

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 2010



Michigan Department of Energy, Labor & Economic Growth (DELEG)

Jennifer M. Granholm, Governor
Andrew S. Levin, Acting Department Director
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MICHIGAN LIQUOR CONTROL COMMISSION

AUGUST FINANCIAL REPORT

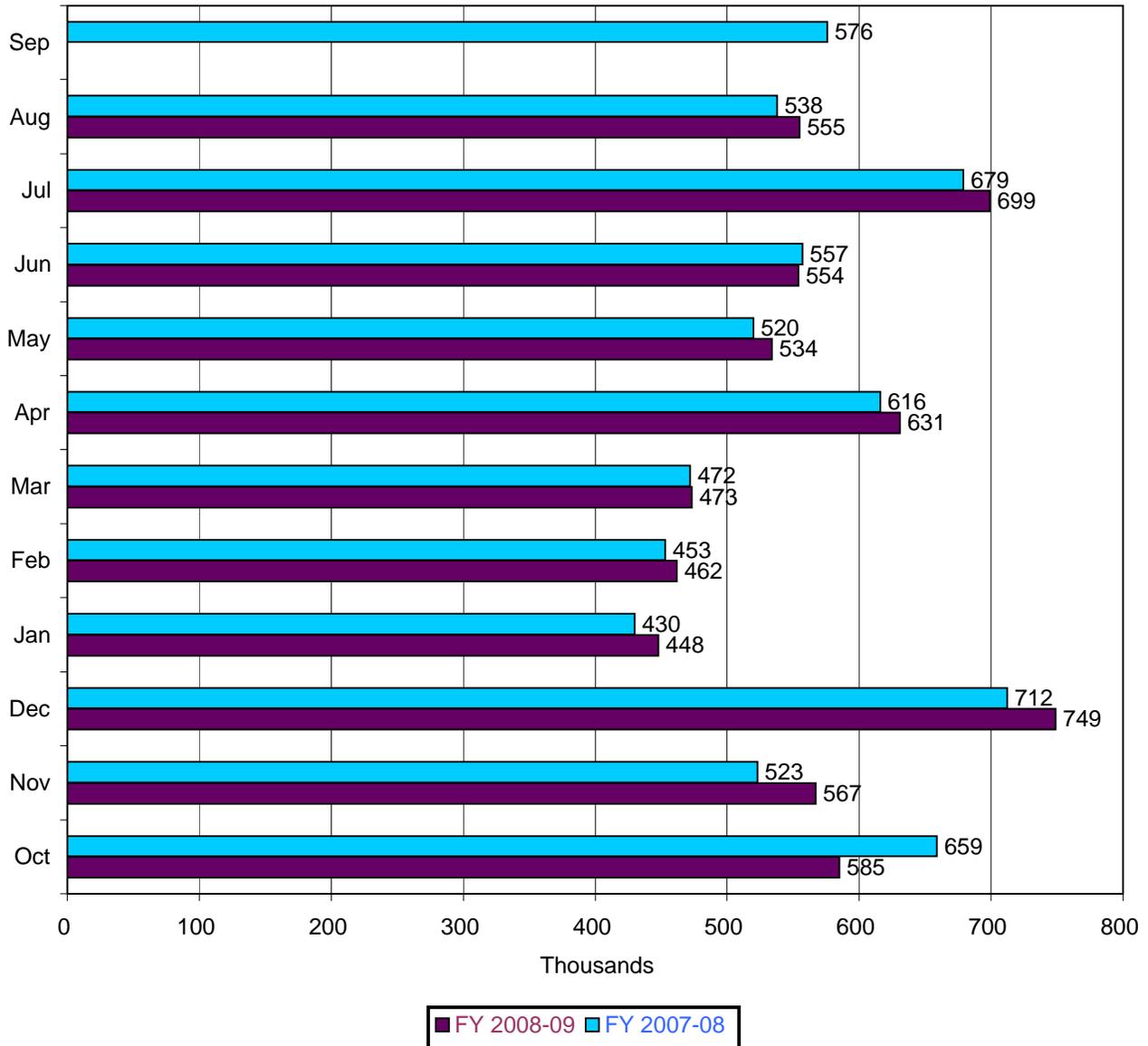
FISCAL YEAR 09 - 10

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CASE SALES



	Fiscal Year to Date 10/09-08/10	Fiscal Year to Date 10/08-08/09	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,255,775	6,158,422	97,353	1.58%
Average Price Per Case Sold	\$136.85	\$140.21	(\$3.36)	-2.40%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
AUGUST 31**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	<u>74,411,203</u>	<u>72,281,627</u>
Subtotal	\$74,411,903	\$72,282,327
Liquor Inventory - At Current Cost	4,118,933	5,628,197
Prepaid Distribution Costs of Inventory	318,641	443,480
Other Assets		
Accounts Receivable	\$18,970,092	\$35,014,256
Returned Checks	92,774	180,248
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>19,062,866</u>	<u>35,194,504</u>
TOTAL ASSETS	<u><u>\$97,912,343</u></u>	<u><u>\$113,548,508</u></u>
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,328,616	\$860,762
Warrants Authorized/Not Issued	62,076,554	73,029,110
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	<u>634,998</u>	<u>319,291</u>
Total Current Liabilities	\$65,040,168	\$74,209,163
LONG TERM LIABILITIES		
Long Term Compensated Absences	<u>\$492,205</u>	<u>\$837,303</u>
Total Long Term Liabilities	492,205	837,303
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	<u>31,504,231</u>	<u>37,626,303</u>
Current Period Ending Balance	<u>32,379,970</u>	<u>38,502,042</u>
TOTAL LIABILITIES & RETAINED EARNINGS	<u><u>\$97,912,343</u></u>	<u><u>\$113,548,508</u></u>

*This amount includes the amounts of money collected from the three 4% specific taxes and the sales tax that have not been transferred out of the Liquor Purchase Revolving Fund.

MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE STATEMENT OF REVENUE, EXPENSES, & CHANGES IN RETAINED EARNINGS
TEN MONTHS ENDED AUGUST 31

	2010	2009
REVENUE		
TOTAL GROSS SALES	\$856,108,345	\$863,471,388
Less: Discounts Allowed	145,617,616	146,891,086
PROCEEDS - SALE OF LIQUOR	\$710,490,729	\$716,580,302
Less: Cost of Goods Sold		
Beginning Inventory	\$7,008,115	\$8,772,511
Add: Purchases	515,918,245	520,113,374
Less: Ending Inventory	4,118,933	5,628,197
Cost of Goods Sold	\$518,807,427	\$523,257,688
GROSS REVENUE FROM SALE OF LIQUOR	\$191,683,302	\$193,322,614
OTHER REVENUE		
Miscellaneous Revenue	(\$56,622)	\$28,612
Non-Operating Revenue	0	0
Interest Revenue	137,735	555,433
TOTAL OTHER REVENUE	\$81,113	\$584,045
TOTAL REVENUE	\$191,764,415	\$193,906,659
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$335,310	\$311,588
Management Support	2,393,880	2,422,634
Licensing & Enforcement (1)	4,516,508	4,517,413
Distribution Cost Paid to Suppliers	43,628,200	42,907,826
Compensated Absences	0	0
Total MLCC Expenses	\$50,873,898	\$50,159,461
Other Agencies Expenses		
Attorney General	\$741,864	\$667,354
Auditor General	91,250	11,300
Civil Service - Personnel	142,298	139,237
Management and Budget	0	0
DIT - Information Technology Services	3,845,437	3,358,537
MLCC Rent	963,328	1,119,286
DELEG - Executive Direction	(191,872)	223,572
DELEG - Administrative Offices	2,210,363	2,184,958
Total Other Agencies Expenses		
Excluding Transfers Not Related to MLCC	\$7,802,668	\$7,704,244
TOTAL EXPENSES AND TRANSFERS	\$58,676,566	\$57,863,705
NET INCOME (Not Including Taxes & Grants)	\$133,087,849	\$136,042,954
Add: Specific Tax, Liquor 1.85%	12,837,964	12,915,713
NET REVENUE (Before Unrelated Expenses)	\$145,925,813	\$148,958,667
DELEG-Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$143,515,313	\$146,548,167
RETAINED EARNINGS		
Transfers to General Fund-Cash	121,000,000	121,000,000
Current Year Increase or (Decrease)	\$22,515,313	\$25,548,167
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$23,391,052	\$26,423,906

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
AUGUST 31**

	<u>2010</u>	<u>2009</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	191,764,415	193,906,659	(2,142,244)
Specific Tax, Liquor 1.85%	<u>12,837,964</u>	<u>12,915,713</u>	<u>(77,749)</u>
Total Equity Available	<u>\$205,478,118</u>	<u>\$207,698,111</u>	<u>(\$2,219,993)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$121,000,000	\$121,000,000	\$0
MLCC Expenses	50,873,898	50,159,461	714,437
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,802,668	7,704,244	98,424
DELEG Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$182,087,066</u>	<u>\$181,274,205</u>	<u>\$812,861</u>
Ending Equity	<u>\$23,391,052</u>	<u>\$26,423,906</u>	<u>(\$3,032,854)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
NINE MONTHS ENDED AUGUST 31**

	<u>2010 MONTH</u>	<u>YTD</u>	<u>2009 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$60,924,131	\$693,101,624	\$60,099,786	\$696,922,807	(\$3,821,183)
On Premise	13,980,452	162,557,598	14,017,396	166,124,175	(3,566,577)
Other	54,750	449,123	34,217	424,406	24,717
TOTAL GROSS SALES	<u>\$74,959,333</u>	<u>\$856,108,345</u>	<u>\$74,151,399</u>	<u>\$863,471,388</u>	<u>(\$7,363,043)</u>
Less: Discounts Allowed	12,748,307	145,617,616	12,608,232	146,891,086	(1,273,470)
PROCEEDS-SALE OF LIQUOR	<u>\$62,211,026</u>	<u>\$710,490,729</u>	<u>\$61,543,167</u>	<u>\$716,580,302</u>	<u>(\$6,089,573)</u>
Less: Cost of Goods Sold	45,736,007	518,807,427	45,646,595	523,257,688	(4,450,261)
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$16,475,019</u>	<u>\$191,683,302</u>	<u>\$15,896,572</u>	<u>\$193,322,614</u>	<u>(\$1,639,312)</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$39,542)	(\$56,622)	(\$2,921)	\$28,612	(\$85,234)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	137,735	0	555,433	(417,698)
TOTAL OTHER REVENUE	<u>(\$39,542)</u>	<u>\$81,113</u>	<u>(\$2,921)</u>	<u>\$584,045</u>	<u>(\$502,932)</u>
TOTAL REVENUE	<u>\$16,435,477</u>	<u>\$191,764,415</u>	<u>\$15,893,651</u>	<u>\$193,906,659</u>	<u>(\$2,142,244)</u>
Less: Distribution Cost Paid to Suppliers	3,887,949	43,628,200	3,806,313	42,907,826	720,374
INCOME FROM LIQUOR MERCHANDISING	<u>\$12,547,528</u>	<u>\$148,136,215</u>	<u>\$12,087,338</u>	<u>\$150,998,833</u>	<u>(\$2,862,618)</u>
MANAGEMENT EXPENSES					
Commission	\$34,628	\$335,310	\$31,798	\$311,588	\$23,722
Management Support(1)	224,995	2,618,864	200,751	2,608,052	10,812
Licensing & Enforcement(1)	878,674	10,495,351	906,067	10,669,591	(174,240)
DELEG Services	402,526	4,428,991	418,641	4,819,030	(390,039)
DIT - Information Technology Services	320,300	3,845,437	474,020	3,358,537	486,900
Attorney General	0	741,864	0	667,354	74,510
Auditor General	0	91,250	0	11,300	79,950
Civil Service - Personnel	0	142,298	0	139,237	3,061
Management and Budget	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	2,410,500	0	2,410,500	0
Total Management Expenses	<u>\$1,861,123</u>	<u>\$20,288,865</u>	<u>\$2,031,277</u>	<u>\$20,174,189</u>	<u>\$114,676</u>
INCOME FROM OPERATIONS	<u>\$10,686,405</u>	<u>\$127,847,350</u>	<u>\$10,056,061</u>	<u>\$130,824,644</u>	<u>(\$2,977,294)</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,129,651	12,837,964	1,114,282	12,915,713	(77,749)
Revenue Collected for Other Funds	14,344,985	163,915,724	13,961,229	165,267,654	(1,351,930)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$26,161,041</u>	<u>\$304,601,038</u>	<u>\$25,131,572</u>	<u>\$309,008,011</u>	<u>(\$4,406,973)</u>
Number of Cases Sold	554,737	6,255,775	538,074	6,158,422	97,353
Number of Sales Days	20	237	20	238	(1)

Notes:

- (1) Total expenses per page 7 less any equipment purchases.
(2) Grants to Cities - Fire Protection.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED
NINE MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>2010</u>	<u>2009</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,549,591	\$35,201,998	\$36,540,280	(\$1,338,282)
Specific Tax, Liquor 4%	2,994,229	34,192,015	34,477,148	(285,133)
Excise Tax, Wine	1,456,967	8,276,527	7,832,797	443,730
Excise Tax, Mixed Spirit Drink	60,017	350,534	322,960	27,574
Fines & Costs	78,347	803,066	925,510	(122,444)
Miscellaneous Revenue	5,016	127,672	60,691	66,981
TOTAL GENERAL FUND - GENERAL PURPOSE	<u>\$8,144,167</u>	<u>\$78,951,812</u>	<u>\$80,159,386</u>	<u>(\$1,207,574)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$102,650	\$8,156,076	\$7,855,586	\$300,490
41.5% To Licensing & Enforcement	78,654	4,927,313	4,766,328	160,985
3.5% To Alcoholism Prevention Programs	6,532	413,486	399,261	14,225
Additional Resort License Fees	0	19,650	94,070	(74,420)
Direct Shipper License Fees	1,075	52,109	73,739	(21,630)
License Transfer Fees	34,813	511,843	602,960	(91,117)
Sunday Sales Fees	23,854	1,526,425	1,494,609	31,816
Non-Retail License Fees-Wine Industry Council	10,065	543,050	508,810	34,240
Liquor Control Act Sales	120	2,935	3,170	(235)
Inspection Fees	(52,304)	330,728	256,880	73,848
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,997,980	34,237,782	34,529,437	(291,655)
Miscellaneous Revenue	3,150	50,500	46,270	4,230
TOTAL GENERAL FUND-RESTRICTED	<u>\$3,206,589</u>	<u>\$50,771,897</u>	<u>\$50,631,120</u>	<u>\$140,777</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$2,994,229	\$34,192,015	\$34,477,148	(\$285,133)
TOTAL SCHOOL AID FUND	<u>\$2,994,229</u>	<u>\$34,192,015</u>	<u>\$34,477,148</u>	<u>(\$285,133)</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,344,985</u>	<u>\$163,915,724</u>	<u>\$165,267,654</u>	<u>(\$1,351,930)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,129,651	\$12,837,964	\$12,915,713	(\$77,749)
Income From Operations (Excluding Taxes & Grants)(1)	10,686,405	127,847,350	130,824,644	(2,977,294)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$11,816,056</u>	<u>\$140,685,314</u>	<u>\$143,740,357</u>	<u>(\$3,055,043)</u>
TOTAL REVENUE COLLECTED	<u>\$26,161,041</u>	<u>\$304,601,038</u>	<u>\$309,008,011</u>	<u>(\$4,406,973)</u>

Note:

(1) Income From Operations after all operating expenses including General Fund portion of Licensing and Enforcement.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT
NINE MONTHS ENDED AUGUST 31**

	COMMISSION (1)		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2010	TOTAL 2009
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
	MLCC APPROPRIATED EXPENSES							
Salaries & Wages	\$34,629	\$335,310	\$104,282	\$1,163,924	\$474,784	\$5,570,155	\$7,069,389	\$6,997,793
Longevity & Insurance	0	0	33,624	398,018	113,732	1,443,833	1,841,851	1,800,868
Retirement & FICA	0	0	48,009	538,304	176,318	2,070,376	2,608,680	2,476,578
Subtotal	\$34,629	\$335,310	\$185,915	\$2,100,246	\$764,834	\$9,084,364	\$11,519,920	\$11,275,239
Communications	\$0	\$0	\$2,004	\$29,539	\$9,400	\$94,842	\$124,381	\$129,956
Travel	0	0	3,015	33,530	15,949	199,707	233,237	248,003
Utilities	0	0	984	15,595	405	3,311	18,906	15,226
Contractual Services	0	0	6,683	92,227	8,437	163,968	256,195	442,082
Supplies & Materials	0	0	9,559	90,511	18,121	166,576	257,087	258,243
Equipment Replacement, Additions & Rentals	0	0	1,217	28,277	1,965	32,395	60,672	92,527
Miscellaneous	0	0	0	3,956	6,926	11,843	15,799	8,669
Subtotal	\$0	\$0	\$23,462	\$293,635	\$61,203	\$672,642	\$966,277	\$1,194,706
TOTAL MLCC APPROPRIATED EXPENSES	\$34,629	\$335,310	\$209,377	\$2,393,881	\$826,037	\$9,757,006	\$12,486,197	\$12,469,945
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$15,617	\$224,983	\$52,637	\$738,345	\$963,328	\$1,119,286
Other Operating Transfers Out(3)	0	0	0	0	0	0	9,249,840	8,995,458
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$15,617	\$224,983	\$52,637	\$738,345	\$10,213,168	\$10,114,744
GRAND TOTAL	\$34,629	\$335,310	\$224,994	\$2,618,864	\$878,674	\$10,495,351	\$22,699,365	\$22,584,689

Notes:

- (1) Fringe benefits and other expenses are reported in Management Support as appropriated by the Legislature.
- (2) Rent and Building Occupancy amounts are appropriated in Management Services, Department of Energy, Labor and Economic Growth.
- (3) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in the totals.