



IOWA

Alcoholic Beverages Division

Annual Report #81

2015 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 barriers 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 the alcoholic beverages industry. The Division works towards overall operational efficiency while maintaining a business-oriented operation model.



Executive Information

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

Commission

Chairperson : Tami Doll
Vice-Chair : Jay Wilson
Secretary : Gary Nystrom
Commissioner : Rick Hunsaker
Commissioner : Rachel Eubank

Division Administration

Administrator : Stephen Larson
Chief Operating Officer : Tim Iversen
Executive Officer : Stephanie Strauss
Comptroller : Todd Halbur



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 and subject to confirmation by the 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.

Tami Doll – Chairperson



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.

Jay Wilson – Vice-Chair



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 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 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.



Alcoholic Beverages Commission (continued)

Gary Nystrom - Secretary



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.

Rachel Eubank



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 two young children. Her term will expire in April, 2020 and she will be eligible for a second, five year term.

Rick Hunsaker



Rick Hunsaker was re-appointed by Governor Branstad to a second five year term, which began on May 1, 2011. He is the Executive Director of Region XII Council of Governments in Carroll, a regional agency serving 6 counties and 61 cities in west central Iowa. He also serves on the Boards of Directors for the Iowa Association of Regional Councils, National Association of Regional Councils, Carroll Area Development Corporation, 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 and a member of Depot Center, Ltd., a local non-profit historic preservation organization. Mr. Hunsaker is a graduate of Drake University, receiving a Bachelor of Arts in 1988 and a Masters of Public Administration in 1990, and resides in Carroll, Iowa. His current term will expire on April 30, 2016.

During fiscal year 2015, Claire Celsi served out her current term that ended on April 30, 2015.



Year in Review

One of the most powerful words in the English language is change. It can be feared or embraced but there is no denying its inevitability. When change is initiated and managed with strategic goals in place, it is a powerful and positive agent. Positive change is what has been occurring at the Iowa Alcoholic Beverages Division (Division).

Technology

In Fiscal Year 2015, the Division began total implementation of an electronic ordering system for more than 1,300 direct customers (either through a web-based portal or with Electronic Data Interface – EDI). This new system greatly reduces order errors and provides customers with more flexibility and resources. Although over 80 percent of customers are currently ordering electronically, the migration will continue until early in Fiscal Year 2016.

These advances, along with technology-related improvements in fulfillment operations and fleet management, are contributing further to the Division's path towards greater efficiency and effectiveness.

In the area of computer technology and support, the Division entered an agreement with the Office of the Chief Information Officer, reinforcing the Governor's initiative to move all IT services under one authority.

Revenue

The Division's financial performance for fiscal year 2015 was, again, robust. The year ended with sales of \$277.7 million from the wholesale of spirits. Total sales surpassed fiscal year 2014 by \$14.2 million, a 5.4 percent increase.

The overall general fund transfer for fiscal year 2015 – which includes revenues from the wholesaling of spirits, funds generated by excise taxes on wine and beer, license fees and administrative penalties – was over \$124 million. These funds are appropriated to a variety of programs by the Iowa General Assembly.

Industry

In fiscal year 2015, the Division initiated a long range process of working with industry members and other stakeholders to update administrative rules first written in 1990. Much has changed in the alcoholic beverages industry since then, including the emergence of micro-distillers, craft brewers and native wineries.

Administrative rules provide guidance for industry members in order for those members to operate within the laws established by state and federal policy makers. By collaborating with stakeholders to review and update rules, the Division is verifying its commitment to work with the business sector to enable its success while respecting the need for the regulation of alcohol.

National Leadership

As the current Chairman of the National Alcohol Beverage Control Association (NABCA), Administrator Stephen Larson established the theme of his tenure as Collaboration Creates Opportunities, underscoring the efforts of the Division in working with industry members, policy makers and the general public to maintain a safe, responsible and vibrant alcoholic beverages industry in Iowa. Through such collaboration, the prospects for continued growth and success in Fiscal Year 2016 are bright.

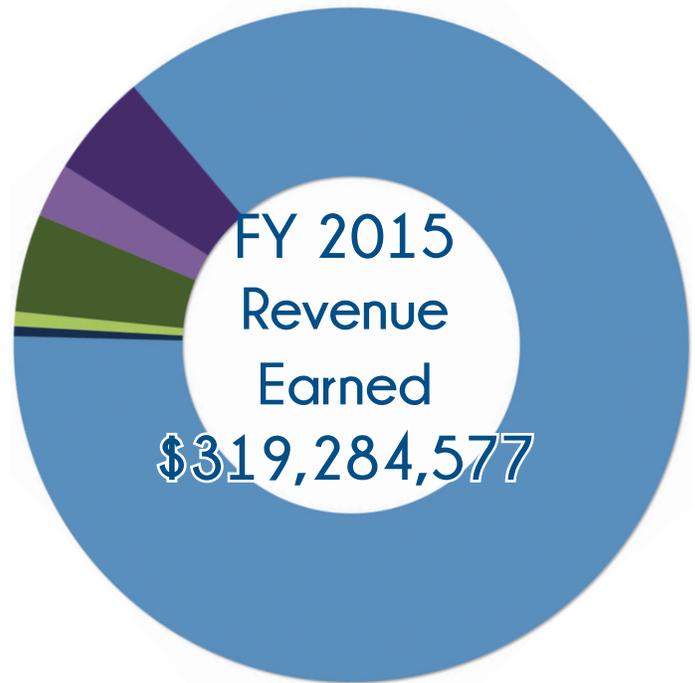
Stephen Larson,
Administrator





Revenue Earned

Liquor Sales	\$277,706,516 86.9%	
Split Case Revenue	\$1,426,902 0.4%	
Bottle Deposit/Surcharge Revenue	\$2,385,737 0.7%	
Beer Tax	\$14,489,027 4.5%	
Wine Tax	\$7,765,256 2.4%	
License Fees	\$15,511,139 4.9%	



Liquor Sales: \$277,706,516

The Division is vested with the authority as the sole purchaser of alcoholic liquor sold in or imported into the state. The Division has the authority under statute to markup each liquor brand's wholesale price 50 percent pursuant to Iowa Code section 123.22 and 123.22(4).

Split Case Revenue: \$1,426,902

The split case fee charge is when liquor is sold as a single bottle. The authority to apply this fee (\$0.50/bottle) is pursuant to Iowa Code section 123.24(1).

Bottle Deposit/Surcharge Revenue: \$2,385,737

Pursuant to Iowa Code section 455C.2, Iowa Code section 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; this amount includes the five cent bottle deposit.

Beer Tax: \$14,489,027

Beer manufactured or sold in the state at wholesale and beer imported into the state and sold at wholesale shall be taxed at a rate of nineteen cents per gallon.

Wine Tax: \$7,765,256

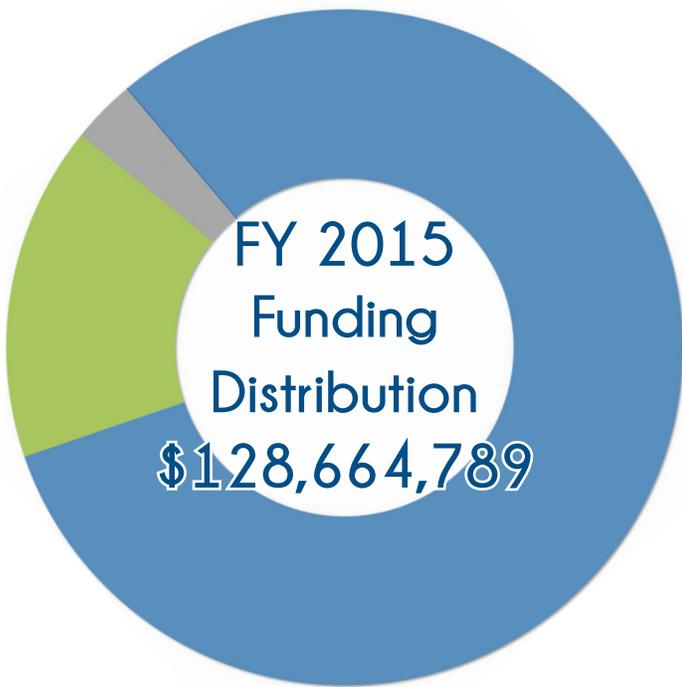
All wine manufactured for sale and sold in the state at wholesale, all wine imported and sold in the state at wholesale and wine directly shipped to consumers shall be assessed a tax at the rate of one dollar and seventy-five cents for each wine gallon.

License Fees: \$15,511,139

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



Where the Money Goes



■	General Fund \$104,186,354 80.9%
■	Iowa Dept. of Public Health \$20,447,230 15.9%
■	Iowa Economic Development Authority \$313,230 0.2%
■	Cities & Counties \$3,717,975 2.9%

General Fund Reversion: \$104,186,354

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: \$20,447,230

The Division transfers seven percent of gross sales of liquor to the State of Iowa General Fund to be appropriated to the Iowa Department of Public Health to administer substance abuse 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.

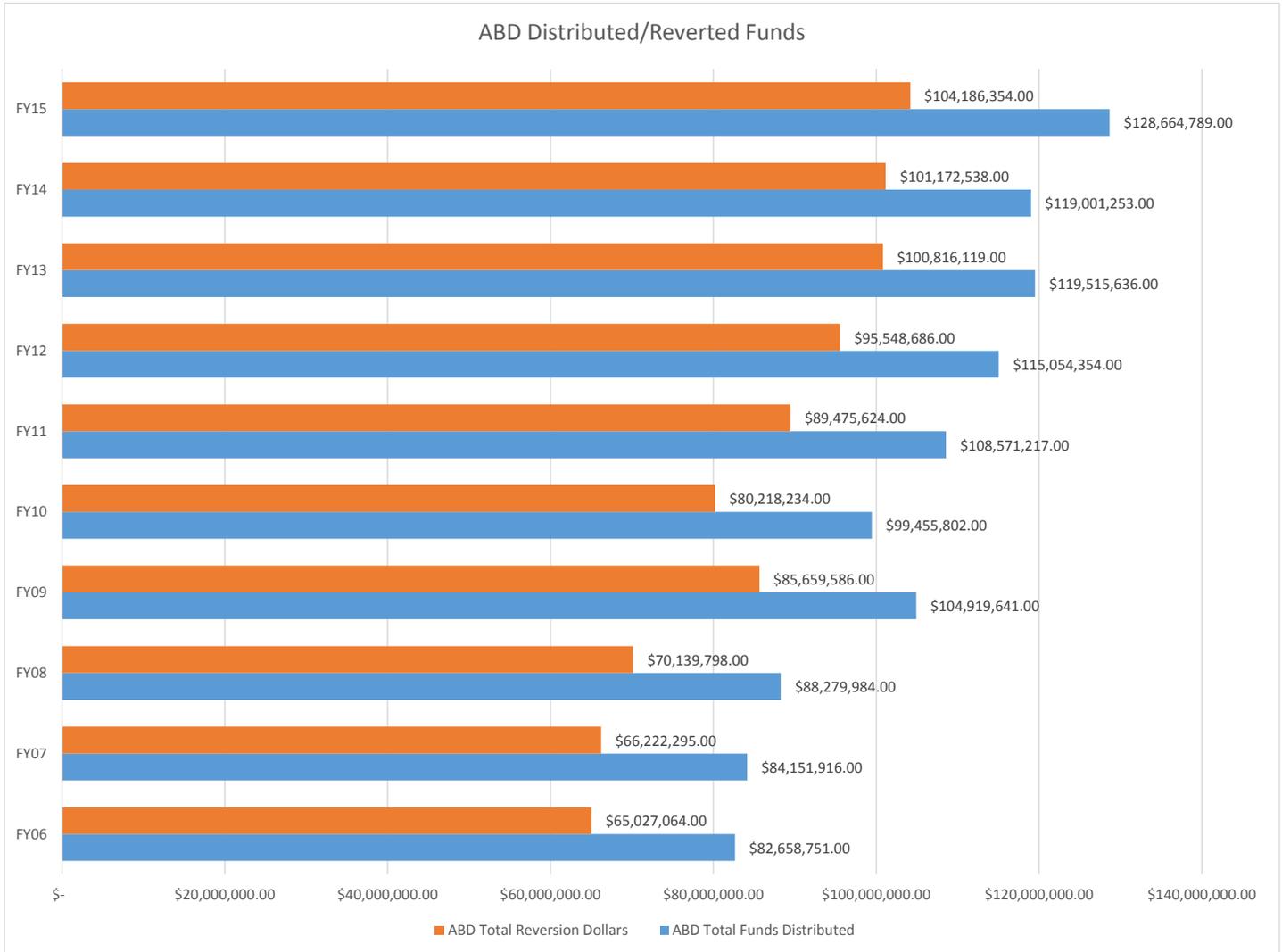
Iowa Economic Development Authority: \$313,230

Revenues collected from native Iowa wine producers and from native breweries are deposited with the Iowa Economic Development Authority's Beer and Wine Promotion Board. Revenues collected 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.

Cities & Counties: \$3,717,975

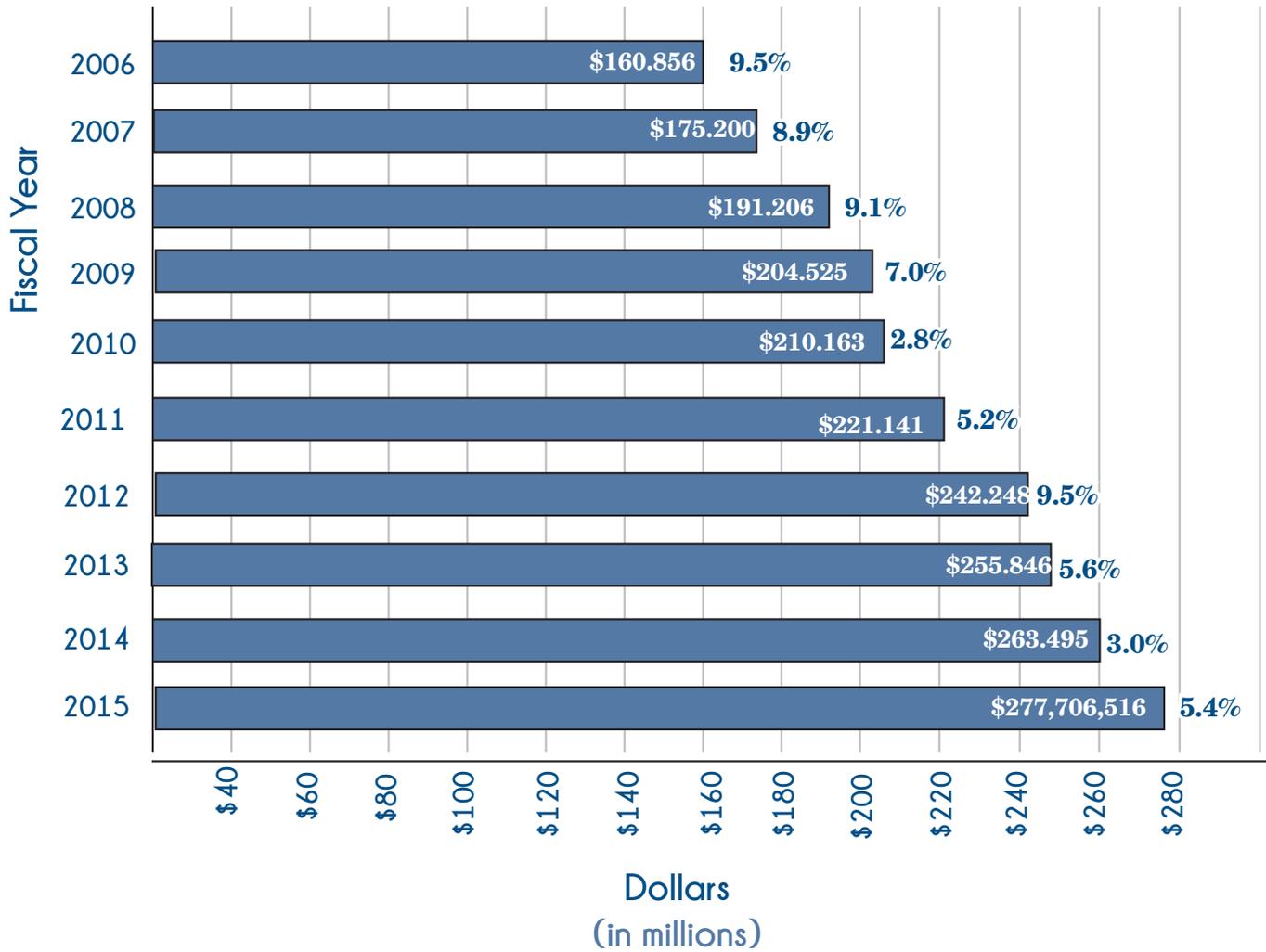
A percentage of revenues collected from sales of licenses are remitted to the city or county issuing the licenses.

Distribution/Reversion



Total Funds Distributed refers to funds sent to all recipients, including the Iowa Economic Development Authority, Iowa Department of Public Health and local authorities. Total Funds Reverted is the amount returned to the General Fund for appropriation by the Legislature.

Annual Liquor Sales



PURCHASING

(year ended 6-30-15)

Total Cases of Liquor Purchased	•	2,025,505
Total Cost of Liquor Sales	•	\$181,494,799
Number of Vendors	•	168

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

Comparative Statement of Liquor Gallons Sold

DISTILLED SPIRITS	FY15	FY14	Increase (Decrease) + / (-)
Whiskey :	1,405,280	1,362,228	3.2%
Vodka :	1,353,904	1,320,892	2.5%
Cordials & Liqueurs :	1,075,469	1,020,332	5.4%
Rum :	695,626	706,703	(1.6%)
Tequila :	193,987	186,633	3.9%
Cocktails :	171,053	169,843	.7%
Gin :	146,942	150,884	(2.6%)
Brandy :	114,683	111,524	2.9%
:			
:			
:			
:			
GRAND TOTAL :	5,156,945	5,028,782	2.5%
BEER GALLONS* :	73,835,128	74,451,418	(0.8%)
WINE GALLONS* :	4,521,250	4,236,592	6.7%
MICRO DISTILLERIES** :	22,726	18,194	24.9%
NATIVE WINE GALLONS :	153,665	146,639	4.8%
NATIVE BEER GALLONS :	560,570	478,700	17.1%

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

** Micro distillers are limited to producing no more than 50,000 gallons/year

Top 50 Brands

Rank	Brand	Case Sales	Rank	Brand	Case Sales
1	Black Velvet	172,622	26	Tito's Vodka	18,269
2	Captain Morgan Original Spiced Rum	114,632	27	UV Blue Raspberry	18,143
3	Hawkeye Vodka	101,568	28	Pinnacle Vodka	17,700
4	Fireball Cinnamon Whiskey	68,880	29	Windsor Canadian Whiskey	16,431
5	Five O'Clock Vodka	61,199	30	Skol Vodka	16,298
6	Bacardi Rum	52,231	31	Nikolai 80 Proof Vodka	16,210
7	Phillips Vodka	51,968	32	Grey Goose Vodka	16,220
8	Seagram Crown Royal	49,033	33	Chi-Chi's	16,200
9	Smirnoff Vodka	47,955	34	Dr. McGillicuddy Cherry	15,275
10	Barton Vodka	47,658	35	Kessler	15,103
11	Jack Daniels	46,168	36	E & J Brandy	14,537
12	Absolut Vodka	40,464	37	Ten High	14,110
13	McCormick Vodka	40,149	38	Jameson	14,001
14	Paramount Rum	34,336	39	Svedka Vodka	13,569
15	Cuervo	34,039	40	New Amsterdam Vodka	12,454
16	Admiral Nelson Rum	31,177	41	Rum Chata	12,337
17	Seagram 7 Crown	30,040	42	Bailey's Original Irish Creme	11,911
18	Jim Beam Whiskey	24,516	43	Fleischmann Vodka	11,589
19	Cuervo Especial Tequila	24,389	44	Paramount	11,553
20	Canadian Ltd	23,161	45	Hennessy Brandy	10,688
21	Malibu Natural Rum	22,198	46	Canadian Club 1858 Whiskey	10,578
22	GW 5 Star Whiskey	22,178	47	DEK Peachtree	9,898
23	Jagermeister	22,035	48	Popov 80	9,763
24	Southern Comfort	19,992	49	Tanqueray Gin	9,671
25	Juarez Tequila	19,811	50	Seagram Extra Dry Gin	9,578

TOTAL 9 LITER CASES TOP 50 BRANDS 1,544,475

TOTAL 9 LITER CASES FY15 2,169,018

TOP 50 BRANDS % OF TOTAL 71.2%

TOTAL 9 LITER CASES FY14 2,115,198

+ OR (-) % FY14 VS FY13 2.50%

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

Per Capita Gallons Sold by County

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY14	FY15	+ / (-)	% + / (-)
1	Dickinson	11,917	6.39	6.33	(0.07)	(1.08%)
2	Cerro Gordo	31,568	3.50	3.63	0.13	3.76%
3	Polk	307,908	3.31	3.45	0.14	4.24%
4	Kossuth	11,113	3.12	3.38	0.26	8.37%
5	Carroll	14,883	3.07	3.16	0.08	2.65%
6	Black Hawk	93,729	3.06	3.12	0.05	1.74%
7	Johnson	93,581	2.94	3.03	0.08	5.09%
8	Linn	151,027	2.95	2.95	0.01	2.81%
9	Hardin	12,537	2.91	2.98	0.07	2.45%
10	Scott	118,135	2.83	2.98	0.14	5.09%
11	Clay	11,917	2.79	2.85	0.07	2.36%
12	Pottawattamie	66,608	2.61	2.68	0.07	2.75%
13	Lee	25,641	2.44	2.63	0.20	8.12%
14	O'Brien	10,295	2.56	2.58	0.01	0.49%
15	Story	64,023	2.42	2.50	0.08	3.19%
16	Iowa	11,694	2.83	2.44	(0.39)	(13.78%)
17	Howard	6,840	2.49	2.42	(0.07)	(2.91%)
18	Woodbury	73,053	2.25	2.42	0.17	7.60%
19	Buena Vista	14,486	2.24	2.38	0.14	6.33%
20	Dubuque	66,692	2.34	2.37	0.02	1.03%
21	Cass	9,979	2.23	2.28	0.05	2.33%
22	Des Moines	28,832	2.22	2.27	0.05	2.14%
23	Bremer	17,357	2.16	2.21	0.05	2.35%
24	Union	8,962	2.18	2.17	(0.01)	(0.64%)
25	Webster	27,179	2.20	2.17	(0.03)	(1.55%)
26	Winnebago	7,769	1.96	2.07	0.11	5.55%
27	Humboldt	7,018	3.25	2.00	(1.25)	(38.58%)
28	Page	11,391	1.21	1.99	0.78	64.87%
29	Floyd	11,657	1.91	1.98	0.07	3.81%
30	Crawford	12,224	2.16	1.98	(0.18)	(8.29%)
31	Wapello	25,472	1.85	1.97	0.12	6.67%
32	Boone	18,809	1.93	1.94	0.00	0.07%
33	Poweshiek	13,524	1.98	1.91	(0.07)	(3.41%)
34	Clinton	35,118	1.91	1.91	0.00	0.00%
35	Palo Alto	6,736	2.11	1.91	(0.20)	(9.62%)
36	Shelby	8,699	1.73	1.88	0.15	8.74%
37	Muscatine	30,563	1.88	1.88	0.00	(0.04%)
38	Ida	5,069	1.70	1.86	0.16	9.34%

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Per Capita Gallons Sold by County (continued)

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY14	FY15	+ / (-)	% + / (-)
39	Buchanan	14,985	1.82	1.83	0.01	0.77%
40	Clark	6,639	1.76	1.82	0.06	3.39%
41	Marshall	29,063	1.89	1.81	0.03	(4.34%)
42	Jackson	14,191	1.76	1.79	(0.06)	1.89%
43	Appanoose	9,214	1.63	1.78	0.15	9.28%
44	Dallas	47,287	1.80	1.77	(0.03)	(1.77%)
45	Winneshiek	15,055	1.80	1.76	(0.04)	(2.36%)
46	Plymouth	17,865	1.77	1.75	(0.01)	(0.69%)
47	Lyon	8,280	1.63	1.75	0.12	7.46%
48	Allamakee	10,246	1.72	1.73	0.01	0.58%
49	Cherokee	8,631	1.79	1.72	(0.07)	(3.83%)
50	Emmet	7,366	1.77	1.72	(0.05)	(2.77%)
51	Fayette	14,929	1.67	1.66	(0.01)	(0.63%)
52	Montgomery	15,518	1.54	1.63	0.09	5.55%
53	Washington	6,609	1.61	1.62	0.00	0.19%
54	Wright	9,459	1.65	1.61	(0.04)	(2.32%)
55	Adair	5,493	1.59	1.60	0.02	1.01%
56	Marion	23,816	1.56	1.59	0.03	2.06%
57	Jones	14,756	1.76	1.58	(0.18)	(10.39%)
58	Hamilton	11,206	1.70	1.58	(0.12)	(7.05%)
59	Sac	7,400	1.55	1.57	0.02	1.58%
60	Monona	6,609	1.56	1.57	0.01	0.40%
61	Pocahontas	5,227	1.54	1.51	(0.03)	(1.85%)
62	Henry	14,404	1.42	1.45	0.03	2.33%
63	Franklin	7,636	1.34	1.38	0.04	3.33%
64	Warren	33,051	1.24	1.38	0.14	11.59%
65	Jasper	26,342	1.39	1.36	(0.03)	(2.22%)
66	Greene	6,675	1.07	1.36	0.30	27.85%
67	Delaware	12,701	1.48	1.36	(0.12)	(8.22%)
68	Lucas	6,362	1.17	1.32	0.16	13.39%
69	Madison	11,210	1.10	1.31	0.21	19.41%
70	Jefferson	12,043	1.35	1.30	(0.05)	(3.58%)
71	Mitchell	7,705	1.26	1.28	0.02	1.65%
72	Mahaska	16,002	1.19	1.24	0.05	4.34%
73	Sioux	24,098	1.25	1.19	(0.06)	(4.56%)
74	Monroe	5,669	.99	1.14	0.16	15.96%
75	Osceola	4,620	1.11	1.13	0.02	1.45%
76	Clayton	12,962	1.07	1.13	0.06	5.34%

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Per Capita Gallons Sold by County (continued)

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY14	FY15	+ / (-)	% + / (-)
77	Calhoun	6,914	1.09	1.10	0.01	1.09%
78	Tama	12,703	1.00	1.05	0.05	4.99%
79	Worth	5,433	0.90	1.00	0.09	10.30%
80	Chickasaw	8,894	1.03	0.99	(0.03)	(3.14%)
81	Harrison	10,674	0.88	0.91	0.04	4.06%
82	Audubon	4,375	0.89	0.89	0.00	0.19%
83	Hancock	8,109	0.82	0.88	0.06	7.92%
84	Benton	18,644	0.79	0.90	0.11	13.92%
85	Cedar	13,227	0.84	0.84	0.00	(0.08%)
86	Mills	10,767	0.91	0.82	(0.82)	(9.79%)
87	Ringgold	3,369	0.87	0.79	(0.08)	(9.57%)
88	Grundy	8,904	0.72	0.77	0.05	6.67%
89	Guthrie	7,832	0.75	0.74	(0.01)	(.92%)
90	Adams	2,881	0.62	0.64	0.02	2.42%
91	Butler	10,630	0.59	0.64	0.05	8.32%
92	Van Buren	5,413	0.67	0.63	(0.03)	(5.15%)
93	Louisa	8,142	0.57	0.56	(0.02)	(3.09%)
94	Decatur	6,047	0.56	0.51	(0.05)	(9.74%)
95	Taylor	4,517	0.49	0.48	(0.01)	(2.61%)
96	Keokuk	7,515	0.44	0.45	0.01	2.47%
97	Wayne	4,578	0.32	0.41	0.09	27.78%
98	Davis	6,258	0.36	0.36	0.00	0.96%
99	Fremont	5,320	0.05	0.06	0.01	16.33%
TOTAL		2,178,145	2.30	2.37	0.06	2.74%

IOWA PER CAPITA GALLONS SOLD | 2015

(based on adult population* | 21 & over)

DISTILLED SPIRITS | 2.37 Gallons

WINE | 2.15 Gallons**

BEER | 34.16 Gallons

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

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

Tax & Licensing Statistics

TAXES COLLECTED

(year ended 6-30-15)

		+ or (-) % FY15 vs FY14
Beer Tax*	\$14,489,027	11.3%
Native Beer Tax*	\$65,379	62.1%
Wine Tax*	\$7,765,256	6.7%
Native Wine Tax**	\$247,851	(1.4%)
TOTAL TAXES COLLECTED	\$22,567,513	9.6%

LICENSE REVENUE

(year ended 6-30-15)

		+ or (-) % FY15 vs FY14
Liquor and Wine Permits	\$13,982,232	1.75%
Beer Permits	\$1,136,313	17.54%
Special Licenses	\$7,950	23.74%
Compliance Licenses***	\$157,000	6.86%
TOTAL LICENSE REVENUE	\$15,283,496	2.83%

* For gallons reported, see page 11

** Native wine tax Iowa code section 123.183

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

Licenses & Permits Processed

RETAIL	FY15	FY14	+ or (-) % FY15 vs FY14
BB Commercial Beer On/Off Premises	1,115	1,000	11.5%
BC Retail Store Beer Off Premises	3,058	3,017	1.4%
LA Private Club Liquor/Wine/Beer On Premises	140	129	8.5%
LB Hotel/Motel Liquor/Wine/Beer On Premises-Beer Off Premises	122	120	1.7%
LC Commercial Liquor/Wine/Beer On Premises-Beer Off Premises	4,489	4,155	8.0%
LD Common Carrier Liquor/Wine/Beer On Premises	24	21	14.3%
LE Commercial Liquor Off Premises	1,440	1,345	7.1%
BW Special Beer/Wine On Premises-Beer Off Premises	744	683	8.9%
WB Retail Store Wine Off Premises	1,481	1,386	6.9%
WBN Retail Store Native Wine Off Premises	918	934	(1.7%)
WCN Commercial Native Wine On/Off Premises	86	64	34.4%
SUBTOTAL	13,617	12,854	5.9%

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Licenses & Permits Processed (continued)

WHOLESALE	FY15	FY14	+ or (-) % FY15 vs FY14
BA Beer Wholesaler	48	43	11.6%
BAN Native Wholesale Beer Manufacturer/Distributor	34	29	17.2%
WA Wine Wholesaler	38	31	22.6%
WAN Native Wholesale Wine Manufacturer/Distributor	110	98	12.2%
BAA High Alcohol Content Beer Distributor	41	38	7.9%
BAAN Native High Alcohol Content Beer Manufacturer/Distributor	31	22	40.9%
MD Micro-Distillery	12	11	(9.1%)
CM Manufacturers Permit	16	11	45.5%
SUBTOTAL	338	283	15.9%
CB Brewers Certificate of Compliance	178	160	11.3%
CD Distillers Certificate of Compliance	154	127	21.3%
CV Vintners Certificate of Compliance	610	530	15.1%
SP Brokers Permit	28	22	27.3%
CP Charity Beer & Wine Permit	69	64	7.8%
Direct Shippers Permit	837	650	28.8%
SUBTOTAL	1,876	1,553	20.8%
TOTAL	15,821	14,690	7.7%
Licenses Suspended			

In Fiscal Year 2015, 34 licenses were suspended by the Division.

FINANCIAL STATEMENTS

The following summary of the Division financial performance provides a brief overview of financial activities for fiscal year 2015. 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, 2015 – August 31, 2015). 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, 2015, with comparison to the Division's financial position as of June 30, 2014. The Profit and Loss Statement reflects the Division's financial performance with respect to wholesale operations. The Net Income Statement outlines a fiscal year 2015 and fiscal year 2014 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 2015 and 2014 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

FINANCIAL ANALYSIS

Revenue Analysis

- The overall revenue for Fiscal Year 2015 generated \$319.2 million, which represents a 5.5 percent increase over Fiscal Year 2014.
- The Division transferred \$128.6 million to the State of Iowa, cities and counties and the Iowa Economic Development Authority.
- Gross liquor sales in Fiscal Year 2015 increased by 5.4 percent compared to Fiscal Year 2014.
- Total non-operating revenues increased by 5 percent in Fiscal Year 2015 compared to Fiscal Year 2014.

Expense Analysis

- Total expenses increased by 6.17 percent in Fiscal Year 2015 over Fiscal Year 2014.
- The Division exceeded by 12.4 percent its Revenue Estimated Conference obligation of \$98 million.
- Total funds transferred to the State of Iowa General Fund were \$104.1 million.
- The Division in Fiscal Year 2015 incurred one-time technology and capital expenses:
 - Information technology: \$439,118.
 - Master plan and building improvements: \$1,812,712

PROFIT & LOSS STATEMENT

YEAR ENDED JUNE 30, 2015

	FY14	FY15	% Change
LIQUOR SALES REVENUE	\$263,495,212	\$277,706,516	5.39%
Cost of Sales ¹			
Bailment	\$174,058,796	\$184,003,526	5.71%
Less: Bailment Fees	(\$1,960,928)	(\$2,025,505)	3.29%
Less: Special Handling Fees	(\$628,134)	(\$405,492)	(35.44%)
Less: Defective Products	(\$40,108)	(\$77,730)	93.8%
TOTAL COST OF SALES	\$171,429,626	\$181,494,799	5.87%
GROSS PROFIT	\$92,065,586	\$96,211,717	4.5%
GROSS PROFIT %	34.9%	34.6%	(0.86%)
Operating Expenses			
Freight Expenses ²	\$2,576,496	\$2,703,542	4.93%
Warehouse Expenses ³	\$1,822,520	\$1,662,698	(8.77%)
Other Expenses ⁴	\$2,217,103	\$1,930,246	(12.94%)
TOTAL OPERATING EXPENSES	\$6,616,119	\$6,296,486	(4.83%)
General and Administrative Expenses ⁵			
Warehouse Administration	\$636,658	\$552,412	(13.23%)
Product Administration	\$477,536	\$387,388	(18.88%)
Accounting/HR	\$392,425	\$438,952	11.86%
Information Technology	\$690,775	\$1,027,739	48.78%
Building and Grounds	\$377,822	\$353,049	(6.56%)
GENERAL AND ADMIN TOTAL	\$2,575,216	\$2,759,540	7.16%
Income from Operations	\$82,874,251	\$87,155,691	5.17%
Other Revenues			
Split Case Fee	\$1,348,292	\$1,426,902	5.83%
Bottle Deposit/Surcharge	\$2,194,477	\$2,385,737	8.72%
Recycling	\$15,889	\$18,110	13.98%
Fuel and Lease Reimbursement	\$32,819	\$11,394	(65.28%)
Lease Revenue	-	\$99,938	0.00%
TOTAL OTHER REVENUES	\$3,591,477	\$3,942,081	9.76%
Other Expenses			
Bottle Deposit Fee	\$505,084	\$534,944	5.91%
Recycle Surcharge Fee	\$1,120,302	\$1,203,458	7.42%
Liquor Refunds	(\$1,697)	(\$4,202)	147.61%
Substance Abuse Transfer	\$18,539,905	\$19,539,339	5.39%
TOTAL OTHER EXPENSES	\$20,163,594	\$21,273,539	5.5%
NET PROFIT	\$66,302,134	\$69,824,233	5.31%
RETURN ON SALES	25.0%	25.1%	.40%

NET INCOME STATEMENT

YEAR ENDED JUNE 30, 2015

REVENUES	FY14	FY15	% Change
Operating Revenues			
Liquor Sales	\$263,495,212	\$277,706,516	5.39%
Split Case Revenue	\$1,348,292	\$1,426,902	5.83%
Bottle Deposit/Surcharge	\$2,194,476	\$2,385,737	8.72%
Recycling Revenue	\$21,290	\$18,110	(14.94%)
Fuel and Lease Reimbursement	\$32,819	\$11,394	(65.28%)
TOTAL OPERATING REVENUES	\$267,092,089	\$281,548,659	5.41%
Non-Operating Revenues			
Lease Revenue	\$59,964	\$99,938	66.66%
License Fees	\$15,036,154	\$15,511,139	3.16%
Wine Tax	\$7,527,050	\$7,765,256	3.16%
Fines/Penalties	\$21,501	\$3,525	(83.61%)
Misc. Funding Sources	\$384,682	\$50,013	(87.00%)
State Appropriations	\$1,220,391	\$1,220,391	(0.00%)
Inter Department Transfers	\$654,614	\$635,000	(3.00%)
Prior Year Carryforward	\$2,011,834	\$2,977,352	47.99%
TOTAL NON-OPERATING REVENUES	\$26,916,190	\$28,262,614	5.00%
TOTAL REVENUES	\$294,008,280	\$309,811,273	5.38%
EXPENSES			
Operating Expenses			
Purchase of Spirits ¹	\$171,430,966	\$181,494,799	5.87%
Freight Expenses ²	\$2,576,496	\$2,703,542	4.93%
Warehouse Expenses ³	\$1,822,520	\$1,662,698	(8.77%)
Other Expenses Related To Distribution ⁴	\$2,217,102	\$1,930,246	(12.94%)
Warehouse Administration ⁵	\$636,658	\$552,412	(13.23%)
Product Administration ⁵	\$477,536	\$387,388	(18.88%)
Accounting/HR ⁵	\$392,425	\$438,952	11.86%
Information Technology ⁵	\$690,775	\$1,027,739	48.78%
Building and Grounds ⁵	\$377,822	\$353,049	(6.56%)
Bottle Deposit Fee	\$505,086	\$534,944	5.91%
Recycle Surcharge Fee	\$1,120,302	\$1,203,458	7.42%
Liquor Refunds	(\$1,697)	(\$4,202)	147.61%
Substance Abuse Transfer	\$18,539,905	\$19,539,339	5.39%
Liquor Profits Transfer	\$82,632,634	\$89,697,327	8.55%
TOTAL OPERATING EXPENSES	\$283,418,530	\$301,521,691	6.39%
Non-Operating Expenses			
Sunday Sales Transfer	\$871,957	\$907,891	4.12%
Payments to City and Counties	\$3,649,165	\$3,717,975	1.89%
General Fund Expenditures ⁶	\$2,797,864	\$2,594,918	(7.25%)
Inter-Department Transfers	\$654,614	\$635,000	(3.00%)
NON-OPERATING EXPENSES TOTAL	\$7,973,600	\$7,855,784	(1.48%)
TOTAL EXPENSES	\$291,392,130	\$309,377,475	6.17%
NET INCOME	\$2,616,149	\$433,798	(83.42%)

STATEMENT OF CASH FLOW: ON JUNE 30, 2015

CASH IN	FY15	FY14
Sales-Spirits	\$272,577,793	\$256,763,831
Wine Tax	\$6,975,881	\$6,894,522
License Fees	\$15,283,496	\$14,862,331
Split Case Fee	\$1,400,692	\$1,317,913
Bottle Deposit/Surcharge	\$2,341,325	\$2,139,959
Misc. Income	\$142,715	\$143,721
TOTAL CASH IN	\$298,721,902	\$282,122,277
 CASH OUT		
To Local Authorities	\$3,332,319	\$3,313,944
Sunday Sales	\$907,891	\$871,957
Substance Abuse	\$17,638,538	\$16,830,941
General Fund Transfer	\$80,000,000	\$73,582,634
Intra State Transfers	\$500,000	\$654,614
Liquor Trust Fund Salaries and Benefits	\$4,162,470	\$4,259,187
Liquor Purchases	\$171,866,673	\$162,471,952
Bottle Deposit Refund	\$1,103,714	\$908,581
Recycle Surcharge Fee	\$490,731	\$409,628
Travel	\$128,089	\$79,152
Vehicle Operations	\$408,090	\$480,777
Other Expenses and Obligations	\$2,287,377	\$2,061,026
Refunds-Other	\$209,146	\$265,812
Capitals	\$1,812,712	\$2,164,724
TOTAL CASH OUT	\$284,847,750	\$268,354,929
 TOTAL CHANGE IN CASH	 \$13,874,152	 \$13,767,348

BALANCE SHEET

YEAR ENDED JUNE 30, 2015

	FY15	FY14	% Change
CURRENT ASSETS			
Cash			
Cash	\$15,561,343	\$16,044,995	(3.0%)
Accounts Receivable			
Liquor	\$5,128,723	\$6,731,381	(23.8%)
Split Case Fees	\$26,210	\$30,379	(13.7%)
Recycle Fee/Surcharge	\$44,412	\$54,518	(18.5%)
Wine Tax	\$789,375	\$632,527	24.8%
Licenses	\$227,643	\$173,522	31.2%
Fines and Penalties	\$261	\$100	161%
Refunds and Reimbursements	\$4,874	\$2,357	106.7%
Other Agency Billings	\$23,735	\$4,681	407.1%
Inventory			
Liquor	461,315	752,520	(38.7%)
Gasoline/fuel	39,038	31,773	22.9%
TOTAL CURRENT ASSETS	\$22,306,929	\$24,458,753	(8.8%)
PROPERTY, PLANT & EQUIPMENT			
Machinery, Equipment and Vehicles	\$1,910,342	\$642,822	205.7%
Less: Accumulated Depreciation	(\$536,195)	(\$421,735)	27.1%
Buildings and Improvements	\$4,232,598	\$4,232,598	0.0%
Capitals in Process	\$1,519,612	\$2,143,247	(29.1%)
Land	\$210,000	\$210,000	0.0%
TOTAL ASSETS	\$29,643,286	\$31,265,684	(5.2%)
LIABILITIES			
Current Liabilities			
Wages and Benefits	\$155,914	\$141,011	10.6%
Liquor Purchases	\$9,626,056	\$8,959,012	7.4%
Bottle Deposit Fee	\$44,213	\$95,456	(53.7%)
Recycle Surcharge Fee	\$99,744	\$211,721	(52.9%)
Substance Abuse Obligation	\$1,900,801	\$1,708,964	11.2%
General Fund Obligation	\$9,100,000	\$9,050,000	0.6%
License Fees to Cities/Counties	\$385,656	\$335,222	15.0%
License Refunds	\$1,772	\$19,723	(91.0%)
Misc. Obligations	\$259,401	\$178,479	45.3%
TOTAL LIABILITIES	\$21,573,556	\$20,699,588	4.2%
TOTAL NET ASSETS	\$8,070,530	\$10,566,096	(23.6%)
TOTAL LIABILITIES & NET ASSETS	\$29,643,286	\$31,265,684	(5.2%)

NOTES TO FINANCIAL STATEMENTS

- 1 Cost of goods sold is the total cost to procure liquor. Per Iowa Code Chapter 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.