

IOWA ALCOHOLIC BEVERAGES DIVISION ANNUAL REPORT FY2020



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ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

OUR MISSION

TO SERVE IOWANS THROUGH
RESPONSIBLE AND EFFICIENT
LICENSING, REGULATION, AND
DISTRIBUTION OF ALCOHOL.

OUR VISION

THE IOWA ALCOHOLIC BEVERAGES
DIVISION PROVIDES CLARITY,
CONSISTENCY, AND EQUITY TO
ALL STAKEHOLDERS WITHIN THE
ALCOHOL BEVERAGE INDUSTRY.

CORE VALUES & FOCUS

INTEGRITY

OUR EMPLOYEES, PARTNERS, AND LICENSEES CAN
COUNT ON ABD TO BE HONEST AND TRUSTWORTHY.

MISSION ORIENTED

WE WILL KEEP A CONSTANT FOCUS ON THE IOWANS
OUR PROGRAMS BENEFIT.

PURPOSEFUL WORK ETHIC

WE NURTURE A CULTURE OF OUTSTANDING WORK ETHIC,
TEAMWORK, AND DILIGENCE.

ACCOUNTABILITY

WILLINGNESS TO ACCEPT RESPONSIBILITY AND
HONOR OUR COMMITMENT.

CUSTOMER SERVICE FOCUS

WE ARE COURTEOUS, RESPONSIVE, AND RESPECTFUL.

TRUSTED RESOURCE

WE ARE A RELIABLE RESOURCE FOR IOWANS.

MAINTAINING A RESPONSIVE AND EFFECTIVE ORGANIZATION
REQUIRES STATE AGENCIES TO LOOK AT THEIR BUSINESS
PROCESSES AND OPERATIONS STRATEGICALLY.

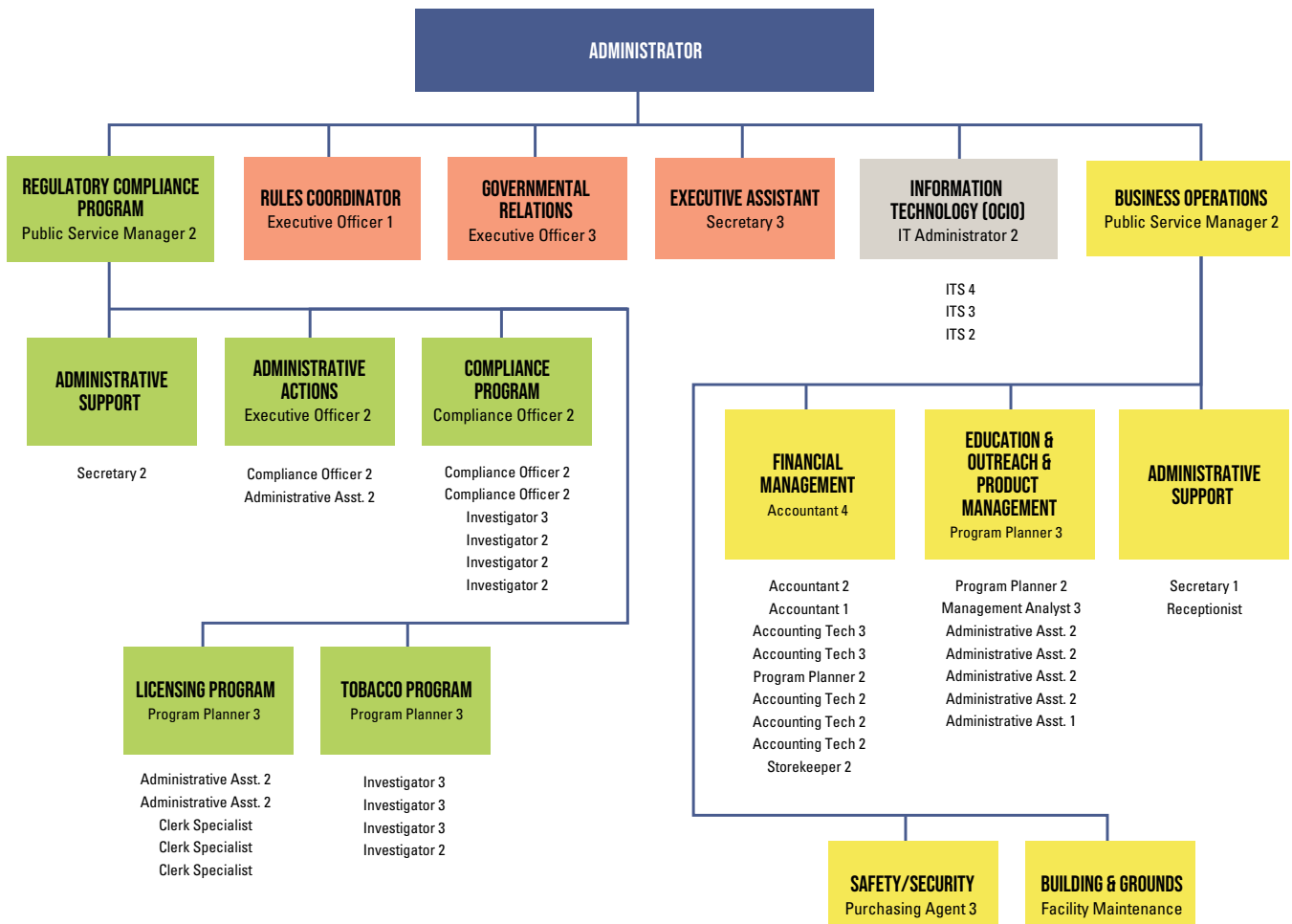
EXECUTIVE INFORMATION

KIM REYNOLDS GOVERNOR OF IOWA
 ADAM GREGG LIEUTENANT GOVERNOR

DIVISION ADMINISTRATION

STEPHEN LARSON ADMINISTRATOR
 HERBERT H. SUTTON, JR. OPERATIONS BUREAU CHIEF
 JOSHUA HAPPE REGULATORY COMPLIANCE BUREAU CHIEF
 LEISA BERTRAM COMPTROLLER
 STEPHANIE STRAUSS GOVERNMENT RELATIONS

IOWA ALCOHOLIC BEVERAGES DIVISION ORGANIZATIONAL CHART



KEY STRATEGIC INITIATIVES

BUILDING A FUTURE-READY IOWA



- PARTNER WITH OTHER AGENCIES AND OUTSIDE STAKEHOLDERS TO SHARE RESOURCES AND INFORMATION AS A WAY TO BETTER PROVIDE SERVICES TO ALL IOWANS.
- PROVIDE INTERNSHIP OPPORTUNITIES FOR IOWA COLLEGE STUDENTS TO HELP ADVANCE THEIR KNOWLEDGE AND/OR SKILLS.

CREATING A COMPETITIVE BUSINESS ENVIRONMENT



- IDENTIFY WAYS TO STREAMLINE THE ALCOHOL LICENSING PROCESS BY COLLABORATING WITH OTHER STATE AND LOCAL LICENSING AUTHORITIES.
- REVISE TRADE PRACTICE RULES TO CREATE REGULATORY CLARITY AND BETTER SYNCHRONIZE WITH AN EVOLVING INDUSTRY AND MARKETPLACE.
- IDENTIFY WAYS TO INCREASE SERVICE TO IOWA BUSINESSES BY DEMONSTRATING ONGOING IMPROVEMENT IN THE DISTRIBUTION OF SPIRITS.

EMPOWERING RURAL IOWA



PROVIDE EDUCATIONAL OPPORTUNITIES FOR RURAL STAKEHOLDERS REGARDING ALCOHOL LICENSING IN MANUFACTURING, RETAILING, AND REGULATORY GOVERNANCE.

OFFERING REDEMPTION THROUGH SECOND CHANCES



ENSURE ADMINISTRATIVE ACTIONS TAKEN FOR FIRST-TIME VIOLATIONS PROPERLY FIT THE SEVERITY OF THE OFFENSE. WHEN APPROPRIATE, PROVIDE EDUCATION TO LICENSEES, ALLOWING FOR A SECOND CHANCE TO COMPLY.





THIS YEAR'S REPORT SHOWS ABD CONTINUES TO PROVIDE A SIGNIFICANT RETURN ON INVESTMENT, GENERATING OVER \$133.3 MILLION IN FY20 THAT WILL BE USED BY THE LEGISLATURE FOR PROGRAMS THAT BENEFIT ALL IOWANS, REGARDLESS OF WHETHER THEY CHOOSE TO CONSUME ALCOHOL."

— STEPHEN LARSON, ADMINISTRATOR



Pursuant to the Iowa Alcoholic Beverage Control Act (Iowa Code chapter 123), the Iowa Alcoholic Beverages Division (ABD) is responsible for the administration and enforcement of alcoholic beverage laws in the state of Iowa. Furthermore, the law provides the legal authority for ABD to assume direct control of the distribution at wholesale of alcoholic liquor to off-premises retail licensees.

As the regulatory authority of alcohol in Iowa, ABD ensures fair and effective administration and governance in the Iowa marketplace. ABD's role, as outlined in Iowa Code chapter 123, is to ensure through governance a level playing field in the marketplace.

During FY20, ABD continued to make improvements to meet industry and consumer demands for alcoholic beverage brand diversity, adapt our processes to meet the needs of our licensees, and increase our regulatory and educational efforts.

BUSINESS OPERATIONS

Once again ABD experienced strong revenue growth. Total liquor sales were \$367.3 million, an 8.2% increase over the previous fiscal year. Income from liquor profits, funds generated by excise taxes on wine and beer, and revenue from licensing and regulatory efforts translated into a total transfer of \$144.1 million.

One full year has been completed in a successful public-private warehouse and distribution partnership with Ruan Transportation Corporation. This partnership continued to optimize the delivery of liquor, provide increased efficiency and delivery consistency for our customers, and ensure the continued profitability of this highly successful citizen-owned model. Other notable innovations included an expansion of the warehouse and technology services of inbound deliveries. The warehouse expansion of 20,000 sq. ft. was completed, thus accommodating a vast increase in number of listed SKUs. The Control State Scorecard went live tracking the accuracy of inbound deliveries by suppliers and was received positively by the National Alcohol Beverage Control Association, the supplier community, and several other control states.

REGULATORY COMPLIANCE

ABD is responsible for licensing, inspecting, and controlling the manufacture of alcoholic beverages and regulating the alcoholic beverage industry in the state. The Regulatory Compliance Bureau focuses on protecting public health and safety and ensuring a fair and level playing field. During FY20, the Bureau processed 16,928 licenses, permits, and certificates, opened 280 investigations for alleged alcohol or Smokefree Air Act violations, and collected \$101,531 in civil penalties and audit funds.

COVID-19

During this global pandemic, the public health and safety of Iowans was a top priority of ABD. Work standards and productivity were adjusted as ABD pivoted towards regulating the terms and conditions contained within the Governor's proclamations. ABD worked with Iowa Prison Industries and other industry members to disperse hand sanitizer to many state agencies and charitable organizations. ABD staff also volunteered to make over 400 masks for employees during the time of need. By maintaining social distancing and wearing masks, ABD successfully reported zero cases of COVID-19 during FY20.

LOOKING AHEAD

ABD's strategic initiatives (see page 3) will be to continue working toward improving our operations, policies, and processes to align with Governor Reynolds' vision of "Unleashing Opportunities." This report reaffirms our commitment to strive for continual improvement to better serve our customers, the citizens of Iowa, and meet the demands of an ever-evolving alcoholic beverage marketplace while balancing public safety. 📌

Sincerely,

Stephen Larson, Administrator

IOWA ALCOHOLIC BEVERAGES COMMISSION

The Iowa Alcoholic Beverages Commission was created under Iowa Code section 123.5 and is comprised of five members appointed by the Governor and subject to confirmation by the Iowa 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.



JOHN PAULI
CHAIRPERSON

John Pauli began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2016. Commissioner Pauli is an engineer with Pella Windows Corporation in Carroll. He

is a graduate of the University of Wisconsin, Platteville (Industrial Engineering) and Drake University (MBA). He is a past member and Chairman of the Carroll County Conservation Board and has served in a number of volunteer positions in the community, including serving as the coach for the local trap shooting team. Commissioner Pauli's current term will expire on April 30, 2021. He will be eligible for a second five-year term.

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, 2023.



GARY NYSTROM
COMMISSIONER

Gary Nystrom began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2014. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2019. Commissioner Nystrom

was a partner in Pritchard Bros. Inc. Plumbing and Heating in Boone for over 45 years before retiring in December 2017. He also served on the Boone City Council for eight years. Nystrom continues to be active in the community through volunteering, as well as serving on other committees and boards locally and statewide. He is a lifelong resident of Boone where he is joined by his wife, two grown children, and five grandchildren.



CHRISTINE SPRATT
VICE CHAIRPERSON

Christine Spratt began her first term on the Iowa Alcoholic Beverages Commission on May 1, 2017. Commissioner Spratt is the General Manager and Vice President of Golden Eagle Distributing in Mt. Pleasant.

She resides in Burlington, Iowa with her husband Kent and daughter Lainey. Commissioner Spratt's current term will expire on April 30, 2022. She will be eligible for a second five-year term.



RACHEL EUBANK
COMMISSIONER

Rachel Eubank began her first term on the Iowa Alcoholic Beverages Commission on May 1, 2015. She was reappointed to a second term by Governor Kim Reynolds that began June 1, 2020. Currently the President/

Owner of Sticks, Inc., she has served as a volunteer with many organizations, including Chrysalis, the I Have a Dream Foundation, the Des Moines Art Center, Puppy Jake, PTA and Central Presbyterian Church. She is a graduate of the University of Iowa. She is a native of Des Moines and currently resides there with her husband and three children.



JAY WILSON
SECRETARY

Jay Wilson began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2013. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2018. Commissioner Wilson is the

Asst. Vice President of Coffee for Hy-Vee. He was selected as one of six Market Watch Leaders in 2009 by Market Watch magazine.

REGULATORY COMPLIANCE BUREAU



THE COVID-19 PANDEMIC AND PROTECTING THE HEALTH, SAFETY, AND WELFARE OF IOWANS HAS BEEN, AND WILL REMAIN, THE FOCUS OF THE WORK WE DO.”

— JOSHUA HAPPE, BUREAU CHIEF

BUREAU PERFORMANCE SUMMARY

The Bureau, along with all Iowans, has had a challenging year with the COVID-19 pandemic. The Bureau has successfully moved office operations to remote work and has continued to be effective and efficient in the licensing and regulation of alcohol and tobacco in the state of Iowa.

The Bureau has remained flexible throughout the year, adapting to new work challenges and responsibilities that no one could have predicted. Staff managed to continue successful operations throughout the pandemic while building upon existing capabilities in licensing, investigation, auditing, and inspection. This is being done through training of personnel and improving existing technology, with the goal of conducting more efficient licensing and regulatory work.

Additionally, the Bureau has made great progress with information sharing and developing partnerships with other agencies. All of this will allow the Bureau to increase its regulatory footprint and collaboration with other local, state, and federal regulatory agencies. 📌

The Regulatory Compliance Bureau is comprised of five units:

- **Alcohol Compliance**
- **Tobacco Compliance**
- **Alcohol Licensing**
- **Administrative Actions**
- **Administrative Support**

Each unit is playing a vital role in executing the public policy mission of protecting the health, safety, and welfare of the citizens of Iowa. (Iowa Code section 123.1).

ALCOHOL COMPLIANCE UNIT

280 

INVESTIGATIONS OPENED

FROM ALCOHOL OR SMOKEFREE
AIR ACT COMPLAINTS

271 

INSPECTIONS CONDUCTED

AT ALCOHOL ESTABLISHMENTS

\$19,696,041

DISCOVERED IN UNREPORTED TAXES

THROUGH INVESTIGATIONS AND AUDITS
CONDUCTED UNDER A PARTNERSHIP WITH
IOWA DEPARTMENT OF REVENUE.
THIS EQUATES TO \$3,281,415 IN TAX LIABILITY
DUE TO THE STATE OF IOWA.

ADMINISTRATIVE ACTIONS UNIT

\$101,531

COLLECTED

AS A RESULT OF ADMINISTRATIVE ACTIONS

TOBACCO COMPLIANCE UNIT

12,514 

PERSONS CERTIFIED

THROUGH THE TOBACCO RETAILER TRAINING PROGRAM

1,728 

REGULATORY DECISIONS MADE

BY THE FEDERAL FOOD & DRUG ADMINISTRATION REGARDING TOBACCO
COMPLIANCE CHECK INSPECTIONS CONDUCTED ON IOWA RETAILERS

2,878 

ADDITIONAL TOBACCO COMPLIANCE CHECKS PERFORMED

IN PARTNERSHIP WITH LOCAL LAW ENFORCEMENT
ACROSS THE STATE OF IOWA

ALCOHOL LICENSING UNIT

16,928 

LICENSES, PERMITS, AND CERTIFICATES PROCESSED AND ISSUED

1,324 

AVERAGE CALL RESPONSES PER MONTH

\$17,676,967

COLLECTED IN ALCOHOL LICENSING FEES,
\$3,301,218 OF WHICH WAS PAID TO CITIES AND COUNTIES.

REGULATORY COMPLIANCE BUREAU

ALCOHOL COMPLIANCE UNIT

The Alcohol Compliance Unit is responsible for the enforcement of Iowa's alcohol laws in a fair and consistent manner.

The unit established the following goals:

- **To prevent the sale or delivery of alcoholic beverages to underage individuals.**
- **To prevent the sale or delivery of alcoholic beverages to intoxicated individuals.**
- **To prevent the sale of alcoholic beverages that are illegally imported or purchased from an illegal source.**
- **To prevent undisclosed ownership of licensed establishments by unauthorized individuals or entities.**
- **To provide manufacturers, wholesalers, and retailers of the alcoholic beverage industry with a fair and level playing field.**
- **To ensure proper payment of tax on alcoholic beverages.**

Pursuant to the Iowa Alcoholic Beverage Control Act (Iowa Code chapter 123), the Alcoholic Beverages Division (ABD) is responsible for the administration and enforcement of alcoholic beverage laws in the state of Iowa. Furthermore, the law provides the legal authority for ABD to inspect and control the manufacture of beer, wine, and alcoholic liquor and regulate the entire alcoholic beverage industry in the state. ABD serves as a supplementary aid to the Iowa Department of Public Safety in enforcement of alcoholic beverage laws.

In FY20, the Alcohol Compliance Unit focused its enforcement efforts on violations of alcohol laws that affect public health,

safety, and welfare and ensuring a fair and level playing field in the alcoholic beverage industry. Investigations were generated from complaints reported to ABD and violations discovered during inspections of alcohol licensed establishments.

The unit opened 280 cases for alleged alcohol or Smokefree Air Act violations in FY20, and continued investigating 10 cases from FY19. Additionally, the unit conducted 271 inspections of alcohol licensed establishments. The unit did not receive any voluntary disclosures in FY20.

A data sharing agreement with the Iowa Department of Revenue and Iowa Lottery during FY20 resulted in many investigative leads into the good moral character of license/permit holders. Through these investigations a total of \$19,696,041 of unreported taxes was discovered which equates to \$3,281,415 tax liability due to the state of Iowa.

Audits conducted by the unit in FY20 identified an additional \$1,149 in outstanding beer barrel tax, wine gallonage tax, and bailment overpayments.

The unit continued its enforcement efforts through strengthening partnerships with law enforcement agencies by providing training and assistance in alcohol-related investigations. ABD provided training and education to three law enforcement agencies and conducted five presentations at the Iowa Law Enforcement Academy, educating and training 225 law enforcement recruits. 🍷

280

CASES OPENED

10

CASES CONTINUED FROM FY19

271

INSPECTIONS

0

VOLUNTARY DISCLOSURES

225

LAW ENFORCEMENT RECRUITS TRAINED



REGULATORY COMPLIANCE BUREAU

TOBACCO COMPLIANCE UNIT

The Tobacco Compliance Unit is responsible for the education and enforcement of Iowa's tobacco laws.

The unit established the following goal:

Increase voluntary compliance with Iowa's tobacco, alternative nicotine, and vapor product laws through education and enforcement.

2,934
COMPLIANCE CHECKS

I-PLEDGE ENFORCEMENT PROGRAM COMPLIANCE CHECKS



12,919
TOTAL TRAINED
THROUGH I-PLEDGE

25
SMOKEFREE AIR ACT
COMPLAINTS

I-PLEDGE RETAILER TRAINING PROGRAM



26
SMOKEFREE AIR ACT
INVESTIGATIONS

1,728
REGULATORY DECISIONS

INSPECTIONS/INVESTIGATIONS

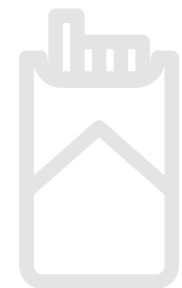
SMOKEFREE AIR ACT COMPLAINTS RECEIVED FROM THE IOWA DEPARTMENT OF PUBLIC HEALTH



SMOKEFREE AIR ACT INVESTIGATIONS CONDUCTED



REGULATORY DECISIONS MADE BY THE FEDERAL FOOD & DRUG ADMINISTRATION REGARDING TOBACCO COMPLIANCE CHECK INSPECTIONS CONDUCTED ON TOBACCO RETAILERS IN IOWA



REGULATORY COMPLIANCE BUREAU

ALCOHOL LICENSING UNIT

The Alcohol Licensing Unit is responsible for licensing alcohol establishments inside and outside the state of Iowa.

The unit established the following goals:

- **Effectively and efficiently license all eligible alcohol establishments in partnership with local authorities.**
- **Provide outstanding customer service to applicants throughout the licensing process.**

The Alcohol Licensing Unit processed and issued 16,928 alcohol licenses, permits, and certificates in FY20 for a total of \$17,676,967 in revenue for ABD. Due to the COVID-19 pandemic, there was a decrease in issued licenses, which resulted in a decrease in revenue over the previous fiscal year. The total number of licenses issued encompasses all license types that do business involving alcoholic beverages. 🍷

16,928

ALCOHOL LICENSES, PERMITS & CERTIFICATES

\$17,676,967

TOTAL REVENUE



TOP FIVE CLASS “C” LIQUOR LICENSEES

BY NUMBER ISSUED

	FY20	FY19
1	Hy-Vee, Inc. (Hy-Vee)	Hy-Vee, Inc. (Hy-Vee)
2	Apple Corps L.P. (Applebee's Neighborhood Grill & Bar)	Apple Corps L.P. (Applebee's Neighborhood Grill & Bar)
3	Blazin Wings, Inc. (Buffalo Wild Wings)	Blazin Wings, Inc. (Buffalo Wild Wings)
4	Chipotle Mexican Grill of Colorado, LLC (Chipotle Mexican Grill)	Chipotle Mexican Grill of Colorado, LLC (Chipotle Mexican Grill)
5	Texas Roadhouse Holdings LLC (Texas Roadhouse)	GMRI Inc. (Olive Garden Italian Restaurant)

TOP FIVE CLASS “E” LIQUOR LICENSEES

BY NUMBER ISSUED

	FY20	FY19
1	Casey's Marketing Company (Casey's)	Casey's Marketing Company (Casey's)
2	Hy-Vee, Inc. (Hy-Vee)	Hy-Vee, Inc. (Hy-Vee)
3	Fareway Stores, Inc. (Fareway)	Fareway Stores, Inc. (Fareway)
4	Kum & Go, LC (Kum & Go)	Kum & Go, LC (Kum & Go)
5	Walgreen Co. (Walgreens)	Walgreen Co. (Walgreens)

RETAIL LICENSES/PERMITS

	12-MONTH		8-MONTH		6-MONTH		14-DAY		5-DAY		SUB-PERMIT		TOTAL	
	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
On-Premises														
Class "B" Beer Permit (BB)	367	448	2	19	52	71	20	23	349	467	–	–	790	1,028
Class "A" Liquor License (LA)	103	127	8	–	–	–	–	–	–	9	–	–	111	136
Class "B" Liquor License (LB)	105	142	–	–	–	–	–	–	–	–	–	–	105	142
Class "C" Liquor License (LC)	3,482	4,296	40	45	51	56	13	15	353	399	–	–	3,939	4,811
Class "C" Native Distilled Spirits Liquor License (LCN)	3	5	–	–	–	–	–	–	–	–	–	–	3	5
Class "D" Liquor License (LD)	24	21	–	–	1	1	–	–	–	–	–	–	25	22
Special Class "C" Liquor License (BW)	450	569	4	6	16	25	4	5	179	242	–	–	653	847
Class "C" Native Wine Permit (WCN)	66	96	–	–	–	–	1	1	17	27	69	64	153	188
Total	4,600	5,704	54	70	120	153	38	44	898	1,144	69	64	5,779	7,179
Off-Premises														
Class "C" Beer Permit (BC)	1,468	1,658	–	–	–	–	–	–	–	–	1,761	1,696	3,229	3,354
Class "E" Liquor License (LE)	1,858	1,797	–	–	–	–	–	–	–	–	–	–	1,858	1,797
Class "B" Wine Permit (WB)	23	29	–	–	1	–	–	–	–	–	2,603	2,385	2,627	2,414
Class "B" Native Wine Permit (WBN)	303	346	–	1	1	1	–	1	–	3	553	879	857	1,231
Total	3,652	3,830	–	1	2	1	–	1	–	3	4,917	4,960	8,571	8,796
Special Class "A" Beer Permit (Brewpub)														
Class "B" Beer Permit (BB)	7	4	–	–	1	–	–	–	–	–	–	–	8	4
Class "C" Liquor License (LC)	41	44	–	–	–	–	–	–	–	–	–	–	41	44
Total	48	48	–	–	1	–	–	–	–	–	–	–	49	48
Charity Beer, Spirits, and Wine Auction Permit (CP)														
Total	–	–	–	–	–	–	–	–	–	–	–	–	69*	86*

*36 hour charity permits

NON-RETAIL ANNUAL LICENSES/PERMITS/CERTIFICATES

	FY20	FY19
Importer/Manufacturer		
Brewer's Certificate of Compliance (CB)	190	181
Distiller's Certificate of Compliance (CD)	221	225
Vintner's Certificate of Compliance (CV)	621	604
Total	1,032	1,010
Wholesaler		
Class "A" Beer Permit (BA)	38	43
Class "A" Wine Permit (WA)	45	33
Total	83	76
In-State Manufacturer		
Class "A" Beer Permit (BAN)	83	66
Class "A" Wine Permit (WAN)	119	119
Class "A" Native Distilled Spirits License (ND)	18	16
Manufacturer's License (CM)	16	10
Total	236	211
Broker		
Broker's Permit (SP)	29	27
Total	29	37
Wine Direct Shipper		
Wine Direct Shipper Permit (DS)	1,080	1,007
Total	1,080	1,007
Wine Carrier		
Wine Carrier Permit (AC)*	4	4
Total	4	4

* All ACs were issued a one-time permit in 2010.

REGULATORY COMPLIANCE BUREAU

ADMINISTRATIVE ACTIONS UNIT

The Administrative Actions Unit is responsible for ABD's prosecution of violations of Iowa's alcohol and tobacco laws.

The unit established the following goal:

Hold accountable licensees, permittees, and certificate holders found in violation of Iowa's alcohol and/or tobacco laws.

103

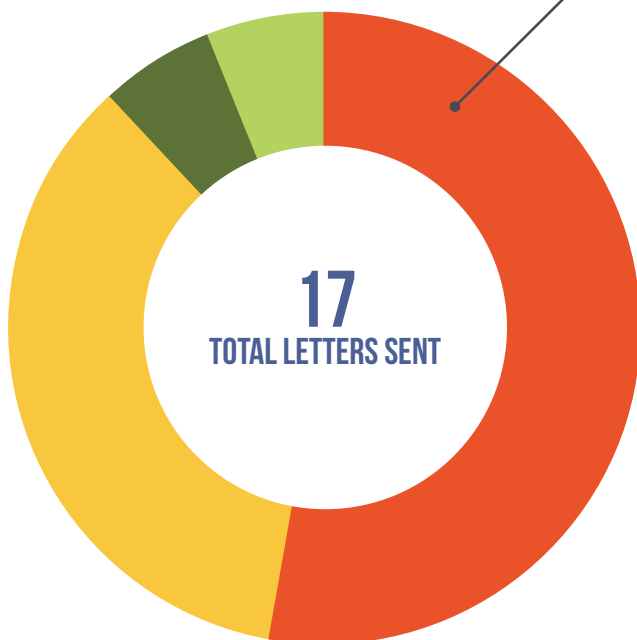
TOTAL COMPLAINTS PROCESSED

\$101,531

COLLECTED AS A RESULT OF ADMINISTRATIVE ACTIONS

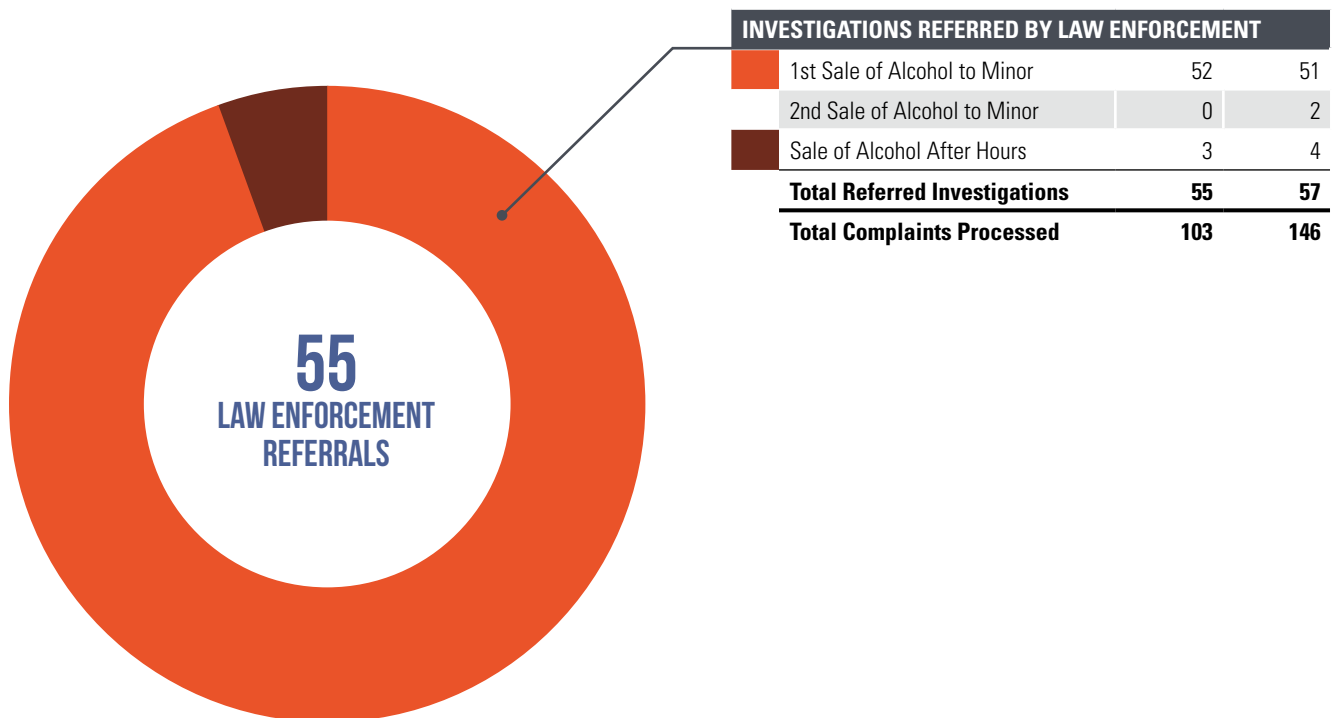
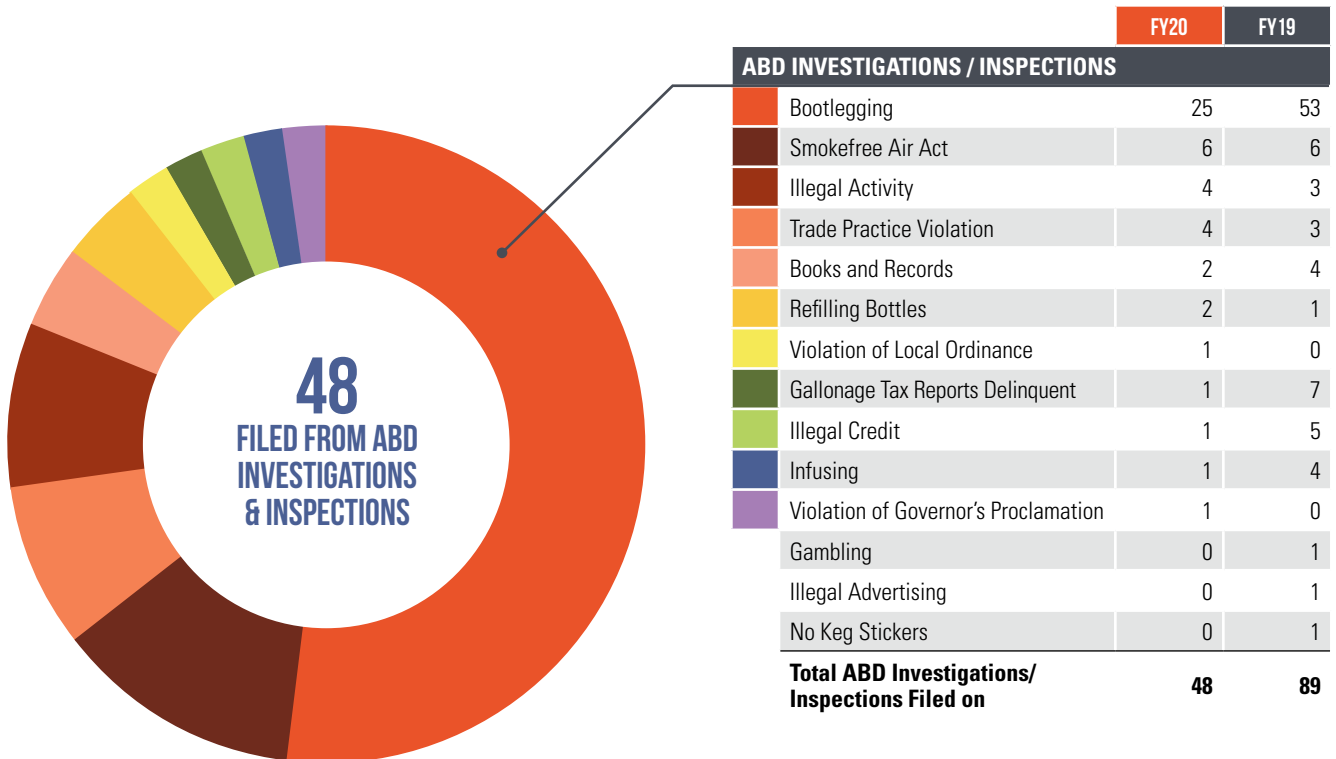


EDUCATIONAL LETTERS SENT



	FY20	FY19
ABD EDUCATIONAL LETTERS SENT		
Infusing	9	2
Purchasing from Non-wholesaler	6	1
Illegal Advertising	1	0
Failure to Maintain Records	1	0
WA Selling Non-native Wine	0	1
Total Letters Sent	17	4

HEARING COMPLAINTS



SUMMARY SUSPENSIONS

	NON-PAYMENT OF TAXES		FAILURE TO MAINTAIN DRAMSHOP INSURANCE		HEALTH	
	FY20	FY19	FY20	FY19	FY20	FY19
Intent to Suspend Notices sent	79	98	-	-	-	-
Suspension served and dismissed or license canceled	10	18	17	28	-	-
Emergency suspensions issued	-	-	-	-	0	1
Total	89	116	17	28	0	1

VIOLATIONS - NEW APPLICATIONS

	FY20	FY19
Misrepresentation on Application	12	90
Total	12	90

RENEWAL APPLICATIONS DENIED BY ABD

	FY20	FY19
Deleted Corporation	94	69
Personal Taxes Owed	9	4
Total	103	73

ADMINISTRATIVE APPEALS HEARINGS HELD BY ADMINISTRATIVE LAW JUDGE

	FY20	FY19
Local Authority Cases	2	7
ABD Cases	6	1
Total	8	8

CIVIL PENALTIES AND AUDIT FUNDS COLLECTED

	FY20	FY19
Civil Penalties from Violations	\$90,253	\$139,250
Audit Funds Recovered	\$11,278	\$13,188
Total	\$101,531	\$152,438

BUSINESS OPERATIONS BUREAU



PARTNERING WITH RUAN FOR OUR DISTRIBUTION SERVICES ALLOWS THE BUSINESS OPERATIONS BUREAU TO FOCUS ON ONE OF ITS CORE OBJECTIVES, PROVIDING A MORE DIVERSE OFFERING OF PRODUCTS THROUGH CATEGORY MANAGEMENT”

—HERBERT H. SUTTON JR., CHIEF OPERATIONS OFFICER

BUREAU PERFORMANCE SUMMARY

The COVID-19 pandemic presented the Bureau with many operational challenges. There was rampant growth in class “E” licensees from 1,673 to 1,781, and a vast increase in the number of orders processed from 71,476 to 78,866. Fiscal Year 2020 liquor sales increased from \$339 million to \$367 million equating to an unprecedented 8.2% increase. A portion of this increase can be contributed to the pandemic as consumers purchased more spirits for home consumption.

Fiscal Year 2020 was the first full fiscal year completed in partnership with Ruan for the warehousing and distribution of spirits. As consumer product preferences continue to evolve, our partnership with Ruan allows the Bureau to focus on one of its core objectives; to provide more product diversity. ABD added 219 SKUs to its inventory, increasing the portfolio from

2,087 SKUs to 2,306. In addition, Special Order On-Hand and Highly Allocated products have been added to the Shop Portal, allowing class “E” licensees easier access to more specialized products.

Additional warehouse space was required to keep up with the increase in product diversity and liquor sales. In March, ABD completed a planned capital improvement project that included a 20,000 square foot warehouse expansion. This expansion allowed a more efficient distribution of 28.2 million bottles of spirits, an increase from 25.9 million the previous fiscal year.

The Business Operations Bureau continues to improve the distribution of spirits by integrating data analytics, best practices, and other innovations into ABD’s processes. 📌

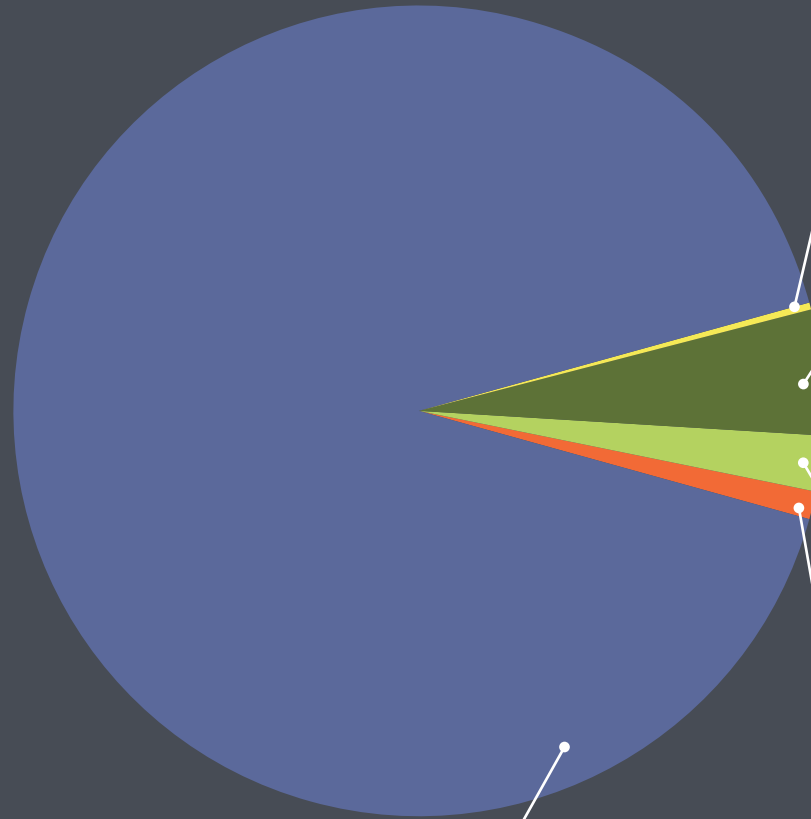
The Business Operations Bureau is responsible for all day-to-day functions, which incorporate:

- Accounting
- Data Analytics
- Product Management
- Capital Improvements
- Contract Management and Oversight
- Education and Outreach

Each unit is playing a vital role in executing the public policy mission of protecting the health, safety, and welfare of the citizens of Iowa. (Iowa Code section 123.1).

\$395,994,301

TOTAL REVENUE EARNED



\$367,284,902

LIQUOR SALES

ABD is the sole wholesaler of alcoholic liquor sold in Iowa and delivers product to over 1,781 off-premises retail locations across the state. Iowa Code 123.24 requires ABD to markup the price of products sold at wholesale by up to 50 percent.

\$1,627,316

SPLIT CASE REVENUE

The split case fee is applied when alcoholic liquor is sold to a retailer as a single bottle. The split case fee is \$0.50 per bottle. This fee is applied to offset the cost of splitting, picking, and shipping single bottles.

\$17,676,967

LICENSE FEES

Fees collected are for the licenses, permits, and certificates required for the manufacture, importation, and sale of liquor, beer, and wine in the state of Iowa. This fee was deferred for certain license types by a proclamation set forth by the Governor in response to the COVID-19 pandemic.

\$5,677,108

WINE TAX

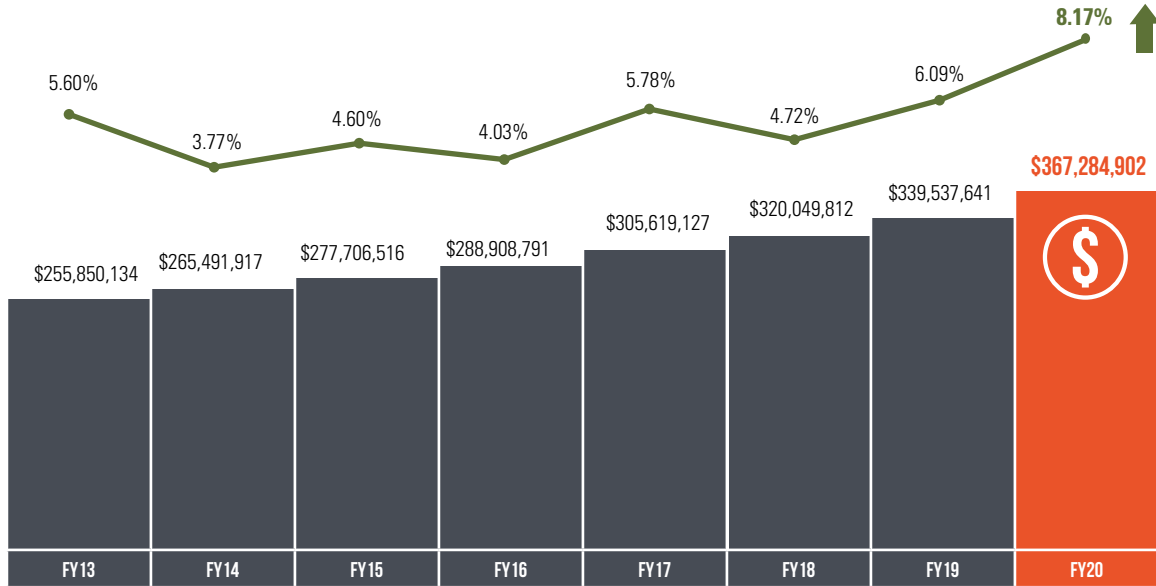
All wine sold at wholesale in the state, as well as wine directly shipped to consumers within Iowa, is assessed a tax at the rate of \$1.75 per gallon. All non-native wine tax is processed by ABD. This tax was deferred for report and collection by a proclamation set forth by the Governor in response to the COVID-19 pandemic. This tax was deferred for the FY20 months of February through June.

\$3,728,008

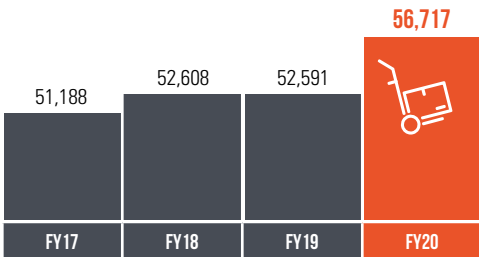
BOTTLE DEPOSIT / SURCHARGE

Pursuant to Iowa Code 455C.2 and Iowa Code 123.24, ABD charges a bottle deposit and surcharge included in the wholesale purchase price. The charge assessed by ABD is \$0.09 per unit sold and includes the \$0.05 bottle deposit.

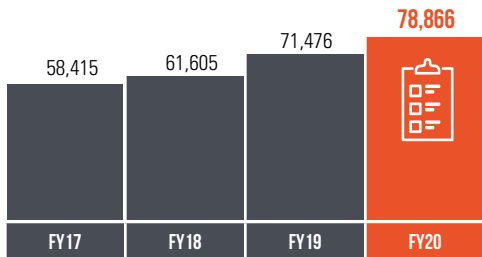
ANNUAL LIQUOR SALES COMPARISON



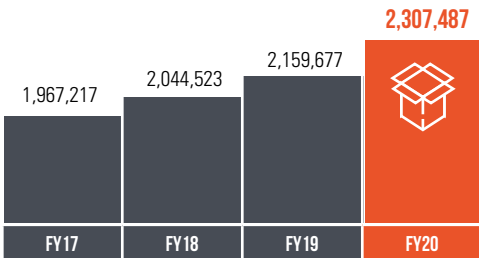
ANNUAL DELIVERY COMPARISON



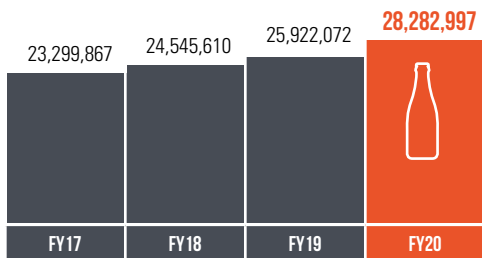
DELIVERIES



ORDERS



CASES



BOTTLES

WHERE THE PROFITS GO

REVENUES TRANSFERRED

\$107,500,000
STATE OF IOWA GENERAL FUND REVERSION

Payments made to the State General Fund come from several sources within ABD with the main resources being liquor sales and license revenues. The funds are appropriated by the legislature to different departments and programs throughout the state.

\$3,301,218
STATE AID TO CITIES AND COUNTIES

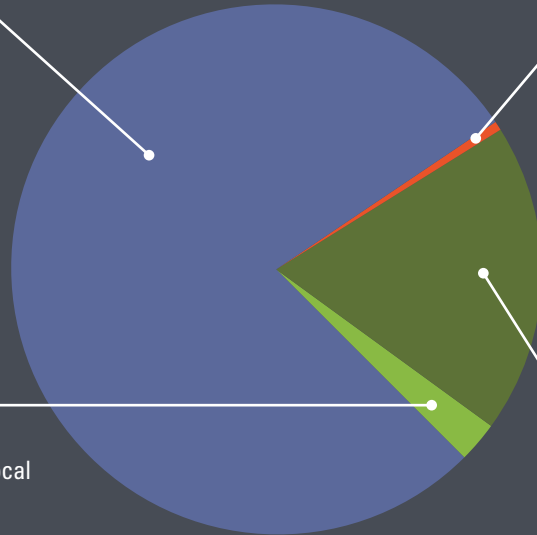
The amount of revenue collected from license/permit fees remitted back to the local authorities (cities and counties) who are directly involved in the approvals of licenses/permits within their jurisdictions.

\$931,125
IOWA DEPARTMENT OF PUBLIC HEALTH
SUNDAY SALES

The Iowa Department of Public Health receives Sunday Sales license fees, of which 50% are to be earmarked for grants to counties for operating substance abuse programs involving education, prevention, referral, or post-treatment services.

\$25,763,936
IOWA DEPARTMENT OF PUBLIC HEALTH

ABD transfers 7% of gross sales of alcoholic liquor to the State General Fund for specific appropriation to the Iowa Department of Public Health for the administration of substance abuse and prevention education programs.



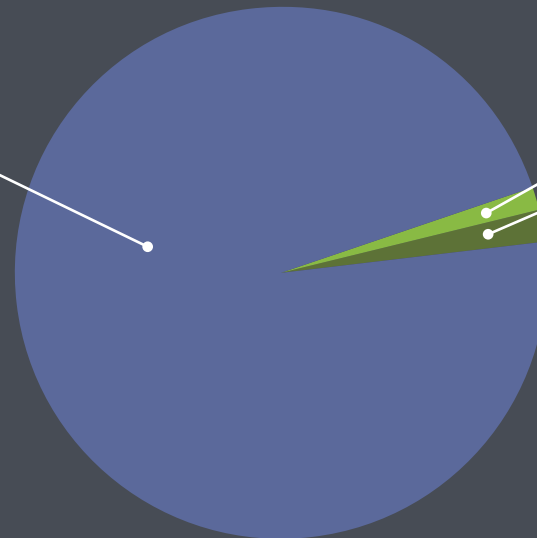
REVENUES PROCESSED

\$9,435,077
STATE OF IOWA GENERAL FUND
BEER TAX*

All beer sold at wholesale in the state of Iowa is assessed a tax at the rate of \$0.19 per gallon. Beer tax is processed and deposited into the State General Fund to be appropriated by the legislature to different departments and programs throughout the state.

\$306,369
IOWA ECONOMIC DEVELOPMENT AUTHORITY

\$121,862 NATIVE BEER TAX*
\$184,507 NATIVE WINE TAX*
Tax revenues collected from Iowa native wine producers and native breweries are directed to the Iowa Economic Development Authority's Beer and Wine Promotion Board. Funds collected are used for research and development within the native wine and beer industries.

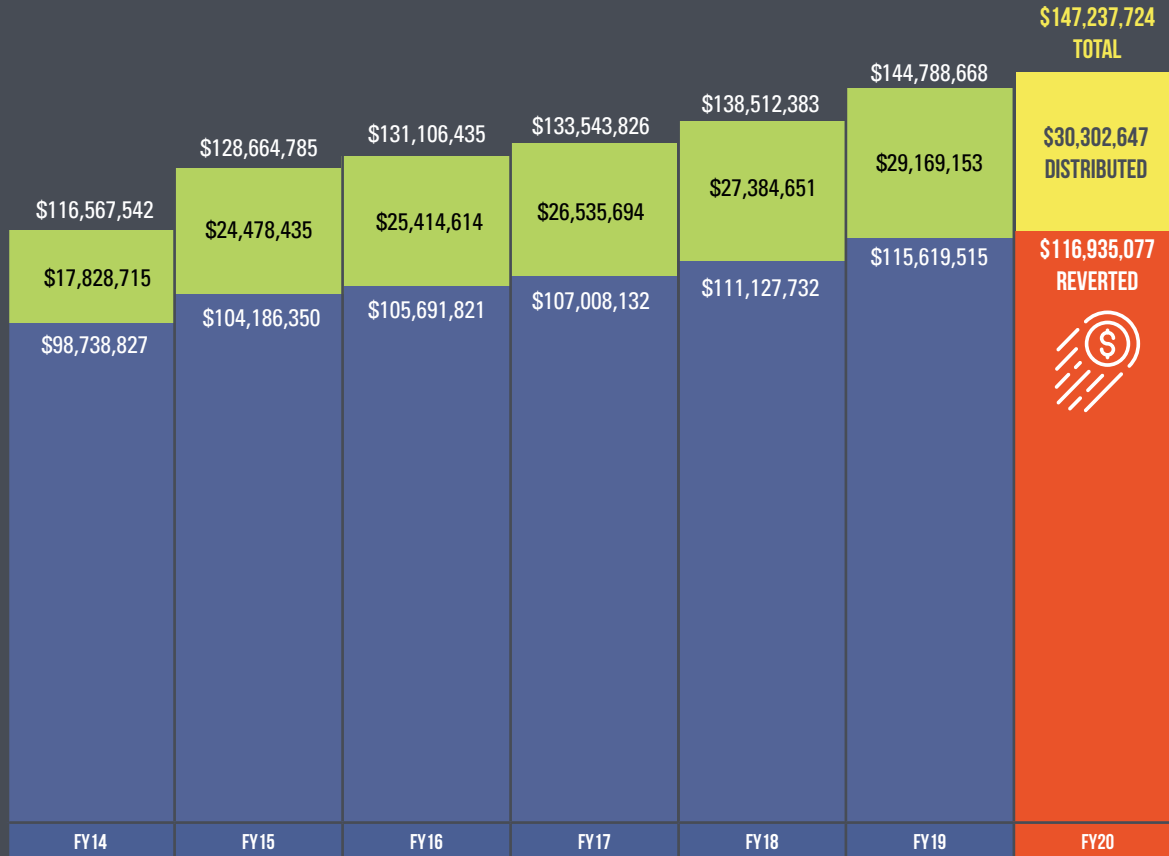


■ Beer ■ Native Beer ■ Native Wine

*During the fiscal year, this tax was deferred for report and collection by a proclamation set forth by the Governor in response to the COVID-19 pandemic. These taxes were deferred for FY20 months of February through June.

REVERSION GROWTH

DISTRIBUTED AND REVERTED FUNDS



TOTAL FUNDS DISTRIBUTED

This total refers to the total amounts of funds sent to all recipients, including the Iowa Economic Development Authority, Iowa Department of Public Health, and local authorities.

TOTAL FUNDS REVERTED

This is the total amount of revenues transferred to the State General Fund for appropriation by the legislature. This total is the combination of liquor sales profits and the beer tax revenues.

BEER AND WINE

GALLONS SOLD

	FY20	FY19	INCREASE/ DECREASE
Beer	49,663,037	70,729,897	-29.78%
Native Beer	641,378	795,254	-19.35%
Total Beer Gallons*	50,304,415	71,525,151	-29.67%
Wine	3,244,062	4,697,034	-30.93%
Native Wine	105,433	155,182	-32.06%
Total Wine Gallons*	3,349,495	4,852,216	-30.97%

TAXES PROCESSED

	FY20	FY19	INCREASE/ DECREASE
Taxes Processed*			
Beer Tax	\$9,435,977	\$13,438,680	-29.78%
Native Beer Tax	\$121,862	\$151,098	-19.35%
Wine Tax	\$5,677,108	\$8,219,810	-30.93%
Native Wine Tax	\$184,507	\$271,568	-32.06%
Total Taxes Processed	\$15,419,454	\$22,081,156	-30.17%

LICENSING REVENUE*

	FY20	FY19	INCREASE/ DECREASE
Licenses Processed*			
Liquor Licenses	\$16,319,185	\$17,281,529	-5.57%
Wine Permits	\$63,090	\$60,995	3.43%
Beer Permits	\$1,184,968	\$1,294,109	-8.43%
Special Licenses**	\$8,025	\$9,505	-15.57%
Certificates of Compliance***	\$101,395	\$87,419	15.99%
Total License Revenue****	\$17,676,663	\$18,733,557	-5.64%

*Tax and license revenue partially deferred for FY20 due to the Governor's Proclamation for COVID-19. As the taxes were deferred, the total revenue collected and the total gallons reported decreased in comparison to FY19.

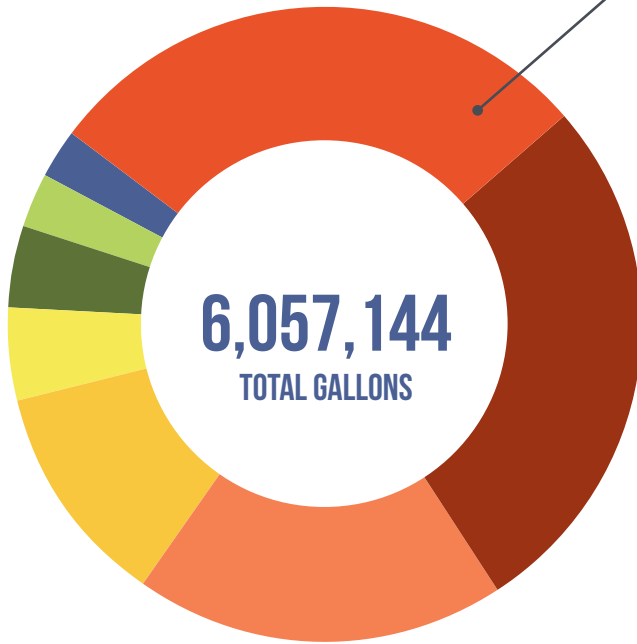
**Charity Auction Permits, Broker's Permits and Alcohol Carrier Licenses.

***Vintner's Certificate of Compliance, Brewer's Certificate of Compliance, Distiller's Certificate of Compliance.

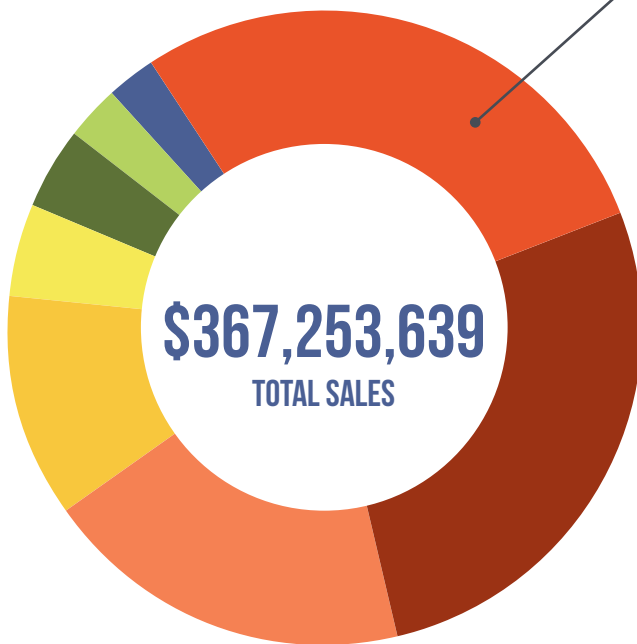
****Total license revenue does not include the additional fees associated.

LIQUOR

COMPARATIVE STATEMENT OF GALLONS SOLD

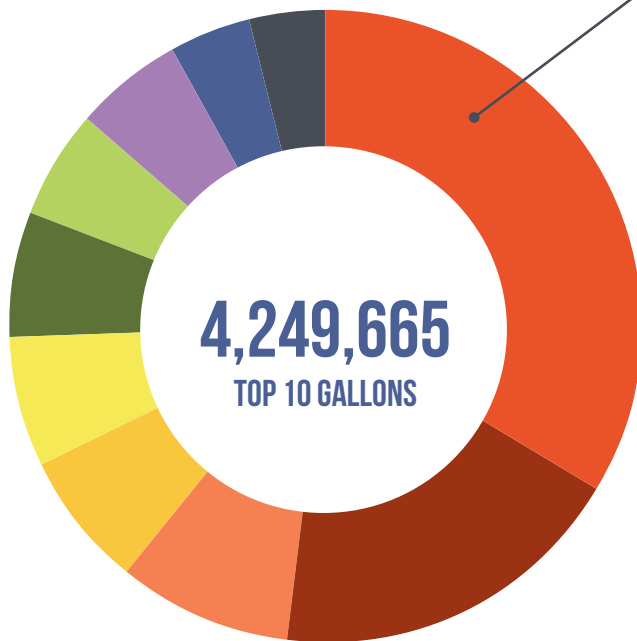


	FY20	FY19
DISTILLED SPIRITS BY GALLONS		
Vodka	1,726,136	1,693,746
Whiskey	1,649,213	1,593,897
Cordials	1,136,663	1,134,940
Rum	701,716	710,622
Cocktails	280,751	198,555
Tequila	257,796	246,156
Brandy	161,932	144,449
Gin	142,937	145,495
Total Gallons	6,057,144	5,867,860

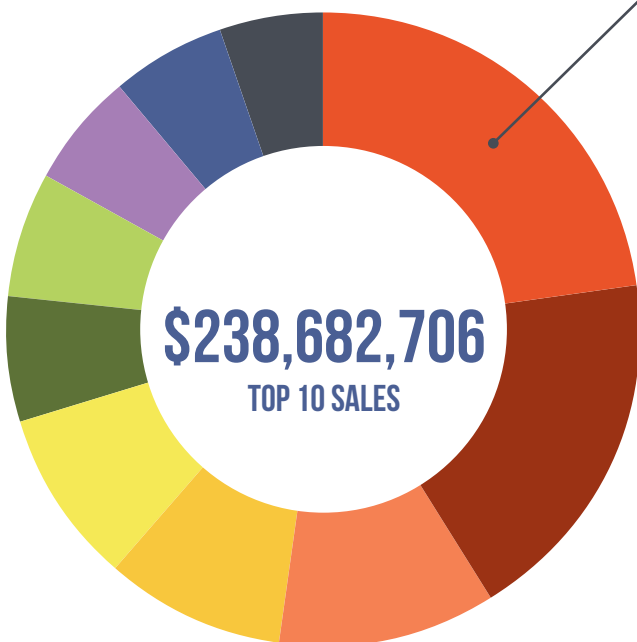


	FY20	FY19
DISTILLED SPIRITS BY SALES		
Whiskey	\$120,769,371	\$111,115,802
Vodka	\$74,299,177	\$73,412,663
Cordials	\$75,861,547	\$67,543,104
Rum	\$37,834,551	\$37,501,959
Tequila	\$24,000,542	\$21,634,394
Brandy	\$18,649,482	\$15,088,915
Gin	\$8,343,310	\$8,041,730
Cocktails	\$7,495,659	\$5,268,825
Total Sales	\$367,253,639	\$339,607,392

TOP 10 PRODUCT CATEGORIES

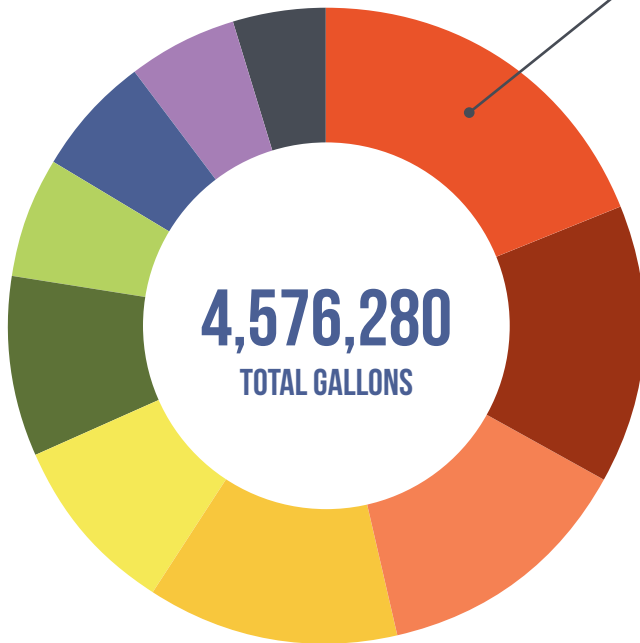


		FY20
TOP CATEGORIES BY GALLONS		
1	American Vodka	1,431,246
2	Canadian Whiskies	780,417
3	Spiced Rum	374,035
4	Straight Bourbon Whiskies	302,441
5	Cocktails / RTD	278,775
6	Whiskey Liqueur	277,572
7	Imported Vodka	236,059
8	Blended Whiskies	231,659
9	American Flavored Vodka	180,352
10	White Rum	157,109
Total Gallons		4,249,665

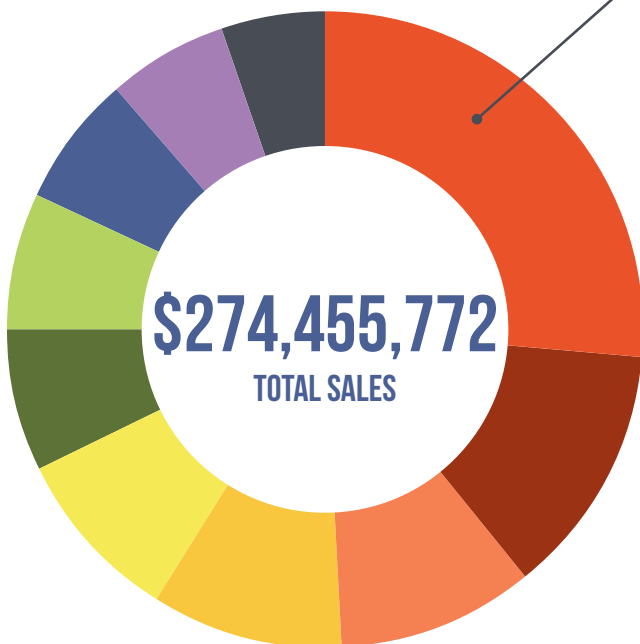


		FY20
TOP CATEGORIES BY SALES		
1	American Vodka	\$54,638,462
2	Canadian Whiskies	\$44,086,652
3	Straight Bourbon Whiskies	\$26,521,623
4	Spiced Rum	\$21,827,506
5	Whiskey Liqueur	\$21,232,172
6	Imported Vodka	\$15,331,601
7	Tennessee Whiskies	\$14,684,941
8	Imported Brandies	\$14,271,364
9	100% Agave Tequila	\$13,961,915
10	Blended Whiskies	\$12,126,470
Total Sales		\$238,682,706

TOP 10 SUPPLIERS

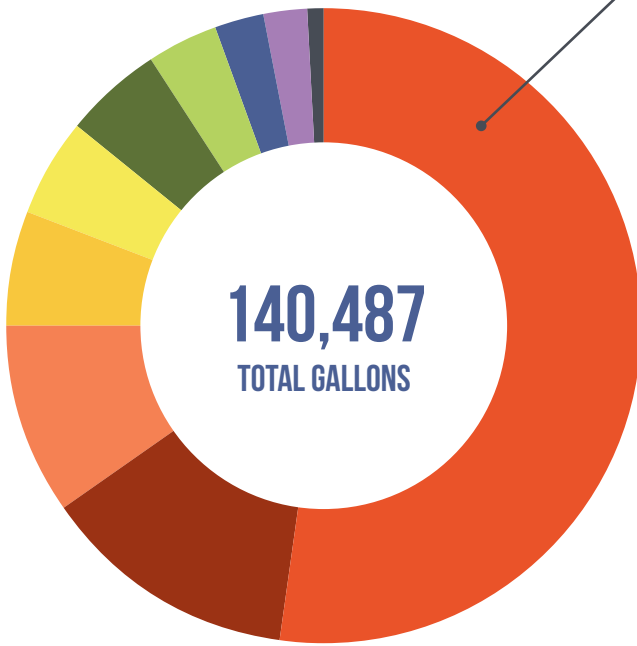


TOP SUPPLIERS BY GALLONS			FY20
1	Diageo Americas		870,814
2	Heaven Hill Brands		650,695
3	Sazerac Company Inc.		613,315
4	Luxco Inc.		574,352
5	Jim Beam Brands		430,540
6	Sazerac North America		406,918
7	Fifth Generation		289,097
8	Pernod Ricard USA		281,296
9	Proximo		255,667
10	Bacardi USA Inc.		203,586
Total			4,576,280

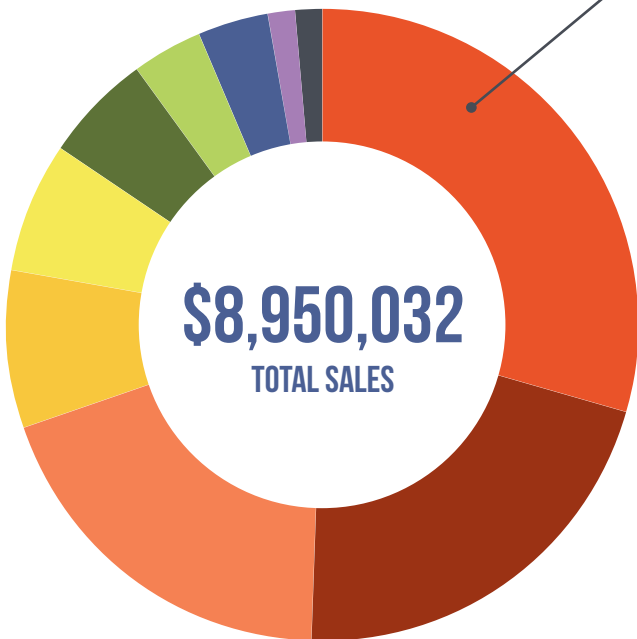


TOP SUPPLIERS BY SALES			FY20
1	Diageo Americas		\$73,185,554
2	Sazerac Company Inc.		\$34,600,241
3	Jim Beam Brands		\$27,565,143
4	Heaven Hill Brands		\$26,735,892
5	Pernod Ricard USA		\$23,962,883
6	Fifth Generation Inc.		\$20,088,708
7	Bacardi USA Inc.		\$18,816,296
8	Brown Forman Corp		\$18,475,166
9	Luxco Inc.		\$17,251,485
10	Proximo		\$13,774,404
Total			\$274,455,772

TOP 10 IOWA NATIVE DISTILLERS AND MANUFACTURERS



TOP IOWA SUPPLIERS BY GALLONS			FY20
1	JDSO INC / Red Boot Distillery		73,487
2	Cedar Ridge Vineyards		18,449
3	Infinium Spirits & Templeton Distilling LLC		13,493
4	Dunkel Corporation		8,230
5	Swell Liquor, LLC		7,298
6	Mississippi River Distilling		6,720
7	Foundry Distilling Company LLC		5,317
8	S&B Farms Distillery		3,296
9	Dehner Disillery		3,146
10	Lonely Oak Distillery		1,051
Total			140,487



TOP IOWA SUPPLIERS BY SALES			FY20
1	Cedar Ridge Vineyards		\$2,649,232
2	Infinium Spirits / Templeton		\$1,880,507
3	JDSO INC / Red Boot Distillery		\$1,710,878
4	Mississippi River Distilling		\$743,520
5	Dunkel Corporation		\$590,230
6	Foundry Distilling Company LLC		\$487,135
7	S&B Farms Distillery		\$328,644
8	Swell Liquor, LLC		\$314,470
9	Lonely Oak Distillery		\$143,090
10	Cats Eye Distillery		\$102,326
Total			\$8,950,032

TOP 50 BRANDS

BRAND RANKED BY GALLONS SOLD		FY20
1	Black Velvet Canadian Whiskey	402,541
2	Tito's Handmade Vodka	289,097
3	Captain Morgan Original Spiced Rum	246,196
4	Hawkeye Vodka	236,985
5	Fireball Cinnamon Whiskey	231,631
6	Five O'Clock Vodka	124,284
7	McCormick Vodka	121,027
8	Crown Royal Canadian Whiskey	96,797
9	Smirnoff Vodka (Glass & Plastic)	96,394
10	Jack Daniels Old #7 Black Label Tenn Whiskey	94,555
11	Barton Vodka	89,871
12	Admiral Nelson's Spiced Rum	74,784
13	Bacardi Superior	69,432
14	Jim Beam Kentucky Straight Bourbon Whiskey	67,728
15	Crown Royal Regal Apple Whiskey	66,790
16	Seagram's Seven Crown Blended Whiskey	63,312
17	Blue Ox Vodka	63,152
18	Malibu Rum Natural Coconut	62,429
19	Svedka Imported Vodka (Swedish)	60,137
20	Hennessy VS Imported Brandy	56,542
21	Absolut Swedish Vodka	53,707
22	Jameson	51,650
23	Phillips Vodka	51,563
24	Jose Cuervo Especial Reposado	51,352
25	Five Star	48,031

BRAND RANKED BY GALLONS SOLD		FY20
26	Jose Cuervo Authentic Lime Margarita	43,468
27	Paramount White Rum	42,393
28	Nikolai Vodka	38,578
29	Canadian Ltd Whisky	38,562
30	Platinum 7x Vodka	37,391
31	Black Velvet Toasted Caramel	36,226
32	Fris Danish Vodka	35,691
33	Jagermeister Liqueur	35,570
34	New Amsterdam 80prf	33,756
35	UV Blue Raspberry	33,546
36	Dr McGillicuddys Cherry	33,372
37	Windsor Canadian	32,497
38	Southern Comfort	31,113
39	Ten High Kentucky Bourbon Whiskey	29,428
40	Kessler Blend Whiskey	29,125
41	Skol Vodka	28,822
42	Fleischmanns 80prf Vodka	26,741
43	Juarez Gold	26,242
44	Baileys Original Irish Cream	25,292
45	Tanqueray Gin	24,565
46	Paul Masson Grande Amber Brandy VS	24,087
47	Seagrams Extra Dry Gin	24,042
48	Grey Goose	23,940
49	Tortilla Gold DSS	23,890
50	UV Vodka	23,577

Top 50 Gallons Sold 3,651,901

All Gallons Sold 6,057,144



60.3%
OF ALL GALLONS SOLD
WERE TOP 50 BRANDS

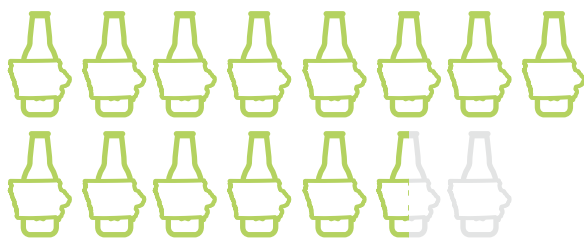
TOP 50 NATIVE IOWA BRANDS

BRAND RANKED BY GALLONS SOLD		FY20
1	Blue Ox Vodka	63,152
2	Templeton 4YR Rye	9,755
3	Cedar Ridge Bourbon	8,831
4	Swell Vodka	7,298
5	Blue Ox Silver Rum	4,981
6	Prairie Fire	4,111
7	Slipknot Iowa Whiskey No. 9	2,941
8	Red Fox Vodka	2,207
9	Iowish Cream Liqueur	2,091
10	Sir Winston Peach	2,070
11	Blue Ox Gin	2,053
12	Foundry Vodka	1,909
13	Saints N Sinners Apple Pie	1,780
14	Templeton 6YR Rye	1,704
15	Butcher's Block Vodka	1,179
16	Rocket Fuel	1,102
17	Cody Road Bourbon	1,073
18	Maestro Agavero Gold	859
19	Templeton Rye Maple Cask Finish Whiskey	852
20	Blue Ox American Spirit Whiskey	843
21	Cedar Ridge Malted Rye	765
22	Blue Ox Cinnamon Whiskey	755
23	Bagger Vodka	748
24	Ingenioz Vodka	730
25	Cody Road Barrel Old Fashioned	727

BRAND RANKED BY GALLONS SOLD		FY20
26	Private First Class	699
27	Slipknot Iowa Whiskey #9 Reserve	646
28	Okoboji Vodka	637
29	Swell Zone Vodka	616
30	River Pilot Vodka	614
31	Cedar Ridge Shorts Whiskey	533
32	Cedar Ridge Private Cask Iowa Bourbon Selection 92prf	477
33	Foundry Corn Whiskey	468
34	Cedar Ridge Single Malt Whiskey	426
35	Templeton Rye Special Reserve 6YR	418
36	Cedar Ridge Port Cask Finished Bourbon	403
37	Steeple Ridge Bourbon	367
38	Century Farms Prairie States Corn Whiskey Rapid Aged	363
39	Century Farms Open Gate Vodka	358
40	Foundry Vodka Custom	341
41	Blue Ox Spiced Rum	327
42	Templeton 4YR w/4 Whiskey Stones	327
43	Cody Road Rye	317
44	Oxtails Vodka Lemonade	317
45	Oxtails Rum Punch	309
46	Templeton Rye Rare Cask Strength	305
47	Cody Road Honey	302
48	Green Frog Distillery Caramel Flavored Corn Whiskey	286
49	Dehner Distillery 151	286
50	Dehner Distillery Vodka	285

Top 50 Native Iowa Gallons Sold 134,942

All Gallons Sold 145,396

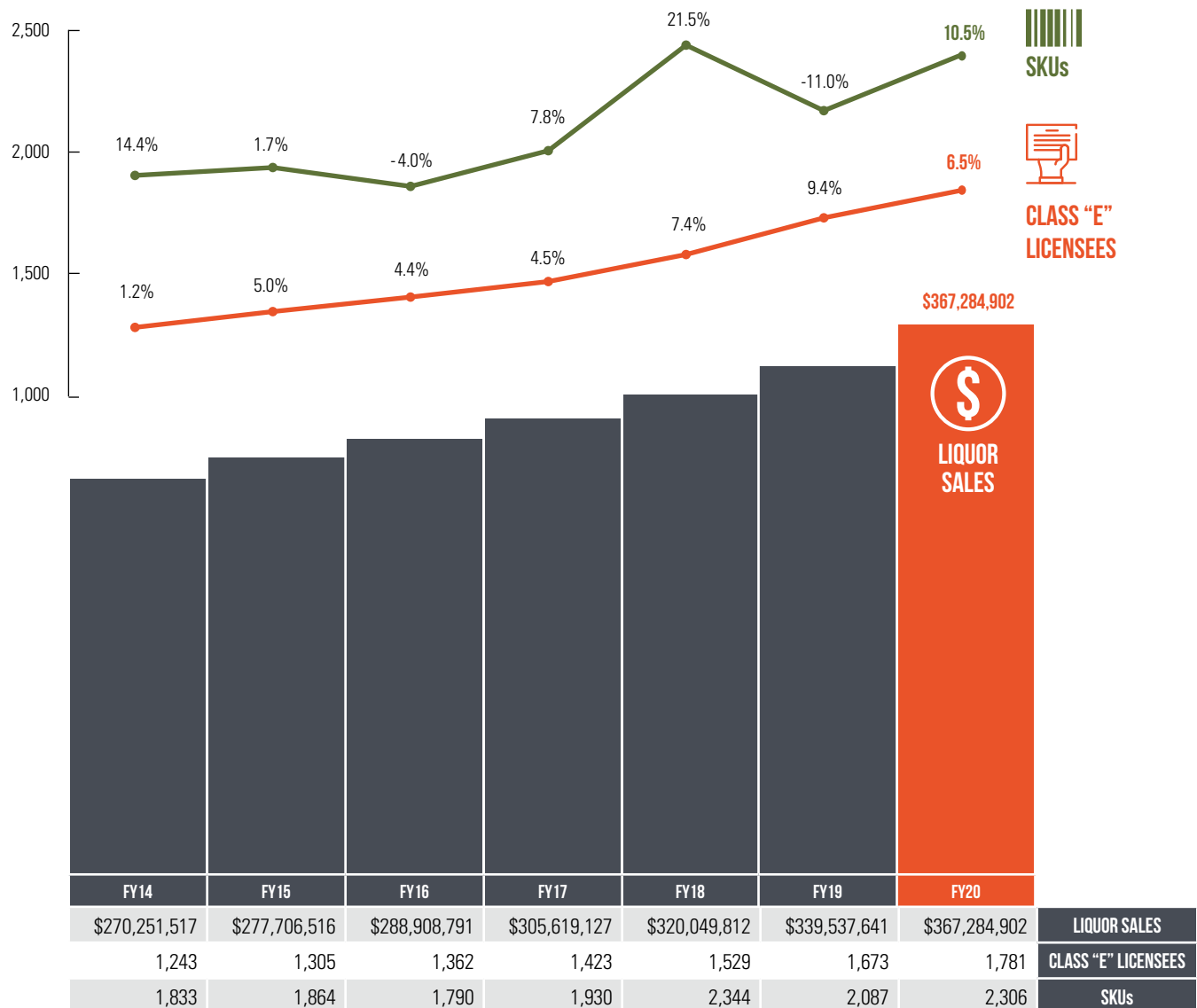


92.8% 
**OF ALL NATIVE IOWA GALLONS
 SOLD WERE TOP 50 BRANDS**

CLASS “E” LICENSE AND SKU GROWTH

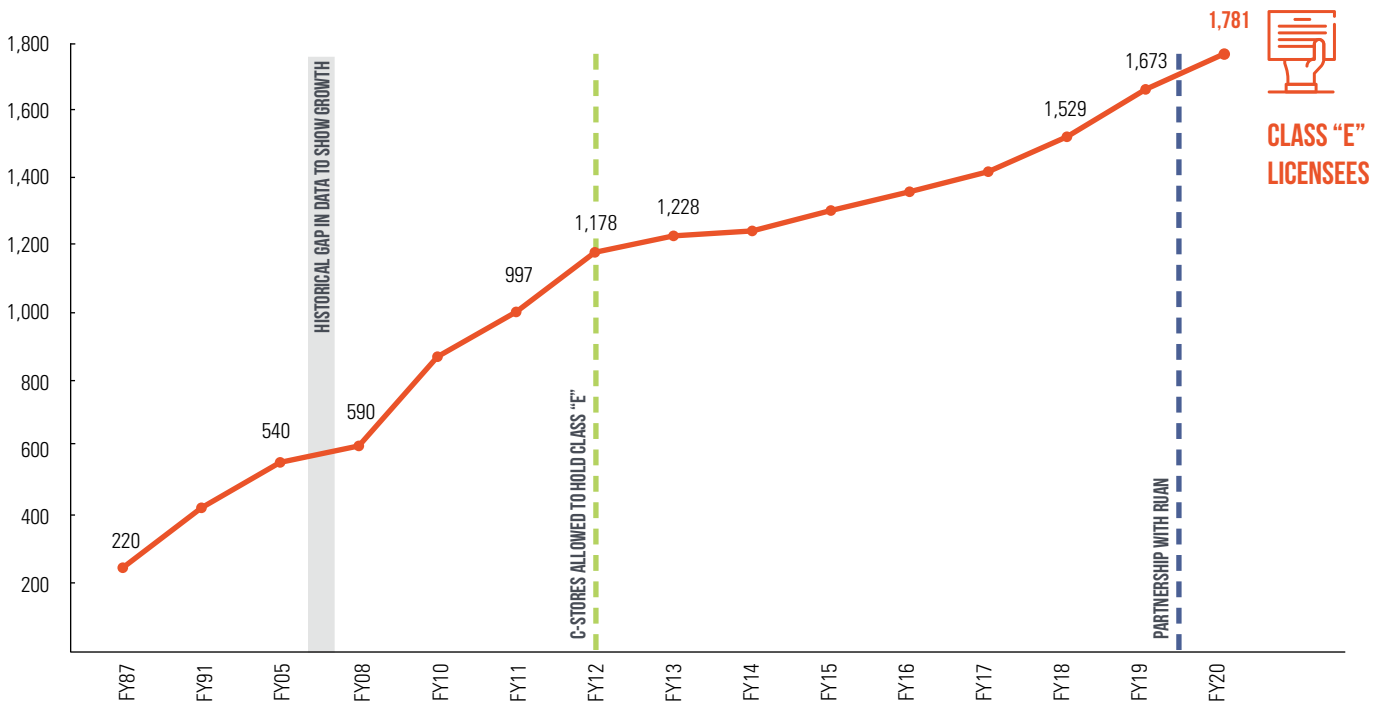
ABD has experienced growth in many aspects of the business model including class “E” licensees and SKUs. The class “E” licensees increase the number of distribution points delivered to on a weekly basis. The number of SKUs refers to the diverse catalog of products offered for distribution to class “E” licensees. The following graph depicts the growth of the spirit sales as well as the distribution and SKU growth over the last seven fiscal years.

ANNUAL GROWTH OF SPIRIT SALES, DISTRIBUTION OUTLETS, & SKUs

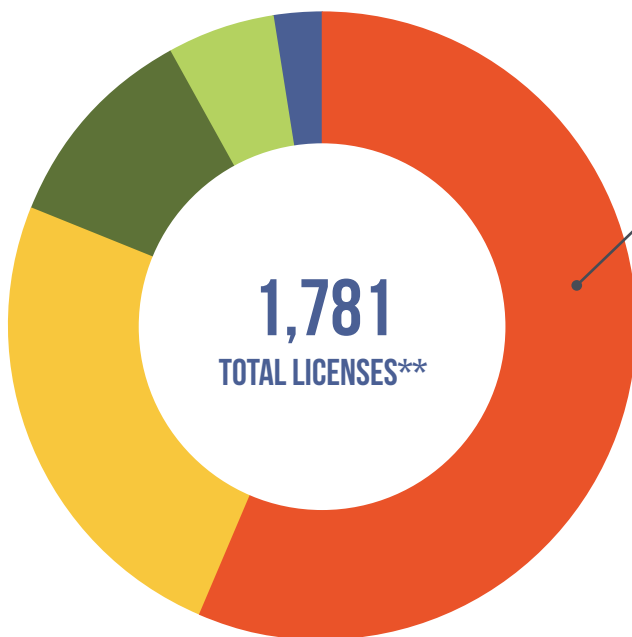


CLASS “E” LICENSE GROWTH

In 2012 there was an increase in the number of class “E” licensees due to a law change that allowed convenience stores to sell liquor. Since that time, the number of class “E” licensees continues to grow and increases the number of distribution points across the state of Iowa. As we continue to pursue our mission, ABD is committed to serving these class “E” customers through the responsible and efficient distribution of alcohol.



**CLASS “E”
LICENSEES**



		FY20	FY19	FY18
Class “E” Premises Types				
1	Convenience Store	1,008	899	759
2	Grocery Store	440	439	428
3	Liquor Store	193	192	201
4	Pharmacy	98	45	98
5	Other*	42	98	43
Total**		1,781	1,673	1,529

*Other Category represents Discount Store, Casino, Hotel, Redemption Center, and Specialty Shop.

**Total licenses is the total number of active class “E” licensees at the end of the fiscal year.

CLASS "E" LICENSEES & SALES BY COUNTY

The heat map below shows the total number of class "E" licensees per county. The color of the county corresponds to the total amount of liquor sales from ABD to the class "E" licensees within that county. The darker the color, the greater the amount of liquor sales. Class "E" licensees sell directly to the public via retail sales or to on-premises liquor licensees. To sell to on-premises licensees, the class "E" must hold a federal wholesale permit.

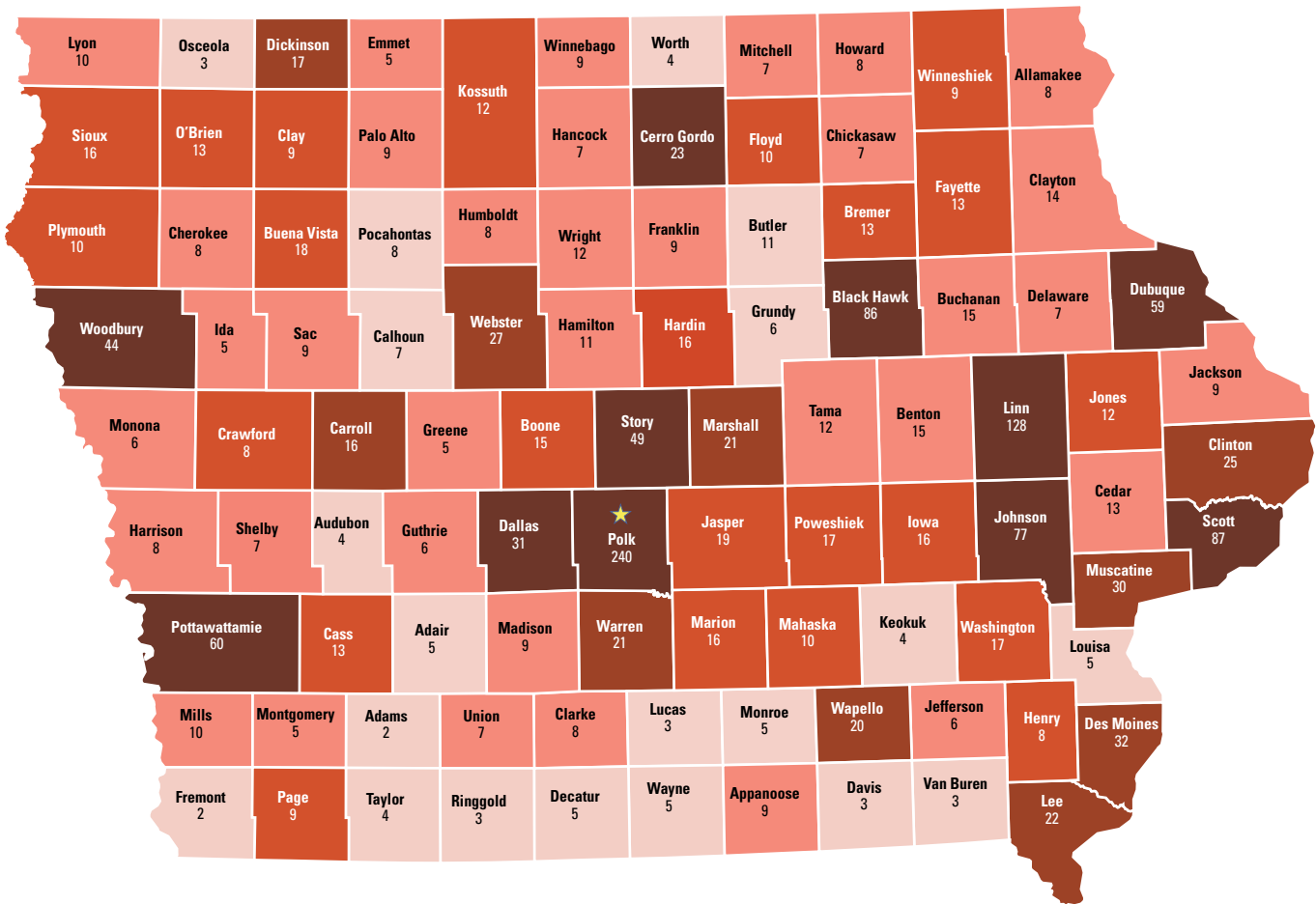
1,781 
IOWA RETAILERS

Iowa Alcoholic Beverages Division distributed to 1,781 retailers in the state of Iowa through one central warehouse in Ankeny.

County
Number of Licensees

6,057,144 
TOTAL GALLONS SOLD

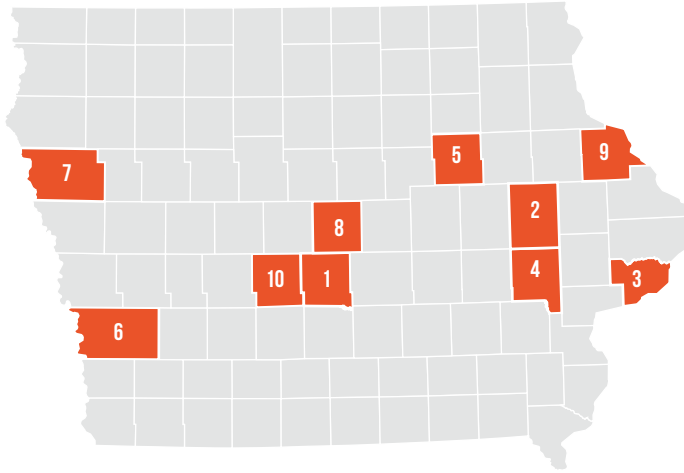
0-9,999 10,000-24,999 25,000-49,999 50,000-99,999 100,000+ Gallons Sold
★ Distribution Center



TOP 10 COUNTIES BY SALES

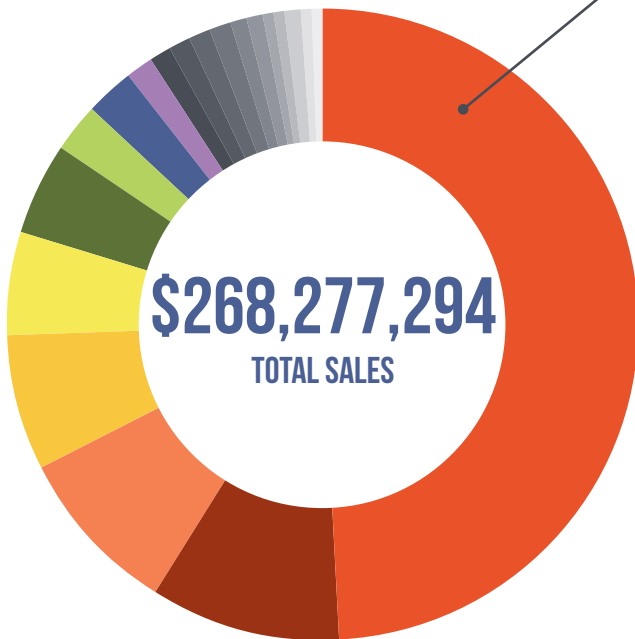
\$240,278,041

TOTAL CLASS "E" LIQUOR SALES



FY20		
TOP COUNTIES BY CLASS "E" LIQUOR SALES		
1	Polk	\$84,825,458
2	Linn	\$31,987,584
3	Scott	\$26,557,747
4	Johnson	\$21,045,434
5	Black Hawk	\$20,109,345
6	Pottawattamie	\$13,017,596
7	Woodbury	\$12,631,874
8	Story	\$10,712,081
9	Dubuque	\$10,504,778
10	Dallas	\$8,886,144
Total		\$240,278,041

TOP 20 CUSTOMERS BY SALES



FY20		
TOP CUSTOMERS BY CLASS "E" LIQUOR SALES		
1	Hy-Vee, Inc.	\$131,965,584
2	Fareway Stores, Inc.	\$26,532,880
3	Walmart, Inc.	\$23,156,197
4	Sam's Club	\$18,471,042
5	Casey's Marketing Company	\$14,367,946
6	Central City Liquors, Inc.	\$12,100,495
7	Costco Wholesale Corporation	\$6,969,868
8	Kum & Go, LC	\$6,564,454
9	Target Corporation	\$4,021,455
10	Wilkie Liquors	\$3,159,421
11	Walgreens Co.	\$3,007,615
12	Lot-A-Spirits	\$2,957,520
13	Benz Distributing	\$2,677,321
14	Smokin Joes	\$2,236,266
15	I-80 Liquor / Council Bluffs	\$2,230,064
16	New Star	\$1,677,751
17	Price Chopper	\$1,642,756
18	Happy's Wine & Spirits	\$1,587,856
19	Kwik Shop, Inc.	\$1,579,097
20	Prime Mart	\$1,371,706
Total		268,277,294

TOTAL GALLONS SOLD PER COUNTY

RANK	COUNTY	FISCAL YEAR GALLONS				CLASS "E" LICENSEES SELLING SPIRITS			
		FY2020	FY 2019	+ / -	% + / -	FY 2020	FY 2019	+ / -	% + / -
1	Polk	1,268,688	1,222,621	46,067	4%	240	210	30	14%
2	Linn	533,727	501,935	31,792	6%	128	122	6	5%
3	Scott	418,997	397,729	21,268	5%	87	79	8	10%
4	Johnson	327,649	318,330	9,319	3%	77	67	10	15%
5	Black Hawk	320,738	307,657	13,082	4%	86	85	1	1%
6	Pottawattamie	207,096	195,970	11,126	6%	60	56	4	7%
7	Woodbury	202,364	191,841	10,523	5%	44	47	(3)	-6%
8	Story	181,333	176,093	5,241	3%	49	45	4	9%
9	Dubuque	177,456	182,140	(4,684)	-3%	59	53	6	11%
10	Dallas	154,538	126,108	28,430	23%	31	36	(5)	-14%
11	Cerro Gordo	131,899	123,126	8,772	7%	23	21	2	10%
12	Clinton	85,201	75,557	9,645	13%	25	23	2	9%
13	Dickinson	83,771	80,705	3,066	4%	17	16	1	6%
14	Muscatine	72,519	63,497	9,022	14%	30	30	0	0%
15	Des Moines	70,212	63,419	6,792	11%	32	30	2	7%
16	Webster	69,518	67,781	1,737	3%	27	25	2	8%
17	Lee	67,387	65,039	2,348	4%	22	21	1	5%
18	Marshall	63,625	58,125	5,499	9%	21	21	0	0%
19	Warren	60,031	53,675	6,356	12%	21	21	0	0%
20	Wapello	55,666	53,901	1,765	3%	20	19	1	5%
21	Carroll	51,684	48,269	3,416	7%	16	12	4	33%
22	Marion	47,372	42,986	4,385	10%	16	14	2	14%
23	Bremer	45,632	40,653	4,980	12%	13	11	2	18%
24	Hardin	41,802	39,417	2,385	6%	16	16	0	0%
25	Jasper	41,157	35,987	5,170	14%	19	21	(2)	-10%
26	Sioux	40,692	37,294	3,399	9%	16	18	(2)	-11%
27	Boone	38,087	35,099	2,988	9%	15	18	(3)	-17%
28	Clay	37,850	33,879	3,970	12%	9	10	(1)	-10%
29	Plymouth	37,191	31,952	5,239	16%	10	11	(1)	-9%
30	Buena Vista	36,041	35,707	333	1%	18	17	1	6%
31	Kossuth	35,496	35,863	(367)	-1%	12	13	(1)	-8%
32	Washington	34,786	33,476	1,310	4%	17	17	0	0%
33	Poweshiek	31,340	30,085	1,255	4%	17	19	(2)	-11%
34	Jones	30,292	27,941	2,351	8%	12	9	3	33%
35	O'Brien	29,418	26,981	2,437	9%	13	11	2	18%
36	Crawford	28,207	28,138	69	0%	8	7	1	14%
37	Cass	27,887	25,247	2,640	10%	13	12	1	8%
38	Iowa	27,659	22,838	4,821	21%	16	37	(21)	-57%
39	Winneschik	27,277	25,946	1,331	5%	9	9	0	0%
40	Mahaska	27,217	25,923	1,294	5%	10	11	(1)	-9%
41	Page	27,047	26,484	562	2%	9	8	1	13%
42	Fayette	25,971	25,188	783	3%	13	13	0	0%
43	Henry	25,868	24,075	1,793	7%	8	8	0	0%
44	Floyd	25,740	22,922	2,819	12%	10	9	1	11%
45	Buchanan	24,656	22,340	2,315	10%	15	15	0	0%
46	Benton	23,898	19,401	4,497	23%	15	14	1	7%
47	Jackson	23,586	20,839	2,747	13%	9	10	(1)	-10%
48	Union	22,834	21,299	1,534	7%	7	6	1	17%
49	Delaware	22,696	20,743	1,953	9%	7	8	(1)	-13%

RANK	COUNTY	FISCAL YEAR GALLONS				CLASS "E" LICENSEES SELLING SPIRITS			
		FY2020	FY 2019	+ / -	% + / -	FY 2020	FY 2019	+ / -	% + / -
50	Jefferson	21,713	17,714	4,000	23%	6	5	1	20%
51	Madison	20,561	17,631	2,930	17%	9	9	0	0%
52	Howard	19,483	16,764	2,718	16%	8	5	3	60%
53	Tama	19,214	15,620	3,594	23%	12	10	2	20%
54	Hamilton	18,839	17,600	1,239	7%	11	11	0	0%
55	Appanoose	18,775	18,507	268	1%	9	10	(1)	-10%
56	Palo Alto	18,464	13,407	5,057	38%	9	7	2	29%
57	Shelby	18,179	18,326	(146)	-1%	7	4	3	75%
58	Allamakee	18,052	17,979	73	0%	8	8	0	0%
59	Humboldt	17,641	17,179	462	3%	8	6	2	33%
60	Winnebago	17,265	17,179	86	1%	9	7	2	29%
61	Wright	16,507	16,256	251	2%	12	12	0	0%
62	Cherokee	15,915	13,976	1,940	14%	8	9	(1)	-11%
63	Lyon	15,824	14,521	1,303	9%	10	10	0	0%
64	Cedar	15,652	12,246	3,406	28%	13	12	1	8%
65	Montgomery	15,168	13,907	1,261	9%	5	6	(1)	-17%
66	Emmet	14,687	14,999	(311)	-2%	5	5	0	0%
67	Clarke	14,366	14,342	24	0%	8	7	1	14%
68	Sac	14,057	11,940	2,116	18%	9	10	(1)	-10%
69	Harrison	13,215	11,089	2,126	19%	8	9	(1)	-11%
70	Greene	13,010	11,475	1,535	13%	5	5	0	0%
71	Clayton	12,784	12,461	323	3%	14	12	2	17%
72	Ida	11,928	11,695	233	2%	5	5	0	0%
73	Chickasaw	11,897	9,828	2,069	21%	7	6	1	17%
74	Mills	11,576	10,962	614	6%	10	10	0	0%
75	Franklin	11,448	9,681	1,767	18%	9	9	0	0%
76	Guthrie	11,189	10,136	1,053	10%	6	6	0	0%
77	Mitchell	10,558	9,361	1,197	13%	7	10	(3)	-30%
78	Monona	10,542	9,686	856	9%	6	6	0	0%
79	Hancock	10,466	9,333	1,133	12%	7	7	0	0%
80	Lucas	9,480	9,012	468	5%	3	3	0	0%
81	Butler	8,549	7,935	614	8%	11	9	2	22%
82	Pocahontas	8,373	8,379	(6)	-0%	8	7	1	14%
83	Monroe	8,149	7,430	719	10%	5	5	0	0%
84	Calhoun	8,006	8,001	5	0%	7	9	(2)	-22%
85	Worth	7,085	6,038	1,046	17%	4	5	(1)	-20%
86	Grundy	7,081	7,390	(310)	-4%	6	7	(1)	-14%
87	Adair	6,680	5,876	804	14%	5	6	(1)	-17%
88	Osceola	5,466	5,481	(15)	-0%	3	3	0	0%
89	Keokuk	5,237	3,783	1,454	38%	4	4	0	0%
90	Louisa	4,596	4,331	265	6%	5	6	(1)	-17%
91	Audubon	4,475	3,975	500	13%	4	4	0	0%
92	Van Buren	3,687	3,657	30	1%	3	3	0	0%
93	Adams	3,679	3,418	261	8%	2	3	(1)	-33%
94	Decatur	3,423	3,000	423	14%	5	6	(1)	-17%
95	Wayne	3,082	2,839	243	9%	5	4	1	25%
96	Ringgold	3,070	2,945	125	4%	3	3	0	0%
97	Davis	2,908	2,501	406	16%	3	2	1	50%
98	Taylor	2,627	2,371	256	11%	4	4	0	0%
99	Fremont	993	1,067	(74)	-7%	2	2	0	0%
TOTALS		6,057,419*	5,707,450	349,966	5.78%	1,809**	1,744	65	3.59%

*Totals gallons listed is different than the total gallons listed on page 22 by \$275 due to a variance in the total number of Class "E" Licensees.

**Total Class "E" Licensees is the total of all license holders within the fiscal year. This is different than the total Class "E" licensees that were active at the end of FY20 referenced on page 16.

BUSINESS OPERATIONS BUREAU

EDUCATION & OUTREACH UNIT

The Education & Outreach Unit uses a variety of programs to implement the education and communication objectives of ABD. The purpose of this unit is to provide educational programs, information, and publications for alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, and other stakeholders regarding the laws and rules which govern the alcoholic beverage industry, and to promote compliance with alcoholic beverage laws and rules.

COVID-19

The COVID-19 pandemic has changed the way things are done for most everyone this year, and the Education and Outreach Unit is no exception. While many of the unit's projects and initiatives are tools and materials, there has always been a component of face-to-face interactions with licensees. The unit had to adapt to the circumstances and rethink the way things were done. Some initiatives were modified, but the unit also had to develop new ways to provide education and communication to stakeholders. As new proclamations, law changes, and procedures changed throughout the second half of FY20, the unit recognized the need to step up communication efforts. On average, a communication went out more than once per week to keep stakeholders informed during this time. The ABD website was updated regularly with new information and additional materials, infographics, and videos were shared with stakeholders and on social media.

IOWA PROGRAM FOR ALCOHOL COMPLIANCE TRAINING (I-PACT)

One of the most widely used programs is the Iowa Program for Alcohol Compliance Training or I-PACT. I-PACT is a free online training program designed to prevent illegal sales of alcohol by educating alcohol sellers and increasing awareness of changes in Iowa's alcohol laws. The goal of I-PACT is increased voluntary compliance with Iowa's alcohol laws through education and enforcement. After successfully passing the final test, participants receive a printable certificate of completion. The certification is valid for a period of two years. However, if an individual is cited for a sale-to-minor, the certification is revoked. The training may be taken again for recertification.



In FY20, 20,848 people were trained in the responsible selling and serving of alcoholic beverages through the I-PACT program. Of those trained, 19,981 were certified while 867 failed the certification, leading to a 96% passage rate. In FY20, 16 people were decertified due to selling alcohol to a minor.



20,848
PEOPLE TRAINED
THROUGH I-PACT

5,349
IOWA ABD AGE TO
PURCHASE APP
DOWNLOADS

435,954
ID SCANS

350 
PEOPLE EDUCATED
THROUGH RAGBRAI PROGRAM

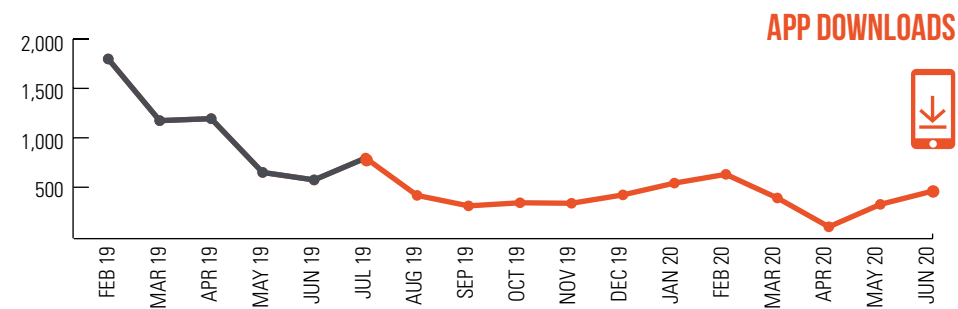
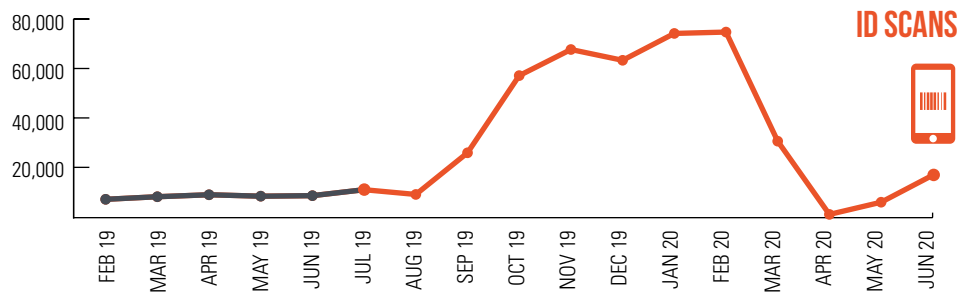
125 
QUESTIONS FIELDLED EACH
MONTH ON AVERAGE

IOWA ABD AGE TO PURCHASE MOBILE APP

Another tool developed by ABD was the Iowa ABD Age to Purchase Mobile App. The app allows users to scan driver's licenses with their smartphone. No personal information of the customer is stored on the device. The built-in scanning function uses the camera feature on the device to scan the barcode on the driver's license to quickly help determine age and validity. The app also gives users access to a view similar to the desktop calendars previously issued by ABD as well as a manual date of birth calculator.

The mobile app saw a tremendous increase in ID scans and downloads, particularly in the early part of FY20. During the fiscal year, there were 435,954 ID's scanned and the app was downloaded 5,349 times. Since launching the app in February 2018 through the end of FY20, total downloads reached 10,849 and the total number of licenses scanned reached 476,671.

Iowa ABD Age to Purchase Mobile App



ADVERTISING CAMPAIGN

An advertising campaign was launched to increase awareness of the I-PACT and I-pledge programs and the Iowa ABD Age to Purchase Mobile App. The campaign was distributed on social media and search engine platforms and targeted business owners and employees that participated in selling and serving alcoholic beverages, tobacco, alternative nicotine and vapor products. The ads garnered 6.3 million impressions and over 20,000 user interactions.



REGISTER'S ANNUAL GREAT BICYCLE RIDE ACROSS IOWA (RAGBRAI)

Another method used to educate a large number of stakeholders is the ABD's RAGBRAI program. This program utilizes the RAGBRAI route to educate relevant parties on Iowa's alcohol laws, including local authorities, industry members, and licensees and permittees. Strengthening relationships and increasing compliance are also important aspects of this program. The Education & Outreach Unit offers presentations and educational materials regarding licensing, compliance, and regulation to the overnight and pass-through towns along the route as well as all relevant stakeholders involved in the event. The FY20 RAGBRAI program educated over 350 local authorities, wholesalers, manufacturers, and on-premises licensees and permittees.



NEW LICENSEE EDUCATION PACKETS

The unit continues to find new ways to educate and communicate with licensees across the state. One area the unit prioritized during FY20 was education for new licensees and permittees. While there are many opportunities for licensees to receive education regarding alcohol licensing and compliance, they may not always know where to start. Informational packets were created for each type of license, permit, or certificate that compiles important educational material, information, and resources specific to each of those licenses, permits, and certificates. While the information is not all-inclusive, it does provide great insight into applicable alcohol regulations and provides the licensee the resources to find the answers they need within the materials that are available to them. All new licensees started receiving the packets of information in FY20.

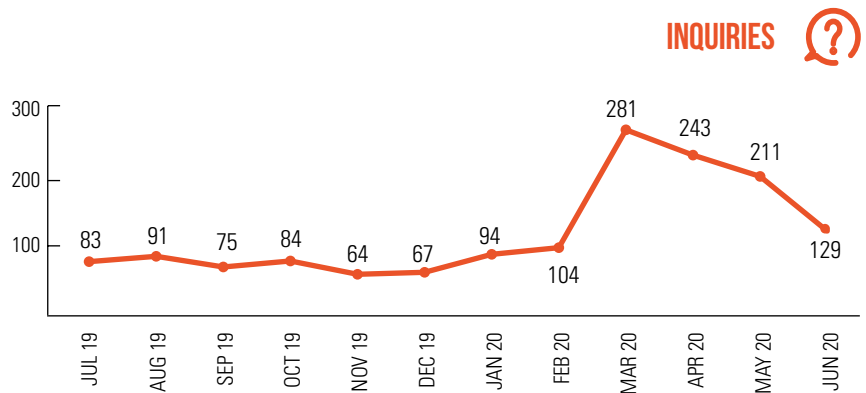


EDUCATIONAL OPPORTUNITIES

The Education and Outreach Unit offers formalized training and informational opportunities. Over 700 stakeholders received education through these opportunities in FY20. This included presentations to beer wholesalers, law enforcement agencies, the Iowa Municipal Finance Officers Association, the Iowa Tourism Conference, external stakeholders, and members of the public. Along with these formal opportunities, the Education & Outreach Unit also assists licensees with Iowa's alcohol laws. The unit fielded over 125 questions each month from stakeholders on topics ranging from compliance and legal inquiries to special event outlines. This number averaged over 215 during the final four months of FY20, mostly attributed to the COVID-19 pandemic.



Along with providing education via phone or email, the unit also utilizes ABD's website as a vast educational resource. ABD's website features bulletins, licensing information, compliance, regulation, and educational materials. Advisory, educational, and regulatory bulletins provide guidance to a target audience on specific alcohol-related matters. The unit published two Regulatory Bulletins during FY20.



WHAT YOU DON'T SEE

ABD partnered with the Iowa Narcotics Officers Association (INOA) to assist in the deployment and educational efforts related to alcohol and drugs targeting today's youth. ABD provided grant funding to the INOA to assist with alcohol related training, equipment, and instructors as well as various maintenance costs associated with running the program.



There was also an intoxication simulator at the Iowa State Fair. *What You Don't See* is a mobile training trailer designed to simulate a "typical" teenager's bedroom, complete with all the paraphernalia and imagery one would expect to see but not necessarily understand from today's younger culture. In the room, attendees learn the meanings of signs, symbols, and clothing, common hiding spots, and other precursors that can be a tip to otherwise unsuspecting parents. The program educates parents and teachers on the warning signs to identify potentially dangerous behaviors and lifestyle choices of today's youth.

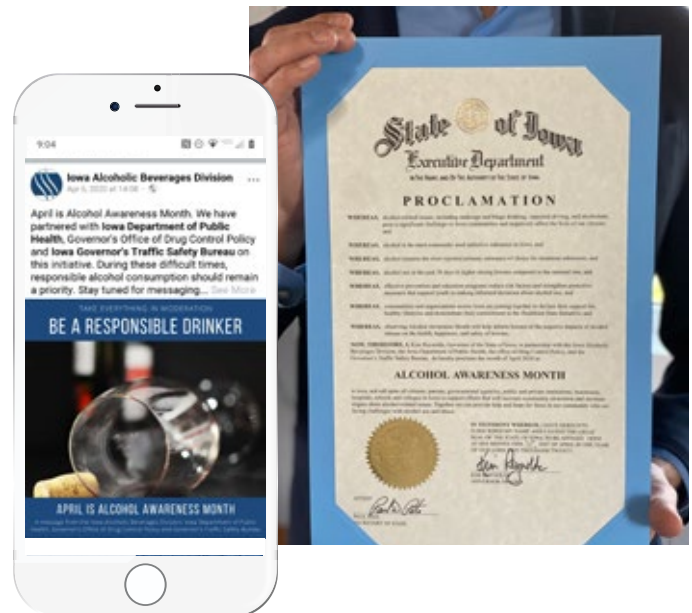
IOWA SPIRITS MAGAZINE

Iowa Spirits Magazine continued production in FY20. This publication is produced bi-annually, showcases the spirits environment in Iowa and features profiles, businesses, trends, food and drink recipes, ABD initiatives, and much more. *Iowa Spirits Magazine* is available free-of-charge to consumers at class "E" licensed establishments and online via the ABD website. ABD distributes 30,000 copies of each issue of *Iowa Spirits Magazine* throughout the state.



ALCOHOL AWARENESS MONTH

During April, ABD partnered with other state agencies to promote Alcohol Awareness Month. In coordination with ABD, the Iowa Department of Public Health, Governor's Office of Drug Control Policy, and Iowa Governor's Traffic Safety Bureau launched a social media campaign and worked with Governor Reynolds' Office on a proclamation declaring April as Alcohol Awareness Month. The social media campaign offered encouraging messaging focused on moderation and responsibility and offered resources from public health experts. This campaign was especially important in FY20 with the increase in consumption related to the COVID-19 pandemic. Collaboration among state agencies on initiatives such as this is important. ABD will look to continue these efforts in the future. 🍷



FINANCIAL MANAGEMENT



AS THE ENVIRONMENT AROUND US EVOLVES, ABD WILL CONTINUE TO REMAIN FISCALLY RESPONSIBLE AND ACCOUNTABLE WHILE STRIVING TO ADAPT AND THRIVE THROUGH THIS UNPRECEDENTED TIME.”

— LEISA BERTRAM, COMPTROLLER

FINANCIAL HIGHLIGHTS

As FY20 saw the onset of the COVID-19 pandemic, the Financial Management Unit faced several challenges from a reporting and collections perspective. Revenues on liquor sales increased to a record high of \$367 million, while two other revenues experienced shortfalls. The revenues for the beer and wine tax, as well as certain license types, were included in the Governor’s proclamations to defer payment. This deferment created a 30.2% decrease in the total beer and wine taxes collected and a 5.6% decrease in the total license revenue collected. This was a significant loss of revenue for ABD, however, this shortfall in revenue was minimal compared to the increase in liquor sales revenue, which allowed ABD to achieve a transfer of over \$133 million to the State General Fund.

In conjunction with the diverse revenue activities, the Financial Management Unit saw increases to specific expenses. Ruan fleet and warehouse operations, along with the Information Technology (IT) Unit, saw significant increases to their expenditures. The growth in the operations expense was directly related to the increased volume of all operational metrics due to the higher demand on liquor sales. Expense increases to the IT Unit were attributed to major upgrades in the areas of forecasting and business data analytics. These IT enhancements and the expansion of our dedicated OCIO / ABD IT team has provided, and will continue to provide, ABD with the necessary tools and systems to govern at a data-based level.

Presented with challenges related to the pandemic in FY20, the Financial Management Unit was able to adjust and overcome functional and location-based issues to ensure continuance of operations. ABD was prepared from a technological standpoint for remote work and implemented both onsite and offsite work for all employees. The shift to this hybrid model allowed the Financial Management Unit to effectively operate and continue to be a partner and trusted resource to not only our licensees, but also the broader community that we serve. As ABD continues to adjust to the current social and business climate, there will be an ever-increasing need for fiscal accountability, adaptive and agile IT systems, and operational resilience. 📌

FY20 AND COVID-19



\$367M

RECORD-HIGH LIQUOR SALES



5.6%

DECREASE IN TOTAL LICENSE REVENUE COLLECTED (DUE TO DEFERMENT)



\$107.5M

REVERTED TO STATE OF IOWA GENERAL FUND



\$133M

IN REVENUE TRANSFERRED TO STATE OF IOWA GENERAL FUND



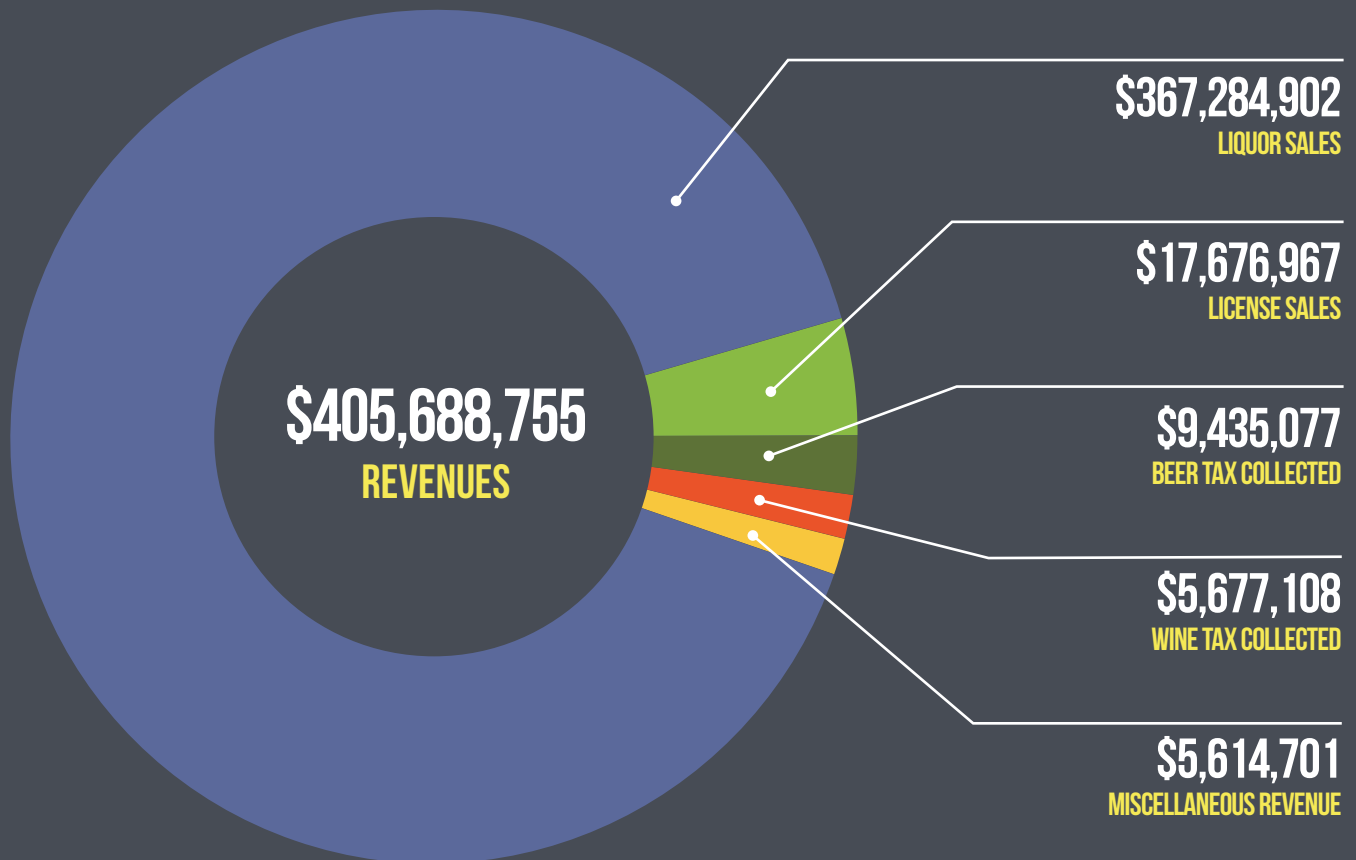
30.2%

DECREASE IN TOTAL BEER & WINE TAXES COLLECTED (DUE TO DEFERMENT)



\$25.7M

REVERTED FOR SUBSTANCE ABUSE



FINANCIAL STATEMENTS

INTRODUCTION

The following summary of ABD's financial performance provides a brief overview of financial activities for FY20. 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, (July 1, 2019 - June 30, 2020), including the State of Iowa's hold open period (August 1, 2020 - September 30, 2020).

OVERVIEW OF FINANCIAL STATEMENTS

The FY20 Annual Report consists of a series of proprietary financial statements. ABD operates out of the State of Iowa General Fund and the Liquor Control Trust Fund. The Net Income Statement provides financial information as of June 30, 2020, in comparison to ABD's financial position as of June 30, 2019. The Balance Sheet provides information about ABD's assets and liabilities.

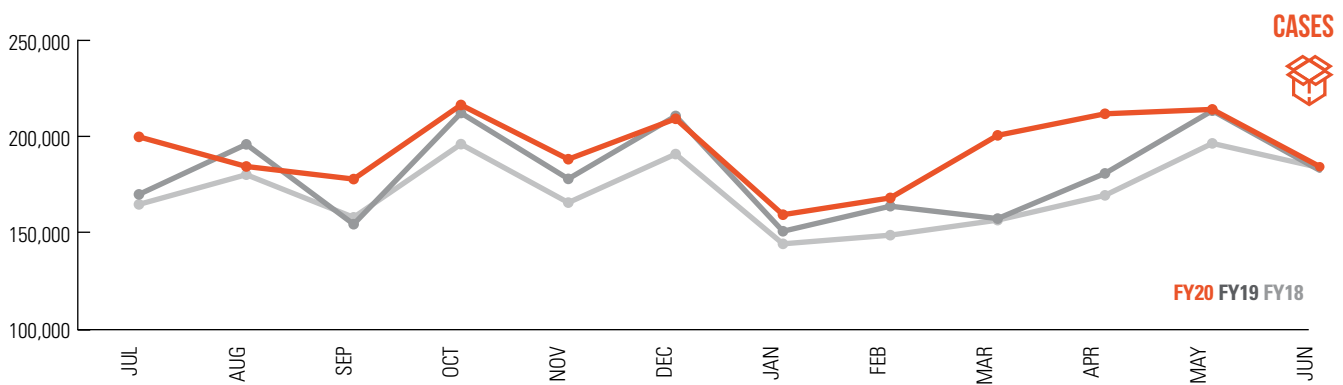
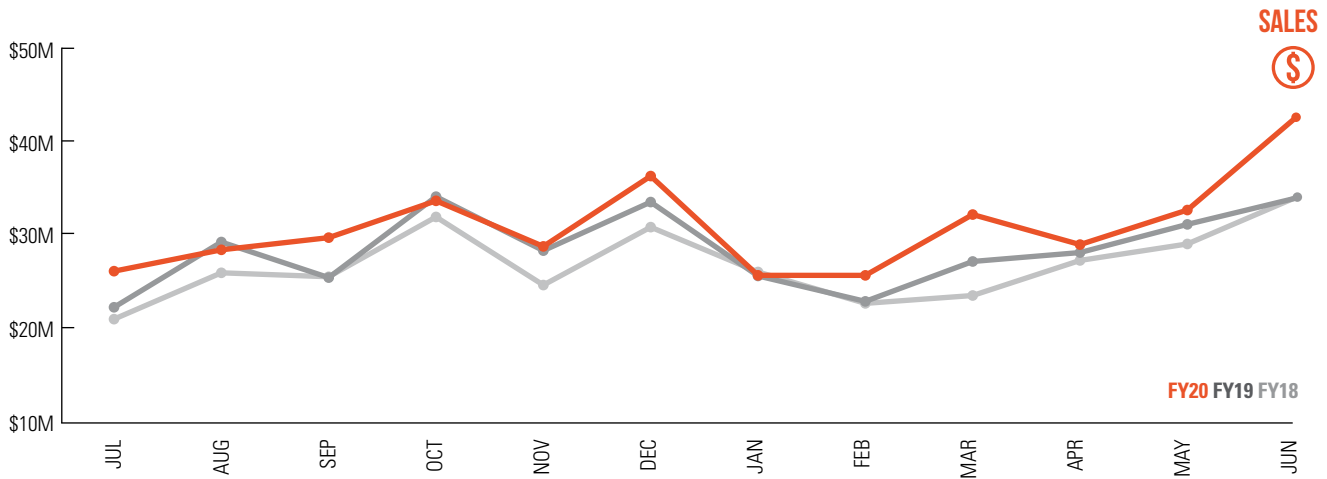
The Profit and Loss Statement reflects ABD's financial performance with respect to wholesale operations and revenues and expenditures directly related to the Liquor Control Trust Fund. The Net Income Statement outlines a FY20 and FY19 comparison of ABD's operations and performance relating to Iowa Code chapter 123, including distribution and administrative revenues and expenditures from the Liquor Control Trust Fund and the State General Fund.

The Statement of Cash Flow represents cash flow for FY20 and FY19 to the Liquor Control Trust Fund. The Balance Sheet includes revenues and expenditures in the fiscal year hold-open period, July 1, 2020 through September 30, 2020. Also presented in this report are Notes to Financial Statements that provide additional information to facilitate a better understanding of the data within each statement.

Within the annual report are various references to the COVID-19 pandemic. During this time, there was growth in the liquor sales increasing ABD's overall revenue, which, in turn, then drove the volume in the warehouse to increase operational expenses. The financial management unit closely tracked and reported on changes within the operating budgets. Several financial units and line items saw significant changes in the revenue and expense year over year due to the pandemic. These changes are reflected in the following financial statements. 📌

LIQUOR SALES BY MONTH

For the Period ended June 30, 2020



	SALES			CASES		
	FY20	FY19	FY18	FY20	FY19	FY18
JUL	\$25,784,786	\$21,941,950	\$20,683,447	199,511	168,707	163,627
AUG	\$28,099,297	\$29,079,661	\$25,737,770	183,545	195,609	179,689
SEP	\$29,420,284	\$25,187,655	\$25,306,777	176,744	152,672	156,621
OCT	\$33,412,907	\$34,040,647	\$31,832,047	216,702	212,476	196,188
NOV	\$28,470,706	\$28,138,662	\$24,401,342	187,464	177,046	164,586
DEC	\$36,096,513	\$33,450,487	\$30,720,457	209,248	210,881	190,820
JAN	\$25,333,038	\$25,368,632	\$25,828,473	157,544	148,885	142,300
FEB	\$25,329,997	\$22,588,927	\$22,403,643	166,606	162,364	146,986
MAR	\$31,923,179	\$26,952,007	\$23,260,973	200,317	155,691	155,109
APR	\$28,667,426	\$27,928,735	\$27,087,806	211,945	179,991	168,512
MAY	\$32,412,321	\$31,010,524	\$28,885,362	214,316	213,707	196,603
JUN*	\$42,334,447	\$33,849,754	\$33,901,715	183,545	181,650	183,482
Total	\$367,284,901	\$339,537,641	\$320,049,812	2,307,487	2,159,679	2,044,523

*June total also includes the hold open revenues

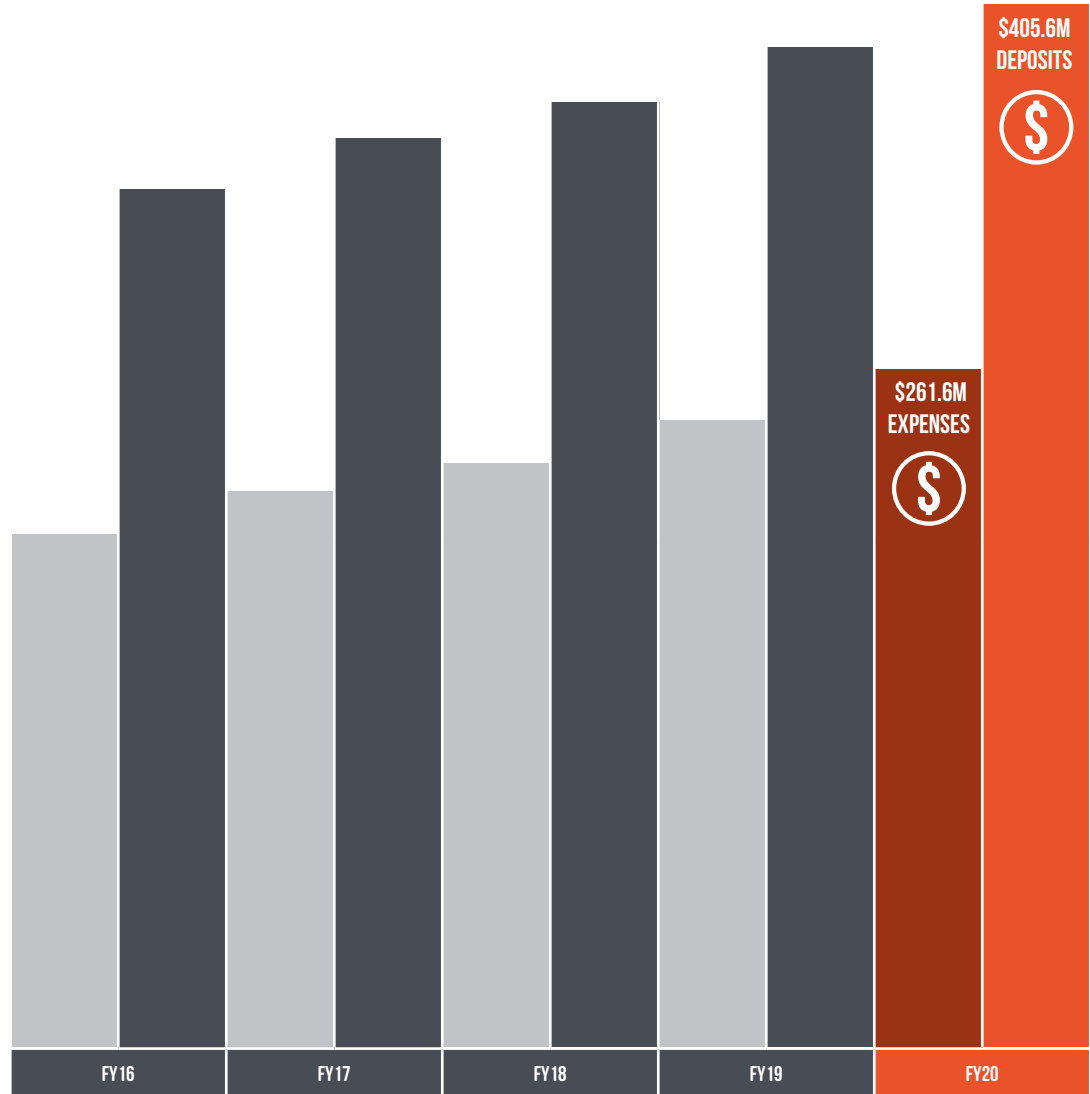
LIQUOR CONTROL TRUST FUND SUMMARY

\$144.1 MILLION
NET REVENUES

\$405.6M
DEPOSITS



\$261.6M
EXPENSES



	FY16	FY17	FY18	FY19	FY20
Sale of Liquor	\$288,908,791	\$305,619,127	\$320,049,812	\$339,537,641	\$367,284,902
Sale of Licenses	\$15,608,360	\$15,664,468	\$16,613,682	\$18,733,557	\$17,676,967
Beer Tax Collected	\$14,231,744	\$13,904,082	\$13,592,912	\$13,438,680	\$9,435,077
Wine Tax Collected	\$7,648,753	\$8,078,043	\$8,166,553	\$8,219,810	\$5,677,108
Miscellaneous Revenue	\$4,226,128	\$6,115,965	\$4,806,557	\$5,290,473	\$5,614,701
Total Deposits	\$330,623,776	\$349,381,685	\$363,229,516	\$385,220,161	\$405,688,755
Total Expenses	\$(200,367,526)	\$(219,986,581)	\$(228,179,166)	\$(244,804,012)	\$(261,613,359)
Net Revenues	\$130,256,250	\$129,395,104	\$135,050,350	\$140,416,149	\$144,075,396

- Expenses
- Deposits
- FY20 Expenses
- FY20 Deposits

REVERSION ANALYSIS

Each year ABD transfers a monthly reversion amount of all revenues from liquor sales, license fees, and other sources back to the State General Fund. This reversion is then appropriated by the legislature to other departments and agencies throughout the state. ABD provides an estimate of this total number to be used in budgeting and is required to fulfill this estimated amount. The estimate is derived using past and current sales and reflects the overall growth of ABD as it continues to serve Iowans through the responsible regulation, sale, and distribution of spirits.

\$107.5M

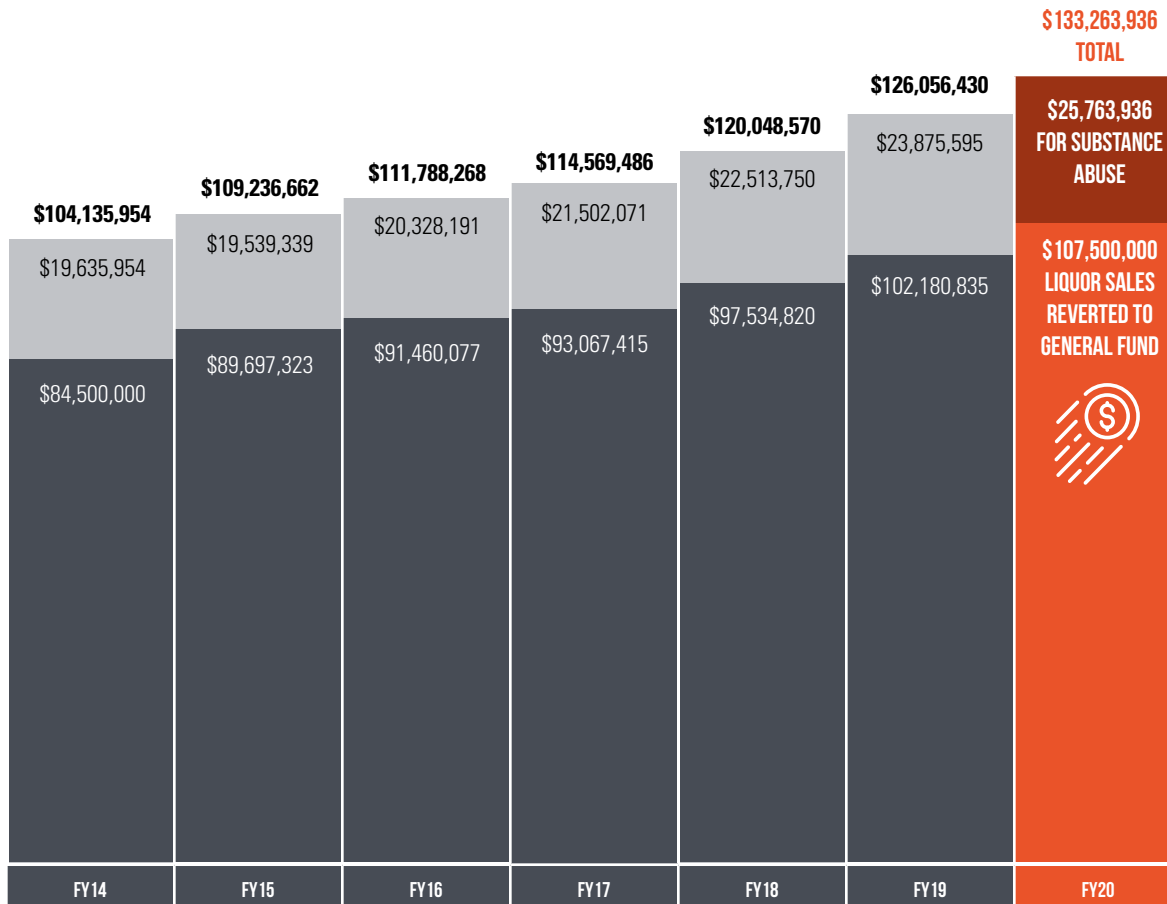
REVERTED TO STATE OF IOWA
GENERAL FUND

\$25.8M

REVERTED FOR SUBSTANCE ABUSE

\$133.3M

TOTAL FUNDS REVERTED



- Substance Abuse
- Liquor Sales Reverted
- FY20 Liquor Sales Reverted to State General Fund
- FY20 for Substance Abuse

PROFIT & LOSS STATEMENT

For the period ended June 30, 2020 including the hold open period through September 30, 2020

	FY 2020	FY 2019	AMOUNT CHG.	% CHG.
LIQUOR SALES REVENUE	367,284,902	339,537,641	27,747,261	8.17%
COST OF SALES				
Bailment ¹	244,999,105	226,559,568	18,439,537	8.14%
Less: Bailment Fees	(2,612,766)	(2,404,252)	(208,514)	8.67%
Less: Special Handling Fees	(166,743)	(273,789)	108,251	-39.54%
Less: Defective Products ²	(38,222)	(3,552)	(34,670)	976.07%
Total Cost of Sales	242,181,374	223,877,975	18,304,604	8.18%
Gross Profit	125,103,528	115,659,666	9,442,657	8.16%
Gross Profit %	34.06%	34.06%	0.00%	0.00%
OPERATING EXPENSES				
Freight Expenses ³	-	2,613,711	(2,613,711)	-100.00%
Warehouse Expenses ³	456,070	1,857,289	(1,401,219)	-75.44%
Ruan Fleet Expenses ⁴	3,213,985	639,922	2,574,062	402.25%
Ruan Warehouse Expenses ⁴	2,883,207	585,130	2,298,077	392.75%
Other Expenses Related To Distribution ⁵	(70,758)	3,566,038	(3,636,796)	-101.98%
Total Operating Expenses	6,482,504	9,262,090	(2,779,586)	-30.01%
GENERAL AND ADMINISTRATIVE EXPENSES				
Warehouse Administration	595,408	734,151	(138,743)	-18.90%
Product Administration	345,957	154,516	191,441	123.90%
License Administration ⁶	245,928	-	245,928	100.00%
Accounting	801,452	623,938	177,514	28.45%
Information Technology ⁷	3,826,339	1,625,953	2,200,386	135.33%
Buildings and Grounds	509,391	536,276	(26,885)	-5.01%
General and Administrative Expenses Total	6,324,475	3,674,834	2,649,641	72.10%
INCOME FROM OPERATIONS	112,296,549	102,722,742	9,572,603	9.32%
OTHER REVENUES				
Split Case Fee	1,627,316	1,542,193	85,123	5.52%
Bottle Deposit/Surcharge	3,728,008	3,311,684	416,324	12.57%
Recycling	61,930	42,761	19,169	44.83%
Fuel and Lease Reimbursement	89,975	83,640	6,335	7.57%
Other Revenue & Reimbursements	107,473	309,905	(202,432)	-65.32%
Wine Tax and License Fees	23,354,075	26,953,367	(3,599,292)	-13.35%
Total Other Revenues	28,968,777	32,243,550	(3,274,774)	-10.16%
OTHER EXPENSES				
Bottle Deposit Fee	671,411	692,408	(20,997)	-3.03%
Recycle Surcharge Fee	1,705,350	1,717,178	(11,828)	-0.69%
License & Liquor Refunds	162,373	145,626	16,747	11.50%
Substance Abuse Transfer	25,763,936	23,875,596	1,888,340	7.91%
Sunday Sales Transfer	931,125	920,979	10,146	1.10%
City and County Payments	3,301,218	3,949,912	(648,694)	-16.42%
Total Other Expenses	32,535,413	31,301,699	1,233,715	3.94%
Net Profit	108,729,919	103,664,593	5,064,114	4.89%
Return on Sales	29.60%	30.53%	-0.93%	-3.05%

NET INCOME STATEMENT

For the period ended June 30, 2020 including the hold open period through September 30, 2020

	FY 2020	FY 2019	AMOUNT CHG.	% CHG.
Revenues				
Operating Revenues				
Liquor Sales	367,284,902	339,537,641	27,747,261	8.17%
Split Case Revenue	1,627,316	1,542,193	85,123	5.52%
Bottle Deposit/Surcharge	3,728,008	3,311,684	416,324	12.57%
Total Operating Revenues	372,640,226	344,391,518	28,248,708	8.20%
Non-Operating Revenues				
Lease Revenue	90,284	83,640	6,644	7.94%
License Fees ¹	17,676,967	18,733,557	(1,056,590)	-5.64%
Wine Tax ¹	5,677,108	8,219,810	(2,542,702)	-30.93%
Fines/Penalties	4,940	6,275	(1,335)	-21.27%
Recycling Revenues	62,106	42,808	19,298	45.08%
Misc. Funding Sources	175,312	382,580	(207,268)	-54.18%
State Appropriations	1,075,454	1,019,556	55,898	5.48%
Prior Year Liquor Control Fund Carry Forward		500,000	(500,000)	-100.00%
Inter-Department Transfers ²	784,654	1,475,000	(690,346)	-46.80%
Total Non-Operating Revenues	25,546,825	30,463,226	(4,916,402)	-16.14%
Total Revenues	398,187,051	374,854,744	23,332,306	6.22%
Expenses				
Operating Expenses				
Purchase of Liquor ³	242,181,374	223,877,975	18,303,645	8.18%
Freight Expenses ⁴	-	2,613,711	(2,613,711)	-100.00%
Warehouse Expenses ⁴	456,070	1,857,289	(1,401,219)	-75.44%
Ruan Fleet Expenses ⁴	3,213,985	639,922	2,574,063	402.25%
Ruan Warehouse Expenses ⁴	2,883,207	585,130	2,298,077	392.75%
Other Expenses Related to Distribution ⁵	(70,758)	3,566,038	(3,636,796)	-101.98%
Warehouse Administration	328,389	397,337	(68,948)	-17.35%
Product Administration ⁶	345,957	154,516	191,441	123.90%
Licensing Administration ⁷	245,928	-	245,928	100.00%
Accounting	801,531	757,325	44,206	5.84%
Information Technology	3,826,339	1,625,954	2,200,385	135.33%
Buildings and Grounds	530,944	558,779	(27,835)	-4.98%
Safety and Security	357,151	433,567	(76,416)	-17.62%
Bottle Deposit Fee	671,411	692,409	(20,998)	-3.03%
Recycle Surcharge Fee	1,705,350	1,717,176	(11,826)	-0.69%
Liquor & License Refunds	162,373	145,629	16,744	11.50%
Substance Abuse Transfer	25,763,936	23,875,595	1,888,341	7.91%
Liquor Profits Transfer	107,500,000	102,180,835	5,319,165	5.21%
Total Operating Expenses	390,903,187	365,679,187	25,224,247	6.90%
Non-Operating Expenses ⁸				
Sunday Sales Transfer	931,125	920,979	10,146	1.10%
Payments to Cities and Counties	3,301,218	3,949,912	(648,694)	-16.42%
Non-Operating Expenditures	1,821,607	2,320,618	(499,011)	-21.50%
Inter-Department Transfers ²	784,654	1,475,000	(690,346)	-46.80%
Non-Operating Expenses Total	6,838,604	8,666,509	(1,827,906)	-21.09%
Total Expenses	397,741,791	374,345,696	23,396,342	6.25%
Net Income	445,258	509,048	(64,036)	-12.58%

STATEMENT OF CASH FLOW

For the fiscal year ended June 30, 2020

	FY2020	FY2019
CASH IN		
Liquor Sales	361,958,421	333,954,585
Wine Tax	5,881,764	7,346,553
License Fees	16,554,448	18,587,039
Split Case Fee	1,600,980	1,510,482
Bottle Deposit Fee	3,669,115	3,245,487
Other - Misc. Income	39,081	222,049
Other - Fees	4,900	6,230
Lottery Lease	65,959	62,730
Other Sales/Service-Recycling	47,867	35,000
TOTAL CASH IN	389,822,535	364,970,155
CASH OUT		
Cities-Liquor Sales Dist	2,985,050	3,138,892
Counties-Liquor Sales Dist	207,701	218,898
Transfer to Liq Gen Fund (0001)	1,000,000	1,250,000
Sunday Sales	931,125	920,979
Substance Abuse	22,847,235	21,495,322
General Fund Transfer	97,000,000	92,500,000
Personal Expenses	1,672,229	3,670,748
Liquor Purchases	229,711,813	214,130,900
Bottle Deposit/Surcharge	2,216,745	2,198,768
Capitals	140,515	3,566,038
ABD Operations Expenses	442,865	1,947,065
Ruan Fleet Expenses	2,934,417	524,574
Ruan Warehouse Expenses	2,607,681	475,883
Misc. Trust Fund Expenses	4,641,836	2,371,714
TOTAL CASH OUT	369,381,156	348,409,781
TOTAL CHANGE IN CASH	20,441,379	16,560,374

BALANCE SHEET

Hold open only July 1 - September 30, 2020

ASSETS	FY2020	FY2019	% CHANGE
Current Assets			
Cash			
Cash	20,947,230	17,054,688	22.8%
Accounts Receivable			
Liquor	5,326,482	5,583,056	-4.6%
Split Case Fees	26,336	31,711	-17.0%
Recycle Fee/Surcharge	58,892	66,197	-11.0%
Wine Tax	668,750	873,257	-23.4%
Licenses	249,249	146,518	70.1%
Fines and Penalties	20	45	-55.6%
Refunds and Reimbursements	79,057	89,633	-11.8%
Other Agency Billings	22,494	20,910	7.6%
Prepaid			
Funding to DAS for Project 9053.00	0	3,111,943	-100.0%
Licenses & Contract Agreements	123,826	0	100.0%
Insurance	0	45,278	-100.0%
Inventory			
Liquor	130,945	12,605	938.8%
Gasoline/Fuel	9,123	23,926	-61.9%
Total Current Assets	27,642,402	27,059,767	2.2%
Property Plant and Equipment			
Machinery, Equipment and Vehicles	1,610,132	1,910,342	-15.7%
Buildings and Building Improvements	11,016,276	7,399,863	48.9%
Land Improvements	1,729,581	1,729,581	0.0%
Less: Accumulated Depreciation	(5,212,644)	(5,253,509)	-0.8%
Construction In Progress	0	712,049	-100.0%
Land	210,000	210,000	0.0%
Total Assets	36,995,747	33,768,093	9.6%
LIABILITIES	FY2020	FY2019	% CHANGE
Current Liabilities			
Wages and Benefits	20,744	53,678	-61.4%
Liquor Purchases	12,469,561	9,747,075	27.9%
Bottle Deposit Refund	45,202	60,580	-25.4%
Recycle Surcharge Fee	114,814	150,238	-23.6%
Substance Abuse Obligation	2,916,702	2,380,274	22.5%
General Fund Obligation	10,500,000	9,680,835	8.5%
License Fees to Cities/Counties	108,467	592,122	-81.7%
License Refunds	2,715	9,581	-71.7%
Transfer to Liq Gen Fund (0001)	(215,346)	225,000	-195.7%
Misc. Obligations	464,406	463,269	0.2%
Total Liabilities	26,427,266	23,362,652	13.1%
Total Net Assets	10,568,481	10,405,441	1.6%
Total Liabilities and Net Assets	36,995,747	33,768,093	9.6%

NOTES TO FINANCIAL STATEMENTS

PROFIT AND LOSS NOTES ON TOTALS

Refer to page 44

- ¹ Per Iowa Code section 123.22, ABD utilizes a bailment inventory system. ABD 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 ABD's liquor purchases minus the applicable amount of bailment fees and special handling fees.
- ² The increase in defective product can be attributed to one supplier. The defectives were applied and later credited back once resolved. This credit was paid back via a bailment credit and did not directly reduce the dollar amount of the original defectives charges.
- ³ The Freight and Warehouse expense units were closed in FY20 due to the contract with Ruan. These expenses were moved to the Ruan fleet and warehouse expense lines for fuel and inventory packaging such as shrink-wrap and corrugated cartons.
- ⁴ Major expenditures in the Ruan Fleet and Ruan Warehouse Expenses categories include wages and benefits of delivery drivers and some warehouse personnel, fleet vehicles, rate on unit picks, and warehouse equipment.
- ⁵ Other Expenses Related to Distribution saw a decrease year over year due to the completion of the warehouse expansion project in FY19 and the movement of major expenses to other categories.
- ⁶ Increase in the Alcohol Licensing Unit was directly related to the increase in personnel costs.
- ⁷ Information Technology increases are due to the implementation of major IT systems as well as a successful integration between the warehouse management systems of Ruan and ABD.
- ⁸ Wine Tax and License Fee collections were both impacted by proclamation language set forth by the Governor in response to the COVID-19 pandemic. The decrease on the collection of these revenues also led to a decrease in the payments made by ABD to the local authorities known as the City and County payments. The revenues deferred in FY20 will be reconciled in FY21 and reported as revenues from a previous fiscal year. As FY20 closed with a decrease in the collection of these revenues, FY21 will show a large increase as these obligations are fulfilled. ABD will report out any additional impacts to future fiscal years regarding these deferred revenues.


NET INCOME STATEMENT NOTES ON TOTALS

Refer to page 45

- ¹ As previously mentioned in this report, the Wine Tax and License Fees were deferred for collection. The proclamation extended deferment through the end of the fiscal year and hold open period of September 30, 2020.
- ² Inter-Department Transfers are transfers made within ABD to cover operational expenses. This revenue line is the transfer into the State General Fund from the Liquor Control Trust Fund. Transfers within ABD were decreased due to better budget oversight and financial management of the State General Fund.
- ³ The purchase of liquor is the bailment paid to suppliers and is referenced in number one of the Profits and Loss notes at left.
- ⁴ The line items related to ABD's warehouse and fleet operations were restructured in FY20 due to the partnership with Ruan. The Freight and Warehouse expenses were moved to Ruan units to better track those costs directly related to the partnership.
- ⁵ There was a large decrease in the Other Expenses Related to Distribution line item in FY20 due to a warehouse expansion project from FY19. In FY20 there were no additional projects started after the completion of the warehouse expansion.
- ⁶ Product Administration grew in relation to personnel. ABD expanded several areas to provide more product oversight, education to our licensees, and oversight from both an operation and administrative perspective.
- ⁷ Licensing Administration grew as well in relation to personnel. ABD updated the licensing unit's structure for greater efficiency and resiliency. As ABD continues to add new licensees, this area will continue to be a trusted and valuable resource.
- ⁸ Non-operating expenses are ABD's costs that are not associated with the physical distribution of liquor. 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 liquor distribution.



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