

# IOWA

Alcoholic Beverages Division  
78th Annual Report



2012  
Annual Report





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## About the Division

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### Mission Statement

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

#### Achieve the mission by:

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

### Vision Statement

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



## Year in Review

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### Iowa Alcoholic Beverages Division

In Fiscal Year 2012 the Iowa Alcoholic Beverages Division (Division) focused on implementing the vision laid out in the agency's four-year business model and strategic plan, which focus on aligning operations to reduce the cost of government. Many large, long-term projects were completed including launching online reporting of beer and wine taxes, initiating a comprehensive alcohol compliance program, and providing an alcohol server eLearning training course. All of these and more were accomplished while having another record-breaking year in sales and funds generated for the State.

### Increase compliance and regulatory clarity

As part of the strategic plan, the Division has been developing technology and educational programs that will result in increased compliance with the regulations that are the framework for the agency's mission and the sale of alcohol to consumers. In accordance with that goal, an electronic application for reporting beer and wine taxes was implemented during Fiscal Year 2012. The reporting and payment process is completed through the existing eLicensing program, which wholesalers already use to renew licenses. The process is user-friendly and self-explanatory.

One key component to increasing compliance is to also increase regulatory clarity. The Division has finished a complete review of all its administrative rules and has now begun the process of revising existing and writing new rules where necessary.

### Restructuring for efficiency and greater return on investment

The Division's Regulatory Affairs Bureau has initiated a comprehensive alcohol compliance program to increase compliance through education, voluntary adherence and punitive regulation. During the inaugural year of the compliance program, more than two-thirds of routine checks found licensees to be in compliance; however 54 percent of complaint-initiated investigations found violations. The top three offenses were bootlegging, infusing and retailers purchasing product from businesses not licensed for wholesale.

### Cultivate relationships and build partnerships

The Division is actively strengthening partnerships with law enforcement throughout the state. Alcohol compliance training, education, and assistance in investigations has been provided to dozens of law enforcement agencies throughout the state. Additionally, the Division is now contributing to the curriculum for the Iowa Law Enforcement Academy.

### Education and outreach programs

A new eLearning course for on- and off-premises licensees was launched in February. The Iowa Program for Alcohol Compliance Training (I-PACT) focuses on the Alcoholic Beverage Control Act, identifying elements of the Iowa driver's license, valid forms of identification, and how to spot altered and fake IDs. Participants also learn techniques for refusing the sale of alcohol with minimal confrontation, how to legally confiscate an altered or fake ID, and tips for off-site delivery of alcohol. The intent is to help prevent underage sales and sales to intoxicated patrons.

## Year in Review (continued)

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The Division published the manual “Iowa’s Alcoholic Beverages Laws and You” as a quick reference guide for licensees to achieve and maintain compliance with laws addressing the manufacture, distribution and sale of alcoholic beverages. Each licensee and local authority received one free copy of the 88-page book; additional copies are available for sale and the electronic version can be downloaded for free by any interested individual. A companion manual, “Enforcing Iowa’s Alcoholic Beverage Laws,” aimed at Iowa’s law enforcement, will be published during FY13. Both publications were paid for through an educational grant from the National Alcoholic Beverages Control Association.

### Comprehensive review to maximize revenues through the efficient delivery of services

Restrictions on selling spirits were removed for convenience stores selling gasoline during the 2011 legislative session. That, combined with the addition of numerous non-grocery chains such as pharmacies and discount stores also adding spirits to their offerings, has lead to the Division experiencing a rapid growth in delivery points over the last year. In line with the strategic initiative to conduct a comprehensive review to maximize revenues through the efficient delivery of services, the Division issued a Request for Information to study the existing and potential alternative infrastructure models including warehousing and delivery. The goal is to identify and implement the most efficient model for the next decade.

### Legislative news

During the 2012 session, the Iowa legislature passed a bill allowing the storage of mixed drinks, cocktails and infused spirits for up to 72 hours for on-premises licensees. However, the new language stipulated the Division must write rules to establish requirements for storage, labeling and record keeping. The Division filed and adopted emergency rules which were effective July 1, 2012; rules were simultaneously filed through the regular rule making process in order to allow for public comment.

### Revenue

While the Division spent the year focused on the above strategic initiatives, it also had a record-breaking fiscal year. Over \$242 million from the wholesale of spirits broke last year’s record by \$21 million, representing an 9.5 percent increase in sales. In addition to revenue from spirits profits, funds generated by excise taxes on wine and beer, license fees and civil penalties translated into transfers over \$115 million for the first time in a single fiscal year. The majority of this money will be used as general funding to be appropriated by the legislature for a variety of state programs. A portion of the funds is earmarked for substance abuse and local programs. The remaining funds will be used for Iowa native wine and beer promotion.



Stephen Larson,  
Administrator





## Executive Information

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

### Commission

Chairperson : Jim Clayton  
Vice-Chair : Claire Celsi  
Secretary : Rick Hunsaker  
Commissioner : Tami Doll  
Commissioner : Greg Nashleanas

### Executive Staff

Administrator : Stephen Larson  
Deputy Director of Administration : Doug Webb  
Deputy Director of Regulatory Affairs : Karen Freund  
Deputy Director of Spirits : Tina Norris  
Warehouse Manager : Eric Ridenour  
Communications Director : Tonya Dusold  
Government Relations : Stephanie Strauss  
Chief Information Officer : Bruce Ireland  
Hearings & Appeals : Annie Adamovicz

Also on the Iowa Alcoholic Beverages Commission this fiscal year, Mary Hunter served until the end of her second term on April 30, 2012.



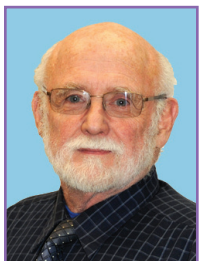


## Alcoholic Beverages Commission

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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, subject to confirmation by the senate. Commissioners are appointed for five-year staggered terms and are chosen on the basis of managerial ability and experience as business executives. The commission acts as a policy-making body and serves in an advisory capacity to the Division administrator. Commissioners may review, affirm, reverse or amend all actions of the administrator in the wholesaling of spirits, and in the licensing and regulating of Iowa's alcoholic beverages industry.

### Jim Clayton – Chairperson



Jim Clayton was appointed to the Iowa Alcoholic Beverages Commission February 14, 2005, and is the current Chairperson for the Commission. He has also served as Vice-Chair and Secretary. Commissioner Clayton is a graduate of Beloit College with B.A. degree and is the owner of The Soap Opera, a 30-year retail specialty store in Iowa City. He was the co-chairperson of The Stepping Up Coalition, a campus community initiative to reduce the harmful effects of high risk drinking by students at the University of Iowa, and served as the project coordinator from December 2002 until July of 2005. He has also been a long time volunteer with Big Brothers big Sister and has served as Chairperson at the Crisis Center and The Arc of East Central Iowa. Previously, Commissioner Clayton owned and operated the Desoto Hotel in Galena, IL and managed the bar and restaurant in the hotel. Commissioner Clayton lives in Iowa City. His second term will expire in April of 2014.

### Claire Celsi – Vice-Chair



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



## Alcoholic Beverages Commission (continued)

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### Rick Hunsaker – Secretary



Rick Hunsaker was appointed to the Iowa Alcoholic Beverages Commission on May 1, 2006, and serves as the current Secretary for the Commissioner. Commissioner Hunsaker has served also served as Chair and Vice-Chair. He is a graduate of Drake University, receiving a B.A. in 1988 and a Masters of Public Administration in 1990. He is the Executive Director of Region XII Council of Governments in Carroll, a regional agency serving 6 counties and 60 cities in west central Iowa. Commissioner Hunsaker serves on the Board of Directors for the Iowa Association of Regional Councils (past chair), the Association of Iowa Workforce Partners, Carroll Area Development Cooperation, Midwest Assistance Program, Inc. and Western Iowa Advantage, an eight county cooperative marketing group. Mr. Hunsaker is a member of the Iowa Historic Preservation Alliance. He is the current treasurer of Depot Center, Ltd., a local non-profit historic preservation organization. Commissioner Hunsaker resides in Carroll. Governor Branstad appointed him to a second term in 2011, which expires in April of 2016.

### Tami Doll



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

### Greg Nashleanas



Greg Nashleanas was appointed to the Iowa Alcoholic Beverages Commission May 1, 2008. Commissioner Nashleanas has served as Chair, Vice-Chair and Secretary in the past. Currently Commissioner Nashleanas is employed at L & L Distributing Co. in Sioux City, and has been since 1979 as a General Manager. Prior to his current position at L & L Distributing Commissioner Nashleanas owned Northwest Iowa Beer Distribution. In addition to his duties with the Commission, Mr. Nashleanas has served on the Board of Directors of the War Eagle Council of the Area Boy Scouts of America and Telco Credit Union, and has also been involved with the community, including the support and mission of treatment centers and the recovering community in the Siouxland area. Commissioner Nashleanas's term will expire in April of 2013, but he is eligible for a second 5-year appointment.

## Education & Outreach

The Division's education and outreach program's primary goal is to increase licensee compliance through education on Iowa's alcohol laws and to decrease harm resulting from alcohol abuse. In order to be aligned with national programs, the Division's focus is aimed at educating youth on the consumption of age-restricted products. The Division is proactive in setting its message and agenda.

Since the education program's induction two years ago, the Division has successfully implemented several new programs, created a vast array of partnerships, presented at a variety of venues with an education message, trained local law enforcement, and served as a resource during community events.

In February 2012 the Division created a statewide alcohol employee-training program. The Iowa Program for Alcohol Compliance Training (I-PACT) is offered online to the general public, free of charge with full access 24 hours a day at I-PACT.com. The course focuses on how to properly check state issued identification, spot signs of intoxication and how to refuse an alcohol sale. Participants must pass a final test in order to receive their certificate of completion.

From the launch on February 29, 2012, through the end of the fiscal year on June 30, 2012, 5,918 users signed up and obtained an account. 5,367 of those users completed and passed the training; 132 users have not passed with an overall pass rate of 97%.

March – 1,143 certified users  
April – 1,778 certified users  
May – 1,393 certified users  
June – 1,027 certified users



To encourage retailers to require their employees to enroll in the training, lawmakers included an affirmative defense incentive, which may be used once in a four-year period. A licensee may avoid civil prosecution if a sale-to-minor violation occurs in their establishment. The affirmative defense may not be used if a sale is made to a minor under the age of eighteen. In order for the business to take advantage of the incentive, the employee who made the violation must have been certified through the training program at the time the offense occurred. Though a business may avoid a civil penalty, the guilty employee will still be subject to a fine.

As part of the education and outreach plan, the Division has also modernized and developed educational materials and resources which can be found at IowaABD.com. The handbook "Iowa's Alcoholic Beverage Laws and You" was updated and distributed statewide during fiscal year 2012. The publication contains Iowa's alcohol laws in layman's terms with examples and resources to help licensees remain compliant.



## Discover the Division Online

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

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

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

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

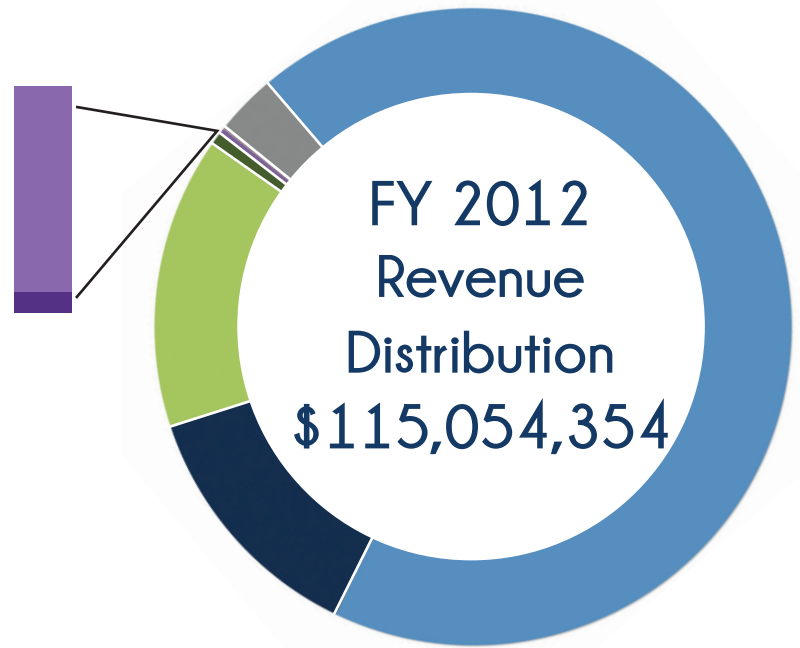
## FY12 Web Analytics

**VISITS : 150,000**  
**UNIQUE VISITORS : 70,000**  
**PAGE VIEWS : 440,000**  
**AVERAGE VISITS PER WEEK : 2,900**





## Where the Money Goes



### General Fund

#### General Fund Reversion: \$78,500,000

The Division is required to transfer revenues to the State of Iowa General Fund, that are not necessary for the purchase of liquor, or for other obligations that are to be paid by the division. Payments made to the State of Iowa General Fund help pay for programs that benefit all Iowans. Some programs that receive money from the general fund include education, natural resources, health and family services and public safety. The Governor and Iowa Legislature allocate money from the general fund based on where they believe those funds are needed most. Iowa Code section 123.53(2)“a”.

#### Beer Tax: \$14,725,780

All revenues derived from the barrel tax are to be deposited into the State General Fund. Revenues collected from beer tax are used to pay for programs that benefit all Iowans, such as education, public health, natural resources and public safety. Iowa Code section 123.136.

### Iowa Department of Public Health

#### Substance Abuse: \$17,048,686

The Division is required to transfer 7% of gross sales of liquor to the State of Iowa General Fund to be appropriated to the Iowa Department of Public Health to administer the Substance Abuse Program. Iowa Code section 123.53(5).

#### Sunday Sales: \$851,000

Revenues collected from Sunday Sales licenses are transferred to the Iowa Department of Public Health. Fifty percent of this amount is to be used for grants to counties for operating substance abuse programs involving only education, prevention, referral or post treatment services. These programs are to be administered by the counties, or by non-profit operations. Iowa Code section 125.59(1)“a”.

## Where the Money Goes (continued)

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Liquor Profits
\$78,500,000   68.1%
Beer Tax
\$14,725,780   12.8%
7 Percent of Liquor Sales
\$17,048,686   14.8%
Sunday Sales
\$851,000   0.7%
Native Wine Tax
\$255,627   0.2%
Native Beer Tax
\$24,703   <0.1%
Licenses
\$3,648,558   3.2%

### Economic Development Authority

#### Native Wine Tax: \$255,627

Revenues collected from the wine gallon tax on native Iowa wine producers is to be deposited with the Economic Development Authority to be used for the Midwest Grape and Wine Institute at Iowa State University. The Midwest Grape and Wine Institute utilizes Native Wine Tax to conduct research to evaluate cold hardy grape varieties, conduct enology (science of wine and wine making), develop a wine quality award program for quality assurance, and partner with community colleges to develop job training programs specific to wine making and growing grapes used for wine. Iowa Code section 123.183(2)"b"(2)"a".

#### Native Beer Tax: \$24,703

Revenues collected from beer manufactured in the State of Iowa are deposited with Iowa Economic Development Authority. Funds are utilized by Iowa Economic Development Authority to promote native breweries and native wineries in the state of Iowa. Iowa Code section 123.143(3).

### Cities & Counties

#### Licenses: \$3,648,558

A percentage of revenues collected from sale of licenses are remitted to the applicable city or county issuing the licenses. Iowa Code section 123.36(7).



## Source & Use of Funds

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### SOURCES OF FUNDS

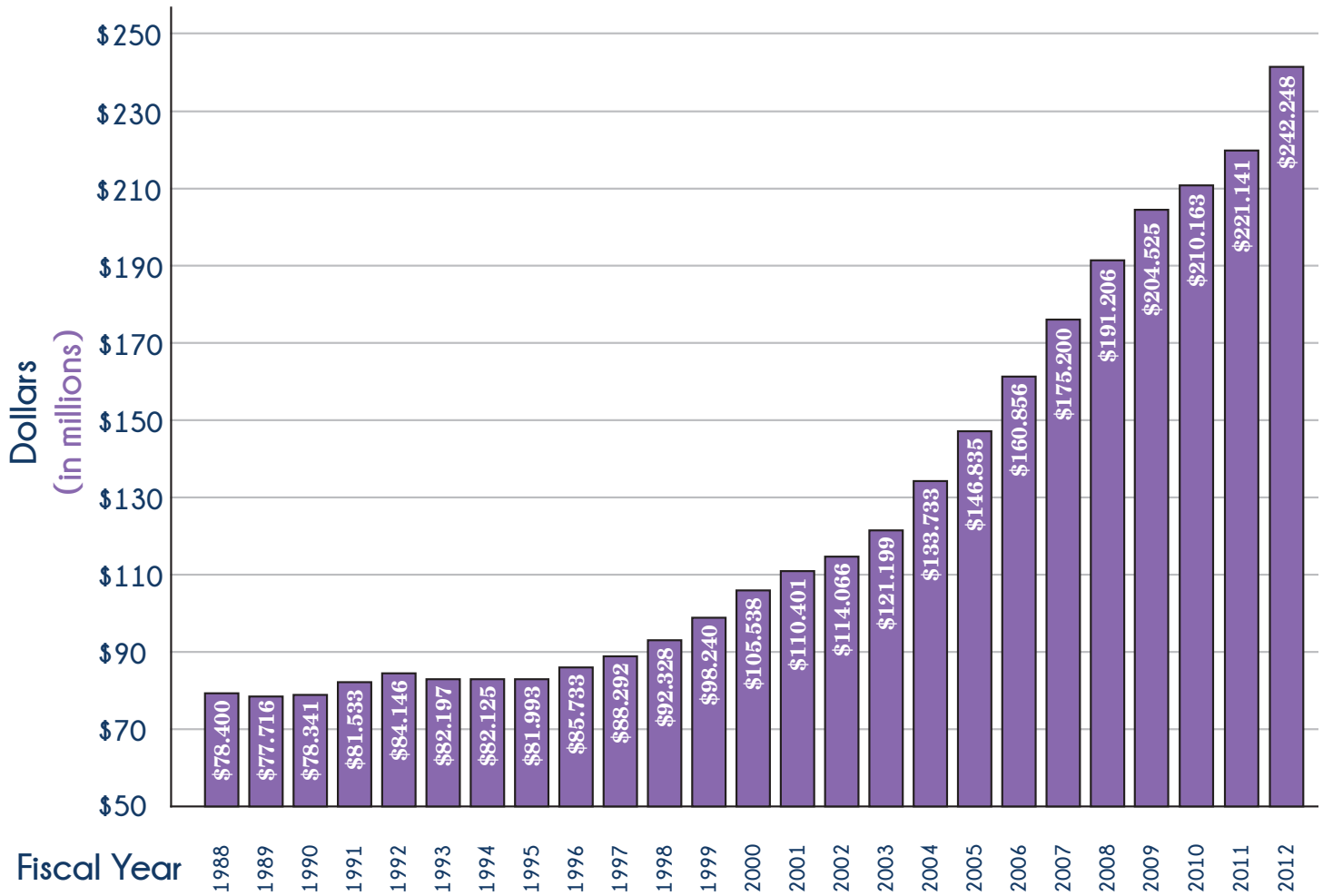
General Fund Appropriation	:	\$1,220,391
Sale of Liquor	:	\$242,247,993
Sale of Licensees	:	\$14,343,440
Beer Tax Collected <sup>1*</sup>	:	\$14,750,483
Wine Tax Collected <sup>2</sup>	:	\$7,286,436
Miscellaneous Revenue <sup>3</sup>	:	\$4,045,469
<b>SOURCE OF FUNDS</b>	:	<b>\$283,894,212</b>

### USES OF FUNDS

Payments of Liquor	:	\$159,467,366
Transfer to State General Fund <sup>4</sup>	:	\$96,400,625
Transfer of Beer & Wine Tax <sup>5</sup>	:	\$15,006,110
Cities & Counties   License Fees	:	\$3,648,558
Miscellaneous Expenses <sup>6</sup>	:	\$9,379,770
<b>USE OF FUNDS</b>	:	<b>\$283,902,429</b>
<b>SOURCES OVER USES</b>	:	<b>(\$8,217)</b>

\*Notes to Financial Statements (footnotes) can be found on pages 46-47.

## Annual Liquor Sales



\*Sales data is verified through the I/3 State Accounting System since Fiscal Year 2004.





## Vital Statistics

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### SALES

To Class E Liquor Retailers : \$242,247,993

### REVENUE FROM LIQUOR OPERATIONS

(year ended 6-30-12)

**GROSS PROFIT FROM LIQUOR SALES : \$82,780,628**

Beer & Native Beer Tax Collections : \$14,750,484

Wine & Native Wine Tax Collections : \$7,286,436

Licensee Fees, Cities & Counties : \$3,648,558

Fines & Penalties : \$230,217

Liquor Tax | Air Carriers : \$938

Split Case Fees : \$1,304,663

**TOTAL ADDITIONAL REVENUE : \$27,221,296**

**TOTAL REVENUE COLLECTED : \$110,001,924**

### OPERATING EXPENSES<sup>7</sup>

(year ended 6-30-12)

**\$7,701,067**

### LICENSING

(year ended 6-30-12)

Retail Licenses & Permits Processed : 13,054

Wholesale Licenses & Permits in Effect : 257

Other Licenses & Permits : 1,488

Liquor License Fees from \$195 - \$2,190 : \$6,466,348

Package Liquor License Fees from \$750 - \$7,500 : \$5,304,980

Beer Permit Fees from \$75 - \$300 : \$820,317

Wine Permit Fees \$500 : \$744,500

Other Licenses & Permit Fees : \$1,056,061

**TOTAL LICENSE FEES COLLECTED : \$14,392,206**

### PURCHASING

(year ended 6-30-12)

Cases Purchased : 1,886,816

Cost of Liquor Purchased : \$159,467,366

Number of Vendors : 110

## Comparative Statement of Liquor Sales

	For 12 Months Ended 6-30-12 Gallons	For 12 Months Ended 6-30-11 Gallons	Increase (Decrease) Gallons	Increase (Decrease)
<b>DISTILLED SPIRITS</b>				
Blended Whiskey :	225,472	218,990	6,482	3%
Straight Whiskey :	188,988	180,310	8,678	5%
Tennessee Whiskey :	112,521	100,549	11,972	12%
Bottled in Bond - Bourbon :	337	478	(141)	-30%
Straight Whiskey Rye :	30,891	16,844	14,047	83%
Canadian Whisky :	609,081	587,793	21,288	4%
Scotch Whisky :	74,352	75,297	(945)	-1%
Single Malt Scotch :	11,858	11,118	740	7%
Irish Whiskey :	24,198	20,797	3,401	16%
Tequila :	186,174	179,419	6,755	4%
Vodka :	1,152,942	1,095,665	57,277	5.2%
Flavored Vodka :	253,816	205,057	48,759	23.7%
Gin - American :	117,063	116,300	763	1%
Gin - Foreign :	38,948	37,321	1,627	4%
Sloe Gin :	2,000	2,341	(341)	-15%
Brandy - American :	112,885	114,279	(1,393)	-1%
Brandy - Foreign :	30,846	28,254	2,593	9%
Rum :	727,003	697,215	29,788	4%
Cocktails :	222,307	216,011	6,296	3%
Cordials - American :	346,954	282,988	63,966	23%
Cordials - Foreign :	100,132	101,802	(1,670)	-2%
Schnapps :	257,978	259,770	(1,793)	-1%
Decanters and Specialty Packs :	22,448	16,062	6,385	40%
High Proof Beer :	0	5	(5)	-100%
Alcohol :	10,684	10,395	289	3%
Other :	0	6	(6)	-100%
<b>GRAND TOTAL :</b>	<b>4,859,877</b>	<b>4,575,068</b>	<b>284,810</b>	<b>6%</b>
<b>WINE SALES* :</b>	<b>4,163,678</b>	<b>4,097,843</b>	<b>65,835</b>	<b>2%</b>
<b>BEER SALES* :</b>	<b>77,634,121</b>	<b>75,068,365</b>	<b>2,565,756</b>	<b>3%</b>

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

## Vendor Analysis

VENDOR	Purchases		VENDOR	Purchases	
	Cases	Cost		Cases	Cost
A Hardy / U.S.A., Ltd.	17,069	\$1,282,685	Duggan's Distillers Products Corp	11	\$2,008
Allied Domecq Spirits & Wine	23	\$2,089	E & J Gallo Winery	19,338	\$1,391,694
Anchor Distilling Co	1	\$111	Evaton, Inc.	3	\$727
Anchor Distilling Co (Preiss Imp)	227	\$13,620	F. Korbel & Brothers, Inc.	1,136	\$77,480
Aveniu Brands	74	\$9,525	Fifth Generation Inc.	2,007	\$228,210
Bacardi U.S.A., Inc.	91,343	\$9,976,911	Firestarter Spirits Inc.	410	\$27,779
Bacmar International	3	\$424	Foley Family Wines, Inc.	14	\$1,164
Bendistillery	3	\$503	Four Roses Distillery	90	\$10,937
Black Rock Spirits	176	\$22,308	Frank-lin Distillers Products Ltd.	13	\$1,261
Blue Angel Spirits LLC	8	\$504	FSJ Imports	11	\$1,657
Broadbent Distillery	123	\$23,227	Great Lakes Liquor Company	5,245	\$327,700
Brown-Forman Corporation	72,058	\$10,347,482	H A P LLC	4	\$668
Cabana Cachaca Lp, Abb Partners	2	\$183	Heaven Hill Distilleries Inc.	60,223	\$3,957,526
Campari (Skyy)	17,629	\$1,946,937	High West Distillery, LLC	5	\$1,051
Carriage House Imports, Ltd.	4	\$284	Hood River Distillers, Inc.	859	\$129,956
Castle Brands	606	\$56,226	Imperial Brands, Inc.	1,624	\$115,081
Cedar Ridge Vineyards, LLC	8,211	\$808,192	Infinite Spirits	15	\$2,595
Charles Jacquin Et. Cie., Inc.	921	\$54,509	International Beverage Co., Inc.	13	\$2,739
Chatham Imports,inc	2	\$281	International Beverage Holdings	11	\$858
Classic Wine Imports	1	\$162	Intersect Beverage LLC	2	\$354
Constellation Wine Company, Inc.	131,674	\$8,142,451	Jesse James Distilling Company	69	\$7,881
Cooper Spirits International	109	\$12,571	Jim Beam Brands	150,138	\$12,727,106
CVI Brands	11	\$3,554	Jinro America, Inc	12	\$867
Dakota Spirits Distillery	22	\$2,410	Jomada Imports, LLC.	6	\$1,171
Diageo Americas	376,204	\$41,549,322	Kobrand Corporation	588	\$64,567
Domaine Charbay	1	\$129	Koloa Rum Company	2	\$573
Dorado, Pizzorni & Sons, LLC	6	\$1,345	Laird And Company	77,727	\$3,374,174
Dreyfus, Ashby Co.	17	\$2,883	Levecke Corp	5	\$935
Drinks Americas	236	\$45,435	Liquor Group Wholesale	54	\$5,452
Dry Fly Distilling	18	\$3,841	Luctor International	135	\$13,117

## Vendor Analysis (continued)

VENDOR	Purchases		VENDOR	Purchases	
	Cases	Cost		Cases	Cost
Luxco	156,691	\$7,826,406	Shaw-Ross Int'l Importers, Inc.	23	\$1,644
M.S. Walker, Inc.	311	\$18,096	Sidney Frank Importing Co.	23,561	\$3,791,133
Mango Bottling, Inc.	735	\$44,056	Sovereign Brands	1	\$155
Marketing Global Brands Corp.	6	\$514	Spirit Imports, Inc.	8	\$985
Marsalle Company/Stoller Wrhs	9	\$1,507	Spirits Marque One LLC	11,274	\$930,565
Mccormick Distilling Company	37,620	\$1,886,248	Stanley Stawski Distributing Co.	11	\$1,826
MHW Ltd	1,802	\$191,168	Stellar Importing Company, LLC	43	\$4,698
Mississippi River Distilling Co.	3,812	\$362,232	Temperance Distilling Company	1	\$129
Modern Spirits LLC	11	\$1,320	The Patron Spirits Company	7,629	\$1,936,674
Moet Hennessy USA, Inc.	12,738	\$2,614,312	The Wine Group, Inc.	443	\$45,149
Monsieur Henri Wines, Ltd.	8,278	\$597,729	Total Beverage Solutions	125	\$15,950
Niche Import Co.	22	\$3,788	TY KU, LLC	69	\$6,762
Oregon Brewing Co., Rogue Ales	18	\$4,366	U.S. Distilled Prod. Co	25,402	\$1,450,265
Palm Bay Imports, Inc.	720	\$55,689	Van Gogh Imports	209	\$30,879
Paramount Distillers, Inc.	90,005	\$4,434,665	Veev Spirits LLC	51	\$4,284
Park Street Imports	86	\$8,578	Vital Beverages	2	\$620
Pernod Ricard/Austin Nichols	90,208	\$11,254,784	W. J. Deutsch & Sons, Ltd.	70	\$9,875
Phillips Beverage Company	96,412	\$5,866,609	Western Spirits Beverage Co. LLC	748	\$42,377
Piedmont Distillers	227	\$17,430	White Rock Distilleries, Inc.	17,800	\$1,320,997
Proximo	14,283	\$1,670,783	Whyte and Machay	11	\$2,254
Quadro Group LLC	121	\$23,297	Wildman & Sons, F.	21	\$6,126
Remy Cointreau USA	5,914	\$1,136,258	William Grant & Sons, Inc.	12,738	\$1,793,620
Sazerac Co., Inc.	68,806	\$5,683,209	Wilson Daniels Ltd.	25,345	\$2,699,550
Sazerac North America	134,755	\$6,481,953	Winebow, Inc.	7	\$1,337
Shaw-Ross International Impts	315	\$27,330	Yahara Bay Distillers, Inc.	767	\$42,179
<b>TOTAL PURCHASES</b>			<b>1,886,816</b>	<b>\$159,467,366</b>	
			<b>Cases</b>	<b>Cost</b>	

## Top 50 Brands

Rank	Brand	Type	Case Sales	+ or - FY11
1	Black Velvet	Canadian Whiskey	63,687	4,247
2	Captain Morgan Spiced	Spiced Rum	49,724	2,723
3	Hawkeye	Vodka-Domestic	48,428	6,363
4	Five O'Clock	Vodka-Domestic	32,236	2,132
5	Smirnoff	Vodka-Domestic	20,432	1,246
6	Jack Daniels Black Label	Tennessee Whiskey	19,887	2,246
7	Barton	Vodka-Domestic	18,231	(466)
8	Phillips	Vodka-Domestic	17,360	(393)
9	McCormick	Vodka-Domestic	16,876	1,443
10	Bacardi Light Dry	Rum-Imported	16,727	988
11	Seagram Crown Royal	Canadian Whiskey	16,470	1,283
12	Seagram 7 Crown	Blended Whiskey	15,359	596
13	Paramount White	Rum-Imported	14,608	451
14	Canadian LTD	Canadian Whiskey	13,997	268
15	Admiral Nelson Spiced	Spiced Rum	13,743	1,181
16	Absolut	Vodka-Imported	12,292	1,561
17	Jagermeister	Cordial/Liqueur	12,259	(963)
18	Cuervo Especial	Tequila-Gold	11,129	(186)
19	UV Blue Raspberry	Vodka-Flavored	10,521	(208)
20	Rum Chata	Cream Liqueur	10,450	10,362
21	Kinky	Cordial/Liqueur	10,402	10,402
22	GW Five Star	Blended Whiskey	10,371	397
23	Jim Beam	Bourbon Whiskey	10,322	445
24	Cuervo Lime Margarita	Cocktail	9,767	(1,200)
25	Dr. McGillicuddy's Cherry	Schnapps-Imported	9,447	59
26	Southern Comfort 70	Whiskey Liqueur	9,253	468
27	Malibu Natural	Rum-Flavored	9,185	442
28	Skol	Vodka-Domestic	8,221	(236)
29	Nikolai 80 Proof	Vodka-Domestic	7,980	(1,052)
30	Ten High	Bourbon Whiskey	7,362	(282)

(continued next page)

## Top 50 Brands (continued)

Rank	Brand	Type	Case Sales	+ or - FY11
31	Kessler	Blended Whiskey	7,301	(192)
32	Windsor Canadian	Canadian Whiskey	7,290	(100)
33	Juarez	Tequila-Gold	7,063	757
34	Grey Goose	Vodka-Imported	7,033	638
35	Popov	Vodka-Domestic	6,707	(669)
36	Fireball Cinnamon	Whiskey Liqueur	6,540	3,816
37	Seagram Extra Dry	Gin-Domestic	6,292	656
38	Svedka	Vodka-Imported	5,582	878
39	Paramount	Rum-Gold	5,336	(163)
40	Dekuyper Peachtree	Peach Schnapps	5,084	(312)
41	E & J	Brandy-Domestic	5,074	196
42	Canadian Club 1858	Canadian Whiskey	5,064	(247)
43	Paramount Gold	Rum-Gold	4,966	17
44	Paramount	Gin-Domestic	4,919	(16)
45	Hennessy V S	Brandy-Imported	4,870	311
46	Beams 8 Star	Blended Whiskey	4,852	122
47	Paramount Amaretto	Amaretto-Domestic	4,734	(14)
48	Fleischmann Royal	Vodka-Domestic	4,646	344
49	Templeton	Rye Whiskey	4,504	351
50	Paul Masson Grande Amber	Brandy-Domestic	4,428	175
<b>TOTAL</b>			<b>639,011</b>	<b>50,865</b>

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



## Per Capita Gallonage by County

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY 2011	FY 2012	+ / -	% + / -
1	Dickinson	11,917	6.11	6.45	0.34	5.62%
2	Cerro Gordo	31,568	3.08	3.28	0.20	6.61%
3	Iowa	11,694	3.12	3.25	0.13	4.17%
4	Polk	307,908	2.88	3.17	0.28	9.83%
5	Black Hawk	93,729	2.97	3.14	0.18	5.93%
6	Kossuth	11,113	2.92	3.05	0.13	4.59%
7	Carroll	14,883	2.75	3.03	0.28	10.09%
8	Linn	151,027	2.78	2.88	0.10	3.71%
9	Hardin	12,537	2.56	2.80	0.24	9.20%
10	Clay	11,917	2.59	2.76	0.17	6.65%
11	Scott	118,135	2.64	2.76	0.12	4.35%
12	Johnson	93,581	2.52	2.75	0.23	9.15%
13	O'Brien	10,295	2.13	2.60	0.47	21.94%
14	Pottawattamie	66,608	2.38	2.56	0.18	7.56%
15	Story	64,023	2.70	2.45	(0.26)	-9.45%
16	Howard	6,840	2.47	2.42	(0.05)	-1.99%
17	Dubuque	66,962	2.12	2.30	0.18	8.66%
18	Buena Vista	14,486	2.23	2.29	0.06	2.61%
19	Cass	9,979	2.21	2.28	0.07	2.97%
20	Lee	25,641	2.32	2.25	(0.07)	-2.91%
21	Woodbury	73,053	2.05	2.21	0.17	8.09%
22	Des Moines	28,832	2.00	2.15	0.15	7.29%
23	Bremer	17,357	2.12	2.13	0.01	0.48%
24	Webster	27,179	2.04	2.10	0.07	3.21%
25	Emmet	7,366	1.97	2.08	0.11	5.60%
26	Union	8,962	2.02	2.05	0.03	1.25%
27	Page	11,391	1.92	2.02	0.10	5.28%
28	Crawford	12,224	1.90	1.98	0.08	4.09%
29	Ida	5,069	1.88	1.94	0.05	2.84%
30	Wapello	25,472	1.92	1.93	0.00	0.12%
31	Palo Alto	6,736	1.81	1.89	0.08	4.17%
32	Poweshiek	13,524	1.77	1.87	0.10	5.65%
33	Jones	14,756	1.74	1.87	0.13	7.18%
34	Clinton	35,118	1.85	1.85	0.01	0.34%
35	Marshall	29,063	1.76	1.84	0.08	4.64%
36	Winnebago	7,769	1.55	1.84	0.29	18.92%
37	Floyd	11,657	1.60	1.84	0.23	14.55%
38	Buchanan	14,985	1.68	1.77	0.09	5.48%



## Per Capita Gallonage by County (continued)

Rank	County	Adult 21+ Population	FY 2011	Per Capita Gallon Sales FY 2012	+ / -	% + / -
39	Winneshie	15,055	1.70	1.76	0.06	3.60%
40	Humboldt	7,018	1.74	1.75	0.01	0.43%
41	Muscatine	30,563	1.59	1.75	0.16	9.98%
42	Jackson	14,191	1.70	1.75	0.05	2.95%
43	Plymouth	17,865	1.71	1.74	0.04	2.22%
44	Cherokee	8,631	1.73	1.74	0.01	0.73%
45	Sac	7,400	1.66	1.71	0.05	3.05%
46	Shelby	8,699	1.64	1.70	0.06	3.63%
47	Allamakee	10,246	1.74	1.69	(0.06)	-3.42%
48	Pocahontas	5,227	1.63	1.68	0.05	3.25%
49	Wright	9,459	1.39	1.66	0.27	19.12%
50	Fayette	14,929	1.38	1.63	0.26	18.66%
51	Monona	6,609	1.57	1.62	0.04	2.75%
52	Boone	18,809	1.36	1.61	0.25	18.44%
53	Hamilton	11,206	1.41	1.59	0.18	12.60%
54	Washington	15,518	1.62	1.59	(0.03)	-2.14%
55	Montgomery	7,679	1.54	1.58	0.04	2.37%
56	Clarke	6,639	1.40	1.52	0.12	8.37%
57	Marion	23,816	1.35	1.45	0.09	6.99%
58	Franklin	7,636	1.27	1.43	0.15	11.92%
59	Dallas	47,287	1.28	1.41	0.13	9.88%
60	Appanoose	9,214	1.33	1.41	0.08	5.68%
61	Delaware	12,701	1.28	1.40	0.12	9.29%
62	Adair	5,493	1.06	1.37	0.31	28.87%
63	Mitchell	7,705	1.34	1.34	0.00	0.04%
64	Jasper	26,342	1.27	1.33	0.07	5.28%
65	Lyon	8,280	0.99	1.28	0.29	28.77%
66	Henry	14,404	1.24	1.26	0.03	2.21%
67	Calhoun	6,914	1.04	1.23	0.19	17.97%
68	Jefferson	12,043	1.05	1.19	0.14	13.67%
69	Warren	33,051	1.10	1.19	0.09	8.07%
70	Sioux	24,098	0.97	1.16	0.19	19.74%
71	Mahaska	16,002	1.05	1.15	0.10	9.51%
72	Clayton	12,962	0.92	1.09	0.17	18.32%
73	Monroe	5,699	1.02	1.04	0.02	1.88%
74	Osceola	4,620	1.01	1.03	0.02	2.00%
75	Chickasaw	8,894	1.08	1.02	(0.06)	-5.84%
76	Tama	12,703	0.94	0.96	0.02	2.37%

## Per Capita Gallonage by County (continued)

Rank	County	Adult 21+ Population	Per Capita Gallon Sales			
			FY 2011	FY 2012	+ / -	% + / -
77	Audubon	4,375	0.79	0.91	0.12	14.69%
78	Madison	11,210	0.86	0.90	0.04	4.95%
79	Harrison	10,674	0.75	0.90	0.15	20.46%
80	Greene	6,675	0.78	0.90	0.12	15.77%
81	Lucas	6,362	0.78	0.87	0.09	11.10%
82	Guthrie	7,832	0.58	0.85	0.27	47.71%
83	Ringgold	3,669	0.95	0.85	(0.10)	-10.58%
84	Mills	10,767	0.61	0.83	0.22	35.91%
85	Hancock	8,109	0.80	0.76	(0.04)	-5.39%
86	Benton	18,644	0.67	0.74	0.06	9.56%
87	Adams	2,881	0.78	0.73	(0.05)	-6.43%
88	Cedar	13,227	0.50	0.72	0.23	45.53%
89	Grundy	8,904	0.65	0.71	0.06	9.38%
90	Wayne	4,578	0.79	0.70	(0.09)	-10.99%
91	Van Buren	5,413	0.55	0.68	0.13	23.07%
92	Worth	5,433	0.63	0.63	(0.00)	-0.01%
93	Louisa	8,142	0.63	0.63	(0.01)	-1.07%
94	Decatur	6,047	0.17	0.50	0.32	187.26%
95	Taylor	4,517	0.50	0.48	(0.02)	-3.92%
96	Butler	10,630	0.40	0.48	0.07	18.20%
97	Keokuk	7,515	0.37	0.40	0.03	7.40%
98	Davis	6,258	0.34	0.36	0.03	7.62%
99	Fremont	5,320	0.00	0.06	0.06	100.00%
<b>TOTAL</b>		<b>2,178,145</b>	<b>2.10</b>	<b>2.23</b>	<b>0.13</b>	<b>6.43%</b>

## IOWA PER CAPITA CONSUMPTION | 2012

(based on adult population | 21 & over)

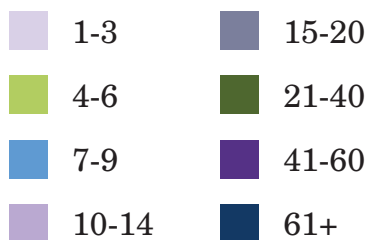
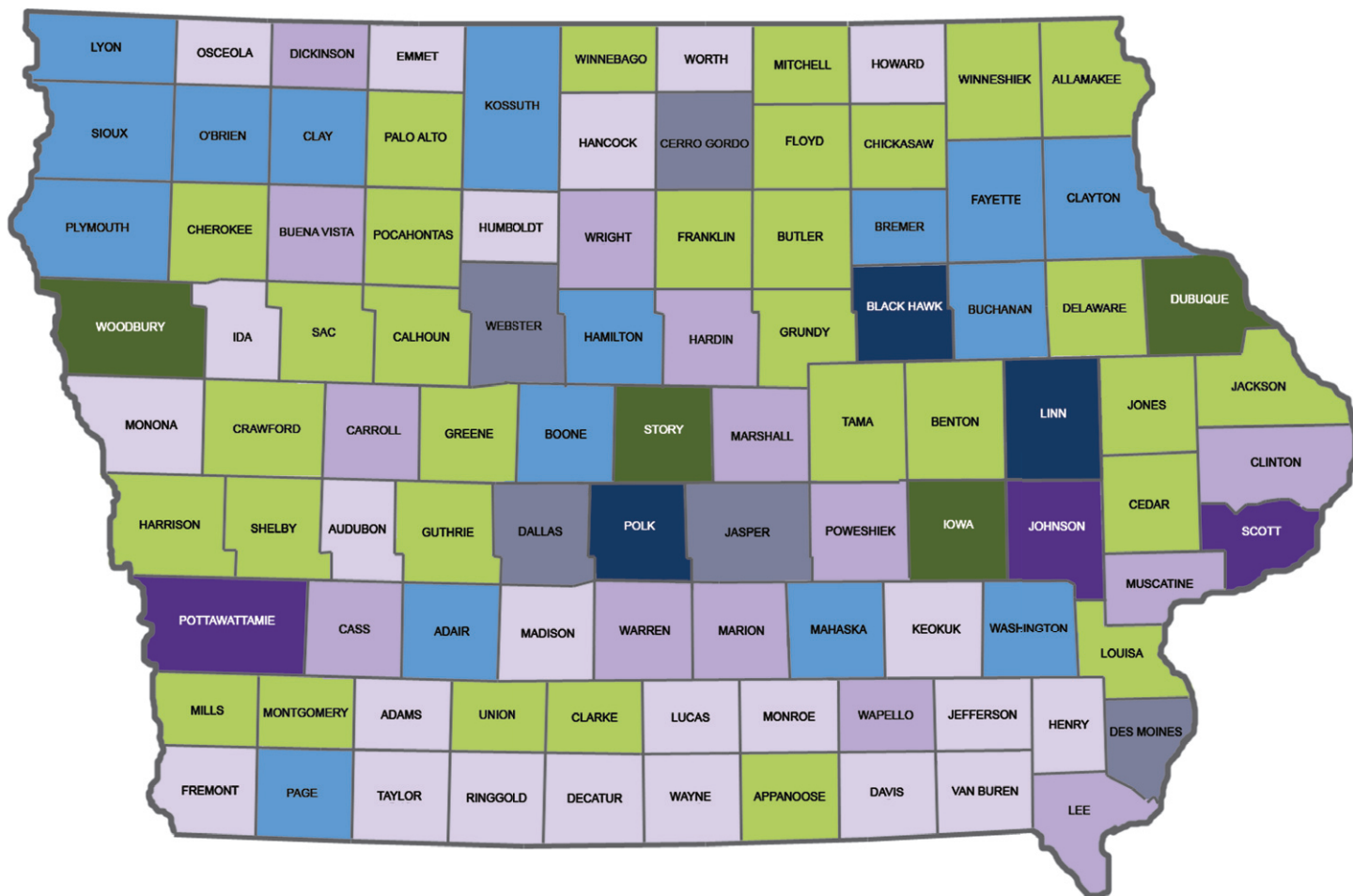
**DISTILLED SPIRITS | 2.23 Gallons**

**WINE | 1.91 Gallons**

**BEER | 35.64 Gallons**

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

## Class "E" Liquor Licensees by County\*



\*June 30, 2012

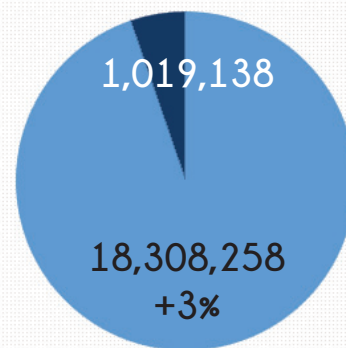
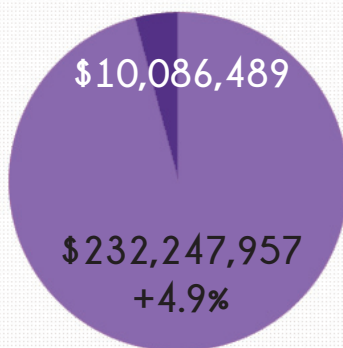
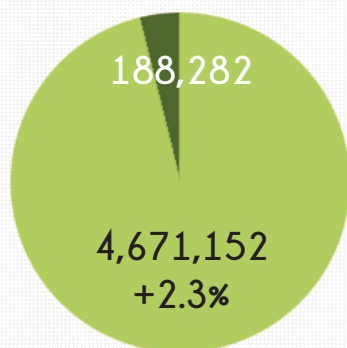
# Sales Comparison

## Class Es v. Convenience Stores\*

● Gallons ○ Dollars ○ Bottles

○ Gallons ● Dollars ○ Bottles

○ Gallons ○ Dollars ● Bottles



12 Mo. Licenses C-Stores

Total: 4,859,434  
+6%

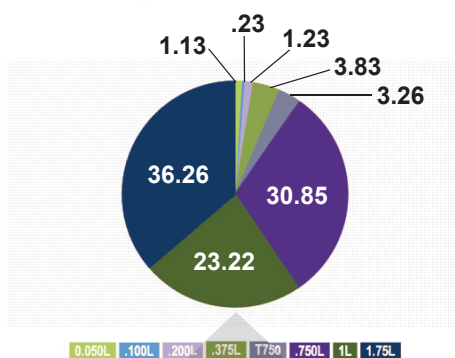
12 Mo. Licenses C-Stores

Total: \$242,334,446  
+9.4%

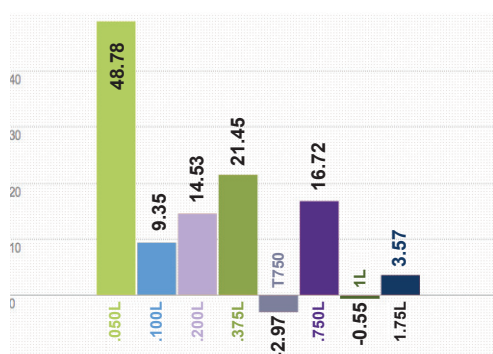
12 Mo. Licenses C-Stores

Total: 19,327,396  
+8.7%

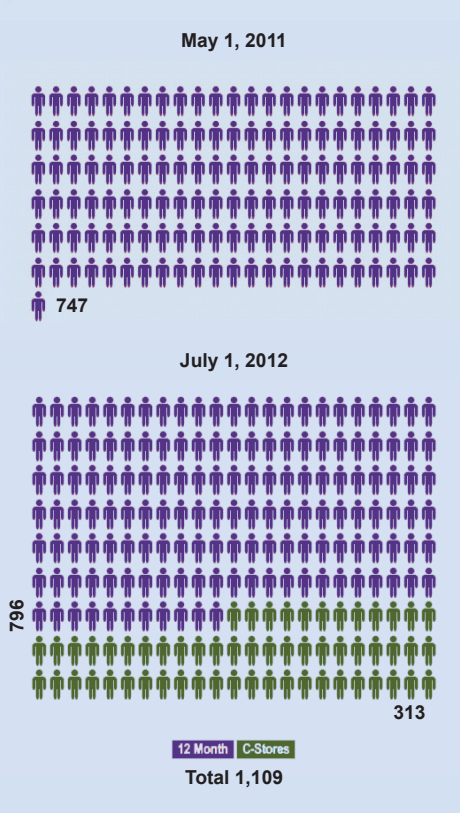
Sales Percent by Size



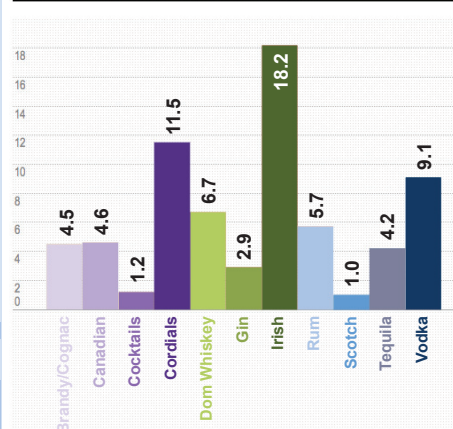
Sales Increase by Size



Licenses



Sales by Category - FY12 & Increase



\*Convenience stores are Class E licensees that sell spirits and gasoline through the same cash registers.



## Top 100 Retailers

Store	City	Store	City
1 Hy-Vee / BDI	Des Moines	29 Hy-Vee Wine & Spirits	Ankeny
2 Central City Liquor, Inc.	Des Moines	30 Hy-Vee	West Des Moines
3 Sam's Club	Windsor Heights	31 Hy-Vee Food Store	Muscatine
4 Sam's Club	Cedar Rapids	32 Hy-Vee	Ames
5 Hy-Vee Wine & Spirits	Iowa City	33 Hy-Vee Wine & Spirits	Spirit Lake
6 Lot-A-Spirits	Bettendorf	34 Hy-Vee Food & Drug	West Des Moines
7 Costco Wholesale	West Des Moines	35 I-80 Liquor	Council Bluffs
8 Sam's Club	Davenport	36 Hy-Vee	Fort Dodge
9 Wilkie Liquors	Mt Vernon	37 Okoboji Avenue Liquor	Milford
10 Sam's Club	Waterloo	38 Hy-Vee Wine & Spirits	Cedar Falls
11 Hy-Vee Wine & Spirits	Coralville	39 Hy-Vee Wine & Spirits	Bettendorf
12 Hy-Vee Wine & Spirits	Davenport	40 Hy-Vee Food Store	Des Moines
13 Sam's Club	Sioux City	41 Hillstreet News & Tobacco	Cedar Falls
14 Sam's Club	Ames	42 Hy-Vee Food Store	Sioux City
15 Benz Distributing	Cedar Rapids	43 Hy-Vee Food Store	Newton
16 Sid's Beverage Shop	Dubuque	44 Sycamore Convenience	Waterloo
17 Charlie's Wine & Spirits	Sioux City	45 Hy-Vee Food Store	Cedar Rapids
18 Hy-Vee Food & Drug	Clinton	46 Hy-Vee	Davenport
19 Hy-Vee Wine & Spirits	West Des Moines	47 Sauce	Iowa City
20 Hy-Vee Food Store	Burlington	48 Hy-Vee	Cedar Rapids
21 Hy-Vee Food Store	Carroll	49 Hy-Vee Food Store	Dubuque
22 Hy-Vee Food Store	Marion	50 Hy-Vee	Davenport
23 Hy-Vee Food Store	Marshalltown	51 Hy-Vee Food Store	Altoona
24 Sam's Club	Council Bluffs	52 Hy-Vee Food Store	Des Moines
25 Hy-Vee Food Store	Council Bluffs	53 Hy-Vee Drugstore	Des Moines
26 Hy-Vee Food Store	Mason City	54 Hy-Vee Food Store	Council Bluffs
27 Liquor Downtown	Iowa City	55 Keokuk Spirits	Keokuk
28 Hy-Vee Food Store	Davenport	56 Hy-Vee Food Store	Sioux City

## Top 100 Retailers (continued)

	Store	City		Store	City	
57	Hy-Vee Wine & Spirits	Waterloo	•	79	Dahl's	Des Moines
58	Hy-Vee Food Store	Waterloo	•	80	Hy-Vee	Dubuque
59	Beecher Beverage	Dubuque	•	81	Hy-Vee Wine & Spirits	Atlantic
60	Hy-Vee	Dubuque	•	82	Hy-Vee Food Store	Des Moines
61	Hy-Vee Wine & Spirits	Lemars	•	83	Hy-Vee Food Store	West Des Moines
62	Hy-Vee Drugstore	Cedar Rapids	•	84	Hy-Vee Food Store	Ames
63	Sam's Club	Dubuque	•	85	Cyclone Liquors	Ames
64	Hy-Vee	Waverly	•	86	Quick Shop	Clear Lake
65	Hy-Vee	Charles City	•	87	Hy-Vee	Pleasant Hill
66	Quik Shop Foods	Ottumwa	•	88	Hy-Vee Food Store	Ottumwa
67	Hy-Vee Food Store	Cedar Rapids	•	89	Hy-Vee Food Store	Iowa Falls
68	Hy-Vee Food Store	Iowa City	•	90	Hy-Vee Food Store	Mount Pleasant
69	Hy-Vee Wine & Spirits	Boone	•	91	Hy-Vee Food Store	Cedar Falls
70	Hy-Vee Food Store	Spencer	•	92	Hy-Vee Food Store	Sioux City
71	Hy-Vee Food Store	Johnston	•	93	Lake Liquors Wine & Spirits	Clear Lake
72	Hy-Vee	Windsor Heights	•	94	Johncy's Liquor Store Inc	North Liberty
73	Hy-Vee	Denison	•	95	Hy-Vee Food Store	Iowa City
74	Wal-mart	Cedar Rapids	•	96	Wal-mart	Cedar Falls
75	Hy-Vee Wine & Spirits	Des Moines	•	97	Al's Liquors Unlimited	Storm Lake
76	Hy-Vee Food Store	Waterloo	•	98	Last Shop Beverage	Des Moines
77	Hy-Vee	Urbandale	•	99	Hy-Vee Wine & Spirits	Pella
78	Hy-Vee Food Store	Indianola	•	100	Wal-mart	Coralville

	FY 2012	FY 2011
<b>TOP 100 RETAILERS TOTAL SALES</b>	<b>\$124,368,616</b>	<b>\$111,882,532</b>
<b>TOTAL LIQUOR SALES</b>	<b>\$242,247,993</b>	<b>\$221,141,348</b>
<b>% OF TOTAL SALES</b>	<b>51.34%</b>	<b>50.59%</b>

\*Based on sales of spirits from the Division to the licensee.

## Licenses & Permits Processed

RETAIL		Revenue	Number	FY12 # vs FY11 #
BB   Commercial   Beer On/Off Premises	•	\$168,000	1,080	-3%
BC   Retail Store   Beer Off Premises	•	\$820,317	3,218	3%
LA   Private Club   Liquor/Wine/Beer On Premises	•	\$110,377	155	1%
LB   Hotel/Motel   Liquor/Wine/Beer On Premises-Beer Off Premises	•	\$238,744	124	7%
LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises	•	\$6,466,348	4,433	9%
LD   Common Carrier   Liquor/Wine/Beer On Premises	•	\$7,060	24	4%
LE   Commercial   Liquor Off Premises	•	\$5,304,980	1,150	14%
BW   Special   Beer/Wine On Premises-Beer Off Premises	•	\$285,055	585	12%
WB   Retail Store   Wine Off Premises	•	\$744,500	1,489	11%
WBN   Retail Store   Native Wine Off Premises	•	\$18,700	748	106%
WCN   Commercial   Native Wine On/Off Premises	•	\$1,200	48	23%
<b>SUBTOTAL</b>	•	<b>\$14,165,281</b>	<b>13,054</b>	<b>10%</b>

(continued next page)



## Licenses & Permits Processed (continued)

### WHOLESALE

	Revenue	Number	FY12 # vs FY11 #
Beer Wholesaler	\$12,500	50	6%
BAN   Native Wholesale Beer Manufacturer/Distributor	\$3,950	15	15%
WA   Wine Wholesaler	\$27,750	37	23%
WAN   Native Wholesale Wine Manufacturer/Distributor	\$2,600	99	-4%
BAA   High Alcohol Content Beer Distributor	\$20,000	40	-2%
BAAN   Native High Alcohol Content Beer Manufacturer/Distributor	\$5,500	11	57%
MD   Micro-Distillery	\$2,500	5	25%
<b>SUBTOTAL</b>	<b>\$74,800</b>	<b>257</b>	<b>5%</b>
Brewers Certificate of Compliance	\$69,000	138	30%
Distillers Certificate of Compliance	\$6,650	133	12%
Vintners Certificate of Compliance	\$55,900	559	17%
Manufacturers Permit	\$1,400	4	0%
Brokers Permit	\$525	21	40%
Direct Shippers Permit	\$14,850	594	3%
Alcohol Carrier Permit	\$0	0	-100%
Charity Beer & Wine Permit	\$3,800	39	34%
<b>SUBTOTAL</b>	<b>\$152,125</b>	<b>1,488</b>	<b>12%</b>
<b>TOTAL</b>	<b>\$14,392,206</b>	<b>14,799</b>	<b>13%</b>

## Administrative Hearings

Sales to Minors	12 Mo. Ended 6-30-12	+ or - % FY12 vs FY11
LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises	175	224%
LB   Hotel/Motel   Liquor/Wine/Beer On Premises-Beer Off Premises	6	100%
LE   Retail Stores   Liquor-Off Premises	65	261%
BC   Retail Stores   Beer-Off Premises	163	36%
BW   Retail   Beer/Wine Beer On/Off Premises-Wine On Premises	9	-10%
BB   Commercial   Beer On/Off Premises	14	56%
WBN   Retail Store   Native Wine Off Premises	2	100%
WB   Retail Store   Wine Off Premises	2	100%
<b>TOTAL</b>	<b>436</b>	<b>116%</b>

## Summary Suspensions

### Failure to Pay Sales Tax

BB   Commercial   Beer On/Off Premises	5	400%
LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises	35	775%
BC   Retail Stores   Beer Off Premises	2	0%
BW   Special   Beer/Wine On Premises-Beer Off Premises	2	100%
WBN   Retail Store   Native Wine Off Premises	1	100%
<b>TOTAL</b>	<b>45</b>	<b>543%</b>

### Failure to Maintain Dram Liability Insurance

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises	13	160%
BB   Commercial   Beer On/Off Premises	1	-50%
LB   Hotel/Motel   Liquor/Wine/Beer On Premises-Beer Off Premises	1	100%
<b>TOTAL</b>	<b>15</b>	<b>114%</b>

### Revocations

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises	3	50%
BW   Special   Beer/Wine On Premises-Beer Off Premises	2	100%
<b>TOTAL</b>	<b>5</b>	<b>150%</b>

## Administrative Hearings (continued)

	12 Mo. Ended 6-30-12	+ or - % FY12 vs FY11
<b>Illegal Gambling</b>		
LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	18	64%
BC   Retail Stores   Beer Off Premises :	4	-43%
BB   Commercial   Beer On/Off Premises :	1	100%
LE   Retail Stores   Liquor Off Premises :	1	100%
<b>TOTAL :</b>	<b>24</b>	<b>33%</b>

### Sales During Prohibited Hours

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	19	15
<b>TOTAL :</b>	<b>19</b>	<b>27%</b>

### Illegal Activity

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	21	110%
LE   Retail Stores   Liquor Off Premises :	2	0%
BB   Commercial   Beer On/Off Premises :	1	100%
BC   Retail Store   Beer Off Premises :	1	100%
<b>TOTAL :</b>	<b>25</b>	<b>108%</b>

### Intoxication

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	1	-50%
BC   Retail Store   Beer Off Premises :	1	100%
<b>TOTAL :</b>	<b>2</b>	<b>0%</b>

### Credit Sales

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	7	40%
<b>TOTAL :</b>	<b>7</b>	<b>40%</b>

### Good Moral Character

LC   Commercial   Liquor/Wine/Beer On Premises-Beer Off Premises :	1	100%
<b>TOTAL :</b>	<b>1</b>	<b>100%</b>



## Appeal Hearings

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### Denied Licenses

	<b>12 Mo. Ended 6-30-12</b>	<b>+ or - % FY12 vs FY11</b>
Liquor :	19	73%
Beer :	1	-86%
Wine :	1	100%
TOTAL :	21	17%



## Alcohol Compliance Statistics

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Investigations **12 Mo.  
Ended  
6-30-12**

Number of Complaints Received : 157  
Number of Investigations Completed : 125  
Number of Founded Investigations : 85  
Number of Unfounded Investigations : 40

### Routine Compliance Checks

Checks Completed : 257  
Number Compliance : 170  
Number Non-Compliant : 87

### Action Taken

Educational Letter : 122  
Warning - Verbal : 12  
Phone Call - Educational : 11  
Sent to AG for Review : 27  
(9 settled; 3 dismissed; 15 pending) :  
Waivers Granted : 7  
Ownership Updated : 2

### Top 3 Violations

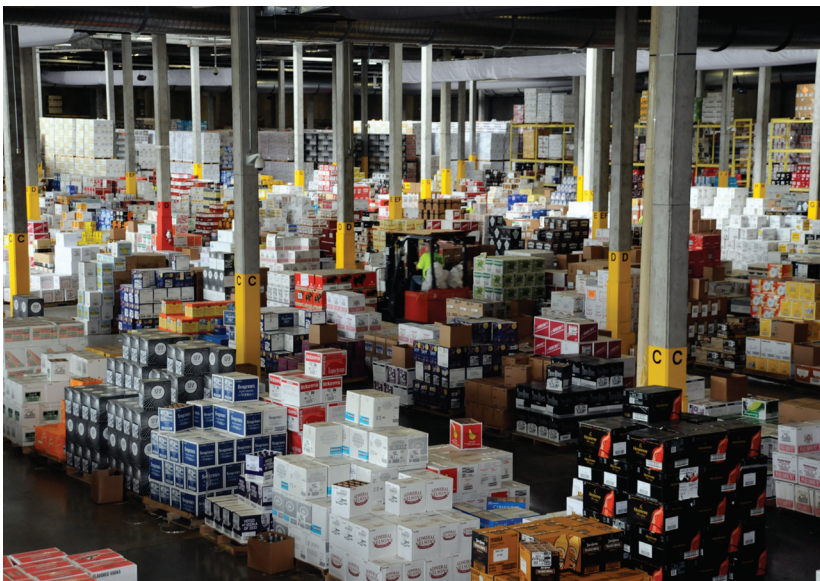
1. Bootlegging  
2. Infusing  
3. Purchasing from a non-wholesaler

Law Enforcement Training by Investigators : 41

# Financial Statements

This discussion and analysis of the Iowa Alcohol Beverages Division financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2012. All financial data reported is based off the State accounting I/3 system. Except as noted, all financial information presented reflects financial transactions for the reported fiscal year, including the State of Iowa's hold open period. It is essential to note the financial statements, discussion and analysis on the following pages has not been audited.

Revenue Distribution	• Page 12 - 13
Source and Use of Funds	• Page 14
Financial Highlights & Analysis	• Page 36 - 37
Net Income Statement	• Page 38 - 39
Statement of Cash Flows	• Page 40 - 41
Statement of Net Assets	• Page 42 - 43
Notes to Financial Statements	• Page 44 - 45



The Division warehouses and distributes more than 1,400 different spirits products to over 1,100 customers throughout the state. All customers are treated equally in product price and delivery conditions, regardless of the quantity of products purchased or location of the business.



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

Bottom: The Division employs 24 Warehouse Operation Workers.





## Financial Highlights & Analysis

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### FINANCIAL HIGHLIGHTS

- The Division's revenues increased 9.4 percent in Fiscal Year 2012.
- Of the \$282,029,172 in revenue collected during Fiscal Year 2012, sale of liquor accounts for 85.9 percent of revenues.
- Convenience stores selling spirits have increased by 313 from Fiscal Year 2011.
- Operating expenses increased 10.6 percent in Fiscal Year 2012. The cost of goods sold for alcohol increased by \$15,022,562 from Fiscal Year 2011, due to increased sales volume. Fuel costs have increased by 29.4 percent and freight leases have increased by 38.1 percent; a significant portion of this increase is attributed to the addition of convenience stores.
- The Division is required to transfer 7 percent of liquor sales to the State of Iowa General Fund for substance abuse programs, per Iowa Code 123.53(5). Substance abuse programs are administered by the Iowa Department of Public Health. Fiscal Year 2012 substance abuse transfer increased 10.16 percent from Fiscal Year 2011.
- The Division is required to transfer liquor profits to the State of Iowa General Fund, per Iowa Code 123.53(2). Transfers of liquor profits for Fiscal Year 2012 totaled \$78,500,000, a 6.1 percent increase from Fiscal Year 2011.
- The Division receives a General Fund Appropriation, which is set by the Iowa Legislature. General Fund Appropriation for Fiscal Year 2012 was \$1,223,391, a 31.7 percent decrease from Fiscal Year 2011.





## Financial Highlights & Analysis (continued)

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### OVERVIEW OF FINANCIAL STATEMENTS

The annual report consists of a series of proprietary financial statements. The Division operates out of the State of Iowa General Fund (Fund 0001) and the Liquor Control Trust Fund (Fund 0631). The Statement of Net Assets provides information about the Division's assets and liabilities and reflects the financial position as of June 30, 2012, with comparison to the Division's financial position as of June 30, 2011. The Division utilized information submitted in its annual GAAP package that is used in the State of Iowa CAFR, and payment and revenues received during the State of Iowa's hold open period (July 1, 2012 – September 27, 2012). The Source and Use of Funds, gives a brief detail of all revenues earned and expenses incurred by the Division. Revenue distribution highlights the amount of

payments to Government Agencies made by the Division; these are obligations as prescribed in Iowa Chapter 123. The Net Income Statement outlines Fiscal Year 2011 and Fiscal Year 2012 comparison of the Division's operation and performance relating to Chapter 123, including distribution. The Statement of Cash Flows represents cash flow comparison for Fiscal Year 2011 and Fiscal Year 2012 for the Liquor Control Fund only. Financial statements presented in this report also include 'Notes to Financial Statements' that provide additional information that is essential to a full understanding of the data provided in the statements. These statements provide current and non-current information about the Division's financial position.

## Net Income Statement

	FY 2012	FY 2011	% Change
<b>SALES REVENUE<sup>8</sup></b>	<b>\$242,247,993</b>	<b>\$221,141,348</b>	<b>9.5%</b>
<b>COST OF GOODS SOLD<sup>9</sup></b>	<b>\$159,467,366</b>	<b>\$144,444,803</b>	<b>10.4%</b>
<b>GROSS PROFIT</b>	<b>\$82,780,628</b>	<b>\$76,696,544</b>	<b>7.9%</b>
<b>GROSS PROFIT %</b>	<b>34.17%</b>	<b>34.68%</b>	<b>-1.5%</b>
<b>Operating Expenses</b>			
Total Freight Costs <sup>10</sup>	\$2,423,762	\$1,837,303	31.9%
Total Warehouse Expenses <sup>11</sup>	\$1,553,893	\$1,309,122	18.7%
Total Other Expenses related to Distribution <sup>12</sup>	\$192,321	\$338,110	-43.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$4,169,977</b>	<b>\$3,484,535</b>	<b>19.7%</b>
<b>DISTRIBUTION ADMIN. EXPENSES<sup>13</sup></b>	<b>\$1,053,083</b>	<b>\$877,009</b>	<b>20.1%</b>
<b>TOTAL EXPENSES</b>	<b>\$5,223,060</b>	<b>\$4,361,543</b>	<b>19.8%</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$77,557,567</b>	<b>\$72,335,001</b>	<b>7.2%</b>
<b>Other Revenues</b>			
Split Case Fee	\$1,304,663	\$841,928	55.0%
Bottle Deposit/Surcharge	\$1,846,580	\$1,557,675	18.5%
Warehouse/Office Rental <sup>10</sup>	\$153,504	\$169,150	-9.2%
Sale of Licenses	\$14,343,440	\$12,405,750	15.6%
Alcohol Civil Penalties <sup>14</sup>	\$230,217	\$183,750	25.3%
Wine Tax	\$7,030,809	\$6,803,010	3.3%
Misc. Funding Sources <sup>15</sup>	\$436,901	\$41,082	963.5%
<b>TOTAL OTHER REVENUES</b>	<b>\$25,346,114</b>	<b>\$22,002,345</b>	<b>15.2%</b>
<b>Other Expenses</b>			
Bottle Deposit Fee	\$514,220	\$502,907	2.2%
Recycle Surcharge Fee	\$1,164,483	\$1,010,476	15.2%
Substance Abuse Transfer	\$17,048,686	\$15,475,624	10.2%
Transfers to Other Agencies <sup>16</sup>	\$1,226,120	\$858,122	42.9%
Local Authorities	\$3,648,558	\$3,528,171	3.4%
Liquor Refunds	\$106,169	\$21,026	405.0%
<b>TOTAL OTHER EXPENSES</b>	<b>\$23,708,235</b>	<b>\$21,396,324</b>	<b>10.8%</b>

## Net Income Statement (continued)

### Education/Licensing/Regulation and Executive Expenditures

	FY 2012	FY 2011	% Change
Wages and Benefits <sup>17</sup>	\$1,404,409	\$1,310,647	7.2%
Utilities	\$91,980	\$99,744	-7.8%
License Refunds	\$214,061	\$170,371	25.6%
Travel	\$58,887	\$74,255	-20.7%
Outreach and Education	\$24,229	—	100.0%
Professional Development	\$3,560	\$497	616.3%
Memberships/Dues and Subscriptions	\$6,558	\$2,733	140.0%
Office Supplies	\$83,630	\$37,587	122.5%
Printing Costs	\$4,463	\$1,851	141.1%
Postage	\$16,410	\$32,150	-49.0%
Telecommunications	\$77,535	\$63,314	22.5%
Rental/Repairs - Office Equipment	\$26,834	\$18,242	47.1%
IT Equipment and Software	\$14,095	\$71,563	-80.3%
Attorney General Reimbursement	\$42,592	\$27,531	54.7%
Web Server	\$26,498	\$33,961	-22.0%
State Auditor Reimbursement	\$35,001	\$32,191	8.7%
DAS Charges - Non IT	\$18,539	\$32,745	-43.4%
DAS Charges - IT	\$25,652	\$27,443	-6.5%
Buildings and Grounds Expenditures	\$9,588	\$22,691	-57.7%
Vehicle Operation - Non Delivery	\$2,214	\$620	257.1%
Additional Expenses for Edu/Lic/Reg	\$185,102	\$221,088	-16.3%
<b>TOTAL EDU/LIC/REG EXPENSES</b>	<b>\$2,371,838</b>	<b>\$2,281,225</b>	<b>4.0%</b>
<b>NET PROFIT</b>	<b>\$76,823,608</b>	<b>\$70,659,797</b>	<b>8.7%</b>
<b>NET RETURN ON SALES<sup>18</sup></b>	<b>31.723%</b>	<b>31.952%</b>	<b>-0.7%</b>
<b>GENERAL FUND REVERSION</b>	<b>\$78,500,000</b>	<b>\$74,000,000</b>	<b>6.1%</b>
<b>CASES DELIVERED</b>	<b>1,886,816</b>	<b>1,733,427</b>	<b>8.8%</b>
<b>COST PER CASE<sup>19</sup></b>	<b>\$2.77</b>	<b>\$2.52</b>	<b>10.0%</b>



## Statement of Cash Flow: Liquor Control Fund

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### Cash In

	FY 2012	FY 2011	% Change
Sales - Spirits :	\$242,247,993	\$221,141,348	9.5%
Wine Tax :	\$7,030,809	\$6,803,010	3.3%
Native Wine Tax <sup>20</sup> :	\$255,627	\$246,867	3.5%
Beer Tax <sup>20</sup> :	\$14,725,780	\$14,272,122	3.2%
Native Beer Tax <sup>20</sup> :	\$24,703	\$17,090	44.5%
License Fees :	\$14,343,440	\$12,445,699	15.2%
Split Case Fee :	\$1,304,663	\$841,928	55.0%
Bottle Deposit Fee/Surcharge :	\$1,846,580	\$1,557,675	18.5%
Misc. Income <sup>21</sup> :	\$249,576	\$35,375	605.5%
<b>TOTAL CASH IN :</b>	<b>\$282,029,172</b>	<b>\$257,361,114</b>	<b>9.6%</b>

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## Statement of Cash Flow: Liquor Control Fund (continued)

### Cash Out

	FY 2012	FY 2011	% Change
To Local Authorities	\$3,648,558	\$3,528,171	3.4%
For Sunday Sales	\$851,000	\$842,000	1.1%
To Substance Abuse	\$17,048,686	\$15,475,624	10.2%
General Fund Transfer	\$78,500,000	\$74,000,000	6.1%
Intra State Transfer	\$375,000	—	100.0%
Beer Tax <sup>20</sup>	\$14,725,780	\$14,272,122	3.2%
Native Beer <sup>20</sup>	\$24,703	\$17,090	44.5%
Native Wine <sup>20</sup>	\$255,627	\$246,867	3.5%
Liquor Trust Fund Salaries & Benefits <sup>20</sup>	\$3,868,707	\$3,011,429	28.5%
Liquor Purchases <sup>20</sup>	\$159,467,366	\$144,444,803	10.4%
Bottle Deposit Refund <sup>20</sup>	\$514,220	\$502,907	2.2%
Recycle Surcharge Fee	\$1,164,483	\$1,010,476	15.2%
Travel <sup>22</sup>	\$58,763	\$69,072	-14.9%
Vehicle Operation	\$579,253	\$448,631	29.1%
State Vehicle Depreciation	\$2,520	—	100.0%
Supplies <sup>23</sup>	\$180,702	\$171,846	5.2%
Printing & Binding	\$8,862	\$1,790	395.1%
Uniforms & Related Items	\$8,157	\$10,274	-20.6%
Postage	—	\$26,532	-100.0%
Communications	\$43,338	\$55,552	-22.0%
Rental	\$577,267	\$385,341	49.8%
Utilities	\$68,398	\$79,374	-13.8%
Outside Services <sup>24</sup>	\$393,142	\$346,003	13.6%
Payments to Other Agencies <sup>25</sup>	\$229,030	\$190,064	20.5%
Equipment <sup>26</sup>	\$59,536	\$116,941	-49.1%
Other Expenses & Obligations	\$1,676	\$1,568	6.9%
Refunds - Other	\$320,229	\$191,396	67.3%
Capitals	—	\$503	-100.0%
<b>TOTAL CASH OUT</b>	<b>\$282,975,003</b>	<b>\$259,446,376</b>	<b>9.1%</b>
<b>TOTAL CHANGE IN CASH</b>	<b>(\$945,831)</b>	<b>(\$2,178,733)</b>	<b>-56.6%</b>

## Statement of Net Assets

### Current Assets

		6-30-12	6-30-11	% Change
Cash				
	Petty Cash	\$200	\$200	0%
	Cash	\$6,175,317	\$1,514,449	308%
Accounts Receivable				
	Liquor	\$6,173,781	\$10,709,851	-42%
	Split Case Fees	\$30,364	\$25,072	21%
	Recycle Fee/Surcharge	\$48,730	\$35,085	39%
	Wine Tax	\$581,220	\$584,505	-1%
	Licenses	\$220,260	\$63,027	249%
	Fines and Penalties	\$140	\$20	600%
	Refunds and Reimbursements	\$22,632	\$29,017	-22%
	Other Agency Billings	\$1,254	—	100%
Inventory		\$1,613,404	\$743,159	117%
<b>TOTAL CURRENT ASSETS</b>		<b>\$14,867,301</b>	<b>\$13,704,386</b>	<b>9%</b>

### Property, Plan & Equipment

Machinery, Equipment and Vehicles	\$532,090	\$509,211	4%
Less: Accumulated Depreciation	(\$479,837)	(\$423,074)	13%
Buildings and Building Improvements	\$4,232,598	\$4,232,598	0%
Land	\$210,000	\$210,000	0%

<b>Vehicle Replacement Fund</b>	<b>\$96,493</b>	<b>\$88,273</b>	<b>9%</b>
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**TOTAL ASSETS : \$19,458,645      \$18,321,394      6%**

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## Statement of Net Assets (continued)

### Current Liabilities

	FY 2012	FY 2011	% Change
Wages and Benefits	\$144,209	\$102,568	41%
Liquor Purchases	\$8,259,828	\$7,986,332	3%
Bottle Deposit Refund	\$54,145	\$39,586	37%
Recycle Surcharge Fee	\$119,661	\$79,619	50%
Substance Abuse Obligation	\$1,448,686	\$500,624	189%
Due to Other State Agencies	\$35,350	\$25,912	36%
License Fee's to Cities/Counties	\$683,518	\$680,529	0%
Liquor Refunds	(\$188.72)	\$15,456	-101%
License Refunds	\$25,260	\$2,185	1,056%
Misc. Obligations	\$109,947	\$83,949	31%

### Non-Current Liabilities

Liquor Payable	\$1,056,898	—	100%
<b>TOTAL LIABILITIES</b>	<b>\$11,937,312</b>	<b>\$9,516,759</b>	<b>25%</b>
<b>NET ASSETS</b>	<b>\$7,521,333</b>	<b>\$8,804,635</b>	<b>-15%</b>



## Notes to Financial Statements

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- 1 • Beer Tax Sources represents collection of both beer tax and native beer tax.
- 2 • Wine Tax Sources represents collection of both wine tax and native wine tax.
- 3 • Misc. Revenue includes miscellaneous income, split case fee, bottle deposit fee, recycle surcharge and alcohol civil penalties.
- 4 • Transfer to General Fund Includes: \$17,048,686 earmarked for Substance Abuse and \$851,000 from Sunday sales transfers.
- 5 • Transfer of beer and wine tax include beer, native beer and native wine tax collected.
- 6 • Miscellaneous Expenses includes: Operating expenses, bottle deposit refund, recyclable surcharge fee and liquor refunds.
- 7 • Operating Expenses do not include bottle deposit and recycling surcharge fees.
- 8 • Sales Revenue represents sale of liquor. The amount reported does not reflect other fees associated with the sale of liquor, such as split case fee, bottle deposit fee, or recycling surcharge.
- 9 • Cost of goods sold represents purchase of liquor. Per Iowa Code Chapter 123.22, the Division operates on bailment system. The Division charges a \$1.00 bailment fee per case sold to liquor suppliers for warehousing liquor. The bailment fee is deducted from payments to vendors. Bailment fees and special handling fees are not actual revenues received, rather they are a reduction in the purchase of liquor. The amount reported reflects the Division's liquor purchases including the reduction of bailment fees and special handling fees.
- 10 • Freight expenses represent costs associated with delivery spirits to Class E licensees throughout the state of Iowa. Some expenses included in freight are wages and benefits of delivery drivers, fuel expense, and leasing of vehicles.
- 11 • Warehouse expenses represent costs associated with warehousing spirits. Expenses included in warehouse costs are wages and benefits of warehouse employees, supplies utilized for distributing liquor, equipment, and maintenance on equipment.
- 12 • Other expenses related to distribution represent indirect costs associated with warehousing and distribution of spirits. These are costs the Division incurs as a result of spirit distribution. Some of these costs are employee uniforms, workers compensation and unemployment claims.
- 13 • Distribution administrative expenses represent salaries and benefits of employees directly involved with the distribution of spirits. Salaries and wages reported are for warehouse management, product management, accounting, IT and human resource functions.
- 14 • Alcohol civil penalties are collected by the Division. The Division deposits revenues from alcohol civil penalties directly into the State's General Fund.
- 15 • Amount includes NABCA reimbursements, NABCA grants, intra-state transfers, and FY11 carryover of fund balance.
- 16 • Transfers to other agencies are obligations the Division has paid to other state entities. The amount reported for FY12 includes \$851,000 for Sunday Sales (Public Health) and \$842,000 for Sunday Sales (Public Health) in FY11.
- 17 • Wages and benefits reported represent the Division staff that isn't directly involved with distribution of spirits. Salaries reported reflect the Division Administrator, licensing, investigation, education and outreach, buildings maintenance staff, accounting, IT, and HR functions.



## Notes to Financial Statements (continued)

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- 18 • Net return on sales percentage represents the relationship between net profit and sales revenue from spir-  
its.
- 19 • Cost per case represents the total costs associated with distribution of liquor in relation to the number  
of cases the Division shipped through the fiscal year. Costs associated with distribution include freight  
expenses, warehouse expenses, other expenses related to distribution, and distribution administrative  
expenses.
- 20 • Beer tax, native beer and native wine taxes are collected by the Division. These revenues are deposited  
directly with the State General Fund (Beer Tax) and Iowa Economic Development Authority (Native Beer  
and Native Wine).
- 21 • Miscellaneous income reported includes: refunds and reimbursements, fines and penalties, intrastate  
transfers, and non-sufficient funds fees.
- 22 • Travel represents in state travel and out of state travel.
- 23 • Supplies expense includes office supplies, facility maintenance supplies, equipment maintenance supplies,  
and other supplies and materials.
- 24 • Outside services include professional services, outside repairs/service, professional/scientific services, and  
IT outside services.
- 25 • Payments to other agencies represent payments to the State Auditor, State Attorney General and payments  
to DAS.
- 26 • Equipment amounts include equipment, office equipment, equipment non-inventory, and IT equipment/  
software.

## LIQUOR CONTROL JURISDICTIONS

Alabama, Idaho, \*Iowa, Maine, \*Michigan, \*Mississippi, Montana, Montgomery Co.,  
Maryland, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont,  
Virginia, Washington, West Virginia, \*Wyoming

\*Wholesale Operations Only



## Contact the Division

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### Facility

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

### Online

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