

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

July 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

JULY FINANCIAL REPORT

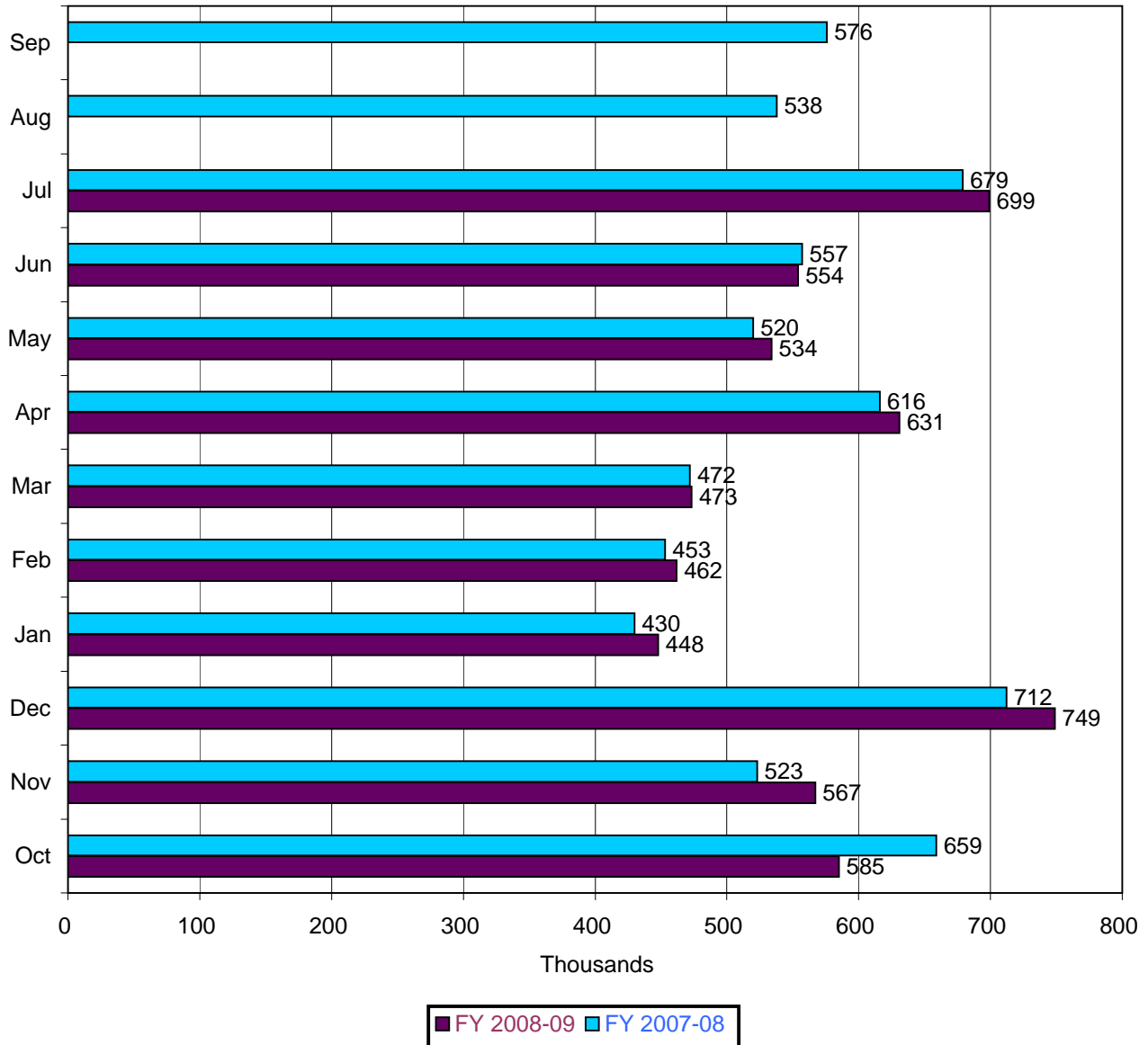
FISCAL YEAR 09 - 10

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CASE SALES



	Fiscal Year to Date 10/09-07/10	Fiscal Year to Date 10/08-07/09	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,701,038	5,620,348	80,690	1.44%
Average Price Per Case Sold	\$137.02	\$140.44	(\$3.42)	-2.44%

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

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	<u>73,425,507</u>	<u>94,318,783</u>
Subtotal	\$73,426,207	\$94,319,483
Liquor Inventory - At Current Cost	4,137,808	5,821,355
Prepaid Distribution Costs of Inventory	319,177	415,754
Other Assets		
Accounts Receivable	\$33,340,553	\$19,556,467
Returned Checks	123,778	189,235
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>33,464,331</u>	<u>19,745,702</u>
TOTAL ASSETS	<u><u>\$111,347,523</u></u>	<u><u>\$120,302,294</u></u>
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$886,160	\$2,631,366
Warrants Authorized/Not Issued	75,721,461	76,189,415
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	\$77,242,619	\$79,140,072
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>32,736,960</u>	<u>39,449,180</u>
Current Period Ending Balance	<u>33,612,699</u>	<u>40,324,919</u>
TOTAL LIABILITIES & RETAINED EARNINGS	<u><u>\$111,347,523</u></u>	<u><u>\$120,302,294</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 JULY 31

	2010	2009
REVENUE		
TOTAL GROSS SALES	\$781,149,012	\$789,319,989
Less: Discounts Allowed	132,869,309	134,282,854
PROCEEDS - SALE OF LIQUOR	\$648,279,703	\$655,037,135
Less: Cost of Goods Sold		
Beginning Inventory	\$7,008,115	\$8,772,511
Add: Purchases	470,201,113	474,659,937
Less: Ending Inventory	4,137,808	5,821,355
Cost of Goods Sold	\$473,071,420	\$477,611,093
GROSS REVENUE FROM SALE OF LIQUOR	\$175,208,283	\$177,426,042
OTHER REVENUE		
Miscellaneous Revenue	(\$17,080)	\$31,533
Non-Operating Revenue	0	0
Interest Revenue	137,735	555,433
TOTAL OTHER REVENUE	\$120,655	\$586,966
TOTAL REVENUE	\$175,328,938	\$178,013,008
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$300,682	\$279,790
Management Support	2,184,502	2,238,389
Licensing & Enforcement (1)	4,134,134	4,135,232
Distribution Cost Paid to Suppliers	39,740,251	39,101,513
Compensated Absences	0	0
Total MLCC Expenses	\$46,359,569	\$45,754,924
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	3,525,137	2,884,517
MLCC Rent	895,074	1,022,334
DELEG - Executive Direction	(461,234)	(26,692)
DELEG - Administrative Offices	2,077,199	2,016,581
Total Other Agencies Expenses		
Excluding Transfers Not Related to MLCC	\$7,011,588	\$6,714,631
TOTAL EXPENSES AND TRANSFERS	\$53,371,157	\$52,469,555
NET INCOME (Not Including Taxes & Grants)	\$121,957,781	\$125,543,453
Add: Specific Tax, Liquor 1.85%	11,708,313	11,801,431
NET REVENUE (Before Unrelated Expenses)	\$133,666,094	\$137,344,884
DELEG-Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$131,255,594	\$134,934,384
RETAINED EARNINGS		
Transfers to General Fund-Cash	110,000,000	110,000,000
Current Year Increase or (Decrease)	\$21,255,594	\$24,934,384
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$22,131,333	\$25,810,123

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2010</u>	<u>2009</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	175,328,938	178,013,008	(2,684,070)
Specific Tax, Liquor 1.85%	<u>11,708,313</u>	<u>11,801,431</u>	<u>(93,118)</u>
Total Equity Available	<u>\$187,912,990</u>	<u>\$190,690,178</u>	<u>(\$2,777,188)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$110,000,000	\$110,000,000	\$0
MLCC Expenses	46,359,569	45,754,924	604,645
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,011,588	6,714,631	296,957
DELEG Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$165,781,657</u>	<u>\$164,880,055</u>	<u>\$901,602</u>
Ending Equity	<u>\$22,131,333</u>	<u>\$25,810,123</u>	<u>(\$3,678,790)</u>

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

	<u>2010 MONTH</u>	<u>YTD</u>	<u>2009 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$78,694,474	\$632,177,493	\$76,609,341	\$636,823,021	(\$4,645,528)
On Premise	17,009,096	148,577,146	17,763,587	152,106,779	(3,529,633)
Other	63,486	394,373	47,672	390,189	4,184
TOTAL GROSS SALES	<u>\$95,767,056</u>	<u>\$781,149,012</u>	<u>\$94,420,600</u>	<u>\$789,319,989</u>	<u>(\$8,170,977)</u>
Less: Discounts Allowed	16,287,122	132,869,309	16,063,245	134,282,854	(1,413,545)
PROCEEDS-SALE OF LIQUOR	<u>\$79,479,934</u>	<u>\$648,279,703</u>	<u>\$78,357,355</u>	<u>\$655,037,135</u>	<u>(\$6,757,432)</u>
Less: Cost of Goods Sold	57,749,025	473,071,420	56,570,304	477,611,093	(4,539,673)
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$21,730,909</u>	<u>\$175,208,283</u>	<u>\$21,787,051</u>	<u>\$177,426,042</u>	<u>(\$2,217,759)</u>
OTHER REVENUE					
Miscellaneous Revenue	\$9,470	(\$17,080)	(\$12,123)	\$31,533	(\$48,613)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	47,524	137,735	148,664	555,433	(417,698)
TOTAL OTHER REVENUE	<u>\$56,994</u>	<u>\$120,655</u>	<u>\$136,541</u>	<u>\$586,966</u>	<u>(\$466,311)</u>
TOTAL REVENUE	<u>\$21,787,903</u>	<u>\$175,328,938</u>	<u>\$21,923,592</u>	<u>\$178,013,008</u>	<u>(\$2,684,070)</u>
Less: Distribution Cost Paid to Suppliers	4,854,727	39,740,251	4,669,470	39,101,513	638,738
INCOME FROM LIQUOR MERCHANDISING	<u>\$16,933,176</u>	<u>\$135,588,687</u>	<u>\$17,254,122</u>	<u>\$138,911,495</u>	<u>(\$3,322,808)</u>
MANAGEMENT EXPENSES					
Commission	(\$11,383)	\$300,682	\$22,762	\$279,790	\$20,892
Management Support(1)	235,908	2,393,869	196,956	2,407,301	(13,432)
Licensing & Enforcement(1)	989,799	9,616,677	976,322	9,763,524	(146,847)
DELEG Services	(713,760)	4,026,465	45,738	4,400,389	(373,924)
DIT - Information Technology Services	370,284	3,525,137	217,610	2,884,517	640,620
Attorney General	283,682	741,864	255,218	667,354	74,510
Auditor General	79,950	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>\$1,234,480</u>	<u>\$18,427,742</u>	<u>\$1,714,606</u>	<u>\$18,142,912</u>	<u>\$284,830</u>
INCOME FROM OPERATIONS	<u>\$15,698,696</u>	<u>\$117,160,945</u>	<u>\$15,539,516</u>	<u>\$120,768,583</u>	<u>(\$3,607,638)</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,457,664	11,708,313	1,416,609	11,801,431	(93,118)
Revenue Collected for Other Funds	16,734,031	149,570,739	16,743,265	151,306,425	(1,735,686)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$33,890,391</u>	<u>\$278,439,997</u>	<u>\$33,699,390</u>	<u>\$283,876,439</u>	<u>(\$5,436,442)</u>
Number of Cases Sold	699,337	5,701,038	678,752	5,620,348	80,690
Number of Sales Days	25	217	25	218	(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 JULY 31**

	<u>CURRENT MONTH</u>	<u>2010</u>	<u>2009</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$4,118,208	\$31,652,407	\$32,725,318	(\$1,072,911)
Specific Tax, Liquor 4%	3,826,452	31,197,786	31,517,421	(319,635)
Excise Tax, Wine	701,609	6,819,560	6,944,676	(125,116)
Excise Tax, Mixed Spirit Drink	53,514	290,517	292,712	(2,195)
Fines & Costs	64,240	724,719	838,459	(113,740)
Miscellaneous Revenue	3,341	122,656	57,743	64,913
TOTAL GENERAL FUND - GENERAL PURPOSE	<u>\$8,767,364</u>	<u>\$70,807,645</u>	<u>\$72,376,329</u>	<u>(\$1,568,684)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$109,398	\$8,053,426	\$7,770,983	\$282,443
41.5% To Licensing & Enforcement	82,546	4,848,659	4,699,803	148,856
3.5% To Alcoholism Prevention Programs	6,962	406,954	393,878	13,076
Additional Resort License Fees	0	19,650	94,070	(74,420)
Direct Shipper License Fees	1,103	51,034	72,739	(21,705)
License Transfer Fees	36,003	477,030	559,276	(82,246)
Sunday Sales Fees	25,490	1,502,571	1,473,805	28,766
Non-Retail License Fees-Wine Industry Council	8,790	532,985	503,075	29,910
Liquor Control Act Sales	135	2,815	2,945	(130)
Inspection Fees	36,465	383,032	234,520	148,512
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,829,963	31,239,802	31,564,886	(325,084)
Miscellaneous Revenue	3,360	47,350	42,695	4,655
TOTAL GENERAL FUND-RESTRICTED	<u>\$4,140,215</u>	<u>\$47,565,308</u>	<u>\$47,412,675</u>	<u>\$152,633</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,826,452	\$31,197,786	\$31,517,421	(\$319,635)
TOTAL SCHOOL AID FUND	<u>\$3,826,452</u>	<u>\$31,197,786</u>	<u>\$31,517,421</u>	<u>(\$319,635)</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$16,734,031</u>	<u>\$149,570,739</u>	<u>\$151,306,425</u>	<u>(\$1,735,686)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,457,664	\$11,708,313	\$11,801,431	(\$93,118)
Income From Operations (Excluding Taxes & Grants)(1)	15,698,696	117,160,945	120,768,583	(3,607,638)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$17,156,360</u>	<u>\$128,869,258</u>	<u>\$132,570,014</u>	<u>(\$3,700,756)</u>
TOTAL REVENUE COLLECTED	<u>\$33,890,391</u>	<u>\$278,439,997</u>	<u>\$283,876,439</u>	<u>(\$5,436,442)</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 JULY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2010	2009
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	(\$11,384)	\$300,682	\$104,069	\$1,059,641	\$521,379	\$5,095,372	\$6,455,695	\$6,404,736
Longevity & Insurance	0	0	33,589	364,394	113,974	1,330,101	1,694,495	1,648,324
Retirement & FICA	0	0	47,919	490,295	185,747	1,894,058	2,384,353	2,256,027
Subtotal	(\$11,384)	\$300,682	\$185,577	\$1,914,330	\$821,100	\$8,319,531	\$10,534,543	\$10,309,087
Communications	\$0	\$0	\$2,662	\$27,535	\$8,324	\$85,442	\$112,977	\$116,627
Travel	0	0	3,378	30,515	24,722	183,757	214,272	227,822
Utilities	0	0	2,000	14,612	454	2,906	17,518	12,310
Contractual Services	0	0	0	85,544	43,677	155,531	241,075	428,011
Supplies & Materials	0	0	5,446	80,951	12,511	148,455	229,406	238,378
Equipment Replacement, Additions & Rentals	0	0	14,691	27,060	2,526	30,430	57,490	87,377
Miscellaneous	0	0	0	3,956	1,305	4,917	8,873	8,669
Subtotal	\$0	\$0	\$28,177	\$270,173	\$93,519	\$611,438	\$881,611	\$1,119,194
TOTAL MLCC APPROPRIATED EXPENSES	(\$11,384)	\$300,682	\$213,754	\$2,184,503	\$914,619	\$8,930,969	\$11,416,154	\$11,428,281
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$22,154	\$209,366	\$75,181	\$685,708	\$895,074	\$1,022,334
Other Operating Transfers Out(3)	0	0	0	0	0	0	8,527,014	8,102,797
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$22,154	\$209,366	\$75,181	\$685,708	\$9,422,088	\$9,125,131
GRAND TOTAL	(\$11,384)	\$300,682	\$235,908	\$2,393,869	\$989,800	\$9,616,677	\$20,838,242	\$20,553,412

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.