

Michigan Department of Licensing and Regulatory Affairs

(formerly Department of Energy, Labor and Economic Growth)
Jennifer M. Granholm, Governor, as of 9/30/2010 (fiscal year end)
Andrew Levin, Acting Director, as of 9/30/2010 (fiscal year end)

www.michigan.gov/lcc



Michigan Liquor Control Commission

Annual Financial Report 2010





RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN LIQUOR CONTROL COMMISSION
ANDREW J. DELONEY
CHAIRMAN

STEVEN H. HILFINGER
DIRECTOR

To the Citizens of Michigan and Other Readers:

The Michigan Liquor Control Commission is, by law, the wholesaler of all spirits sold in Michigan. All profits and taxes collected from this wholesaling activity are returned to the people of Michigan through transfer to various state funds for appropriation by the Legislature. This Annual Financial Report is our accounting to you of the liquor wholesaling operation in Michigan, and related activity.

During this past year the Commission increased its training efforts with local law enforcement agencies and industry trade groups to educate all parties on the Liquor Control Code, Administrative Rules, and Commission policies. The Commission updated its law enforcement training program to include alcohol energy drinks, pouch pack drinks, and other industry trends.

This Annual Financial Report has an informational section and a statement section. We are required by law to provide the statement section, reporting on the activity of the Liquor Purchase Revolving Fund and the revenue our activities generate for the people of Michigan. We have selected other information to include because we think it will be of interest to our readers.

The Commission holds public hearings twice each year "for the purpose of hearing complaints and receiving the views of the public with respect to the administration of this act." These hearings are required by law, and usually take place in June and December. You are cordially invited to attend our public hearings to speak to the Commissioners or to make comments to the Commission by other means. You may call our offices in Lansing at 517.322.1345 for the time and location of our next public hearing or email us at mlccinfo@michigan.gov.

Our website contains a wealth of information. You can learn more about the liquor licensing process, see lists of licenses available, obtain forms, read our frequently asked enforcement questions, search the Liquor Code and Rules, and much more. View our website at www.michigan.gov/lcc. We encourage you to visit our website anytime you have a question.

Sincerely,

Andy Deloney, Chairman

TABLE OF CONTENTS

EXECUTIVE DIGEST

Summary	1
The MLCC.....	2
Trends.....	5
Distilled Spirits	7
Beer - Wine - Mixed Spirits	8
Control	9
National Trends and Statistics	12

FINANCIAL STATEMENTS FOR THE LIQUOR PURCHASE REVOLVING FUND (UNAUDITED)

Unaudited Comparative Statement of Net Assets	13
Unaudited Comparative Statement of Revenues, Expenses, and Changes in Net Assets.....	14
Unaudited Statement of Cash Flows	15
Notes to Financial Statements	16

SUPPLEMENTAL FINANCIAL SCHEDULES (UNAUDITED)

Unaudited Comparative Comprehensive Schedule of Operations.....	21
Unaudited Comparative Comprehensive Schedule of Revenue Collected	22
Unaudited Comprehensive Schedule of Expenses by Type and Account.....	23

Authority: P.A. 431 of 1984, MCL 436.1221 Cost: 200 copies, \$208.00 (\$1.04 per copy).	LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.
--	--

Executive Digest

Summary

Michigan Compiled Laws (MCL) Section 436.1221 authorized the Liquor Control Commission, with the Department of Energy, Labor and Economic Growth, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The Liquor Purchase Revolving Fund accounts for the sales of and the replenishing and transportation of the liquor stock. Administrative, warehousing, and delivery costs are paid for through this fund. The "net income" of the fund is transferred to the General Fund in accordance with MCL Section 18.1435.

REVENUE/EXPENSE ITEM	FY 2009-10 (In millions)	FY 2008-09 (In millions)	% INCREASE (DECREASE)
Gross Sales	\$940.2	\$942.1	(.2)
Licensee Discounts	159.9	160.3	(.2)
Cost of Goods Sold	569.7	570.9	(.2)
Gross Revenue - Liquor	210.6	210.9	(.1)
Operating Expenses ¹	71.0	68.5	3.6
Miscellaneous Revenue	.2	.7	(71.4)
Income from Operations ²	139.8	143.1	(2.3)
Specific Liquor Taxes	126.8	127.0	(.2)
Other Revenue Collected	67.4	67.0	.6
Total Net Revenue	334.0	337.1	(.9)

NOTES:

(1) Operating Expenses do not include Liquor Purchase Revolving Fund transfers for grants. The transfers for grants of \$2,410,500 for 2010 and \$2,410,500 for 2009 are for Grants to Cities for Fire Protection. Licensing and Enforcement expenses attributable to General Fund are included in Operating Expenses.

(2) This figure does not include taxes or grants, and is computed after deducting all operating expenses including the General Fund portion of Licensing and Enforcement expenses. Operating Income in the Liquor Purchase Revolving Fund is \$157.1 million.

OTHER MERCHANDISING STATISTICS	FY 2009-10	FY 2008-09	% INCREASE (DECREASE)
Number of Cases Sold	6,877,873	6,734,253	2.1
Average Price Per Case	\$136.70	\$139.90	(2.3)
Items Available (brands and sizes)	6,026	5,643	6.8
Number of Bottles Sold	111,465,366	111,047,074	0.4
Average Price Per Bottle	\$8.44	\$8.48	(0.5)

APPARENT CONSUMPTION STATISTICS	FY 2009-10		FY 2008-09	
	Gallons	Per Capita ³	Gallons	Per Capita ³
Distilled Spirits	15,951,011	1.61	15,743,240	1.58
Mixed Spirit Drinks	259,683	0.03	208,149	0.02
Wine (21% alcohol or less)	20,985,425	2.12	19,337,009	1.94
Beer	199,894,118	20.22	200,430,338	20.10

Note:

(3) Using estimated Michigan population as shown on page 8.

The MLCC

Michigan is one of 18 “control states” as related to the alcohol beverage industry. “Control State” means that state government is responsible for the sale and distribution of certain alcohol beverages as opposed to a license state where wholesale and retail sales of distilled spirits are mandated by private sellers.

Control states receive the markup revenues that would have otherwise been received by private sellers. They can use this revenue for state expenditures. Control states account for approximately one-third of the U. S. population.



- | | | |
|-------------|----------------|-------------------|
| Alabama | New Hampshire | Vermont |
| Idaho | North Carolina | Virginia |
| Iowa | Ohio | Washington |
| Maine | Oregon | West Virginia |
| Michigan | Pennsylvania | Wyoming |
| Mississippi | Utah | Montgomery Co. MD |
| Montana | | |

Michigan is the wholesaler of liquor in the state by law. It uses private Authorized Distribution Agents to carry out liquor distribution functions on its behalf.

The MLCC is administered by five commissioners, appointed by the governor with the advice and consent of the Michigan Senate to four-year, rotating terms. The Chair of the Commission is selected by the Governor. Of the five members, no more than three can be of the same political party.

Two of the Commissioners (one Democrat and one Republican) serve as Hearing Commissioners and conduct hearings on violations of the Liquor Control Code and Administrative Rules of the Commission.

The remaining three Commissioners are designated as the Administrative Commissioners and are responsible for decisions and interpretation of the Liquor Control Code and Administrative Rules in the areas of licensing, enforcement, purchasing, merchandising and distribution. They also serve as an appeal board for decisions of the Hearing Commissioners and hear licensing appeals.

The MLCC

The MLCC has two main administrative offices, one in Lansing and one in Southfield. It employs five division directors to oversee the day-to-day operations of the Commission. The Commission staff is organized into the following areas:

- **Assistant Attorneys General:**
The Attorney General assigns Assistant Attorneys General to the Alcohol & Gambling Enforcement Division legal staff. These Assistant Attorneys General review all violations for issuance of complaints, present all hearing cases to the Commission, and serve as the Commission's legal counsel.
- **Executive Services Division:**
The Executive Services Division provides administrative support to the Commissioners in the areas of hearings, appeals, policy research and public affairs.
- **Financial Management Division:**
The Financial Management Division provides management support to the Commission in the areas of financial analysis; accounting; budgeting; tax collections for beer, wine, and spirits; forms and telecommunications. The division also uses daily order quantities to purchase liquor for sale to licensees. Quotations for all liquor codes are processed, accepted or denied, and priced in this division.
- **Licensing Division:**
The Licensing Division is responsible for processing retail, wholesaler and manufacturer license applications, as well as issuing approved licenses and handling the subsequent renewals. The division approves labeling and advertising by manufacturers and wholesalers.
- **Enforcement Division:**
The Enforcement Division is responsible for the investigation of license applicants. The Enforcement staff also investigates complaints against current licensees and periodically inspects licensed locations for violations of the Liquor Control Code.
- **Administrative Services Division:**
The Administrative Services Division provides administrative support to the Commission in the areas of internal education and training. The division also provides oversight for server training programs, online spirit ordering, Authorized Distribution Agents and Michigan Business One Stop.

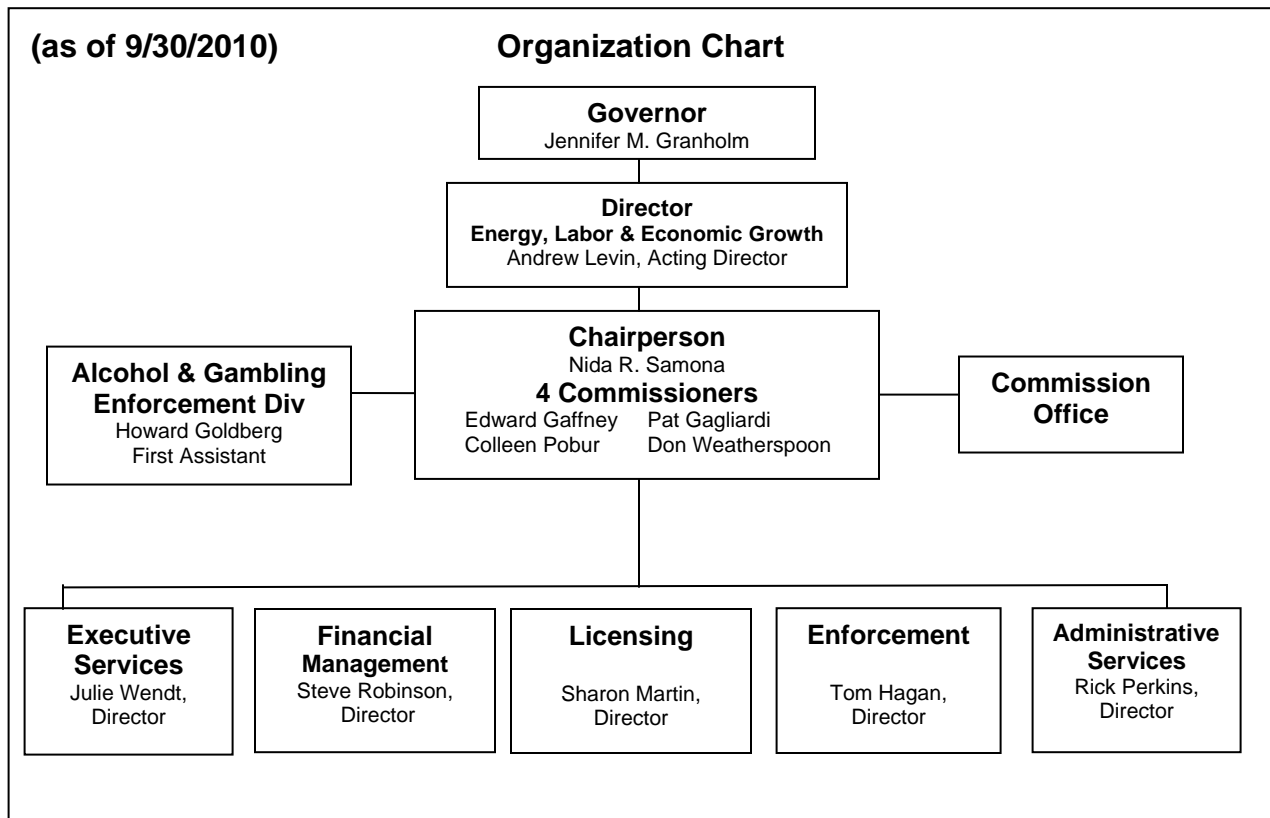
The Liquor Control Code

The Liquor Control Code, P.A. 58 of 1998, as amended, prescribes the duties and responsibilities of the Commission. The Liquor Control Code defines the various types of liquor licenses and the licensing requirements; the State liquor markup rate, liquor licensee discount rate, and tax rates; and the guidelines for operating licensed establishments.

In addition to the Liquor Control Code, the Commission is guided by its administrative rules, which are designed to carry out the laws and assure equal treatment. When filed with the Secretary of State, the rules have the effect of law and are binding on licensees of the MLCC.

The MLCC

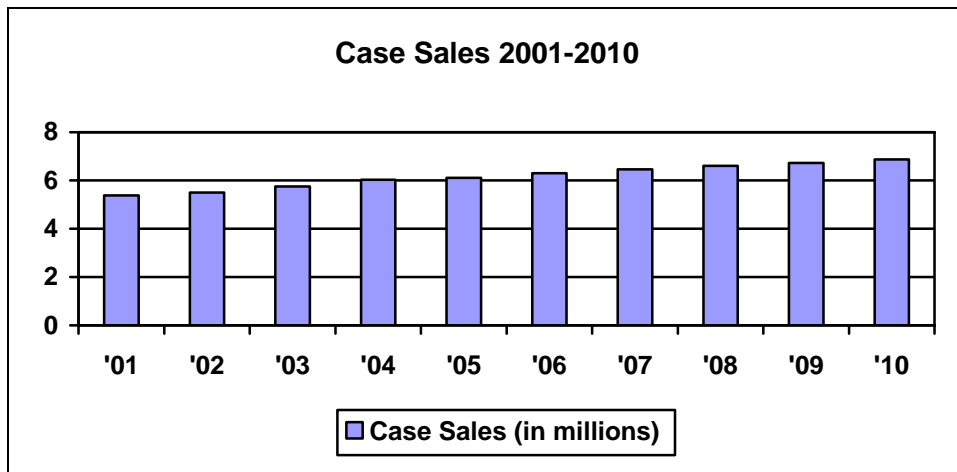
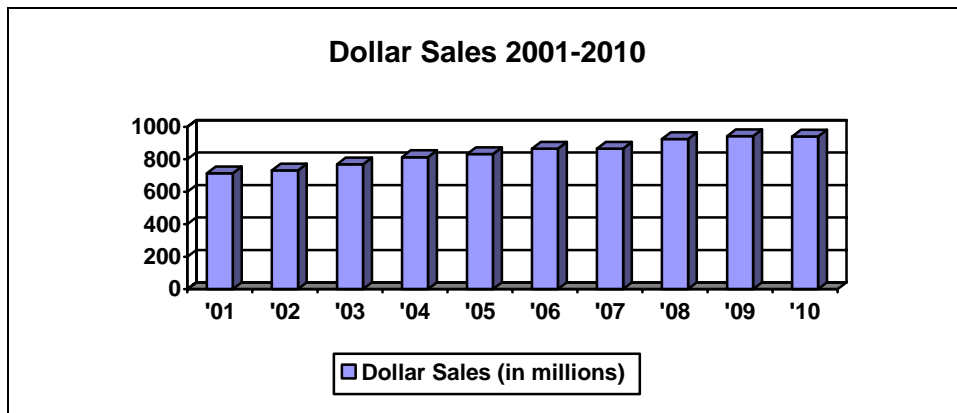
MLCC Personnel (as of 9/30/2010)		
	<u>Full-Time Employees</u>	<u>Part-Time Employees</u>
Commissioners	5	0
Attorney General Support	4	0
Executive Services	13	0
Financial Management	16	0
Licensing	46	1
Enforcement	61	0
Administrative Services	<u>3</u>	<u>0</u>
TOTAL	<u>148</u>	<u>1</u>



Trends

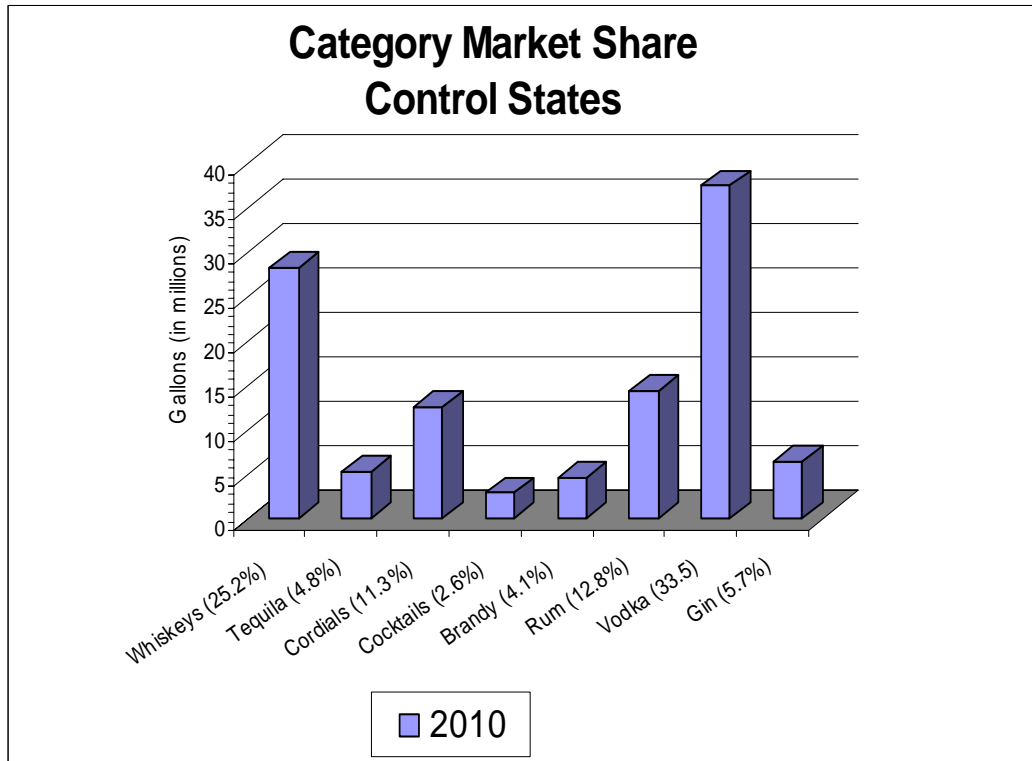
Dollar Sales

Since the 2001 fiscal year, there has been a 31.9% increase in dollar sales from \$712.7m in FY 2001 to \$940.2m in FY 2010. News groups are reporting that consumers are enamored with a wide variety of flavors. They are drinking fruit flavored products, products mixed with juices and colorful cocktails. The industry has responded with a broad spectrum of choices. Classic cocktail drinks have also made a comeback in the United States. New products have been introduced into the market at a fast pace.

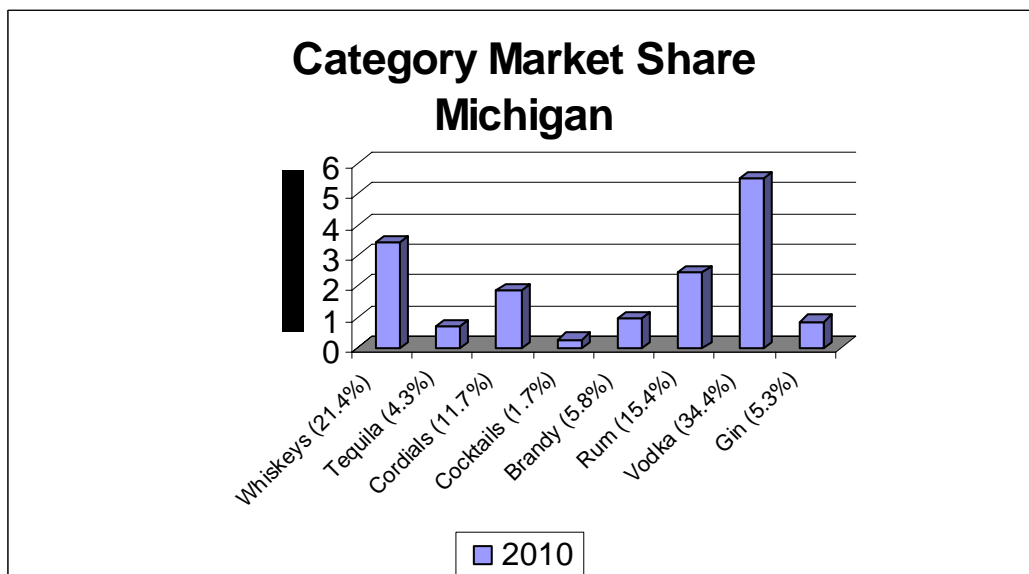


Case Sales

The 10-year case sales history graph shows an increase in case sales every year since FY 2001. This trend continued in 2009-2010 with sales of 6,877,873 cases. This is an increase of 27.9% above the FY 2001 cases sales figure of 5,377,947. However, these increases do not parallel the increase in dollar sales over the last 10 years. They are much smaller. This could be due, in part, to people consuming more higher-priced premium and super premium brand items.



Other Control States and Michigan consumer preferences are very similar. Whiskeys and vodkas are the two most popular categories, comprising 58.7 percent of the Control States market share and 55.8 percent of the Michigan market share. Vodka has been the most popular category in Michigan for the last nine years, with new fruit-flavored products spurring the category's growth. New generations of drinkers are accustomed to a wide variety of flavors in foods and beverages and this desire has carried over into their choice of alcohol drinks. Vodka's versatility and mixability allow consumers more variety of flavors.



Distilled Spirits

The Michigan Liquor Control Commission is, by law, the wholesaler of all spirits in Michigan. Suppliers request approval from the Commission to have products available for sale in Michigan, distributed by the Commission.

There are over 6,000 products available for sale by the commission. The Commission's Liquor Price List is available in xls and pdf formats on the MLCC internet homepage at: <http://www.michigan.gov/lcc>. Click on "Publications" on the left side of the screen. Then, click on "Click here for: Spirit Ordering" and select an option.

Also, it is possible to search for specific product information. On the MLCC homepage, find the MLCC Online Services list located at the bottom of the page. Then scroll down and click on "Searchable Pricebook".

Licenses may order their distilled spirits through the State's Internet ordering system. They may also order through individual Authorized Distribution Agents (ADAs). There are currently three ADAs: General Wine and Liquor, National Wine and Spirits, and Chinese Import & Export.

The ADAs assemble and deliver orders to the licensees on behalf of the Liquor Control Commission. Licensees receive free delivery once a week provided they meet the one case minimum order requirement and adhere to order day assignments.

All proceeds from the sale of liquor go to the State of Michigan, and all profits are transferred to the State Treasury.

The Michigan Liquor Control Commission
PRICE ANALYSIS OF SAMPLE 750 ml SPIRITS
 Retail Price to Consumer with 65% Markup by MLCC = \$10.01

Liquor Tax	\$1.21
Distribution	
1.85% Specific Tax (LPRF*)	.16
4% Specific Tax (Convention Facilities)	.35
4% Specific Tax (School Aid)	.35
4% Specific Tax (General Fund)	.35
<hr/>	
Licensee Profit	\$1.50
(through discount)	
<hr/>	
LCC Profit	\$1.97
(Net after Licensee discount)	
<hr/>	
Federal Excise Tax	\$2.14
(\$13.50 per proof gallon, paid by distillery or importer)	
<hr/>	
Distillery or Importer	\$3.19
<hr/>	
TOTAL MINIMUM SELLING PRICE:	\$10.01



<u>Cost of Distribution</u>	<u>Amount</u>	<u>% of Total</u>
Federal Government	2.14	21.4
Distillery	3.19	31.8
State Government:		
MLCC	1.97	19.7
Specific Taxes	1.21	12.1
Liquor License Minimum Profit (Discount)	1.50	15.0

TOTAL **\$10.01** **100.0**
 *Liquor Purchase Revolving Fund
 Note: As of 11-29-04, P.A. 407 allows licensees to sell liquor at any price at or above the established minimum selling price.

Beer - Wine - Mixed Spirits

The wholesaler market for beer, wine and mixed spirit drinks is a franchised market in Michigan. Territorial agreements are made between supplier and wholesaler to cover the specific geographic areas of the state.

Tax Rate by Type of Alcohol Beverage

Beer -----	\$6.30 per 31 gallon barrel, pro-rated
Wine -----	\$.135 per liter (16% alcohol or less by volume)
	\$.20 per liter (more than 16% alcohol by volume)
Mixed Spirit Drinks -----	\$.48 per liter

2001-2010 Michigan Apparent Per Capita Alcohol Beverage Consumption in Gallons

<i>Year</i>	<i>Population (Estimated)</i>	<i>Beer</i>	<i>Spirits</i>	<i>Wine</i>	<i>Mixed Spirit Drinks</i>
2001	10,006,000	21.11	1.32	1.47	0.05
2002	10,050,000	20.76	1.33	1.42	0.04
2003	10,080,000	20.92	1.37	1.61	0.03
2004	10,113,000	20.87	1.42	1.71	0.03
2005	10,121,000	20.59	1.44	1.72	0.03
2006	10,096,000	20.41	1.48	1.78	0.02
2007	10,072,000	20.28	1.52	1.87	0.03
2008	10,003,422	20.46	1.55	1.92	0.02
2009	9,970,000	20.10	1.58	1.94	0.02
2010	9,884,000	20.22	1.61	2.12	0.03

Per Capita Consumption

Apparent per capita consumption (volume consumed divided by the estimated population) is often used to determine consumer preferences among the types of alcohol beverages as well as being associated with public health and safety statistics.

For the last several years, Michigan parallels the national trend to consume more wine and distilled spirits. Wine consumption has increased possibly due in part to reaction to recent medical research findings of health benefits with moderate wine consumption.

Distilled spirits consumption has increased due to strong brand loyalty among young adults. Women in particular prefer the taste of wine and distilled spirits to beer.

MLCC TAX AND SALES STATISTICS

	<u>Collection of Taxes</u>			<u>Sales in Barrels/Liters</u>		
	<u>2009-10</u>	<u>2008-09</u>	<u>Increase/ (Decrease)</u>	<u>2009-10</u>	<u>2008-09</u>	<u>Increase/ (Decrease)</u>
Beer	\$40,510,976	\$40,370,246	\$ 140,730	Barrels of Beer 6,448,197	6,465,495	(17,298)
Wine	10,438,801	10,400,143	38,658	Liters of Wine 79,440,328	73,200,249	6,240,079
MSD*	412,086	386,454	25,632	Liters of MSD* 983,029	787,948	195,081
TOTAL	\$51,361,863	\$51,156,843	\$ 205,020			

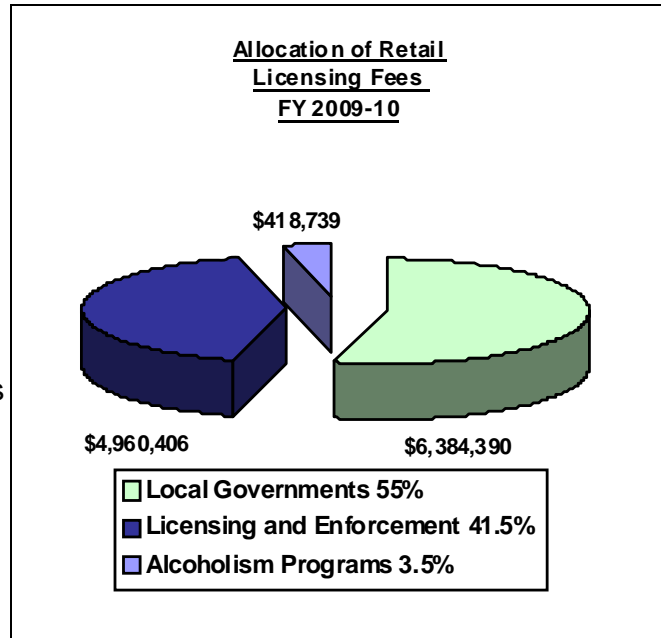
* Mixed Spirit Drinks

Control

Licensing

The Michigan Liquor Control Commission licenses all retailers, wholesalers and other individuals or businesses involved in the manufacture, purchase, sale, or use of alcohol beverages.

Just under 15,900 retail businesses, including bars, grocery stores, restaurants, hotels, convenience stores and pharmacies have one or more active licenses to sell alcohol beverages. In addition to retail licenses, the MLCC had just under 9,000 issued licenses to manufacturers and other agents. The MLCC began issuing direct shipping licenses in May 2006. These licensed U.S. wineries may deliver ordered wine products to Michigan residents' homes. There are currently 712 wineries that hold Direct Shipper Licenses.



The types of licenses available and licensing requirements are set by state law and the administrative rules of the Commission. The number of certain types of licenses available is governed by population quota for the local governmental unit.

Retail license fees are distributed according to state statute. As shown in the chart above, 55% of the returnable retail licensing fees collected by the MLCC are earmarked for local governments. The MLCC collected nearly \$14.0 million in retail license and transfer fees in fiscal year 2009-10. This amount included \$11,763,535 in returnable retail license fees.

The Michigan Grape and Wine Industry Council receives the non-retail license fees collected by the MLCC. This fiscal year, these fees amounted to \$549,105.

Active Retail Liquor Licensed Businesses (by type)

On-Premise Licensed Businesses: Total 8,405

Class C: 5,939 Class C Resort: 928 B-Hotel: 188 B-Hotel Resort: 128
(Bars/Restaurants/Hotels) Consumption on the premises: Liquor, beer, wine and mixed spirit drink

A-Hotel: 1 A-Hotel Resort: 0 Tavern: 149 Tavern Resort: 9

Consumption on the premises: Beer and Wine only

Clubs: 998

(Membership required) Consumption on the premises: Liquor, beer, wine and mixed spirit drink

Other : 65 *(Aircraft, Watercraft, Train) Consumption on the premises: Liquor, beer, wine and mixed spirit drink*

Off-Premise Licensed Businesses: Total 7,493

SDD: 3,790 SDD-Resort: 234

Package Liquor Take-out

SDM: 3,469

Beer and Wine Take out

Total Number of Retail Licensed businesses: 15,898

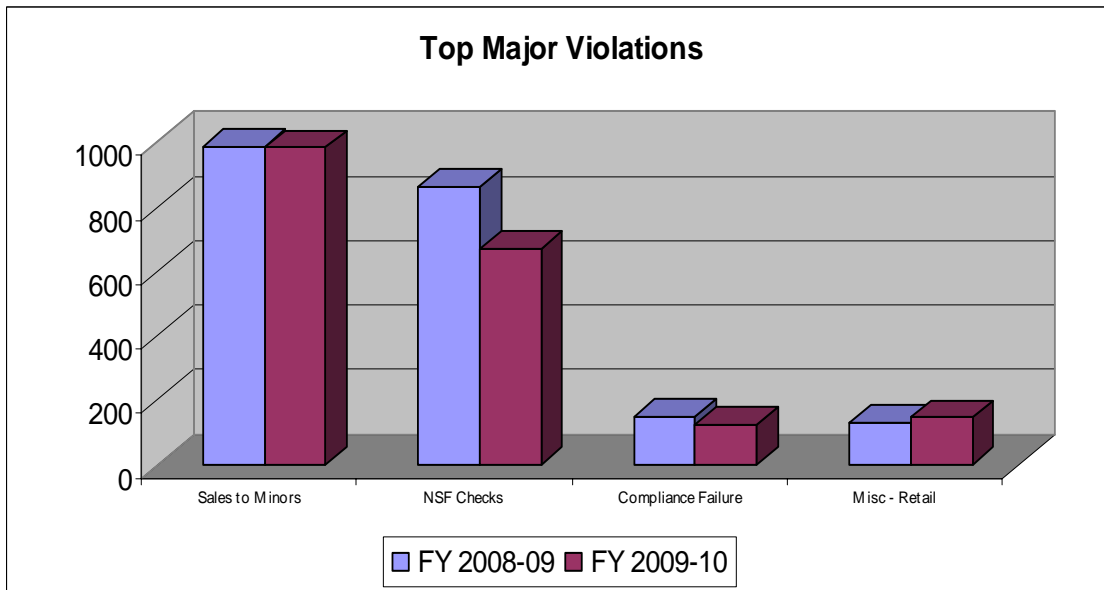
Control

Enforcement

The Enforcement staff is involved in training programs to meet the needs of retail licensees, beer and wine wholesalers, and law enforcement agencies.

The MLCC's enforcement officers regularly conduct surveillance operations in licensed premises as part of their efforts to ensure that the state's liquor laws and MLCC rules are being adhered to by liquor licensees. Their efforts to serve the citizens of the state often go unnoticed due to the nature of their job.

The Enforcement staff is responsible for investigating applicants for liquor licenses and assisting local, county and state law enforcement agencies with the enforcement of Michigan's liquor laws. Local law enforcement agencies submitted 1,009 liquor law violation reports in Fiscal Year 2009-2010. MLCC enforcement investigators submitted 1,423 violation reports in Fiscal Year 2009-2010.



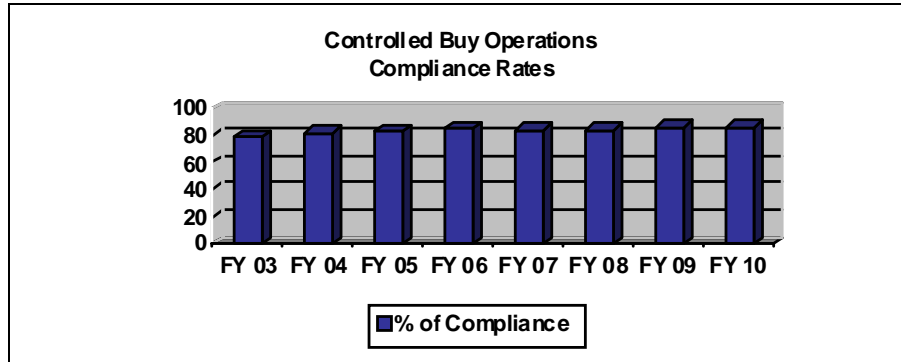
The violations that the Enforcement Division administers are varied. In addition to the top violations listed in the chart above, some of the other violations that Enforcement handles are as follows: Sales to intoxicated persons, illegally obtain or transfer license, licensee or employee convicted of illegal act, nudity, operating other than legal hours, failure to cooperate with law enforcement officers, gambling or possession of gaming equipment, and controlled substances/drugs paraphernalia.

Enforcement & Underage Drinking

In an effort to minimize underage drinking, the Enforcement Division conducts controlled buy operations, also called decoy sting operations. During a controlled buy operation, a minor will attempt to purchase alcohol from a retailer while the transaction is observed by an undercover enforcement officer. A sale results in a violation of the liquor law and subsequent fine. The Commission has a policy of zero tolerance for sale of alcohol to minors and uses the controlled buy operation as a tool to reinforce this commitment.

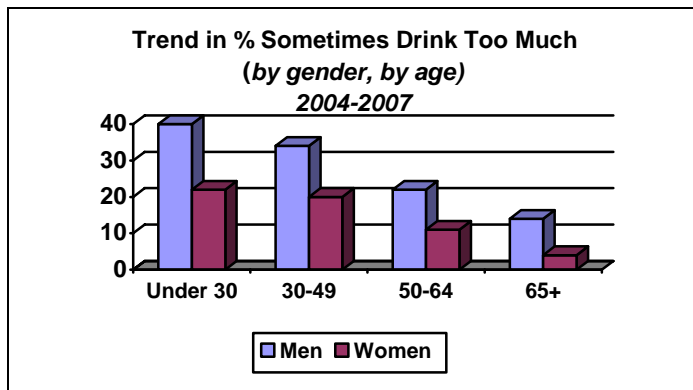
Control

During Fiscal Year 2009-10, MLCC enforcement officers conducted 1,426 controlled buy operations and wrote 191 violations for selling to minors, meaning 13% of stops resulted in a violation. This percentage is equal to last fiscal year.



Enforcement & Excessive Drinking

Enforcement is also working diligently to reduce excessive drinking among all drinkers. According to a July 8-11, 2010 Gallup poll, the percentage of Americans who admit they sometimes drink too much is 23%. Combining the results of its past four overdrinking surveys (July 2004-July 2007), Gallup determined which groups of Americans are most likely to report over drinking. The results are reflected in the following graphs:



As noted by one of the above graphs, the trend to over drink is greatest for those under 30. During a 2007 Gallup poll, people were asked if they would favor or oppose a federal law that would lower the drinking age in all states to 18. Seventy-seven percent opposed this idea, 22% favored the idea and 1% had no opinion. Also, when people were asked if they thought the penalties for underage drinking should be made more strict, less strict, or remain the same, the results were as follows: 60% more strict, 6% less strict, 31% remain the same, and 3% no opinion.

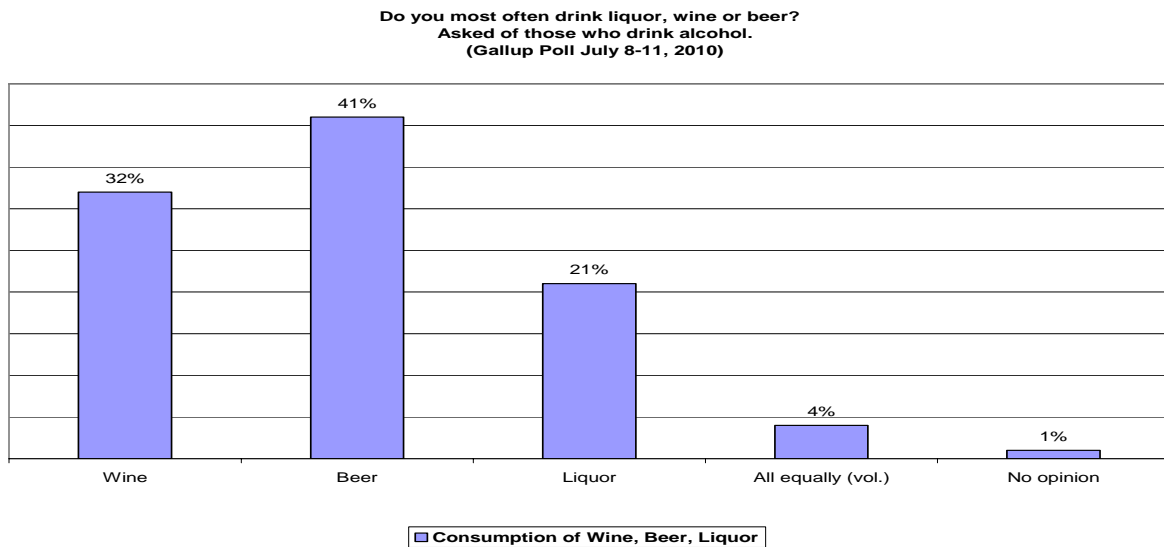
The Enforcement Division recognizes the seriousness of overdrinking and issues violations to licensees who serve alcohol to patrons in an intoxicated condition. In addition, the Enforcement Division shares complaint information on sales and service to intoxicated patrons with local law enforcement agencies who can also investigate and cite licensees for such violations.

National Trends and Statistics

Liquor Popularity

According to the Distilled Spirits Council of the United States (DISCUS), gross revenue for U.S. spirits reached \$19.1 billion in 2010, up from 18.7 billion in 2009. Revenue market share for spirits versus beer and wine grew four-tenths of a point, rising to 33.3% of the beverage alcohol market. There are several contributing factors to liquor popularity: the resurgence of cocktail culture across America; the powerful growth of premiumization; strong momentum in marketplace modernizations such as Sunday sales and tasting laws; more equitable treatment for spirits in advertising, taxation and market access; record export growth; and a wider appreciation of moderate consumption.

American Drinking Trends



Although the percentage of Americans who identify themselves as drinkers has remained virtually unchanged (67% in a July 2010 Gallup poll vs. the 63.4% historical average since 1939), there has been a small revival in regular drinking in recent years. Since 2002, polls have shown that the percentage of alcohol drinkers who consumed alcohol in the past week was 65% or higher. This is significantly more than in the early to mid-nineties when the percentage of alcohol drinkers who consumed alcohol in the past week was approximately 50%. In the 2010 Gallup poll, the average number of drinks consumed per drinker in the past week was 4.4.

The rise in regular drinking has paralleled some scientists' claims that daily moderate drinking has health benefits. According to a 2007 Gallup poll, however, only 22% of Americans believe drinking in moderation is good for one's health. Twenty-five percent believe it is detrimental to one's health and 49% believe it has no effect on one's health.

According to Gallup, there is a significant generational difference in alcohol preferences. Beer is the favorite alcoholic beverage among younger drinkers. Wine is the drink of choice among older drinkers. Gender-wise, the majority of men state they most often drink beer and the majority of women say they most often drink wine. Geographically, beer is most popular in the midwestern states. With regards to education, people with a college background prefer wine.

Michigan Department of Energy, Labor and Economic Growth

LIQUOR CONTROL COMMISSION
FINANCIAL STATEMENTS FOR THE LIQUOR
PURCHASE REVOLVING FUND (UNAUDITED)

For the Fiscal Years Ended September 30, 2010
and September 30, 2009

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$700	\$700
Equity in Common Cash (NOTE 2)	60,824,972	56,137,958
Liquor Inventory (NOTE 3)	5,939,664	7,008,115
Prepaid Distribution Costs of Inventory	475,180	553,780
Accounts Receivable	<u>6,384,124</u>	<u>5,846,884</u>
TOTAL ASSETS	<u>\$73,624,640</u>	<u>\$69,547,437</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,274,380	\$1,908,696
Accounts Payable and Other Liabilities	70,175,544	65,457,213
Amount Due to Other Funds	78,086	178,586
Current Compensated Absences	<u>710,373</u>	<u>634,998</u>
TOTAL CURRENT LIABILITIES	\$72,238,383	\$68,179,493
LONG-TERM LIABILITIES		
Long Term Compensated Absences	<u>510,518</u>	<u>492,205</u>
TOTAL LIABILITIES	<u>\$72,748,901</u>	<u>\$68,671,698</u>
NET ASSETS		
Unrestricted	<u>\$875,739</u>	<u>\$875,739</u>
TOTAL NET ASSETS	<u><u>\$875,739</u></u>	<u><u>\$875,739</u></u>

The Notes to Financial Statements section is an integral part of these financial statements.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FISCAL YEARS ENDED SEPTEMBER 30**

	2010	2009
OPERATING REVENUES		
Gross Sales	\$940,227,792	\$942,118,092
Less: Discounts Allowed	159,919,257	160,268,861
PROCEEDS - SALE OF LIQUOR	\$780,308,535	\$781,849,231
Miscellaneous Revenue	(43,085)	46,309
TOTAL OPERATING REVENUES	\$780,265,450	\$781,895,540
OPERATING EXPENSES		
Cost of Goods Sold	\$569,728,313	\$570,935,772
Distribution Costs Paid to Suppliers (NOTE 5)	47,964,201	46,921,201
Commission and DELEG Administration	398,800	391,500
Management Support	3,107,430	2,768,563
Licensing and Enforcement	5,904,921	5,137,765
Compensated Absences	93,688	(29,390)
DELEG Operating Expenses	3,964,725	3,699,783
DTMB Information Technology Services	2,619,588	2,153,905
DTMB Internal Audit Services	0	151,200
Attorney General Services	1,051,660	951,511
Auditor General	91,250	11,300
TOTAL OPERATING EXPENSES	\$634,924,576	\$633,093,110
OPERATING INCOME (LOSS)	\$145,340,874	\$148,802,430
NON-OPERATING REVENUES (EXPENSES)		
Specific Tax, Liquor 1.85%	\$14,106,598	\$14,093,466
Non-Operating Revenue	16,260	0
Interest Revenue	191,979	664,233
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$14,314,837	\$14,757,699
INCOME (LOSS) BEFORE TRANSFERS	\$159,655,711	\$163,560,129
TRANSFERS		
Income Transferred to General Fund (NOTE 1)	(\$157,107,201)	(\$161,012,264)
Other Transfers (NOTE 6)	(2,548,510)	(2,547,865)
TOTAL TRANSFERS IN (OUT)	(\$159,655,711)	(\$163,560,129)
Change in Net Assets	\$0	\$0
Net Assets - Beginning of Fiscal Year	875,739	875,739
TOTAL NET ASSETS - END OF FISCAL YEAR	\$875,739	\$875,739

The Notes to Financial Statements section is an integral part of these financial statements.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CASH FLOWS
FISCAL YEARS ENDED SEPTEMBER 30**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$780,265,450	\$781,895,540
Payments to Employees and for Administrative Expenses	(15,931,586)	(14,131,980)
Payments to Suppliers	(612,880,496)	(615,172,336)
Other Receipts	525,571	143,914
Other Payments	(1,300,476)	(1,104,157)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$150,678,463	\$151,630,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Specific Tax on Spirits	\$14,106,598	\$14,093,466
Transfers to Other Funds	(159,655,711)	(163,560,129)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(\$145,549,113)	(\$149,466,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	\$191,979	\$664,233
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$191,979	\$664,233
Net Cash Provided (Used) - All Activities	\$5,321,329	\$2,828,551
Cash and Cash Equivalents at Beginning of Year	54,229,962	51,401,411
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$59,551,291	\$54,229,962
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Per Statement of Net Assets Classifications:		
Cash	\$700	\$700
Equity in Common Cash	60,824,972	56,137,958
Warrants Outstanding	(1,274,381)	(1,908,696)
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$59,551,291	54,229,962
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$145,340,874	\$148,802,430
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Other Nonoperating Revenues	16,259	0
Net Changes in Assets and Liabilities:		
Inventories	1,068,451	1,764,396
Other Assets (Net)	(458,640)	(1,657,157)
Accounts Payable and Other Liabilities	4,711,519	2,721,312
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$150,678,463	\$151,630,981

The Notes to Financial Statements section is an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements report the financial position, changes in financial position, and cash flows of the Liquor Purchase Revolving Fund, a proprietary fund of the State of Michigan, as of and for the fiscal years ended September 30, 2010 and September 30, 2009. They are not intended to present the financial position, changes in financial position, and cash flows of the State of Michigan or its enterprise funds in conformity with accounting principles generally accepted in the United States of America. The Liquor Purchase Revolving Fund is reported as an enterprise fund in the *State of Michigan Comprehensive Annual Financial Report (SoMCAFR)*.

The footnotes accompanying these financial statements relate directly to the Liquor Purchase Revolving Fund. The *SoMCAFR* provides more extensive disclosures regarding the State's significant accounting policies; budgeting, budgetary control, and legal compliance; common cash; and pension benefits and other postemployment benefits.

The Michigan Liquor Control Commission (MLCC), within the Department of Energy, Labor & Economic Growth (DELEG) is primarily responsible for the Liquor Purchase Revolving Fund. MLCC is governed by Sections 436.1101 – 436.2303 of the *Michigan Compiled Laws (Act 58, P.A. 1998, the Michigan Liquor Control Code of 1998)*. MLCC consists of five members, each appointed by the Governor with the advice and consent of the Senate. The responsibilities of MLCC include the oversight of alcoholic liquor distribution within the State: licensing of the manufacture, importation, and sale of liquor; levy and collection of excise and specific taxes on liquor, beer, and wine; and enforcement of the Michigan Liquor Control Code.

Section 436.1221 of the *Michigan Compiled Laws* authorized the MLCC, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State Treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The Fund accounts for the sales of and the replenishing and transporting of the liquor stock. Administrative, warehousing, and delivery costs are paid for through the fund. At the end of each year, the "net income" of the fund is transferred to the General Fund in accordance with Section 18.1435 of the *Michigan Compiled Laws*.

Measurement Focus, Basis of Accounting, and Presentation

The financial statements contained in this report are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Operating revenues and expenses generally result from the purchasing and the reselling of liquor. Other revenues and expenses are reported as nonoperating.

As allowed by GASB Statement No. 20, *Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the State's proprietary funds follow all FASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

Fund Cash Account

The Fund utilizes the State Treasurer's Common Cash pool as its primary cash account. For the purpose of the statement of cash flows, the Fund considers equity in the State's Treasurer's Common Cash pool net of warrants outstanding to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. Equity in the State Treasurer's Common Cash

Equity in the State of Michigan Treasurer's (State Treasurer's) Common Cash pool represents the Fund's interest, at market, in an investment pool managed by the Treasurer of the State of Michigan (the State).

The investment authority for the Common Cash pool is found in Public Act 105 of 1855, as amended. The State Treasurer may invest surplus funds belonging to the State in the bonds, notes, and other evidences of indebtedness of the United States Government, its agencies, and in prime commercial paper. Certificates of deposit are permitted in financial institutions whose principal office is located in the State of Michigan.

The Fund's pro-rata share of the State Treasurer's Common Cash pool was \$60.8 million and \$56.1 million at September 30, 2010 and September 30, 2009 respectively. For the total amount of deposits and investments in the State Treasurer's Common Cash pool and their specific risks, please refer to the *SOMCAFR*.

Common Cash Deposits

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depositor financial institution, the State's deposits may not be recovered.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized,
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The State Treasurer's Common Cash pool policy requires the following criteria to lessen the custodial credit risk: All financial institutions holding the State's money must pledge collateral equal to the amount of the account balance for all demand and time deposits, to secure the State's funds; a bank, savings and loan association, or credit union holding the State's funds must be organized under the law of Michigan or federal law and maintain a principal office or branch office in the State of Michigan; and no deposit in any financial organization may be in excess of 50% of the net worth of the organization.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of deposits.

Public Act 35 of 1997 requires State deposits to be held in a financial institution that maintains a principal office or branch office located in the State of Michigan. The State had no Common Cash pool deposits subject to foreign currency risk at September 30, 2010.

NOTES TO FINANCIAL STATEMENTS

Common Cash Investments

Types of Investments

State Treasurer's Common Cash pool investments include prime commercial paper, corporate notes, and emergency municipal notes.

Risk

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, investments also require certain disclosures regarding policies and practices with respect to the risk associated with them. The custodial credit risk, the credit risk, the interest rate risk, the concentration of credit risk, and the foreign currency risk are discussed in the following paragraphs.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure by a counterparty, the Fund will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either:

The counterparty or the counterparty's trust department or agent, but not in the government's name.

The State Treasurer's Common Cash pool does not have an investment policy for managing custodial credit risk. At September 30, 2010, Common Cash pooled investments were not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or another counterparty to an investment will not fulfill its obligations.

The State Treasurer's Common Cash pool requires prime commercial paper investments be rated A-1 or P-1 at the time of purchase as rated by the two major rating services, Standard & Poor's (A-1) and Moody's Investor Service (P-1). Borrowers must also have at least \$400 million in commercial paper outstanding, and the State Treasurer may not invest in more than 10% of a borrower's outstanding debt. The Common Cash pooled investments are further limited to \$200 million in any borrower, unless the borrower has an A-1+ rating, in which case the investment is not to exceed \$300 million.

The State Treasurer's investment of the Common Cash pool in sugar beet loans is evidenced by unrated zero-interest promissory notes. The State Treasurer's investment in emergency municipal loans is evidenced by unrated notes held by the State in the State's name. In addition, at September 30, 2009, prime commercial paper investment were rated at A-1, P-1, or above.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The State Treasurer's Common Cash pool policy states that cash equivalents are to be invested in short term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk.

NOTES TO FINANCIAL STATEMENTS

The State Treasurer does not have a policy for controlling interest rate risk regarding the Common Cash pool investments in special loan programs (Emergency Financial Assistance Loan Program, Michigan Marina Dredging Loan Program, Michigan Sugar Beet Loan Program, and Agriculture Disaster Relief Program). These loan programs are investments created through legislation. Although some interest rate risk exposures exist, interest rate risk is not a consideration when entering into the special loan programs.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment with a single issuer.

The Fund is invested in pooled investment in the State of Michigan Common Cash pool, which is excluded from concentration of credit risk disclosure requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of deposits.

The State Treasurer's Common Cash pool investment policy does not allow for investment in foreign investments or currency; therefore, the Fund is not exposed to foreign currency risk.

NOTE 3. Liquor Inventory

Inventory is stored and handled by private Authorized Distribution Agents on behalf of the MLCC. Inventory is purchased daily in amounts sufficient to fill orders received the prior day.

NOTE 4. Pensions Plans and Postemployment Benefits

New employees hired after March 30, 1997 participate in a defined contribution plan that is separate from the State Employee's Retirement System defined benefits plan. Employees hired before March 31, 1997 are covered by the defined benefits plan unless they chose to convert to the defined contribution plan during 1997.

For the State Employee's Defined Benefit Retirement Plan, LPRF was billed and paid \$1,245,972 and \$1,160,226 for pension charges and retiree postemployment benefits in fiscal years 2009-10 and 2008-09, respectively. For the State Employee's Defined Contribution Retirement Plan, LPRF is required to make a contribution of 4% of the annual payroll and to match employee contributions up to 3% of annual covered payroll. LPRF contributions for the Plan were \$72,325 and \$60,622 for fiscal years 2009-10 and 2008-09, respectively.

The defined benefit and defined contribution pension plans are part of the State Employees' Retirement System administered by the Department of Management and Budget, Office of Retirement Services. Participants in each plan are eligible for retirement, healthcare, disability, and death benefits upon meeting certain vesting requirements. The State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report is available on the State's website at <http://www.michigan.gov/ors>. The financial report for the defined contribution plan may be obtained by writing to the Department of Management and Budget, Office of Retirement Services, 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909 or by calling (517) 322-5103.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. Distribution Costs Paid to Suppliers

This is the amount paid directly to the liquor suppliers by the MLCC for the Authorized Distribution Agents' warehousing and delivery of spirits to retail licensees. The MLCC paid \$6.97 per case for the two-year period ended September 30, 2010. The liquor suppliers were required to add \$1.35 per case to the State's payment and pay a minimum of \$8.32 per case to the MLCC's Authorized Distribution Agents.

NOTE 6. Other Transfers

Includes transfers to the Civil Service Commission as authorized by Article XI, Section 5 of the State Constitution. These transfers represent not less than one percent of the aggregate payroll of the classified service for the preceding fiscal year.

Michigan Department of Energy, Labor and Economic Growth
LIQUOR CONTROL COMMISSION
SUPPLEMENTAL FINANCIAL SCHEDULES (UNAUDITED)

For the Fiscal Years Ended September 30, 2010
and September 30, 2009

MICHIGAN LIQUOR CONTROL COMMISSION
UNAUDITED COMPARATIVE COMPREHENSIVE SCHEDULE OF OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30

	2010	2009	Increase (Decrease)
LIQUOR SALES			
Gross Sales (1)	\$940,227,792	\$942,118,092	(\$1,890,300)
Less: Discounts Allowed	159,919,257	160,268,861	(349,604)
PROCEEDS - SALE OF LIQUOR	\$780,308,535	\$781,849,231	(\$1,540,696)
Less: Cost of Goods Sold	569,728,313	570,935,772	(1,207,459)
REVENUE FROM SALE OF LIQUOR	\$210,580,222	\$210,913,459	(\$333,237)
OTHER REVENUE			
Miscellaneous Revenue	(\$43,085)	\$46,309	(\$89,394)
Non-Operating Revenue	16,260	0	16,260
Interest Revenue	191,979	664,233	(472,254)
TOTAL OTHER REVENUE	\$165,154	\$710,542	(\$545,388)
TOTAL REVENUE	\$210,745,376	\$211,624,001	(\$878,625)
Less: Distribution Costs Paid to Suppliers	47,964,201	46,921,201	1,043,000
INCOME FROM LIQUOR MERCHANDISING	\$162,781,175	\$164,702,800	(\$1,921,625)
MANAGEMENT EXPENSES			
Commission and DELEG Administration	\$398,800	\$391,500	\$7,300
Management Support	3,349,855	2,967,575	382,280
Licensing and Enforcement	12,328,975	12,355,173	(26,198)
DELEG Services (Excluding MLCC Rent)	5,349,004	5,086,067	262,937
DIT Information Technology Services	2,619,588	2,153,905	465,683
Attorney General	1,051,660	951,511	100,149
Auditor General	91,250	11,300	79,950
Civil Service - Personnel	138,010	137,365	645
Compensated Absences	93,688	(29,390)	123,078
Less: Transfers Not Related to MLCC Operations (2)	2,410,500	2,410,500	0
TOTAL MANAGEMENT EXPENSES	\$23,010,330	\$21,614,506	\$1,395,824
INCOME FROM OPERATIONS (Excluding Taxes and Grants)	\$139,770,845	\$143,088,294	(\$3,317,449)
LPRF Specific Tax, Liquor 1.85% (Off Premise)	14,106,598	14,093,466	13,132
Other Revenue Collected (3)	180,077,852	179,925,248	152,604
TOTAL CURRENT EARNINGS AND REVENUE	\$333,955,295	\$337,107,008	(\$3,151,713)
Number of Cases Sold	6,877,873	6,734,253	143,620
Number of Sales Days	261	261	0
Notes:			
(1) This figure is comprised of:			
Off Premise	\$761,558,120	\$760,456,307	\$1,101,813
On Premise	178,163,249	181,203,881	(3,040,632)
Other	506,423	457,904	48,519
(2) Grants to Cities - Fire Protection			
(3) Includes taxes and fees collected for the General Fund and School Aid Fund (i.e. Beer and Wine taxes, Specific taxes as well as Licensing and Enforcement fees)			

MICHIGAN LIQUOR CONTROL COMMISSION
UNAUDITED COMPARATIVE COMPREHENSIVE SCHEDULE OF REVENUE COLLECTED
FISCAL YEARS ENDED SEPTEMBER 30

	<u>2010</u>	<u>2009</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE			
Excise Tax, Beer	\$40,510,976	\$40,370,246	\$140,730
Specific Tax, Liquor 4%	37,551,856	37,615,504	(63,648)
Excise Tax, Wine	10,438,801	10,400,143	38,658
Excise Tax, Mixed Spirit Drink	412,086	386,454	25,632
Fines & Costs	981,241	1,126,131	(144,890)
Miscellaneous Revenue	134,387	69,756	64,631
TOTAL GENERAL FUND - GENERAL PURPOSE	<u>\$90,029,347</u>	<u>\$89,968,234</u>	<u>\$61,113</u>
GENERAL FUND - RESTRICTED			
RETAIL LICENSE FEES:			
55% To Local Governments	\$6,384,390	\$6,278,198	\$106,192
41.5% To Licensing & Enforcement	4,960,406	4,802,391	158,015
3.5% To Alcoholism Prevention Programs	418,739	405,019	13,720
Additional Resort License Fees	19,650	94,070	(74,420)
Direct Shipper License Fees	52,493	75,007	(22,514)
License Transfer Fees	553,546	647,506	(93,960)
Sunday Sales Fees	1,540,505	1,513,393	27,112
Non-Retail License Fees-Wine Industry Council	549,105	516,835	32,270
Liquor Control Act Sales	3,035	3,325	(290)
Inspection Fees	356,068	276,805	79,263
Specific Tax, Liquor 4%-Tourism & Conv. Facility	37,605,532	37,680,081	(74,549)
Miscellaneous Revenue	53,180	48,880	4,300
TOTAL GENERAL FUND - RESTRICTED	<u>\$52,496,649</u>	<u>\$52,341,510</u>	<u>\$155,139</u>
SCHOOL AID FUND			
Specific Tax, 4%	\$37,551,856	\$37,615,504	(\$63,648)
TOTAL SCHOOL AID FUND	<u>\$37,551,856</u>	<u>\$37,615,504</u>	<u>(\$63,648)</u>
OTHER FUNDS REVENUE			
LPRF Specific Tax, Liquor 1.85% (Off Premise)	14,106,598	14,093,466	13,132
Income From Operations (Excluding Taxes & Grants) (1)	139,770,845	143,088,294	(3,317,449)
TOTAL CURRENT EARNINGS AND REVENUE	<u>\$333,955,295</u>	<u>\$337,107,008</u>	<u>(\$3,151,713)</u>

Note:

(1) Income from Operations (Page 21) after all operating expenses including General Fund portion of Licensing and Enforcement.

MICHIGAN LIQUOR CONTROL COMMISSION
UNAUDITED COMPREHENSIVE SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT
FISCAL YEARS ENDED SEPTEMBER 30

	2010				TOTAL 2009
	COMMISSION AND DELEG ADMINISTRATION(1)	MANAGEMENT SUPPORT	LICENSING & ENFORCEMENT	TOTAL 2010	
MLCC APPROPRIATED EXPENSES					
Salaries & Wages	\$398,800	\$1,370,723	\$6,540,854	\$8,310,377	\$8,199,442
Longevity & Insurance		446,168	1,612,851	2,059,019	2,012,675
Retirement & FICA		634,720	2,434,123	3,068,843	2,904,115
SUBTOTAL	<u>\$398,800</u>	<u>\$2,451,611</u>	<u>\$10,587,828</u>	<u>\$13,438,239</u>	<u>\$13,116,232</u>
Communications	\$0	\$34,377	\$111,047	\$145,424	\$146,680
Travel	0	39,443	245,575	285,018	308,072
Utilities	0	17,154	3,708	20,862	16,309
Contractual Services	0	101,644	272,450	374,094	534,196
Supplies & Materials	0	108,269	190,201	298,470	299,983
Equipment Replacement, Additions & Rentals	0	349,851	115,367	465,218	99,562
Misc - Unemployment Insurance Claims	0	5,081	19,003	24,084	17,798
SUBTOTAL	<u>\$0</u>	<u>\$655,819</u>	<u>\$957,351</u>	<u>\$1,613,170</u>	<u>\$1,422,600</u>
TOTAL MLCC APPROPRIATED EXPENSES	<u>\$398,800</u>	<u>\$3,107,430</u>	<u>\$11,545,179</u>	<u>\$15,051,409</u>	<u>\$14,538,832</u>
TRANSFERS OUT & OTHER EXPENSES					
Rent and Building Occupancy (2)	\$0	\$242,425	\$783,796	\$1,026,221	\$1,175,416
Other Transfers Out (3)	0	0	0	9,343,200	8,310,758
TOTAL TRANSFERS OUT & OTHER EXPENSES	<u>\$0</u>	<u>\$242,425</u>	<u>\$783,796</u>	<u>\$10,369,421</u>	<u>\$9,486,174</u>
GRAND TOTAL	<u>\$398,800</u>	<u>\$3,349,855</u>	<u>\$12,328,975</u>	<u>\$25,420,830</u>	<u>\$24,025,006</u>

Note:

- (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.