

Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board



FINANCIAL STATEMENTS

FISCAL YEAR 2014-2015

Month Ending June 30, 2015

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
STATE STORES AND LIQUOR LICENSE FUNDS
FINANCIAL STATEMENTS**

For The Period Ending June 30, 2015

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October 27, 2015

Members of the
Pennsylvania Liquor Control Board
Harrisburg, Pennsylvania

We have compiled the accompanying comparative statement of net position for the State Stores Fund as of June 30, 2015 and June 30, 2014, and the balance sheet for the Liquor License Fund as of June 30, 2015 and June 30, 2014, and the related State Stores Fund comparative statements of revenues, expenses, and changes in fund net position for the period ended June 30, 2015 and June 30, 2014, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 8 to the financial statements, the State Stores Fund adopted the provisions of GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. As discussed in Note 9 to the financial statements, the State Stores Fund has restated the fiscal year ended June 30, 2015 beginning net position to account for pension expense in accordance with GASB 68. Fiscal year ending June 30, 2014, amounts are not restated because all necessary GASB 68 actuarial data is not available.

A handwritten signature in black ink that reads "Anna Maria Kiehl". The signature is written in a cursive, flowing style.

Anna Maria Kiehl, CPA
State Comptroller

**Commonwealth of Pennsylvania
 Pennsylvania Liquor Control Board
 State Stores Fund
 Comparative Statement of Net Position
 (Unaudited)**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets:		
Current Assets:		
Cash	\$ 20,209,922	\$ 30,962,295
Investments-Short Term	241,702,180	210,266,352
Accounts and Claims Receivable (Net)	1,333,108	1,076,297
Inventory - Merchandise (Net)	230,093,160	206,547,618
Inventory - Operating Supplies	201,448	239,272
Prepaid Expenses	3,766,222	3,299,358
Total Current Assets	497,306,040	452,391,192
Fixed Assets:		
Land	322,973	322,973
Buildings	19,557,620	19,557,620
Leasehold Improvements	757,962	2,478,307
Machinery and Equipment	44,477,826	38,200,697
Computer Software - Internally Generated	29,639,452	52,924,520
Total Fixed Assets	94,755,833	113,484,118
Less: Accumulated Depreciation/Amortization	57,727,927	78,427,700
Net Fixed Assets	37,027,906	35,056,418
Total Assets	\$ 534,333,946	\$ 487,447,610
Total Deferred Outflows - Pension (Note 8)***	31,038,537	-
<u>Liabilities and Net Position</u>		
Liabilities:		
Current Liabilities:		
Trade Accounts Payable	\$ 253,125,319	\$ 259,333,270
Other Accounts Payable	12,338,533	9,985,418
Accrued Payroll-Related Expenses	44,221,759	42,287,324
Workers' Compensation Liability (Note 5)	7,816,604	4,596,804
Due to Other Funds	2,128,444	4,458,138
Total Current Liabilities	319,630,659	320,660,954
Noncurrent Liabilities:		
Other Accounts Payable - OPEB (Note 4)	76,652,554	63,629,717
Workers' Compensation Liability (Note 5)	42,109,251	25,967,904
Net Pension Liability (Note 8)***	362,685,050	-
Total Noncurrent Liabilities	481,446,855	89,597,621
Total Liabilities	801,077,514	410,258,575
Total Deferred Inflows - Pension (Note 8)***	3,002,223	-
Net Position:		
Invested in Capital Assets, net of related debt	37,027,906	35,056,418
Unrestricted***	(275,735,160)	42,132,617
Total Net Position	\$ (238,707,254)	\$ 77,189,035

***Effective July 1, 2014, the PLCB implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This standard established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. The State Stores Fund Net Position changed by a total of \$(317,822,168) as a result of implementing GASB 68.

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
Liquor License Fund
Balance Sheet
As of June 30, 2015
(Unaudited)**

	<u>June 2015</u>	<u>June 2014</u>
Assets:		
Cash in Transit	\$ 80,050	\$ 61,900
Investments - Short Term	<u>2,274,832</u>	<u>2,351,311</u>
Total Assets	<u>\$ 2,354,882</u>	<u>\$ 2,413,211</u>
 Liabilities:		
License Fees due Municipalities	\$ 2,352,832	\$ 2,411,161
Other Liabilities	<u>2,050</u>	<u>2,050</u>
Total Liabilities	<u>\$ 2,354,882</u>	<u>\$ 2,413,211</u>

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For The Twelve Months Ending June 30, 2015 and June 30, 2014
(Unaudited)**

	2014-15	2013-14
Sales Net of Taxes	\$ 1,862,269,904	\$ 1,786,501,686
Cost of Goods Sold	1,281,139,778	1,230,666,757
Gross Revenue from Sales	581,130,126	555,834,929
Operating Expenses:		
Purchasing, Storage & Transportation	18,432,810	16,227,858
Stores' Operations & Supervision	365,489,234	311,381,039
Central Administrative Support	69,683,255	62,668,851
Comptroller Operations	4,713,987	4,864,094
Commonwealth-Provided Services (Note 2)	11,290,527	12,733,971
Total	469,609,813	407,875,813
Operating Income	111,520,313	147,959,116
Nonoperating Revenues (Expenses):		
Enforcement Fines	1,975,832	1,766,657
Interest Income	429,542	419,817
License Fees	12,315,087	12,050,182
Miscellaneous Income	3,694,696	3,048,474
Administrative Law Judge	(2,543,018)	(2,314,564)
Legal	(3,570,359)	(3,246,800)
Licensing & Investigations	(14,497,769)	(11,041,736)
Total	(2,195,989)	682,029
Income Before Operating Transfers	109,324,324	148,641,144
Operating Transfers Out:		
PSP Enforcement (Note 3)	25,726,488	24,958,572
Income After Enforcement/Before Other Transfers	83,597,836	123,682,573
Other Operating Transfers Out:		
General Fund Appropriations (Note 3)	80,000,000	80,000,000
Drug and Alcohol Programs (Note 3)	1,671,957	2,473,651
Total	81,671,957	82,473,651
Change in Net Position	1,925,879	41,208,921
Total Net Position - Beginning, 2014-15 Restated (Note 9)	(240,633,133)	35,980,113
Total Net Position - Ending	\$ (238,707,254)	\$ 77,189,035

See Accountant's Compilation Report
The accompanying notes are an integral part of these statements.
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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For The Month Ending June 30, 2015 and June 30, 2014
(Unaudited)**

	June 2014-15	June 2013-14
Sales Net of Taxes	\$ 145,672,000	\$ 139,378,199
Cost of Goods Sold	<u>100,447,044</u>	<u>96,289,013</u>
Gross Revenue from Sales	45,224,956	43,089,186
 Operating Expenses:		
Purchasing, Storage & Transportation	2,153,319	890,684
Stores' Operations & Supervision	56,683,299	23,181,645
Central Administrative Support	10,100,776	5,498,170
Comptroller Operations	317,964	374,403
Commonwealth-Provided Services (Note 2)	<u>1,099,120</u>	<u>1,830,155</u>
Total	<u>70,354,478</u>	<u>31,775,058</u>
Operating Income	(25,129,522)	11,314,128
 Nonoperating Revenues (Expenses):		
Enforcement Fines	135,712	152,217
Interest Income	40,344	26,570
License Fees	989,676	1,034,878
Miscellaneous Income	1,019,177	(30,514)
Administrative Law Judge	(213,091)	(202,955)
Legal	(364,144)	(323,693)
Licensing & Investigations	<u>(2,876,450)</u>	<u>(757,877)</u>
Total	<u>(1,268,776)</u>	<u>(101,373)</u>
Income Before Operating Transfers	(26,398,298)	11,212,755
 Operating Transfers Out:		
PSP Enforcement (Note 3)	<u>2,038,565</u>	<u>2,075,473</u>
Income After Enforcement/Before Other Transfers	(28,436,863)	9,137,282
 Other Operating Transfers Out:		
Drug and Alcohol Programs (Note 3)	1,671,957	2,473,651
Total	<u>1,671,957</u>	<u>2,473,651</u>
Change in Net Assets	(30,108,820)	6,663,630
Total Net Position - Beginning	<u>(208,598,434)</u>	<u>70,525,405</u>
Total Net Position - Ending	<u>\$ (238,707,254)</u>	<u>\$ 77,189,035</u>

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Statement of Cash Flows
For the Period July 1, 2014 to June 30, 2015
(Unaudited)**

Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,879,998,708
Payments to suppliers	<u>(1,740,864,572)</u>
Net Cash Provided by (Used for) Operating Activities	139,134,136
Cash Flows From Noncapital Financing Activities:	
PSP expenses	(25,726,487)
General Fund Transfer	<u>(81,671,957)</u>
Net Cash Used For Noncapital Financing Activities	(107,398,444)
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(11,505,148)
Disposition of capital assets	<u>23,370</u>
Net Cash Used For Capital and Related Financing Activities	(11,481,778)
Cash Flows From Investing Activities:	
Purchase of investments	(1,415,178,268)
Proceeds from sale and maturities of investments	1,383,742,439
Investment income	<u>429,542</u>
Net Cash Used in Investing Activities	(31,006,287)
Net Decrease in Cash	(10,752,373)
Cash - July 1, 2014	30,962,295
Cash - June 30, 2015	<u>\$ 20,209,922</u>
Reconciliation of Operating Income (Loss) to Net	
Cash Provided by (Used for) Operating Activities:	
Operating Income	108,894,782
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	9,510,290
Accounts Receivable	(256,811)
Inventory	(23,507,718)
Prepaid expenses	(466,864)
Deferred Outflows - Pension Related	(17,883,870)
Accounts Payable and accrued liabilities	30,463,583
Due to other funds	(2,329,694)
Net Pension Liability	31,708,215
Deferred Inflows - Pension Related	<u>3,002,223</u>
Total Adjustments	<u>30,239,354</u>
 Net Cash Provided By (Used For) Operating Activities:	 <u>\$ 139,134,136</u>

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
STATE STORES AND LIQUOR LICENSE FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pennsylvania Liquor Control Board (PLCB), established in 1933 upon the repeal of Prohibition, was mandated the responsibility of protecting the peace and morals of Pennsylvania citizens by regulating the sale of alcoholic beverages. The PLCB's mission remained relatively constant until the passage of *Act 14 in 1987*. As a result, liquor law enforcement authority was transferred to the Pennsylvania State Police, and the Office of the Administrative Law Judge was created to preside over all citation cases and other enforcement hearings.

The significant accounting policies employed by the Pennsylvania Liquor Control Board (PLCB) in the preparation of the accompanying financial statements are as follows:

Basis of Presentation: The Pennsylvania Liquor Control Board is primarily responsible for the accounting and reporting of the State Stores Fund and the Liquor License Fund, except for funds appropriated from the State Stores Fund to the Pennsylvania State Police (PSP) for Liquor Code enforcement activities and to the Department of Health for alcohol abuse programs. The State Stores Fund is an enterprise fund primarily used to account for wine and spirits sales and related operating expenses. The Liquor License Fund is an agency fund used for the collection and subsequent disbursement of certain annual license fees, which are returned to municipalities.

The preparation of financial statements in conformity with generally accepted accounting principles requires the PLCB to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Period: The State Stores Fund and the Liquor License Fund is accounted for on a fiscal year basis, comprised of twelve (12) calendar months.

Basis of Accounting: The financial statements of the State Stores Fund are presented on the accrual basis of accounting according to Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Accrual basis accounting requires recognition of revenue when earned and recognition of expenses when incurred. The Liquor License Fund is normally presented on the modified accrual basis of accounting for recognizing assets and liabilities. However, year-end reporting is on the full accrual basis according to GASB 34 requirements.

Cash: Cash includes PLCB funds held by the State Treasurer, imprest balances held at financial institutions and change funds used at stores.

Investments: The PLCB participates in the Commonwealth Investment Program administered by the Pennsylvania Treasury Department. PLCB's funds in the Commonwealth Investment Program are invested in short-term fixed income investments and cash which provides a high degree of liquidity and security.

Merchandise Inventories: Inventories are stated at weighted average cost. Product warehousing and handling, as well as transportation to store costs, are reported as part of Merchandise Inventories and are charged to Cost of Goods Sold as product is sold.

PLCB established a provision for obsolete inventory beginning fiscal year end June 30, 2015. Management will regularly review, at least once annually, inventory quantities on hand and increase the provision for obsolete inventory as necessary based upon factors that include historical unsalable product write-off, the age of the inventory and forecasts of product demand. The allowance for obsolete inventory was \$151,295.56 at June 30, 2015 and \$0 at June 30, 2014.

Capital Assets: Capital assets are reported at cost. Depreciation is calculated for buildings, machinery and equipment; amortization is calculated for Internally-Generated Computer Software. Both depreciation and amortization are calculated on the straight-line basis over the capital assets' estimated useful lives.

Compensated Absences: Employees accumulate annual leave based on 2.7% to 10% of regular hours paid to a maximum of 45 days. Employees are paid for accumulated annual leave upon termination or retirement.

Employees accumulate sick leave based on 5% of regular hours paid to a maximum of 300 days. Retiring employees that meet service, age, or disability requirements are paid for 30% to 50% of their accumulated unused sick leave.

The accumulated annual and sick leave and related payroll benefits reported for fiscal years ended June 30, 2015 and June 30, 2014 was \$25,115,309 and \$24,641,085 respectively.

Sales: All taxes are excluded from Sales reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The 18% state liquor excise taxes (emergency tax), the 6% state sales taxes and the local sales taxes are collected and remitted monthly to the Department of Revenue for the General Fund. Taxes collected for the Period July 1, 2014 to June 30, 2015 are as follows:

Liquor Tax	\$334,413,695
State Sales Tax	130,193,126
Local Sales Tax	<u>8,493,412</u>
Total	\$473,100,233

2. COMMONWEALTH-PROVIDED SERVICES

Expenses reflected in Commonwealth-Provided Services include year-to-date charges for interagency billings for services provided by the following agencies:

Auditor General Services	\$ 1,384,704
Consolidated Data Services	4,054,677
Treasury Department Services	176,750
Civil Service Commission Services	980,672
Payroll Operations Services	331,003
Drug and Alcohol Program Expenses	-
OA Office	
Classification & Pay Services	272,061
Strategic Services/SEAP	166,759
IES -Contracted Main services	1,540,922
OA Telecommunication charges	358,791
Dept of General services	
Real Estate & Shared Services Accrual	1,138,816
Employee Self & Tort Insurance	101,589
Warehouse and Distribution Services	202,075
Capital Complex Services	581,710
	<u><u>\$ 11,290,527</u></u>

3. OPERATING TRANSFERS OUT

These amounts represent operating transfers as follows:

PSP Enforcement

Funds provided for operating expenses of the Pennsylvania State Police, Bureau of Liquor Control Enforcement.

General Fund

Funds transferred to the General Fund to be used for general appropriation purposes.

Drug & Alcohol Programs

Funds transferred to the Department of Drug and Alcohol for administering rehabilitation programs.

4. OTHER POST EMPLOYMENT BENEFITS FOR EMPLOYEES (OPEB)

Employees of the PLCB participate in the Retired Employees Health Program (REHP), which is sponsored by the Commonwealth of PA and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF). PLCB's allocated share of the Commonwealth's REHP annual required contribution is established by the Office of Administration and the Governor's Budget Office. The REHP annual required contribution for the fiscal years ended June 30, 2015 and 2014 was not fully funded. The PLCB's allocated OPEB liability was \$76.65M as of June 30, 2015 and \$63.63M as of June 30, 2014.

5. SELF INSURANCE LIABILITY

The Commonwealth of Pennsylvania is self-insured for statutory workers' compensation, which includes indemnity and medical benefits (employee disability) for employees injured on the job. The Self Insurance liability is calculated actuarially on an annual basis and is included in the financial statements. In addition to the amounts paid during the fiscal year, the State Stores Fund is liable for \$49.93M as of June 30, 2015 for PLCB employee disability due to business-type activities.

6. LITIGATION

The PLCB is a defendant in various legal proceedings pertaining to matters normally incidental to routine operations. The probability of an adverse decision and/or damage assessment in these matters is indeterminate.

7. OPERATING LEASE COMMITMENTS

The PLCB has commitments to lease certain buildings. Future minimum rental commitments for noncancellable operating leases as of June 30, 2015, were as follows (expressed in thousands):

<u>Year Ending June</u>	<u>Real Estate</u>
2016	\$35,214
2017	28,795
2018	23,278
2019	18,333
2020	<u>13,452</u>
Total Minimum Lease Payments	<u>\$119,072</u>

Rental expense for all operating leases for the period ending June 30, 2015, amounted to \$44.90M.

8. PENSION LIABILITY

Commonwealth laws established contributory defined benefit pension plans covering substantially all Commonwealth including the PLCB. PLCB employees are members of the State Employees' Retirement System (SERS). The SERS is the administrator of a cost-sharing multiple-employer defined benefit retirement plan established to provide pension benefits for Commonwealth employees. The SERS issues stand-alone, audited financial statements which are available at www.sers.state.pa.us. Written requests for SERS financial statements should be directed to the following address:

State Employees' Retirement System
30 North Third Street, Suite 150
Harrisburg, PA 17101-1716

Membership in the SERS is mandatory for most PLCB employees. Certain elected or appointed officials are given the option to participate.

SERS provides retirement, death and disability benefits. Article II of the commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by 2%, multiplied by class of service multiplier.

Section 5507 of the SERC (Pa C.S. §5507) requires the Commonwealth, including the PLCB, whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions. The collar for Commonwealth fiscal year 2013/2014 was 4.5% and will remain at that rate until no longer needed. The PLCB's contributions to the SERS were \$30,881,097.03 and \$23,198,698.39 for the years ended June 30, 2015 and 2014, respectively.

The general membership contribution rate for all Class A and Class AA members is 5% and 6.25% of salary, respectively. The general membership contribution rate under Act 2010-120 for A-3 and A-4 members is 6.25% and 9.3%, respectively. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Effective July 1, 2014, the PLCB implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. GASB 68 established accounting and financial reporting standards for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts. This standard establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 68 requires all member employers of a cost sharing multiple-employer defined benefit retirement plan to report its proportionate share of the pension liability, deferred outflows and deferred inflows. Deferred Outflows are a balance sheet reporting category similar to an asset, representing outflows of resources that occurred in the current reporting year that are applicable to future years. Deferred Inflows are a balance sheet reporting category similar to a liability. Deferred Inflows represent inflows of resources that occurred in the current reporting year, however, are applicable to future years.

For the year ended June 30, 2015, the PLCB recognized pension expense of \$47,707,665.

	FYE
	June 30, 2015
Employer Contributions	30,881,097
Change in Net Pension Liability	31,708,215
Change in Deferred Outflows	
Contributions Subsequent to Measurement Date	(2,202,415)
Difference between Projected and Actual Investment Earnings	(10,479,149)
Change in Proportion	(2,728,913)
Difference Between Employer Contributions and Proportionate Share	(504,488)
Difference between Expected and Actual Experience	(1,968,905)
Total Change in Deferred Outflows	<u>(17,883,870)</u>
Change in Deferred Inflows	
Change in Proportion	2,699,912
Difference Between Employer Contributions and Proportionate Share	302,311
Total Change in Deferred Inflows	<u>3,002,223</u>
Total Pension Expense	<u>47,707,665</u>

9. RESTATEMENT

Restatement Due to Change in Accounting Principle:

The implementation of GASB 68 resulted in the reporting of a pension liability and deferred outflow, therefore, the State Store Fund’s beginning net position has been restated.

Presented below are the changes to the State Store Fund’s Statement of Net Position as a result of implementing GASB 68. The State Stores Fund Net Position changed by a total of \$(317,822,168).

	<u>State Stores Fund</u>
Net Position, as previously reported, at June 30, 2014.....	\$ 77,189,035
Apply GASB 68	
Pension Liability.....	\$ (330,976,835)
Deferred Outflows.....	\$ 13,154,667
Total Prior Period Adjustment.....	<u>\$ (317,822,168)</u>
Net Position, as restated, at July 1, 2014.....	<u>\$ (240,633,133)</u>

Fiscal year ending June 30, 2014 amounts are not restated because all of the GASB 68 actuarial data is not available.

State Stores Fund
Comparative Operating Statement
For the Twelve Months Ending June 30, 2015 and June 30, 2014

	<u>YTD</u> <u>2014-15</u>	<u>YTD</u> <u>2013-14</u>
SALES NET OF TAXES	\$ 1,862,269,903.52	\$ 1,786,501,686.09
LESS: COST OF SALES	1,281,139,778.34	1,230,666,757.40
GROSS INCOME FROM SALES	581,130,125.18	555,834,928.69
LESS: <u>OPERATING EXPENSES</u>		
Salaries	132,141,766.61	129,447,710.42
Overtime	3,996,044.61	4,174,464.13
Shift Differential Pay	429,997.14	424,132.95
Higher Classification Pay	626,140.88	814,166.71
Wages	30,309,922.93	28,906,783.68
Office and Subsistence Payments	25,676.50	26,240.50
Wages - Shift Differential	119,887.12	116,166.14
Wages - Higher Class Pay	306,438.68	303,201.54
Employees' Health Benefits - State Share	37,852,988.13	35,622,988.62
Employees' Health & Welfare Fund - State Share	263,313.33	305,855.51
Annuitants' Hospitalization Ins. - State Share	27,495,349.86	25,020,147.29
Other Post Employment Benefits (OPEB)	13,022,836.93	6,250,834.26
Social Security Contributions - State Share	12,549,917.83	12,380,524.98
Pension Employer Contributions	30,881,097.03	23,198,698.39
Pension Other Components	16,826,566.97	-
State Workmen's Insurance Premium Payments	27,226,137.34	4,386,855.67
Employees' Group Life Insurance - State Share	322,761.40	318,184.13
Out-Service Training	96,113.29	138,444.94
Unemployment Compensation - State Share	412,159.09	451,751.94
General Pay Increase, Cash Payment	1,062,036.00	968,379.00
Sick Leave Payout	(23,386.03)	(149,301.87)
Conference Registrations	22,130.37	3,257.00
In-Service Training	3,302.64	14,177.00
Annual Leave Payout	354,158.79	311,521.20
Stipend for Active Duty Military Reservist	57,170.95	(24,589.00)
Employer Leave Payout Assessment	2,965,473.35	2,764,529.28
ER QTB Admin Fee	-	25.50
Estimated Accrued Operating Expenses	434,135.45	772,522.90
Auditor General Services	1,384,703.91	3,714,329.00
Civil Service Commission Services	980,672.41	950,878.43
Contract Personnel Services	34,624.04	50,528.13
Contracted Repairs	131,845.50	139,776.69
Classification and Pay Services	272,060.60	263,171.05
Purchasing Services	1,340,890.42	763,244.11

	<u>YTD</u> <u>2014-15</u>	<u>YTD</u> <u>2013-14</u>
Specialized Services	560,541.49	583,825.43
OA Temporary Clerical Pool Charges	45,944.40	14,465.79
Payroll Services - Commonwealth Provided	331,003.64	330,449.71
Liquor Storage and Handling	1,135,420.34	765,880.32
Liquor Reconditioning	490,832.84	241,195.34
Professional Fees	47,656.43	43,993.55
Bank Service Charges	632,438.55	693,787.54
Armored Collection Service	394,007.10	406,852.60
Counterfeits	13,440.00	14,312.73
Security Guard Service	2,204,697.66	2,163,904.47
Credit/Debit Card Services	25,086,055.20	22,879,176.41
Public Relations	191,927.98	207,277.12
Treasury Department Services	176,750.00	224,238.00
Legal Fees	883,644.50	837,109.93
Clinic Services, Medical, Mental, and Dental	3,773.00	1,900.00
Conference Expenses	35,922.98	73,046.59
Printing Purchased Outside	114,655.46	132,028.24
Advertising	6,503,715.91	5,337,227.50
Telecommunications Toll Free Inbound Services	-	45,354.40
Interest/Utility Late Charge Penalties	10,814.64	35,087.33
Postage	187,846.45	210,412.57
Postage Issued from Inventory	156,601.39	147,917.60
Freight - Liquor Into Warehouses	8,632.93	3,204.64
Freight - Miscellaneous	246,259.68	246,514.22
Telecommunications Recurring Fixed Charges	2,862,106.67	2,913,365.16
Telecommunications Usage Charges	206,002.62	118,650.46
Telecommunications Nonrecurring Charges	363,772.05	284,025.31
Telecom-Voice-Services	78,611.09	27,378.63
Travel	630,555.47	663,100.60
Water and Sewage	263,738.86	250,548.49
Electricity	4,952,248.28	4,169,411.69
Heating Fuel	1,324,240.75	1,396,905.48
Consulting Services - EDP	9,423,827.28	8,197,789.42
EDP Contractual Services - Vendor Provided	9,646,045.79	10,014,319.43
Hardware Maintenance	2,321,752.86	1,654,275.10
Subscriptions	76,648.84	93,112.21
Membership Dues	5,318.31	5,770.50
Insurance, Surety and Fidelity Bonds	123,573.00	126,002.30
Motorized Equipment Supplies	6,773.83	2,841.17
Gasoline	336,618.76	465,978.65
Motorized Equipment Supplies - Miscellaneous	332,679.62	326,929.71

	<u>YTD</u> <u>2014-15</u>	<u>YTD</u> <u>2013-14</u>
Motorized Equipment Repairs	100,491.91	253,861.83
Contracted Maint. Services - Data Processing	1,540,921.02	1,750,425.49
Contracted Maint. Services - Bldgs & Grounds	657,589.85	726,336.24
Contracted Maint. Services - Office Equipment	64,323.38	92,994.41
Contracted Maint. Services - Other	1,628,480.08	1,585,349.85
Rent of Real Estate	274,534.00	272,397.00
Store Rent	43,425,803.77	42,034,434.37
District Office Rent	1,201,928.81	1,215,273.12
Real Estate Taxes on Leased Property	1,003,542.64	903,570.45
Motorized Equipment Rentals	575,817.18	545,360.82
Other Equipment Rentals	-	(200.00)
Price Variance - Non Merchandise	50.79	-
Medical Supplies Issued from Inventory	-	21.19
Wearing Apparel	24,808.20	2,214.70
Food	49,393.75	50,574.11
Housekeeping Supplies Issued from Inventory	2,782,560.53	2,677,657.85
Housekeeping Supplies	170,125.22	293,506.48
Printed Forms	3,064.52	242.79
Office Supplies Issued from Inventory	242,613.71	225,940.98
Office Supplies	1,735,573.09	1,802,392.38
EDP Software	348,875.74	68,568.24
Other IT Equipment	3,675,624.81	1,443,323.44
Educational Supplies	3,880.32	6,314.32
Agricultural Supplies & services	-	776.68
Agricultural Supplies	792.00	1,050.00
Recreational Supplies and Services	377.57	-
Maintenance Supplies Issued from Inventory	9,775.48	10,988.86
Maintenance Supplies	1,211,228.04	1,308,309.07
Store Water/Fire Damage	146,995.11	37,254.74
Over/Short Store Expense Account	78,140.88	62,974.56
Store Breakage Expenses	535,283.53	537,975.24
Transfers - Lab or Wine Tasting	278,562.54	248,701.51
Other Inventory Adjustments	1,249,452.11	2,582,712.59
Other Services and Supplies	320,937.90	357,378.04
State Pmts. to Inst. of Higher Ed. - State Owned	142,893.69	78,405.01
State Payments to Governmental Subrecipients	413,561.91	431,017.46
State Payments to Nonprofit Institutions	470,634.08	405,743.93
Amortization of Leasehold Improvements	73,878.19	162,920.12
Amortization of Computer Software - Internally Generated	4,322,966.00	8,454,265.55
Depreciation of Machinery and Equipment	927,480.85	667,454.31
Depreciation of Buildings	875,824.45	894,828.93

	<u>YTD</u> <u>2014-15</u>	<u>YTD</u> <u>2013-14</u>
Depreciation of Computers and Peripherals	3,310,140.18	3,026,229.46
Other Budgetary Expenses	-	80,202.42
TOTAL OPERATING EXPENSES	<u>490,220,958.55</u>	<u>424,478,915.10</u>
 MERCHANDISING INCOME	 <u>\$ 90,909,166.63</u>	 <u>\$ 131,356,013.59</u>
 ADD: <u>OTHER INCOME</u>		
Miscellaneous	3,208,806.95	2,034,326.36
Misc Revenues- Bailment Penalties	485,889.18	1,014,147.22
Interest	429,542.36	419,817.47
Licensing:		
License Fees	4,466,215.33	4,521,545.00
Application Fees	2,072,436.00	2,142,075.50
Transfer Fees	664,370.00	589,750.00
Permit Fees	7,140,869.50	6,883,442.00
Entertainment Fees	669,536.00	686,265.00
Bond Forfeitures	(220.00)	-
Administrative Fees	1,768,095.65	1,748,649.51
LESS: Fees Returnable to Municipalities	<u>(4,466,215.33)</u>	<u>(4,521,545.00)</u>
 TOTAL OTHER INCOME	 <u>16,439,325.64</u>	 <u>15,518,473.06</u>
 NET INCOME BEFORE PSP ENFORCEMENT	 <u>107,348,492.27</u>	 <u>146,874,486.65</u>
 PSP ENFORCEMENT:		
Income	1,975,831.58	1,766,656.67
LESS: Expenses	<u>25,726,487.61</u>	<u>24,958,570.50</u>
Net PSP Enforcement	<u>(23,750,656.03)</u>	<u>(23,191,913.83)</u>
 NET INCOME	 <u><u>\$ 83,597,836.24</u></u>	 <u><u>\$ 123,682,572.82</u></u>

State Stores Fund
Comparative Operating Statement
For the Month Ending June 30, 2015 and June 30, 2014

	<u>2014-15</u>	<u>2013-14</u>
SALES NET OF TAXES	\$ 145,672,000.22	\$ 139,378,199.10
LESS: COST OF SALES	100,447,044.11	96,289,013.17
GROSS INCOME FROM SALES	45,224,956.11	43,089,185.93
<u>LESS: OPERATING EXPENSES</u>		
Salaries	11,009,511.45	10,377,143.62
Overtime	225,615.23	178,112.10
Shift Differential Pay	36,477.26	33,918.76
Higher Classification Pay	53,814.30	68,798.23
Wages	2,726,705.80	2,598,805.70
Negotiated Office and Subsistence Payments	1,925.00	2,288.00
Wages - Shift Differential	9,826.28	9,876.06
Wages - Higher Class Pay	28,249.20	31,670.73
Employees' Health Benefits - State Share	3,176,702.72	2,961,187.22
Employees' Health & Welfare Fund - State Share	20,547.45	23,859.79
Annuitants' Hospitalization Ins. - State Share	2,564,037.09	2,103,812.36
Other Post Employment Benefits (OPEB) Other Components	3,672,836.93	(2,173,167.46)
Social Security Contributions - State Share	1,063,570.18	1,015,902.91
Pension Employer Contributions	2,885,041.19	2,215,396.09
Pension Other Components	12,626,566.97	-
State Workmen's Insurance Premium Payments	19,473,673.50	(308,143.38)
Employees' Group Life Insurance - State Share	27,073.97	25,727.98
Out-Service Training	4,484.00	2,530.00
Unemployment Compensation - State Share	112,213.39	126,064.63
General Pay Increase, Cash Payment	549.00	1,993.00
Sick Leave Payout	147,108.87	(115,936.23)
Conference Registrations	2,510.00	715.00
In-Service Training	216.00	63.00
Stipend for Active Duty Military Reservist	1,560.00	(32,077.85)
Civil Service Commission Services	79,556.07	73,641.76
Contracted Personnel Services	-	3,153.90
Contracted Repairs	18,204.16	16,061.53
Classification and Pay Services	23,200.80	22,126.23
Purchasing Services	181,496.37	137,174.87
OA Temporary Clerical Pool Charges	2,738.25	1,970.30
Payroll Services - Commonwealth Provided	27,648.93	23,849.86
Liquor Reconditioning	10,838.49	(5,919.42)

	<u>2014-15</u>	<u>2013-14</u>
Professional Fees	18.00	377.50
Bank Service Charges	47,668.72	58,196.44
Armored Collection Service	32,536.47	34,068.23
Counterfeits	2,195.00	770.00
Security Guard Service	221,707.13	170,816.45
Credit/Debit Card Services	2,086,878.29	2,027,318.36
Public Relations	-	14,740.00
Treasury Department Services	14,350.00	24,096.00
Legal Fees	138,708.63	112,935.22
Conference Expenses	2,163.60	(580.80)
Printing Purchased Outside	15,720.60	14,869.61
Advertising	49,702.65	56,067.79
Telecommunications Toll Free Inbound Services	-	3,488.80
Interest/Utility Late Charge Penalties	1,278.24	322.64
Postage	15,085.22	22,947.27
Postage Issued from Inventory	9,534.07	10,350.64
Freight - Liquor Into Warehouses	-	286.84
Freight - Miscellaneous	11,809.06	15,898.14
Telecommunications Recurring Fixed Charges	238,152.91	236,220.44
Telecommunications Usage Charges	19,841.30	13,343.83
Telecommunications Nonrecurring Charges	42,739.55	3,857.96
Telecom-Voice-Data Service	3,524.46	569.61
Travel	66,135.89	50,524.06
Water and Sewage	22,479.41	20,817.52
Electricity	449,168.00	358,076.33
Heating Fuel	31,345.11	33,477.72
Consultant Services - EDP/Non-EDP	941,804.63	837,797.93
EDP Contractual Services - Vendor Provided	708,454.97	1,488,238.44
Hardware Maintenance	249,512.65	147,562.82
Subscriptions	7,138.00	11,130.44
Membership Dues	1,400.00	1,281.50
Insurance, Surety and Fidelity Bonds	8,416.50	8,783.50
Motorized Equipment Supplies	-	248.29
Gasoline	26,306.07	38,666.02
Motorized Equipment Supplies - Miscellaneous	10,294.84	71,559.78
Motorized Equipment Repairs	5,136.79	16,862.98
Contracted Maint. Services - Data Processing	115,939.58	149,747.59
Contracted Maint. Services - Bldgs & Grounds	35,718.77	44,409.78
Contracted Maint. Services - Office Equipment	9,036.40	1,323.34
Contracted Maint. Services - Other	113,410.51	127,891.30
Rent of Real Estate	23,136.00	23,007.00
Store Rent	3,758,603.23	3,581,055.38
District Office Rent	94,191.33	100,009.79
Real Estate Taxes on Leased Property	112,507.61	68,118.60
Motorized Equipment Rentals	48,304.76	47,506.00
Wearing Apparel	-	46.95

	<u>2014-15</u>	<u>2013-14</u>
Food	5,783.04	5,278.21
Housekeeping Supplies Issued from Inventory	256,536.67	435,570.27
Housekeeping Supplies	15,235.99	15,373.41
Printed Forms	-	78.62
Office Supplies Issued from Inventory	21,213.60	18,702.43
Office Supplies	88,669.25	(17,440.19)
EDP Software	31,037.52	12,335.00
Other IT Equipment	1,085,619.53	90,787.21
Educational Supplies	700.70	566.01
Agricultural Supplies and Services	-	477.64
Agricultural Supplies	66.00	1,050.00
Recreational Supplies and Services	-	(176.29)
Maintenance Supplies Issued from Inventory	968.56	903.27
Maintenance Supplies	136,038.20	103,052.25
Store Water/Fire Damage	27,938.54	241.98
Over/Short Store Expense Account	22,752.08	(47,717.95)
Store Breakage Expenses	46,811.15	39,450.96
Transfers-Lab or Wine Tasting	33,519.96	23,233.58
Other Inventory Adjustments	102,055.83	254,548.35
Other Services and Supplies	31,463.40	46,285.47
State Payments to Non-State Institutions of Higher Ed. and Non-Profit	2,986.74	24.07
Amortization of Leasehold Improvements	4,595.26	7,369.47
Amortization of Computer Software - Internally Generated	375,115.81	408,335.69
Depreciation of Machinery & Equipment	89,741.70	76,593.29
Depreciation of Buildings	66,304.16	70,467.07
Depreciation of Computers and Peripherals	275,347.73	280,696.80
Other Budgetary Expenses	-	80,000.00
 TOTAL OPERATING EXPENSES	 <u>73,808,164.17</u>	 <u>33,059,582.57</u>
 MERCHANDISING INCOME	 <u>\$ (28,583,208.06)</u>	 <u>\$ 10,029,603.36</u>

	<u>2014-15</u>	<u>2013-14</u>
ADD: <u>OTHER INCOME</u>		
Miscellaneous	1,003,567.01	(77,972.82)
Misc Rev - Bailment Penalties	15,610.00	47,459.00
Interest	40,344.53	26,569.81
Licensing:		
License Fees	341,071.25	373,790.00
Application Fees	170,265.25	261,101.75
Transfer Fees	55,385.00	59,870.00
Permit Fees	551,882.50	512,862.00
Entertainment Fees	51,808.00	52,270.00
Administrative Fees	160,335.50	148,774.50
LESS: Fees Returnable to Municipalities	<u>(341,071.25)</u>	<u>(373,790.00)</u>
 TOTAL OTHER INCOME	 <u>2,049,197.79</u>	 <u>1,030,934.24</u>
 NET INCOME BEFORE PSP ENFORCEMENT	 <u>(26,534,010.27)</u>	 <u>11,060,537.60</u>
 PSP ENFORCEMENT:		
Income	135,711.97	152,217.44
LESS: Expenses	<u>2,038,565.42</u>	<u>2,075,473.35</u>
Net PSP Enforcement	<u>(1,902,853.45)</u>	<u>(1,923,255.91)</u>
 NET INCOME	 <u>\$ (28,436,863.72)</u>	 <u>\$ 9,137,281.69</u>