

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

April 2011



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor  
Steven H. Hilfinger, Department Director  
Nida R. Samona, Chairperson

<http://www.michigan.gov/lcc>



**MICHIGAN LIQUOR CONTROL COMMISSION**

**APRIL FINANCIAL REPORT**

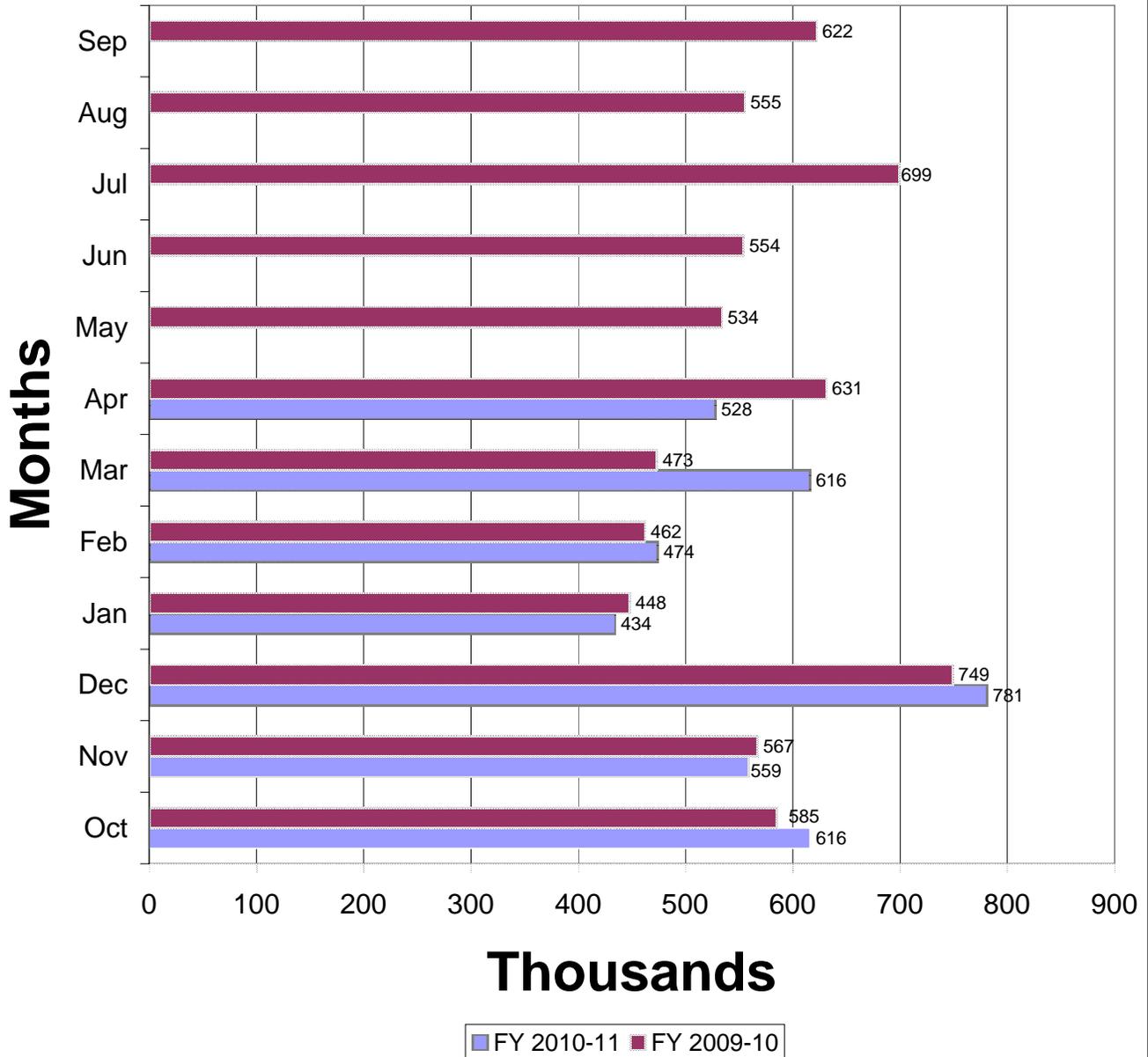
**FISCAL YEAR 10 - 11**

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## Case Sales



	Fiscal Year to Date 10/10-04/11	Fiscal Year to Date 10/09-04/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,007,541	3,913,644	93,897	2.40%
Average Price Per Case Sold	\$137.36	\$137.20	\$0.16	0.12%

**MICHIGAN LIQUOR CONTROL COMMISSION  
LIQUOR PURCHASE REVOLVING FUND  
UNAUDITED COMPARATIVE BALANCE SHEET  
APRIL 30**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	62,308,124	55,943,302
Subtotal	\$62,308,824	\$55,944,002
Liquor Inventory - At Current Cost	5,282,867	3,964,826
Prepaid Distribution Costs of Inventory	405,814	308,820
Other Assets		
Accounts Receivable	\$28,210,313	\$32,521,016
Returned Checks	94,447	138,538
Payroll Correction Clearing	0	0
Subtotal	28,304,760	32,659,554
<b>TOTAL ASSETS</b>	<b>\$96,302,265</b>	<b>\$92,877,202</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,143,482	\$1,529,168
Warrants Authorized/Not Issued	69,542,142	66,942,178
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	710,373	634,998
Total Current Liabilities	\$71,395,997	\$69,106,344
<b>LONG TERM LIABILITIES</b>		
Long Term Compensated Absences	\$510,519	\$492,205
Total Long Term Liabilities	510,519	492,205
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	23,520,010	22,402,914
Current Period Ending Balance	24,395,749	23,278,653
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$96,302,265</b>	<b>\$92,877,202</b>

\*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**  
**SEVEN MONTHS ENDED APRIL 30**

	2011	2010
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$550,480,071	\$536,945,016
Less: Discounts Allowed	93,619,624	91,343,442
<b>PROCEEDS - SALE OF LIQUOR</b>	\$456,860,447	\$445,601,574
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	332,862,993	322,394,921
Less: Ending Inventory	5,282,867	3,964,826
Cost of Goods Sold	\$333,519,790	\$325,438,210
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$123,340,657	\$120,163,364
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	(\$62,586)	(\$32,080)
Non-Operating Revenue	0	0
Interest Revenue	65,440	90,211
<b>TOTAL OTHER REVENUE</b>	\$2,854	\$58,131
<b>TOTAL REVENUE</b>	\$123,343,511	\$120,221,495
<b>EXPENSES AND TRANSFERS</b>		
<u>MLCC Expenses</u>		
Commission	\$258,174	\$241,039
Management Support	1,555,385	1,490,720
Licensing & Enforcement (1)	2,897,273	2,940,724
Distribution Cost Paid to Suppliers	27,935,411	27,308,993
Compensated Absences	0	0
Total MLCC Expenses	\$32,646,243	\$31,981,476
<u>Other Agencies Expenses</u>		
Attorney General	\$510,768	\$458,182
Auditor General	11,300	11,300
Civil Service - Personnel	158,059	142,298
Management and Budget	0	0
Information Technology Services	2,618,728	2,144,540
MLCC Rent	564,984	619,794
LARA - Executive Direction	37,252	(25,146)
LARA - Administrative Offices	898,092	1,414,761
Total Other Agencies Expenses	\$4,799,183	\$4,765,729
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$37,445,426	\$36,747,205
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$85,898,085	\$83,474,290
Add: Specific Tax, Liquor 1.85%	8,361,226	8,012,786
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$94,259,311	\$91,487,076
LARA - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
<b>NET INCOME</b>	\$91,848,811	\$89,076,576
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	77,000,000	77,000,000
Current Year Increase or (Decrease)	\$14,848,811	\$12,076,576
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$15,724,550	\$12,952,315

**Note:**

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION  
LIQUOR PURCHASE REVOLVING FUND  
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS  
APRIL 30**

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	123,343,511	120,221,495	3,122,016
Specific Tax, Liquor 1.85%	<u>8,361,226</u>	<u>8,012,786</u>	<u>348,440</u>
Total Equity Available	<u>\$132,580,476</u>	<u>\$129,110,020</u>	<u>\$3,470,456</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$77,000,000	\$77,000,000	\$0
MLCC Expenses	32,646,243	31,981,476	664,767
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	4,799,183	4,765,729	33,454
LARA Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$116,855,926</u>	<u>\$116,157,705</u>	<u>\$698,221</u>
Ending Equity	<u>\$15,724,550</u>	<u>\$12,952,315</u>	<u>\$2,772,235</u>

**MICHIGAN LIQUOR CONTROL COMMISSION**  
**ALL FUNDS**  
**UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS**  
**SEVEN MONTHS ENDED APRIL 30**

	<u>2011</u> <u>MONTH</u>	<u>YTD</u>	<u>2010</u> <u>MONTH</u>	<u>YTD</u>	<u>YTD</u> <u>INCR./(DECR.)</u>
<b>LIQUOR SALES</b>					
Off Premise	\$58,501,478	\$451,243,068	\$68,575,391	\$432,725,894	\$18,517,174
On Premise	13,774,046	98,892,971	17,474,687	103,964,084	(5,071,113)
Other	42,552	344,032	36,028	255,038	88,994
<b>TOTAL GROSS SALES</b>	<u>\$72,318,076</u>	<u>\$550,480,071</u>	<u>\$86,086,106</u>	<u>\$536,945,016</u>	<u>\$13,535,055</u>
Less: Discounts Allowed	12,302,448	93,619,624	14,648,821	91,343,442	2,276,182
<b>PROCEEDS-SALE OF LIQUOR</b>	<u>\$60,015,628</u>	<u>\$456,860,447</u>	<u>\$71,437,285</u>	<u>\$445,601,574</u>	<u>\$11,258,873</u>
Less: Cost of Goods Sold	43,813,632	333,519,790	52,228,795	325,438,210	8,081,580
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<u>\$16,201,996</u>	<u>\$123,340,657</u>	<u>\$19,208,490</u>	<u>\$120,163,364</u>	<u>\$3,177,293</u>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$43,822)	(\$62,586)	\$14,072	(\$32,080)	(\$30,506)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	31,403	65,440	31,635	90,211	(24,771)
<b>TOTAL OTHER REVENUE</b>	<u>(\$12,419)</u>	<u>\$2,854</u>	<u>\$45,707</u>	<u>\$58,131</u>	<u>(\$55,277)</u>
<b>TOTAL REVENUE</b>	<u>\$16,189,577</u>	<u>\$123,343,511</u>	<u>\$19,254,197</u>	<u>\$120,221,495</u>	<u>\$3,122,016</u>
Less: Distribution Cost Paid to Suppliers	3,676,026	27,935,411	4,402,106	27,308,993	626,418
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<u>\$12,513,551</u>	<u>\$95,408,100</u>	<u>\$14,852,091</u>	<u>\$92,912,502</u>	<u>\$2,495,598</u>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$62,908	\$258,174	\$44,912	\$241,039	\$17,135
Management Support(1)	234,126	1,687,235	328,974	1,636,115	51,120
Licensing & Enforcement(1)	1,020,462	6,692,093	1,283,054	6,827,253	(135,160)
LARA Services	(147,312)	3,345,844	(15,164)	3,800,115	(454,271)
Information Service Technology	64,352	2,618,728	(1,280,309)	2,144,540	474,188
Attorney General	292,157	510,768	239,112	458,182	52,586
Auditor General	0	11,300	0	11,300	0
Civil Service - Personnel	158,059	158,059	142,298	142,298	15,761
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>\$1,684,752</u>	<u>\$12,871,701</u>	<u>\$742,877</u>	<u>\$12,850,342</u>	<u>\$21,359</u>
<b>INCOME FROM OPERATIONS</b>	<u>\$10,828,799</u>	<u>\$82,536,399</u>	<u>\$14,109,214</u>	<u>\$80,062,160</u>	<u>\$2,474,239</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,085,014	8,361,226	1,270,645	8,012,786	348,440
Revenue Collected for Other Funds	19,600,075	107,181,445	21,761,664	104,792,148	2,389,297
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<u>\$31,513,888</u>	<u>\$198,079,070</u>	<u>\$37,141,523</u>	<u>\$192,867,094</u>	<u>\$5,211,976</u>
Number of Cases Sold	527,596	4,007,541	630,525	3,913,644	93,897
Number of Sales Days	20	151	25	152	(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  
SEVEN MONTHS ENDED APRIL 30**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$3,395,665	\$19,322,764	\$20,299,811	(\$977,047)
Specific Tax, Liquor 4%	2,888,360	21,989,142	21,441,329	547,813
Excise Tax, Wine	987,223	4,579,492	4,563,530	15,962
Excise Tax, Mixed Spirit Drink	21,619	134,556	178,184	(43,628)
Fines & Costs	59,180	441,084	513,893	(72,809)
Miscellaneous Revenue	3,429	59,634	95,235	(35,601)
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$7,355,476</u>	<u>\$46,526,672</u>	<u>\$47,091,982</u>	<u>(\$565,310)</u>
<b>GENERAL FUND - RESTRICTED</b>				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,796,869	\$7,689,432	\$7,506,610	\$182,822
41.5% To Licensing & Enforcement	2,120,119	4,415,731	4,435,367	(19,636)
3.5% To Alcoholism Prevention Programs	177,982	371,456	371,757	(301)
Additional Resort License Fees	0	38,800	0	38,800
Direct Shipper License Fees	25,809	71,571	42,481	29,090
License Transfer Fees	51,865	322,923	350,428	(27,505)
Sunday Sales Fees	918,225	2,864,875	1,378,518	1,486,357
Non-Retail License Fees-Wine Industry Council	326,935	639,575	468,920	170,655
Liquor Control Act Sales	130	1,061	2,085	(1,024)
Inspection Fees	34,320	196,200	191,685	4,515
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,893,715	22,016,231	21,474,010	542,221
Miscellaneous Revenue	10,270	37,776	36,976	800
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$9,356,239</u>	<u>\$38,665,631</u>	<u>\$36,258,837</u>	<u>\$2,406,794</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$2,888,360	\$21,989,142	\$21,441,329	\$547,813
<b>TOTAL SCHOOL AID FUND</b>	<u>\$2,888,360</u>	<u>\$21,989,142</u>	<u>\$21,441,329</u>	<u>\$547,813</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$19,600,075</u>	<u>\$107,181,445</u>	<u>\$104,792,148</u>	<u>\$2,389,297</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$1,085,014	\$8,361,226	\$8,012,786	\$348,440
Income From Operations(Excluding Taxes & Grants)(1)	10,828,799	82,536,399	80,062,160	2,474,239
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$11,913,813</u>	<u>\$90,897,625</u>	<u>\$88,074,946</u>	<u>\$2,822,679</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$31,513,888</u>	<u>\$198,079,070</u>	<u>\$192,867,094</u>	<u>\$5,211,976</u>

**Note:**

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

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT  
SEVEN MONTHS ENDED APRIL 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$62,908	\$258,174	\$98,301	\$714,674	\$507,868	\$3,460,891	\$4,433,739	\$4,618,263
Longevity & Insurance	0	0	31,700	263,625	120,794	968,421	1,232,046	1,247,858
Retirement & FICA	0	0	43,767	328,338	193,231	1,352,004	1,680,342	1,699,951
Subtotal	\$62,908	\$258,174	\$173,768	\$1,306,637	\$821,893	\$5,781,316	\$7,346,127	\$7,566,072
Communications	\$0	\$0	\$4,143	\$82,657	\$9,352	\$52,140	\$134,797	\$72,654
Travel	0	0	2,655	14,317	20,402	109,782	124,099	138,656
Utilities	0	0	1,327	10,150	255	1,700	11,850	11,457
Contractual Services	0	0	7,563	44,034	86,914	118,274	162,308	124,375
Supplies & Materials	0	0	4,957	40,015	22,944	102,356	142,371	137,537
Equipment Replacement, Additions & Rentals	0	0	21,869	57,575	2,873	93,390	150,965	29,906
Miscellaneous	0	0	0	0	0	0	0	3,956
Subtotal	\$0	\$0	\$42,514	\$248,748	\$142,740	\$477,642	\$726,390	\$518,541
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$62,908</b>	<b>\$258,174</b>	<b>\$216,282</b>	<b>\$1,555,385</b>	<b>\$964,633</b>	<b>\$6,258,958</b>	<b>\$8,072,517</b>	<b>\$8,084,613</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy(2)	\$0	\$0	\$17,844	\$131,850	\$55,829	\$433,135	\$564,985	\$619,794
Other Operating Transfers Out(3)	0	0	0	0	0	0	6,644,699	6,556,435
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,844</b>	<b>\$131,850</b>	<b>\$55,829</b>	<b>\$433,135</b>	<b>\$7,209,684</b>	<b>\$7,176,229</b>
<b>GRAND TOTAL</b>	<b>\$62,908</b>	<b>\$258,174</b>	<b>\$234,126</b>	<b>\$1,687,235</b>	<b>\$1,020,462</b>	<b>\$6,692,093</b>	<b>\$15,282,201</b>	<b>\$15,260,842</b>

**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 Licensing and Regulatory Affairs.
- (3) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in totals.