



# OBM

Date: September 27, 2012

To: Digital Assurance Certification  
(Electronic Municipal Market Access)

Subject: Fiscal Year 2012 Annual Information Pursuant to Continuing Disclosure Agreements Under SEC Rule 15c2-12 Relating to Certain Bonds of the State of Ohio on which the State is an Obligated Party, which are secured by Net Liquor Profits.

Issuer CUSIP Numbers: 677518, 677519, 677520, 677521  
67755W, 67759W & 67759R

The State of Ohio, by its Office of Budget and Management (OBM), provides the attached annual information consisting of annual financial information and data of appropriate types, pursuant to the continuing disclosure agreements under SEC Rule 15c2-12 entered into by the authorizing agencies and relating to the obligations of the State listed on attached Schedule A.

Unless otherwise indicated, this annual information speaks as of June 30, 2012. In addition to providing annual information for Fiscal Year 2012, OBM is also providing with this filing the Fiscal Year 2012 unaudited financial report of the Ohio Department of Commerce – Division of Liquor Control.

There were in Fiscal Year 2012 disclosure of material events to the Municipal Securities Rulemaking Board (MSRB), through the MSRB's Electronic Municipal Market Access System (EMMA), relating only to bond insurer downgrades and mandatory sinking fund redemption notices. There has been no change in the applicable fiscal year or in the accounting principles applied in the preparation of pertinent annual financial statements, and there has been no amendment or waiver of any portion of any of the applicable continuing disclosure agreements.

Respectfully submitted,

/s/ Timothy S. Keen  
Timothy S. Keen  
Director of Budget and Management

Copy w/attachments:  
Treasurer of State  
Division of Liquor Control  
Department of Commerce  
Squire Sanders (US) LLP

**SCHEDULE A**

**Bond Issuance Summary**

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
<u>Fiscal Year 1998</u>			
December 1, 1998	\$101,980,000	Taxable Development Assistance Rfdg. Bonds (Direct Loan), Series 1998....	TOS
<u>Fiscal Year 2003</u>			
October 1, 2002	\$50,000,000	Revitalization Project Bonds, 2002 Series A .....	TOS
<u>Fiscal Year 2004</u>			
July 24, 2003	\$50,000,000	Taxable Development Assistance Bonds (Innovation Ohio), Series 2003A....	TOS
Nov. 6, 2003	\$50,000,000	Taxable Development Assistance Bonds (Research & Dev.), Series 2003B...	TOS
<u>Fiscal Year 2005</u>			
September 9, 2004	\$50,000,000	Taxable Development Assistance Bonds (Direct Loan), Series 2004A .....	TOS
<u>Fiscal Year 2006</u>			
October 27, 2005	\$50,000,000	Taxable Development Assistance Bonds (Research & Dev.), Series 2005A...	TOS
April 26, 2006	\$50,000,000	Revitalization Project Bonds, 2006 Series A .....	TOS
<u>Fiscal Year 2008</u>			
April 30, 2008	\$50,000,000	Revitalization Project Bonds, 2008 Series A .....	TOS
<u>Fiscal Year 2009</u>			
June 18, 2009	\$26,290,000	Taxable Development Assistance Bonds (Log. & Distr.), Series 2009A.....	TOS
June 18, 2009	\$23,710,000	Taxable Development Assistance Bonds (Log. & Distr.), (Federally Taxable – Build America Bonds – Direct Payment), Series 2009B.....	TOS
<u>Fiscal Year 2010</u>			
November 5, 2009	\$28,000,000	Taxable Development Assistance Bonds (Adv. Energy), Series 2009C .....	TOS
February 18, 2010	\$40,000,000	Taxable Development Assistance Bonds (Direct Loan), Series 2010A.....	TOS
February 18, 2010	\$23,375,000	Revitalization Project Bonds, Series 2010A .....	TOS
February 18, 2010	\$26,625,000	Revitalization Project Bonds (Federally Taxable – Build America Bonds – Direct Payment), Series 2010B .....	TOS
June 15, 2010	\$20,000,000	Taxable Development Assistance Bonds (Innovation Ohio), Series 2010B ....	TOS
<u>Fiscal Year 2011</u>			
November 23, 2010	\$15,970,000	Taxable Development Assistance Bonds (Log. & Distr.), Series 2010D.....	TOS
December 16, 2010	\$28,000,000	Taxable Development Assistance Bonds (Adv. Energy), Series 2010C .....	TOS
<u>Fiscal Year 2012</u>			
May 30, 2012	\$34,030,000	Taxable Development Assistance Bonds (Log. & Distr.) (Bond Anticipation - Notes), Series 2012A .....	TOS
May 30, 2012	\$40,000,000	Taxable Development Assistance Bonds (Direct Loan) (Bond Anticipation - Notes), Series 2012B.....	TOS

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
May 30, 2012	\$5,000,000	Taxable Development Assistance Bonds (Innovation Ohio) (Bond Anticipation - Notes), Series 2012C.....	TOS
May 30, 2012	\$100,000,000	Revitalization Project (Bond Anticipation Notes), Series 2012A.....	TOS
May 30, 2012	\$15,000,000	Taxable Revitalization Project (Bond Anticipation Notes), Series 2012B.....	TOS

\*TOS = Treasurer of State

## STATE LIQUOR ENTERPRISE

### Introduction

Under the Twenty-First Amendment to the United States Constitution, the State's power and authority within its borders over intoxicating liquors is virtually plenary. The Twenty-First Amendment, which repealed national Prohibition, provides in part that "the transportation or importation into any state . . . for delivery or use therein of intoxicating liquors, in violation of the law thereof, is hereby prohibited."

The State liquor enterprise (the "State Liquor Enterprise") has been operated by the State since 1934 as part of the overall program of State control of the production, distribution, use and sale of alcoholic beverages in the State.

Prior to July 1, 1997, the State Liquor Enterprise was under the direct control and operation of the Department of Liquor Control, which was one of the administrative departments of the State. On July 1, 1997, the Department of Liquor Control became a division (the "Division") of the State Department of Commerce. The current Superintendent of the Division is Bruce D. Stevenson who has served in such capacity since January 2011. At the end of Fiscal Year 2012 (June 30, 2012), the Division had 103 employees.

Ohio liquor control laws apply to all forms of intoxicating beverages (liquids and compounds fit to use for beverage purposes and containing more than 6% alcohol by weight). Through the regulation, permitting, enforcement, licensing, taxation and operation of, the State Liquor Enterprise, the State impacts virtually every aspect of the production, distribution, use and sale of alcoholic beverages in the State.

The State Liquor Enterprise is the sole source in the State of wholesale and retail sales of spirituous liquor in packages or containers. "Spirituous liquor" includes all intoxicating beverages containing more than 21% alcohol by volume (often stated as "42-proof" or more). For purposes of this discussion, spirituous liquor is also referred to as "liquor."

The production, distribution, use and sale of liquor contrary to State law is a crime. The "drinking age" for intoxicating beverages in the State is 21. An individual may "import" into the State no more than one quart of liquor in a 30-day period. Enforcement is by State and local police and by the Department of Public Safety of the State. The cost of enforcement (\$9,857,485 in Fiscal Year 2012) is paid by the Division as a non-operating expense.

The State Liquor Enterprise sells liquor at retail to the ultimate consumers, and at wholesale to permit holders, such as taverns, restaurants, hotels and clubs which sell liquor by the drink. Under present State law, wholesale permit holders purchase liquor at a 6.0% discount so that their price is equal to 94.0% of the retail sales price. Effective July 1, 2005, the Ohio General Assembly reduced the wholesale permit discount from 12.5% to 6% . The operations of the State Liquor Enterprise no longer include State-operated stores ("State Stores"). All liquor sales are instead through agency stores ("Agencies"), which sell all liquor, intended for use or consumption by the purchaser. Sales can be at retail, for consumption by the purchaser, or at wholesale by permit holders for resale by the drink. As of June 30, 2012, there were 460 Agencies in the State.

As required by State law, Agency operations are in establishments which sell other products as well. In Agency relationships, the Division sets the various prices of liquor and the hours during which liquor may be sold and controls inventory. The Division owns the liquor until it is purchased by the customer and the Agencies sell the liquor on a consignment basis. The Division does not set sales goals for the Agencies. Agencies receive commissions on their sales, currently 6% on retail sales and 4% on wholesale sales. The present statutory maximum on Agency commissions is 7%.

The award of an Agency is based on a number of different factors after the review of competitive proposals received by the Division after advertising. Among factors considered are: historical and pro-forma financial statements, available space, the location of other Agencies in the area, the availability of parking, and interviews with the potential Agency owners.

After a retailer has been awarded a contract for an Agency, it may lose the contract by violating the terms thereof. The retailer is also responsible for any breakage or shrinkage of stock.

(State Liquor Enterprise, cont.)

The Division has the authority to create entirely new Agencies in addition to the Agencies which replaced State Stores. Before the Division will create a new Agency, it considers a number of factors, including population and demand, and may hold public hearings to permit local residents and public officials to voice their sentiments about a new Agency.

Ohio is not unique in its handling of liquor control by means of a state-run monopoly. It is one of the 18 so-called "Control States," which sell intoxicants as a state control function. Not all Control States have the same method of distribution as Ohio, nor do they always sell identical products. Fourteen of the Control States, including Ohio, are in both the retail package sale and the wholesale business. Four are in the wholesale business only. The Control States are:

Alabama	Montana	Utah
Idaho	New Hampshire	Vermont
Iowa	North Carolina	Virginia
Maine	Ohio	Washington
Michigan*	Oregon	West Virginia*
Mississippi*	Pennsylvania	Wyoming*

\*Wholesale only.

### **The Liquor Enterprise**

The State Liquor Enterprise began immediately after the end of national Prohibition and has continued without interruption to date. The State Liquor Enterprise is an integral part of the overall State system of alcoholic beverage control and enforcement. It makes liquor available to the adult public in a reasonably convenient manner and without the types of advertising and promotions common in private industry.

The Agencies are distributed among Ohio's 88 counties, all as part of an ongoing program of locating outlets to accommodate shifts in population and to provide convenience to the public. Present State law authorizes (subject to local options) five outlets in each county, plus one additional agency for each 30,000 population increment after the first 40,000.

The State Liquor Enterprise has combined concepts of retail and wholesale marketing in a manner consistent with the overall control function of its operation. The Division attempts to stock the most popular brands of liquor, with each Agency stocked according to its local customer demand. Special orders may be placed, in case lots, for products not carried by the Division. Over 1,000 different sizes and brands or types of liquor are available to any of the Agencies. Effective in September 2004, agencies which generally were permitted to be open six days a week may also sell spirituous liquor on Sunday from 1 p.m. to midnight in liquor stores located in precincts where voters have already passed Sunday sales for (i) carryout and (ii) on-site consumption in bars and restaurants who apply for such permission. As of June 30, 2012, 289 of the 460 Agencies are open on Sunday with another 20 eligible to open on Sunday but choosing not to do so. The remaining 151 Agencies would need local voter approval before they could open on Sunday. The Division has not experienced and is not currently projecting significant increases in Net Sales (being "Gross Sales" less the "wholesale discount" described below) as a result of Sunday sales, although the dollar amount of sales has grown as the number of open agencies has increased.

Legislation has been introduced in the Ohio General Assembly in the past proposing to remove the State from the process of selling bottled liquor at retail or both wholesale and retail, or exclude some categories of liquor from the State Liquor Enterprise operation. It is to be noted that the State has covenanted in various proceedings for its bonds secured by liquor profits to maintain statutory authority for the State to generate adequate Pledged Liquor Profits (as described below) to pay the debt charges on those bonds when due. If the State were to terminate operation of the State Liquor Enterprise, the State has covenanted to defease all then outstanding obligations in accordance with the provisions of the applicable Trust Agreements which provide for defeasance of those obligations only by deposit with the Trustee of moneys and/or direct U.S. Government obligations bearing such interest as will provide for payment of all debt charges when due.

(State Liquor Enterprise, cont.)

### Pricing and Profits

Pricing of liquor by the State Liquor Enterprise is a function of purchase costs from the distillers, statutory requirements, State, local and federal tax levels, and control and revenue production. Current law requires that wholesale and retail prices for the same product be the same throughout the State (although local sales taxes may vary).

The Division fixes the wholesale and retail prices at which the various classes, varieties, sizes and brands of liquor are sold. Under present State law, in fixing those selling prices the Division is to compute an anticipated profit at least sufficient to provide in each calendar year all costs and expenses of the Division (including all its functions, not just the State Liquor Enterprise) and an adequate working capital reserve. Certain functions which are related to the sale or regulation of the sale and consumption of alcoholic beverages but are not part of the State Liquor Enterprise are paid for from liquor sale proceeds and total approximately \$12,950,000 per Fiscal Year. The current statutory cap on the gross profit is 40% of gross sales. A currently unused mark-up exception is for a maximum 10% mark-up on liquor manufactured in the State from the juice of grapes or fruits grown in the State.

Under present State law, purchasers are charged a fee (referred to as the "gallonage tax") equal to \$3.38 for each gallon of liquor bought from the Division and this amount is not included in, and is expressly excluded from, the Pledged Liquor Profits. This amount is transferred directly to the State's General Revenue Fund (GRF).

The various elements of retail pricing are illustrated by the following breakdown of costs of a hypothetical one liter bottle of liquor which costs the purchaser \$14.05 (before application of sales tax):

Cost of Vendor .....	\$ 7.75
Contract Freight to Outlets.....	0.08
Operating Cost Recovery (12.35%).....	0.96
Retail Accounting Mark-up (30%) .....	3.76
Additional 1980 surcharge (5%).....	0.67
State Gallonage Tax (\$3.38 per gallon).....	0.83

Under present State law, wholesale prices are to be at a discount of not less than 6.0% of the retail selling prices.

The Division participates in comparative price surveys through the Distilled Spirits Council of the United States and the National Alcoholic Beverage Control Association, Inc. which is the trade association of Control States. Price comparisons vary with the time and the product. In recent years prices in the State have generally been higher than in contiguous states. In general, prices are higher in Control States than in states which are not Control States. Of the states contiguous to the State, three (Michigan, Pennsylvania and West Virginia) are Control States and two (Indiana and Kentucky) are not.

### Pledged Liquor Profits

The receipts from the State Liquor Enterprise are deposited, with the Treasurer of State as custodian, into the "Liquor Control Fund" which is designated by law as a special revenue fund. It is from these custodial moneys that all the expenses of the Division (including all its functions, not just the State Liquor Enterprise) are paid. Then, transfers are made from the Liquor Control Fund to the payment of senior obligations issued under Revised Code Chapter 166, including any applicable bond service reserve accounts, and then to the payment of subordinate obligations issued under Revised Code Chapter 151. Since Fiscal Year 1982, 1.5% of gross profits are then used for alcoholism treatment and research, prior to the transfer of the remainder thereof to the GRF. Pledged Liquor Profits are the total gross profits from the sale of spirituous liquor after paying all costs and expenses of the Division and providing an adequate working capital reserve, but excluding a gallonage tax equal to \$3.38 for each gallon of spirituous liquor sold, which amount is deposited directly into the GRF. The amount to provide an adequate working capital reserve is not set forth in the Ohio Revised Code, but officials of the Division generally require approximately \$10,000,000 annually to permit the Division to (i) purchase spirituous liquor, (ii) pay employees and basic costs of operations, and (iii) pay sales commissions to its agents (as hereafter discussed). The Treasurer is the custodian of all moneys collected by the Division and deposits those moneys into the Liquor Control Fund held by the Treasurer.

(State Liquor Enterprise, cont.)

The following chart shows unaudited results for Fiscal Years 2004 through 2012 with respect to sales in gallons, gross sales and Pledged Liquor Profits:

<u>Ending June 30</u>	<u>In Gallons</u>	<u>Gross Sales</u>	<u>Pledged Liquor Profits*</u>
2004	9,190,847	\$581,411,732	\$156,666,732
2005	9,559,146	617,667,501	164,774,399
2006	9,921,450	653,823,312	191,585,561
2007	10,168,320	687,996,772	203,231,239
2008	10,311,653	712,795,817	213,012,753
2009	10,620,774	744,900,664	224,227,470
2010	10,837,776	757,432,111	228,795,792
2011	11,179,761	785,966,257	237,176,247
2012	11,717,258	840,596,111	251,416,402

\*Before set aside of any amount for a working capital reserve.

Source: State of Ohio Department of Commerce Division of Liquor.

Through Fiscal Year 1993, the Auditor of State audited the financial reports of the Division. Beginning in Fiscal Year 1994, the Auditor of State has audited only those lines comprising "Liquor Sales" and "Costs of Goods Sold." The Auditor is not required by law to perform a full audit on each department or division of the State as a part of its audit of the State and does so only at the request of a department or division. The Auditor charges any department or division for which the Auditor performs a full audit a charge for performing such an audit.

Net Sales of the State Liquor Enterprise from its wholesale and retail business selling all Spirituous Liquor increased from \$423,965,233 in Fiscal Year 1999 to \$824,520,309 in Fiscal Year 2012, an average annual increase of 7.26%.

**(THIS SPACE INTENTIONALLY LEFT BLANK)**

(State Liquor Enterprise, cont.)

**OHIO DIVISION OF LIQUOR CONTROL HISTORICAL ANALYSIS  
OF DIVISION PROFITABILITY**

	<b>FY 2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
GALLONS SOLD	10,311,653	10,620,774	10,831,776	11,179,761	11,717,258
LIQUOR SALES					
Gross Sales	\$712,975,817	\$744,900,664	\$757,432,111	\$785,966,257	\$840,596,111
Wholesale Discount	(\$15,064,287)	(\$15,014,529)	(\$14,773,276)	(\$15,221,731)	(\$16,075,801)
Net Sales	\$697,731,530	\$729,886,136	\$742,658,835	\$770,744,526	\$824,520,309
COST OF GOODS SOLD	\$399,190,160	\$417,819,139	\$425,989,172	\$442,085,611	\$475,796,173
STATE GALLONAGE TAX	\$34,853,386	\$35,898,222	\$36,631,673	\$37,787,590	\$39,604,329
TOTAL GROSS PROFIT	\$263,687,984	\$276,168,775	\$280,037,990	\$290,871,325	\$309,119,807
PERCENT OF GROSS SALES	36.994%	37.074%	36.972%	37.008%	36.774%
OPERATING EXPENSE	\$38,238,135	\$40,094,893	\$40,591,348	\$42,094,509	\$45,089,714
PERCENT OF GROSS SALES	5.36%	5.38%	5.36%	5.36%	5.36%
CENTRAL OFFICE EXPENSE	\$12,437,096	\$11,846,413	\$10,650,849	\$11,600,569	\$12,613,691
TOTAL EXPENSES	\$50,675,231	\$51,941,306	\$51,242,197	\$53,695,078	\$57,703,405
<b>PLEGGED LIQUOR PROFITS *</b>	\$213,012,753	\$224,227,470	\$228,795,793	\$237,176,247	\$251,416,402
PERCENT OF GROSS SALES	29.884%	30.102%	30.207%	30.176%	29.909%

\* These figures do not reflect any addition to or reduction in the amount set aside as a working capital reserve.

**HISTORICAL COVERAGE RATIOS –LIQUOR BONDS - CHAPTER 166 & 151**

	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>
<b>Pledged Liquor Profits</b>	\$213,012,753	\$224,227,470	\$228,795,792	\$237,176,247	\$251,416,402
<b>Chapter 166 Senior Debt Service</b>	\$30,098,904	\$30,089,925	\$32,660,301	\$40,127,362	\$44,719,256
<b>Senior Coverage Factor</b>	7.08x	7.45x	7.01x	5.91x	5.62x
<b>Chapter 151 Subordinate Debt Service</b>	\$9,474,613	\$15,233,332	\$14,746,623	\$16,265,025	\$17,342,231
<b>Senior &amp; Subordinate Debt Service</b>	\$39,573,517	\$45,323,257	\$47,406,923	\$56,392,387	\$62,061,487
<b>Combined Coverage Factor Risk Factors</b>	5.38x	4.95x	4.83x	4.21x	4.05x

(State Liquor Enterprise, cont.)

In January 2003, due to unanticipated reduced revenue collections by the State, the Governor requested that the Ohio General Assembly consider several legislative proposals to enable the State to end its Fiscal Year ending June 30, 2003, with a positive balance in the GRF, as required by the Constitution. Among the legislative proposals was a request to double the gallonage tax on spirituous liquor. The proposal for the gallonage tax increase was not adopted and a GRF positive balance was attained by other means.

The doubling of the gallonage tax on spirituous liquor was again proposed and introduced in the Fiscal Year 2006-07 biennial budget, but not adopted. Alternatively, to gain additional GRF revenue, the Ohio General Assembly authorized the reduction of the discount granted on wholesale purchases of spirituous liquor from 12.5% to 6%. This was enacted and was effective July 1, 2005.

While the Ohio General Assembly did not adopt the gallonage tax increase in either case described above, any shift in consumer trends away from the consumption of spirituous liquor, whether as a result of lifestyle changes or due to an increase in the gallonage tax by the Ohio General Assembly, will have an adverse affect on Pledged Liquor Profits.

**(THIS SPACE INTENTIONALLY LEFT BLANK)**

**State of Ohio  
Department of Commerce  
Division of Liquor Control**

**FY 2012**

**Financial Statement  
As of  
June 30, 2012**

**And**

**Statement of Profit and Loss  
For the period  
June 1, 2012  
To  
June 30, 2012**

**And  
Fiscal Year  
To date**

EXHIBIT I  
DIVISION OF LIQUOR CONTROL  
BALANCE SHEET  
AS AT  
JUNE 30, 2012

ASSETS

CURRENT ASSETS

CASH			
ROTARY FUND WITH STATE TREASURER		\$116,197,101.39	
ROTARY FUND - SALVAGE SALES		-0-	
CASH IN BANK-SALES PROCEEDS-AGENCIES		6,415,277.91	
PETTY CASH AND CHANGE FUNDS		<u>800.00</u>	\$122,613,179.30
ACCOUNTS RECEIVABLE			
MISCELLANEOUS CLAIMS		\$17,726.04	
STORE MANAGERS ADJUSTMENT		<u>90,779.43</u>	108,505.47
INVENTORY OF LIQUOR STOCKS			
LIQUOR IN AGENCIES			42,920,987.39
PREPAID EXPENSES			
SUPPLIES AND EXPENSES		\$1,040,104.31	
RENT		(.03)	
UNEXPIRED INSURANCE		<u>-0-</u>	<u>1,040,104.28</u>
TOTAL CURRENT ASSETS			\$166,682,776.44

RESTRICTED ASSETS

CASH			
DEPOSITORY TRUST FUND		<u>\$29,283,649.62</u>	
TOTAL RESTRICTED ASSETS			29,283,649.62

FIXED ASSETS

	<u>COST</u>	<u>RESERVE FOR DEPRECIATION</u>	<u>NET COST</u>
SURPLUS EQUIPMENT	\$431,960.40	\$7,433.95	\$424,526.45
OFFICE EQUIPMENT	4,815,980.87	3,127,024.89	1,688,955.98
TRANSPORTATION EQUIPMENT	<u>1,259,302.12</u>	<u>865,214.58</u>	<u>394,087.54</u>
TOTAL	\$6,507,243.39	\$3,999,673.42	
TOTAL FIXED ASSETS			<u>2,507,569.97</u>
TOTAL ASSETS			<u>\$198,473,996.03</u>

LIABILITIES AND NET WORTH

CURRENT LIABILITIES

ACCOUNTS PAYABLE			
LIQUOR PURCHASES		\$40,200,583.28	
GALLONAGE TAX		3,444,756.34	
SALES TAX		3,455,671.02	
CUYAHOGA CO GALLONAGE TAX		537,430.30	
OPERATING EXPENSES		<u>3,676,932.75</u>	\$51,315,373.69
DEPOSITS ON PERMIT APPLICATIONS			15,814,763.97
DUE TAXING DISTRICTS - PERMIT FEES			13,513,051.19
DUE ALCOHOLISM TREATMENT PROGRAM			<u>1,191,998.72</u>
TOTAL CURRENT LIABILITIES			\$81,835,187.57

NET WORTH

SURPLUS JUNE 30, 2011	\$34,102,299.82		
ADJUSTMENT OF PROFITS OF PRIOR YEARS	-0-	\$34,102,299.82	
NET PROFIT FOR PERIOD JULY 1, 2011 TO JUNE 30, 2012			<u>237,536,124.23</u>
TOTAL SURPLUS EARNED			<u>\$271,638,424.05</u>
SURPLUS TRANSFERRED DURING FISCAL YEAR, 2012			
TO STATE TREASURER - GENERAL REVENUE FUND	\$92,500,000.00		
TO ECONOMIC DEVELOPMENT BOND SERVICE ACCT	44,719,256.83		
TO DEPARTMENT OF HEALTH	438,127.00		
TO REVITALIZATION BOND	<u>17,342,231.76</u>	<u>154,999,615.59</u>	
TOTAL SURPLUS			<u>116,638,808.46</u>
TOTAL LIABILITIES AND NET WORTH			<u>\$198,473,996.03</u>

EXHIBIT I COMPARATIVE  
DIVISION OF LIQUOR CONTROL  
BALANCE SHEET  
AS AT  
JUNE 30, 2012

	JUNE 30, 2012	JUNE 30, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
CASH ON HAND IN BANKS AND AT TREASURY	\$122,613,179.30	\$25,552,828.88
ACCOUNTS RECEIVABLE	108,505.47	171,751.19
INVENTORY OF LIQUOR STOCKS	42,920,987.39	38,533,339.48
PREPAID EXPENSES	<u>1,040,104.28</u>	<u>703,265.83</u>
TOTAL CURRENT ASSETS	<u>\$166,682,776.44</u>	<u>\$64,961,185.38</u>
<b>RESTRICTED ASSETS</b>		
TOTAL RESTRICTED ASSETS	<u>\$29,283,649.62</u>	<u>\$29,115,295.79</u>
<b>FIXED ASSETS</b>		
SURPLUS EQUIPMENT DEPRECIATED	\$424,526.45	\$424,606.37
OFFICE EQUIPMENT DEPRECIATED	1,688,955.98	1,685,812.76
TRANSPORTATION EQUIPMENT DEPRECIATED	<u>394,087.54</u>	<u>173,432.83</u>
TOTAL FIXED ASSETS AT DEPRECIATED VALUE	<u>\$2,507,569.97</u>	<u>\$2,283,851.96</u>
TOTAL ASSETS	<u>\$198,473,996.03</u>	<u>\$96,360,333.13</u>
<b>LIABILITIES AND NET WORTH</b>		
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE AND DEPOSITS	\$81,835,187.57	\$62,258,033.31
<b>NET WORTH</b>		
SURPLUS	<u>116,638,808.46</u>	<u>34,102,299.82</u>
TOTAL LIABILITIES AND NET WORTH	<u>\$198,473,996.03</u>	<u>\$96,360,333.13</u>

DIVISION OF LIQUOR CONTROL  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE TWELFTH MONTH PERIOD ENDING JUNE 30, 2012

	FISCAL 2012	FISCAL 2011
SOURCE OF WORKING CAPITAL FROM OPERATIONS:		
NET PROFIT	\$237,536,124.23	\$221,686,576.31
ITEMS OF EXPENSE NOT REQUIRING USE OF FUNDS:		
DEPRECIATION	93,525.54	93,748.95
LOSS (GAIN) ON DISPOSITION OF EQUIPMENT	<u>3,262.36</u>	<u>(60,625.00)</u>
	96,787.90	33,123.95
TOTAL FROM OPERATIONS	237,632,912.13	221,719,700.26
PROCEEDS FROM SALES OF EQUIPMENT	<u>13,275.00</u>	<u>60,625.00</u>
TOTAL SOURCE OF WORKING CAPITAL	<u>237,646,187.13</u>	<u>221,780,325.26</u>
USE OF WORKING CAPITAL:		
ADDITIONS TO EQUIPMENT	333,780.91	104,588.75
PROFITS TRANSFERRED TO GRF AND CSD SAVINGS	92,500,000.00	153,350,276.99
TRANSFER TO ECON DEVEL BOND SERV ACCT	44,719,256.83	44,684,407.15
TRANSFER TO DEPT OF HEALTH	438,127.00	994,290.00
TRANSFER TO REVITALIZATION BOND	<u>17,342,231.76</u>	<u>18,377,223.05</u>
TOTAL USAGE OF WORKING CAPITAL	<u>155,333,396.50</u>	<u>217,510,785.94</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$82,312,790.63</u>	<u>\$4,269,539.32</u>
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
INCREASE (DECREASE) IN CURRENT ASSETS		
CASH	\$97,060,350.42	\$3,538,750.29
ACCOUNTS RECEIVABLE	(63,245.72)	(84,172.65)
INVENTORY OF LIQUOR STOCKS	4,387,647.91	(3,602,277.88)
PREPAID EXPENSES	336,838.45	(68,198.96)
RESTRICTED ASSETS	<u>168,353.83</u>	<u>8,481,434.16</u>
TOTAL	<u>101,889,944.89</u>	<u>8,265,534.96</u>
INCREASE (DECREASE) IN CURRENT LIABILITIES		
ACCOUNTS PAYABLE	18,818,186.89	(5,269,841.94)
TAXES PAYABLE (GALLONAGE & SALES)	586,122.16	388,995.91
TAXES PAYABLE (CUYAHOGA CO)	95,461.55	21,622.81
ACCRUED & OTHERS	(171,257.91)	254,725.69
DEPOSITS	164,309.73	8,538,183.16
DUE ALCOHOL TREATMENT PROGRAM	<u>84,331.84</u>	<u>62,310.01</u>
TOTAL	<u>19,577,154.26</u>	<u>3,995,995.64</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$82,312,790.63</u>	<u>\$4,269,539.32</u>

EXHIBIT I-A  
DIVISION OF LIQUOR CONTROL  
ANALYSIS OF EARNED SURPLUS  
AS AT JUNE 30, 2012

EARNED SURPLUS PER BALANCE SHEET JUNE 30, 2011	\$29,821,920.70
NET PROFIT PERIOD JULY 1, 2011 TO JUNE 30, 2012	<u>237,536,124.23</u>
EARNED SURPLUS PER BALANCE SHEET AT JUNE 30, 2012	<u>\$267,358,044.93</u>

EXHIBIT I-B  
DIVISION OF LIQUOR CONTROL  
ANALYSIS OF ACCOUNTS RECEIVABLE  
MISCELLANEOUS CLAIMS  
AS AT JUNE 30, 2012

SUNDRY ACCOUNTS RECEIVABLE	12,219.99
ACCOUNTS RECEIVABLE - CARRIER CLAIMS	<u>5,506.05</u>
	<u>\$17,726.04</u>

EXHIBIT II  
DIVISION OF LIQUOR CONTROL  
STATEMENT OF PROFIT AND LOSS  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

		JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
NET PROFIT AGENCIES	SCHEDULE B	23,353,887.86	264,030,093.12	248,776,814.87
TOTALS		<u>23,353,887.86</u>	<u>264,030,093.12</u>	<u>248,776,814.87</u>
OPERATING EXPENSES				
ADMINISTRATIVE	SCHEDULE C	\$101,336.48	\$2,468,771.01	\$1,569,482.69
LICENSING	SCHEDULE F	262,680.23	6,316,473.36	6,208,371.87
BEER & WINE	SCHEDULE H	2,354.22	125,082.53	221,922.06
MANAGEMENT INFORMATION	SCHEDULE K	13,618.90	845,862.67	766,509.55
ACCOUNTING	SCHEDULE M	1,979.66	113,814.99	121,803.11
AGENCY OPERATIONS/INT AUDITS	SCHEDULE N	182,969.17	2,743,686.36	2,712,479.43
TOTAL OPERATING EXPENSES		<u>5564,938.66</u>	<u>\$12,613,690.92</u>	<u>\$11,600,568.71</u>
NET OPERATING PROFIT		<u>\$22,788,949.20</u>	<u>\$251,416,402.20</u>	<u>\$237,176,246.16</u>
MISCELLANEOUS INCOME				
GAIN ON DISPOSITION OF EQUIPMENT		(142.99)	(3,262.36)	59,100.00
FEE FOR PERMIT TRANSFER		13,600.00	191,100.00	249,800.00
FEE FOR PROCESSING NEW PERMITS		22,552.00	296,944.00	241,585.90
REGISTRATION FEES		135,240.00	712,515.63	660,020.80
SUNDRY INCOME		845.68	57,793.69	195,232.21
TOTAL MISCELLANEOUS INCOME		<u>\$172,094.69</u>	<u>\$1,255,090.96</u>	<u>\$1,405,738.91</u>
NET PROFIT BEFORE OTHER DEDUCTIONS		<u>\$22,961,043.89</u>	<u>\$252,671,493.16</u>	<u>\$238,581,985.07</u>
OTHER DEDUCTIONS				
ROBBERY AND BURGLARY LOSSES		-0-	4,962.74	166,690.29
ADAS ALCOHOL TREATMENT PROGRAM		409,179.55	4,624,852.21	4,363,069.87
PUBLIC SAFETY LIQ ENF - PAYROLL		657,912.01	7,744,755.88	9,517,931.34
PUBLIC SAFETY LIQ ENF - MAINTENANCE		105,611.77	1,460,043.13	1,740,620.44
PUBLIC SAFETY LIQ ENF - EQUIPMENT		84,570.25	652,689.56	425,595.35
LIQUOR COMMISSION - PAYROLL		52,138.11	476,678.45	508,344.17
LIQUOR COMMISSION - MAINTENANCE		20,185.45	171,386.96	173,157.30
TOTAL OTHER DEDUCTIONS		<u>\$1,329,597.14</u>	<u>\$15,135,368.93</u>	<u>\$16,895,408.76</u>
NET PROFIT TO EXHIBIT I		<u>\$21,631,446.75</u>	<u>\$237,536,124.23</u>	<u>\$221,686,576.31</u>

EXHIBIT III  
DIVISION OF LIQUOR CONTROL  
STATEMENT OF NET CHANGE IN SURPLUS  
BY MONOPOLY REVENUES AND DISTRIBUTION THEREOF  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
REVENUES			
NET PROFIT	\$21,631,446.75	\$237,536,124.23	\$221,686,576.31
GALLONAGE TAX	3,444,756.34	39,604,329.33	37,787,590.24
SALES TAX	3,455,671.02	39,207,333.55	36,434,782.34
CUYAHOGA CO GALLONAGE TAX	468,783.39	5,394,867.84	5,153,051.88
PERMIT FEE INCOME	1,506,155.77	38,216,623.55	36,944,907.62
TOTAL MONOPOLY REVENUES	<u>\$30,506,813.27</u>	<u>\$359,959,278.50</u>	<u>\$338,006,908.39</u>
LESS DISTRIBUTION			
FOR GENERAL REVENUE FUND	\$6,907,103.36	\$233,868,431.97	\$291,687,423.07
FOR CUYAHOGA COUNTY	468,783.39	5,394,867.84	5,153,051.88
FOR PERMIT FEES DISTRIBUTION	1,497,596.57	38,157,586.85	37,133,260.02
TOTAL DISTRIBUTION	<u>\$8,873,483.32</u>	<u>\$277,420,886.66</u>	<u>\$333,973,734.97</u>
NET CHANGE IN SURPLUS - DECREASE			
NET CHANGE IN SURPLUS - INCREASE	<u>\$21,633,329.95</u>	<u>\$82,538,391.84</u>	<u>\$4,033,173.42</u>

## FISCAL 2012

					%	%
SALES		-0-		(R) \$572,666,088.47		68.1262
	AGENCIES	840,596,110.53	100.0000	(H) 267,930,022.06		31.8738
GROSS TOTAL				\$840,596,110.53		100.0000
LESS: 6% DISCOUNT ON WHOLESALE SALES				(H) 16,075,801.32		1.9124
GROSS TOTAL				\$824,520,309.21		98.0876
LESS:		-0-				
	AGENCIES	475,796,173.09				
COST OF GOODS SOLD			\$475,796,173.09		56.6022	
STATE TAX		-0-				
	AGENCIES	39,604,329.33				
TOTAL STATE TAX			39,604,329.33		4.7115	
TOTAL COST OF GOODS SOLD				515,400,502.42		61.3137
GROSS PROFIT				\$309,119,806.79		36.7739
LESS:		-0-				
	AGENCIES	45,089,713.67				
OPERATING EXPENSES				45,089,713.67		5.3640
PROFIT ON SALES				\$264,030,093.12		31.4099
LESS:						
GENERAL OPERATING EXPENSES				12,613,690.92		1.5006
NET OPERATING PROFIT				\$251,416,402.20		29.9093
NON-OPERATING INCOME		-0-		-0-		
NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS				\$251,416,402.20		29.9093

## FISCAL 2011

					%	%
SALES		-0-		(R) \$532,270,745.44		67.7218
	AGENCIES	785,966,256.50	100.0000	(H) 253,695,511.06		32.2782
GROSS TOTAL				\$785,966,256.50		100.0000
LESS: 6% DISCOUNT ON WHOLESALE SALES				(H) 15,221,730.67		1.9367
GROSS TOTAL				\$770,744,525.83		98.0633
LESS:		-0-				
	AGENCIES	442,085,611.34				
COST OF GOODS SOLD			\$442,085,611.34		56.2474	
STATE TAX		-0-				
	AGENCIES	37,787,590.24				
TOTAL STATE TAX			37,787,590.24		4.8078	
TOTAL COST OF GOODS SOLD				479,873,201.58		61.0552
GROSS PROFIT				\$290,871,324.25		37.0081
LESS:		-0-				
	AGENCIES	42,094,509.38				
OPERATING EXPENSES				42,094,509.38		5.3558
PROFIT ON SALES				\$248,776,814.87		31.6524
LESS:						
GENERAL OPERATING EXPENSES				11,600,568.71		1.4760
NET OPERATING PROFIT				\$237,176,246.16		30.1764
NON-OPERATING INCOME		-0-		-0-		
NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS				\$237,176,246.16		30.1764

SCHEDULE B  
DIVISION OF LIQUOR CONTROL  
STATEMENT OF PROFIT AND LOSS  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

AGENCIES

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE	FISCAL 2012 %
SALES OF LIQUOR - RETAIL	\$50,336,642.67	\$572,666,088.47	\$532,270,745.44	68.1262
SALES OF LIQUOR - WHOLESALE	<u>23,104,228.05</u>	<u>267,930,022.06</u>	<u>253,695,511.06</u>	<u>31.8738</u>
GROSS TOTAL	\$73,440,870.72	\$840,596,110.53	\$785,966,256.50	100.0000
LESS: 6% DISCOUNT WHLSL	<u>1,386,253.68</u>	<u>16,075,801.32</u>	<u>15,221,730.67</u>	<u>1.9124</u>
TOTAL SALES	<u>\$72,054,617.04</u>	<u>\$824,520,309.21</u>	<u>\$770,744,525.83</u>	<u>98.0876</u>
DEDUCT: COST OF LIQUOR SOLD				
PURCHASE COST OF LIQUOR SOLD	\$41,331,223.67	\$475,796,173.09	\$442,085,611.34	56.6022
TAX PAID TO STATE TREASURER	<u>3,444,756.34</u>	<u>39,604,329.33</u>	<u>37,787,590.24</u>	<u>4.7115</u>
TOTAL COST	<u>\$44,775,980.01</u>	<u>\$515,400,502.42</u>	<u>\$479,873,201.58</u>	<u>61.3137</u>
GROSS PROFIT	<u>\$27,278,637.03</u>	<u>\$309,119,806.79</u>	<u>\$290,871,324.25</u>	<u>36.7739</u>
OPERATING EXPENSE				
COMMISSIONS	\$3,880,496.72	\$44,415,703.87	\$41,468,239.41	5.2838
SUPPLIES AND FORMS	38,917.03	577,661.31	531,614.83	.0687
POSTAGE	123.70	36,225.96	36,188.36	.0043
BOTTLE LOSS ABSORBED	4,577.38	50,309.85	46,238.09	.0060
ADVERTISING AND NOTICES	627.68	2,476.13	4,131.73	.0003
MAINTENANCE & REPAIRS	-0-	8.38	693.68	
DEPRECIATION	6.66	79.92	79.92	
BANK EXCHANGE	-0-	7,248.25	7,323.36	.0009
TOTAL OPERATING EXPENSE	<u>\$3,924,749.17</u>	<u>\$45,089,713.67</u>	<u>\$42,094,509.38</u>	<u>5.3640</u>
MET AGENCY PROFIT TO EXHIBIT II	<u>\$23,353,887.86</u>	<u>\$264,030,093.12</u>	<u>\$248,776,814.87</u>	<u>31.4099</u>

SCHEDULE B-1  
DIVISION OF LIQUOR CONTROL  
STATEMENT OF PROFIT AND LOSS  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

AGENCIES

	RETAIL		WHOLESALE	
	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE
SALES	<u>\$50,336,642.67</u>	<u>\$572,666,088.47</u>	<u>\$21,717,974.37</u>	<u>\$251,854,220.74</u>
DEDUCT: COST OF LIQUOR SOLD				
PURCHASE COST OF LIQUOR SOLD	\$28,253,269.71	\$323,841,654.40	\$13,077,953.96	\$151,954,518.69
TAX PAID TO STATE TREASURER	<u>2,493,957.20</u>	<u>28,506,108.61</u>	<u>950,799.14</u>	<u>11,098,220.72</u>
TOTAL COST	<u>\$30,747,226.91</u>	<u>\$352,347,763.01</u>	<u>\$14,028,753.10</u>	<u>\$163,052,739.41</u>
GROSS PROFIT	<u>\$19,589,415.76</u>	<u>\$220,318,325.46</u>	<u>\$7,689,221.27</u>	<u>\$88,801,481.33</u>
OPERATING EXPENSE				
COMMISSIONS	\$3,008,115.39	\$34,338,179.84	\$872,381.33	\$10,077,524.03
SUPPLIES AND FORMS	27,187.05	400,023.64	11,729.98	177,637.67
POSTAGE	86.42	25,422.19	37.28	10,803.77
BOTTLE LOSS ABSORBED	3,197.71	34,932.79	1,379.67	15,377.06
ADVERTISING AND NOTICES	438.49	1,720.42	189.19	755.71
MAINTENANCE & REPAIRS	-0-	(161.86)	-0-	170.24
DEPRECIATION	4.65	55.34	2.01	24.58
BANK EXCHANGE	-0-	5,016.99	-0-	2,231.26
TOTAL OPERATING EXPENSE	<u>\$3,039,029.71</u>	<u>\$34,805,189.35</u>	<u>\$885,719.46</u>	<u>\$10,284,524.32</u>
NET AGENCY PROFIT	<u>\$16,550,386.05</u>	<u>\$185,513,136.11</u>	<u>\$6,803,501.81</u>	<u>\$78,516,957.01</u>

SCHEDULE C  
 DIVISION OF LIQUOR CONTROL  
 ADMINISTRATIVE EXPENSES  
 PERIOD  
 JUNE 1, 2012 TO JUNE 30, 2012  
 AND  
 YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	\$14,773.64	\$292,022.50	\$280,039.34
AUDITING AND EXAMINATIONS	9,490.66	47,208.39	99,883.90
ATTORNEY GENERAL EXPENSE	-0-	-0-	-0-
OCCUPANCY EXPENSE	10,302.15	570,772.48	562,735.21
SUPPLIES AND FORMS	1,182.32	22,621.12	44,770.55
OTHER WAREHOUSE CHARGES	1,190.18	23,564.92	23,359.33
DEPRECIATION - OFFICE EQUIPMENT	1,520.36	4,138.91	2,856.60
PAYROLL PROCESSING CHARGEBACKS	230.12	2,896.74	3,190.20
OTHER PAYROLL CHARGES	113.27	1,599.38	1,562.13
OFFICE SERVICES ADMINISTRATION	39,597.81	46,953.82	189,853.63
WORKERS' COMPENSATION	14,103.07	54,568.50	104,708.42
GROUP LIFE INSURANCE	41.70	498.15	485.55
HOSPITAL INSURANCE CONTRIBUTIONS	2,784.88	55,730.47	52,459.35
DENTAL CARE INSURANCE	362.28	4,347.36	4,074.24
VISION CARE INSURANCE	77.26	927.12	869.04
UNEMPLOYMENT CLAIMS	-0-	9,015.33	7,028.49
TELEPHONE AND TELEGRAPH	571.75	19,841.50	11,680.45
POSTAGE	-0-	1,288.53	2,570.29
TRAVELING EXPENSE	9.50	4,099.66	3,382.38
SUNDRY EXPENSE	-0-	1,210,147.20	2,534.50
RETIREMENT CONTRIBUTIONS	2,068.33	41,308.42	39,089.80
SURETY BONDS	-0-	-0-	-0-
EQUIPMENT LEASE AND REPAIRS	2,385.52	43,402.61	124,004.89
AUTOMOBILE EXPENSE	-0-	1,513.24	-0-
DEPRECIATION - AUTO EQUIPMENT	-0-	-0-	-0-
DISABILITY LEAVE CONTRIBUTIONS	128.35	2,725.60	2,680.63
ALL LEAVE FUND	<u>403.33</u>	<u>7,579.06</u>	<u>5,663.77</u>
TOTALS TO EXHIBIT II	<u>\$101,336.48</u>	<u>\$2,468,771.01</u>	<u>\$1,569,482.69</u>

SCHEDULE F  
 DIVISION OF LIQUOR CONTROL  
 LICENSING SECTION EXPENSES  
 JUNE 1, 2012 TO JUNE 30, 2012  
 AND  
 YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	\$153,647.39	\$3,539,510.36	\$3,495,047.40
TRAVELING EXPENSE	554.40	4,024.16	2,045.02
OCCUPANCY EXPENSE	16,351.66	905,936.92	893,180.01
SUPPLIES AND FORMS	3,956.88	31,719.46	30,388.32
POSTAGE	363.43	113,814.13	153,842.46
RETIREMENT CONTRIBUTIONS	21,161.52	494,810.00	494,036.18
PAYROLL PROCESSING CHARGEBACKS	2,681.65	40,597.56	45,474.82
TELEPHONE AND TELEGRAPH	8,785.14	117,809.02	104,596.77
BANK EXCHANGE	-0-	-0-	-0-
EQUIPMENT LEASE AND REPAIRS	10.00	11,212.88	7,471.12
DEPRECIATION - OFFICE EQUIPMENT	1,484.35	4,066.93	2,829.48
DEPRECIATION - AUTO EQUIPMENT	3,771.26	47,612.67	44,244.66
SUNDRY EXPENSE	-0-	237.70	213.00
AUTOMOBILE EXPENSE	6,434.41	76,415.94	72,473.53
INSURANCE	-0-	-0-	-0-
OFFICE SERVICES ADMINISTRATION	-0-	8,305.09	4,671.07
WORKERS' COMPENSATION	1,581.69	37,327.24	30,020.96
OTHER PAYROLL CHARGES	1,322.76	23,653.69	21,784.59
GROUP LIFE INSURANCE	91.65	1,156.65	1,221.75
HOSPITAL INSURANCE CONTRIBUTIONS	29,423.56	667,777.59	639,297.63
DENTAL CARE INSURANCE	4,907.20	60,127.12	57,899.60
VISION CARE INSURANCE	181.11	2,297.94	2,290.35
DISABILITY LEAVE CONTRIBUTIONS	(327.92)	34,685.19	33,381.49
LIABILITY INSURANCE	116.00	1,296.79	1,288.00
ALL LEAVE FUND	<u>6,182.09</u>	<u>92,078.33</u>	<u>70,673.66</u>
TOTALS TO EXHIBIT II	<u>\$262,680.23</u>	<u>\$6,316,473.36</u>	<u>\$6,208,371.87</u>

SCHEDULE H  
 DIVISION OF LIQUOR CONTROL  
 BEER AND WINE SECTION EXPENSES  
 PERIOD  
 JUNE 1, 2012 TO JUNE 30, 2012  
 AND  
 YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	-0-	(\$4,014.00)	\$68,468.30
RETIREMENT CONTRIBUTIONS	-0-	(561.96)	9,479.35
OCCUPANCY EXPENSE	2,247.87	124,539.74	122,786.03
POSTAGE	-0-	2,068.30	4,888.58
SUPPLIES AND FORMS	48.98	2,598.74	2,032.93
TELEPHONE AND TELEGRAPH	57.37	811.77	764.48
PAYROLL PROCESSING CHARGEBACKS	-0-	(47.00)	900.35
EQUIPMENT LEASE AND REPAIRS	-0-	505.00	-0-
DEPRECIATION - AUTO EQUIPMENT	-0-	-0-	(1,525.00)
DEPRECIATION - OFFICE EQUIPMENT	-0-	-0-	-0-
OFFICE SERVICES ADMINISTRATION	-0-	2.02	-0-
WORKERS' COMPENSATION	-0-	(41.12)	539.56
OTHER PAYROLL CHARGES	-0-	(20.10)	522.54
GROUP LIFE INSURANCE	-0-	-0-	31.95
HOSPITAL INSURANCE CONTRIBUTIONS	-0-	(649.04)	9,940.14
DENTAL CARE INSURANCE	-0-	-0-	1,094.64
VISION CARE INSURANCE	-0-	-0-	58.41
DISABILITY LEAVE CONTRIBUTIONS	-0-	(96.34)	621.94
ALL LEAVE FUND	-0-	(13.48)	1,317.86
TOTALS TO EXHIBIT II	<u>\$2,354.22</u>	<u>\$125,082.53</u>	<u>\$221,922.06</u>

SCHEDULE K  
 DIVISION OF LIQUOR CONTROL  
 MANAGEMENT INFORMATION SERVICES EXPENSES  
 PERIOD  
 JUNE 1, 2012 TO JUNE 30, 2012  
 AND  
 YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	-0-	-0-	-0-
RETIREMENT CONTRIBUTIONS	-0-	-0-	-0-
RENTAL OF DATA PROCESSING EQUIPMENT	-0-	-0-	-0-
OCCUPANCY EXPENSE	7,385.93	409,205.26	403,443.03
PAYROLL PROCESSING CHARGEBACKS	-0-	-0-	-0-
SUPPLIES AND FORMS	430.08	6,040.42	12,549.37
TELEPHONE AND TELEGRAPH	1,134.97	20,727.20	20,178.27
POSTAGE	-0-	-0-	-0-
DEPRECIATION - OFFICE EQUIPMENT	767.92	9,237.60	9,305.28
EQUIPMENT LEASE AND REPAIRS	3,900.00	383,577.43	312,808.17
OFFICE SERVICES ADMINISTRATION	-0-	17,074.76	8,225.43
WORKERS' COMPENSATION	-0-	-0-	-0-
OTHER PAYROLL CHARGES	-0-	-0-	-0-
GROUP LIFE INSURANCE	-0-	-0-	-0-
HOSPITAL INSURANCE CONTRIBUTIONS	-0-	-0-	-0-
TOTALS TO EXHIBIT II	<u>\$13,618.90</u>	<u>\$845,862.67</u>	<u>\$766,509.55</u>

SCHEDULE M  
DIVISION OF LIQUOR CONTROL  
ACCOUNTING SECTION EXPENSES  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	-0-	-0-	-0-
RETIREMENT CONTRIBUTIONS	-0-	-0-	-0-
OCCUPANCY EXPENSE	1,926.77	106,749.50	105,246.33
PAYROLL PROCESSING CHARGEBACKS	-0-	-0-	-0-
SUPPLIES AND FORMS	-0-	-0-	-0-
TELEPHONE AND TELEGRAPH	48.83	639.57	650.99
POSTAGE	-0-	6,279.76	14,635.38
DEPRECIATION - OFFICE EQUIPMENT	4.06	146.16	1,270.41
EQUIPMENT LEASE AND REPAIRS	-0-	-0-	-0-
WORKERS' COMPENSATION	-0-	-0-	-0-
OTHER PAYROLL CHARGES	-0-	-0-	-0-
GROUP LIFE INSURANCE	-0-	-0-	-0-
HOSPITAL INSURANCE CONTRIBUTIONS	-0-	-0-	-0-
TOTALS TO EXHIBIT II	<u>\$1,979.66</u>	<u>\$113,814.99</u>	<u>\$121,803.11</u>

SCHEDULE M  
DIVISION OF LIQUOR CONTROL  
AGENCY OPERATIONS & INTERNAL AUDITS EXPENSES  
PERIOD  
JUNE 1, 2012 TO JUNE 30, 2012  
AND  
YEAR TO DATE

	JUNE 1, 2012 TO JUNE 30, 2012	YEAR TO DATE	FY 2011 TO DATE
SALARIES	\$57,296.51	\$1,334,099.82	\$1,327,912.96
RETIREMENT CONTRIBUTIONS	8,019.74	184,225.59	186,520.76
OCCUPANCY EXPENSE	11,239.47	622,704.38	613,935.79
PAYROLL PROCESSING CHARGEBACKS	989.28	14,906.55	17,290.77
SUPPLIES AND FORMS	176.47	15,273.37	60,924.27
TELEPHONE AND TELEGRAPH	1,361.35	15,860.52	14,940.15
POSTAGE	206.90	10,762.63	15,505.02
DEPRECIATION - OFFICE EQUIPMENT	201.29	2,433.92	3,149.76
DEPRECIATION - AUTO EQUIPMENT	1,694.41	21,706.41	25,826.88
AUTOMOBILE EXPENSE	3,614.52	43,165.84	60,395.35
EQUIPMENT LEASE AND REPAIRS	-0-	1,753.27	393.46
SURETY BONDS	-0-	-0-	375.00
SUNDRY EXPENSE	-0-	-0-	1,910.50
TRANSFER MOVEMENT CHARGES - DEPT	339.30	37,712.76	52,087.82
TRANSFER MOVEMENT CHARGES - VENDOR	52.36	21,265.36	13,333.44
OFFICE SERVICES ADMINISTRATION	83,237.22	104,352.70	15,837.32
WORKERS' COMPENSATION	586.99	14,163.49	11,300.41
OTHER PAYROLL CHARGES	678.17	10,576.47	10,124.50
GROUP LIFE INSURANCE	49.20	456.15	393.15
HOSPITAL INSURANCE CONTRIBUTIONS	9,390.10	216,718.66	217,867.15
DENTAL CARE INSURANCE	1,573.66	18,377.65	20,414.56
VISION CARE INSURANCE	77.26	762.67	564.63
TRAVELING EXPENSE	25.00	6,245.00	2,315.11
DISABILITY LEAVE CONTRIBUTIONS	(200.38)	11,686.12	12,352.35
ALL LEAVE FUND	<u>2,360.35</u>	<u>34,477.03</u>	<u>26,808.32</u>
TOTALS TO EXHIBIT II	<u>\$182,969.17</u>	<u>\$2,743,686.36</u>	<u>\$2,712,479.43</u>