | FY 16                | FY 15                |
|-----------------------------------|----------------------|----------------------|
| <b>CASH IN</b>                    |                      |                      |
| Liquor Sales                      | \$282,876,600        | \$272,577,792        |
| Wine Tax                          | \$6,873,529          | \$6,628,406          |
| License Fees                      | \$15,317,454         | \$15,070,696         |
| Split Case Fee                    | \$1,400,694          | \$1,459,490          |
| Bottle Deposit Fee                | \$2,539,180          | \$2,341,325          |
| Other - Miscellaneous Income      | \$712                | -                    |
| Other - Fees, NSF                 | \$5,307              | -                    |
| NABCA                             | -                    | -                    |
| Recycle                           | -                    | -                    |
| Other Miscellaneous Income        | \$37,340             | 46,828               |
| Lottery Lease                     | \$61,630             | \$79,950             |
| Other Sales / Service - Recycling | \$20,569             | \$15,938             |
| <b>TOTAL CASH IN</b>              | <b>\$309,133,014</b> | <b>\$298,220,425</b> |
| <b>CASH OUT</b>                   |                      |                      |
| Cities - Liquor Sales Dist        | \$3,144,406          | \$3,128,284          |
| Counties - Liquor Sales Dist      | \$208,111            | \$204,035            |
| Transfer to Liq Gen Fund (0001)   | \$415,000            | \$500,000            |
| Sunday Sales                      | \$944,257            | \$907,891            |
| Substance Abuse                   | \$17,974,928         | \$17,638,538         |
| General Fund Transfer             | \$82,700,000         | \$80,000,000         |
| Personal Expenses                 | \$4,298,636          | \$3,991,325          |
| Liquor Purchases                  | \$180,248,897        | \$171,866,674        |
| Bottle Deposit / Surcharge        | \$1,680,588          | \$1,594,446          |
| Capitals                          | \$468,688            | \$1,812,712          |
| Miscellaneous Trust Fund Expenses | \$4,111,007          | \$3,203,845          |
| <b>TOTAL CASH OUT</b>             | <b>\$296,194,518</b> | <b>\$284,847,750</b> |
| <b>TOTAL CHANGE IN CASH</b>       | <b>\$12,938,496</b>  | <b>\$13,372,675</b>  |



# Balance Sheet

On June 30, 2016

|   | FY16                | FY15                | % Change      |
|---|---------------------|---------------------|---------------|
| <b>CURRENT ASSETS</b>                     |                     |                     |               |
| Cash                                      | \$17,773,522        | \$15,561,343        | 14.22%        |
| <b>Accounts Receivable</b>                |                     |                     |               |
| Liquor                                    | \$6,032,191         | \$5,128,723         | 17.62%        |
| Split Case Fees                           | \$34,449            | \$26,208            | 31.44%        |
| Recycle Fee / Surcharge                   | \$58,687            | \$44,412            | 32.14%        |
| Wine Tax                                  | \$775,225           | \$1,136,850         | -31.81%       |
| Licenses                                  | \$290,906           | \$440,443           | -33.95%       |
| Fines and Penalties                       | \$34,028            | \$8,721             | 290.18%       |
| Refunds and Reimbursements                | \$5,115             | \$4,874             | 4.95%         |
| Other Agency Billings                     | \$186,337           | \$23,735            | 685.07%       |
| Inventory                                 |                     |                     |               |
| Liquor                                    | 195,840             | 461,315             | -57.55%       |
| Gasoline / Fuel                           | 27,498              | 39,038              | -29.56%       |
| <b>TOTAL CURRENT ASSETS</b>               | <b>\$25,413,798</b> | <b>\$22,875,662</b> | <b>11.10%</b> |
| <b>PROPERTY, PLANT &amp; EQUIPMENT</b>    |                     |                     |               |
| Machinery, Equipment and Vehicles         | \$1,910,342         | \$1,910,342         | 0.00%         |
| Less: Accumulated Depreciation            | (\$421,735)         | (\$526,195)         | -19.85%       |
| Buildings and Improvements                | \$4,714,042         | \$4,232,598         | 11.37%        |
| Capitals in Process                       | \$2,001,056         | \$1,519,612         | 31.68%        |
| Land                                      | \$210,000           | \$210,000           | 0.00%         |
| <b>TOTAL ASSETS</b>                       | <b>\$33,827,502</b> | <b>\$30,222,019</b> | <b>11.93%</b> |
| <b>LIABILITIES</b>                        |                     |                     |               |
| <b>Current Liabilities</b>                |                     |                     |               |
| Wages and Benefits                        | \$211,425           | \$155,914           | 35.60%        |
| Liquor Purchases                          | \$9,086,986         | \$9,626,055         | -5.60%        |
| Bottle Deposit Fee                        | \$58,687            | \$44,412            | 32.14%        |
| Recycle Surcharge Fee                     | \$103,706           | \$99,744            | 3.97%         |
| Substance Abuse Obligation                | \$2,353,265         | \$1,900,801         | 23.80%        |
| General Fund Obligation                   | \$8,760,077         | \$9,100,000         | -3.74%        |
| License Fees to Cities/Counties           | \$360,244           | \$385,656           | -6.59%        |
| License Refunds                           | \$648               | \$1,772             | -63.41%       |
| Misc. Obligations                         | \$316,863           | \$259,401           | 22.15%        |
| <b>TOTAL LIABILITIES</b>                  | <b>\$21,251,902</b> | <b>\$21,573,755</b> | <b>-1.49%</b> |
| <b>TOTAL NET ASSETS</b>                   | <b>\$12,575,600</b> | <b>\$8,648,264</b>  | <b>45.41%</b> |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <b>\$33,827,502</b> | <b>\$30,222,019</b> | <b>11.93%</b> |



## Financial Statements

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The following summary of the Division financial performance provides a brief overview of financial activities for fiscal year 2016. The financial data is extracted from the State of Iowa accounting 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 (July 1, 2016 – August 31, 2016). While the Division's operation is audited, the following pages are internally audited only.

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### OVERVIEW OF FINANCIAL STATEMENTS

The annual report is a series of proprietary financial statements. The Statement of Net Assets provides information about the Division's assets and liabilities as of June 30, 2016, with comparison to the Division's financial position as of June 30, 2015. The Profit and Loss Statement reflects the Division's financial performance with respect to wholesale operations. The Net Income Statement outlines a fiscal year 2016 and fiscal

year 2015 comparison of the Division's operation and performance relating to Iowa Code Chapter 123, including distribution. The Statement of Cash Flows represents cash flow for fiscal years 2016 and 2015 to the Liquor Control Trust Fund. Also presented in this report are 'Notes to Financial Statements' that provide additional information that facilitate a better understanding of the data provided within each statement.



# Financial Highlights

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## FINANCIAL ANALYSIS

### Revenue Analysis

- The overall revenue for Fiscal Year 2016 generated \$330.4 million, which represents a 3.5 percent increase over Fiscal Year 2015.
- The Division transferred \$131.1 million to the State of Iowa, cities and counties and the Iowa Economic Development Authority.
- Gross liquor sales in Fiscal Year 2016 increased by 4.0 percent compared to Fiscal Year 2015.
- Total non-operating revenues increased by 7.7 percent in Fiscal Year 2016 compared to Fiscal Year 2015.

### Expense Analysis

- Total expenses increased by 3.4 percent in Fiscal Year 2016 over Fiscal Year 2015.
- The Division exceeded by 8.5 percent its Revenue Estimated Conference obligation of \$103 million.
- Total funds transferred to the State of Iowa General Fund were \$105.6 million.
- The Division in Fiscal Year 2016 incurred one-time technology and capital expenses:
  - Information technology: \$1,220,520.
  - Master plan and building improvements: \$468,688.

## NOTES TO FINANCIAL STATEMENTS

1. Cost of goods sold is the total cost to procure liquor. Per Iowa Code section 123.22, the Division utilizes a bailment inventory 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 cost of liquor. The amount reported reflects the Division's liquor purchases minus the applicable amount of bailment fees and special handling fees.
2. Freight costs are comprised of the direct expense associated with delivering spirits to class "E" licensees throughout the State of Iowa. Major expenditures included in the freight category are wages and benefits of delivery drivers, fuel expense, and leasing of vehicles.
3. Warehouse costs are comprised of the direct expense associated with warehousing and order fulfillment of spirits. Major expenditures included in the warehouse category are wages and benefits of warehouse employees, shipping supplies such as shrink wrap and corrugated cartons, equipment, and maintenance on equipment.
4. Other expenses related to distribution are the indirect costs associated with warehousing and distribution of spirits. Major expenditures in this segment are large software purchases and capital improvements.
5. General and administrative expenditures are the combined total of each supporting unit's cost which is directly involved with the distribution of spirits. Salaries and wages reported are for warehouse management, product management, accounting, IT and human resource functions. Utilities, software, IT infrastructure and development, office equipment and supplies are included in this category.
6. Non-operating expenses are the Division's costs that are not associated with the physical distribution of spirits. This category includes salaries and costs of the administrative segment, licensing, compliance, as well as the portion of accounting, information technology, and maintenance not allocated to the operational segment supporting spirits distribution.



ALCOHOLIC  
BEVERAGES  
DIVISION  
**State of Iowa**

1918 SE Hulsizer Road  
Ankeny, Iowa 50021-3941