

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 2011



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Steven H. Hilfinger, Department Director
Andrew J. Deloney, Chairman

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



MICHIGAN LIQUOR CONTROL COMMISSION

AUGUST FINANCIAL REPORT

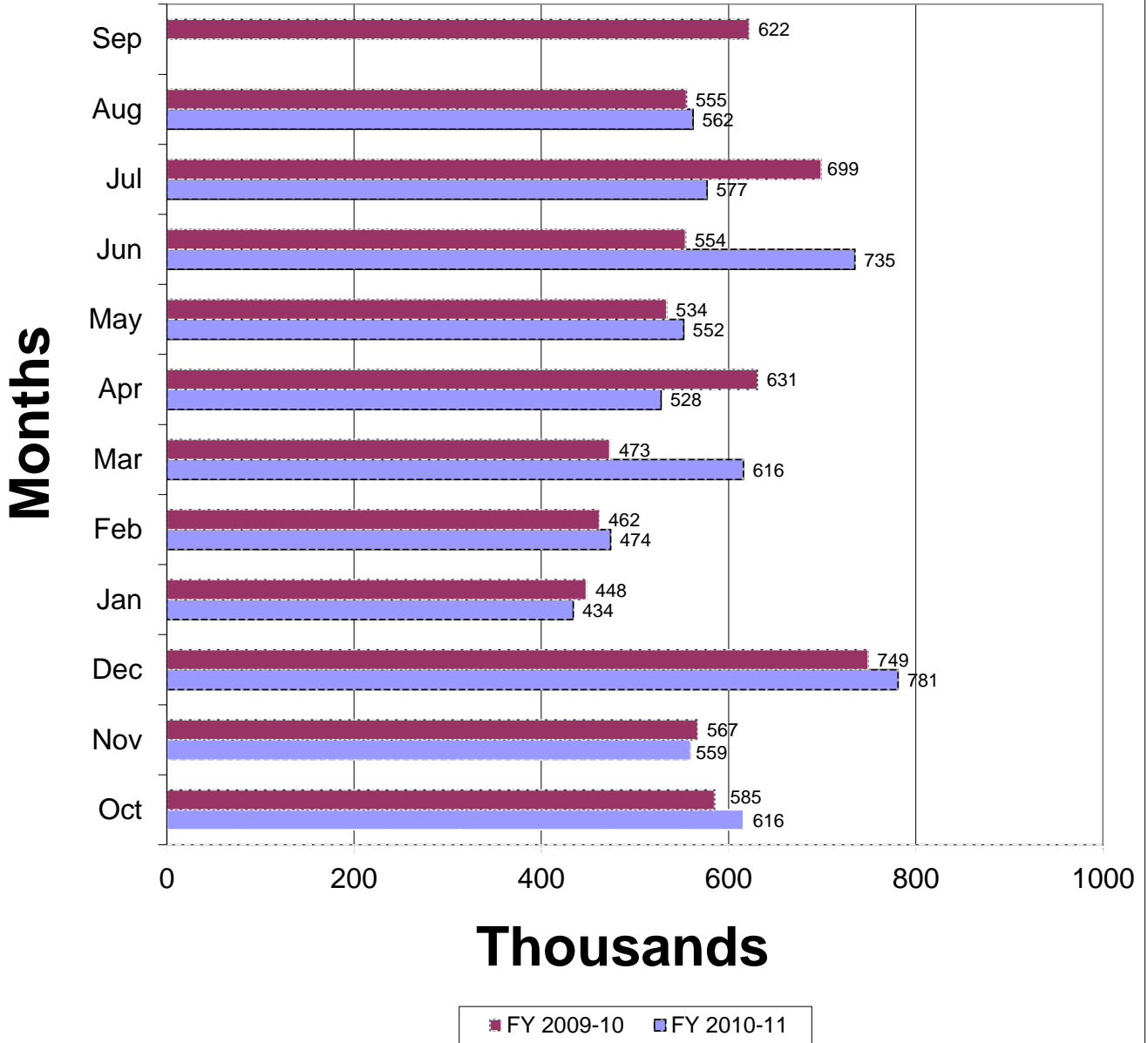
FISCAL YEAR 10 - 11

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Case Sales



	Fiscal Year to Date 10/10-08/11	Fiscal Year to Date 10/09-08/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,433,789	6,255,775	178,014	2.85%
Average Price Per Case Sold	\$137.54	\$136.85	\$0.69	0.50%

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

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	76,804,754	74,411,203
Subtotal	\$76,805,454	\$74,411,903
Liquor Inventory - At Current Cost	5,919,713	4,118,933
Prepaid Distribution Costs of Inventory	450,882	318,641
Other Assets		
Accounts Receivable	\$24,648,052	\$18,970,092
Returned Checks	126,557	92,774
Payroll Correction Clearing	0	0
Subtotal	24,774,609	19,062,866
TOTAL ASSETS	\$107,950,658	\$97,912,343
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,480,774	\$2,328,616
Warrants Authorized/Not Issued	64,367,462	62,076,554
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	\$68,558,609	\$65,040,168
LONG TERM LIABILITIES		
Long Term Compensated Absences	\$510,519	\$492,205
Total Long Term Liabilities	510,519	492,205
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	38,005,791	31,504,231
Current Period Ending Balance	38,881,530	32,379,970
TOTAL LIABILITIES & RETAINED EARNINGS	\$107,950,658	\$97,912,343

*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
ELEVEN MONTHS ENDED AUGUST 31**

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$884,872,003	\$856,108,345
Less: Discounts Allowed	150,480,450	145,617,616
PROCEEDS - SALE OF LIQUOR	\$734,391,553	\$710,490,729
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	536,145,719	515,918,245
Less: Ending Inventory	5,919,713	4,118,933
Cost of Goods Sold	\$536,165,670	\$518,807,427
GROSS REVENUE FROM SALE OF LIQUOR	\$198,225,883	\$191,683,302
OTHER REVENUE		
Miscellaneous Revenue	\$26,107	(\$56,622)
Non-Operating Revenue	95	0
Interest Revenue	90,263	137,735
TOTAL OTHER REVENUE	\$116,465	\$81,113
TOTAL REVENUE	\$198,342,348	\$191,764,415
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$268,128	\$335,310
Management Support	2,724,766	2,393,880
Licensing & Enforcement (1)	4,617,615	4,516,508
Distribution Cost Paid to Suppliers	44,849,122	43,628,200
Compensated Absences	0	0
Total MLCC Expenses	\$52,459,631	\$50,873,898
<u>Other Agencies Expenses</u>		
Attorney General	\$738,423	\$741,864
Auditor General	11,300	91,250
Civil Service - Personnel	158,059	142,298
Management and Budget	0	0
Information Technology Services	4,349,341	3,845,437
MLCC Rent	877,581	963,328
LARA - Executive Direction	282,241	(191,872)
LARA - Administrative Offices	1,334,155	2,210,363
Total Other Agencies Expenses	\$7,751,100	\$7,802,668
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$60,210,731	\$58,676,566
NET INCOME (Not Including Taxes & Grants)	\$138,131,617	\$133,087,849
Add: Specific Tax, Liquor 1.85%	13,436,303	12,837,964
NET REVENUE (Before Unrelated Expenses)	\$151,567,920	\$145,925,813
LARA - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$149,157,420	\$143,515,313
RETAINED EARNINGS		
Transfers to General Fund - Cash	121,000,000	121,000,000
Current Year Increase or (Decrease)	\$28,157,420	\$22,515,313
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$29,033,159	\$23,391,052

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>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	198,342,348	191,764,415	6,577,933
Specific Tax, Liquor 1.85%	<u>13,436,303</u>	<u>12,837,964</u>	<u>598,339</u>
Total Equity Available	<u>\$212,654,390</u>	<u>\$205,478,118</u>	<u>\$7,176,272</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$121,000,000	\$121,000,000	\$0
MLCC Expenses	52,459,631	50,873,898	1,585,733
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,751,100	7,802,668	(51,568)
LARA Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$183,621,231</u>	<u>\$182,087,066</u>	<u>\$1,534,165</u>
Ending Equity	<u>\$29,033,159</u>	<u>\$23,391,052</u>	<u>\$5,642,107</u>

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

	2011 MONTH	YTD	2010 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$63,073,982	\$724,982,938	\$60,924,131	\$693,101,624	\$31,881,314
On Premise	14,314,651	159,349,397	13,980,452	162,557,598	(3,208,201)
Other	46,014	539,668	54,750	449,123	90,545
TOTAL GROSS SALES	\$77,434,647	\$884,872,003	\$74,959,333	\$856,108,345	\$28,763,658
Less: Discounts Allowed	13,167,813	150,480,450	12,748,307	145,617,616	4,862,834
PROCEEDS-SALE OF LIQUOR	\$64,266,834	\$734,391,553	\$62,211,026	\$710,490,729	\$23,900,824
Less: Cost of Goods Sold	46,976,229	536,165,670	45,736,007	518,807,427	17,358,243
GROSS REVENUE FROM SALE OF LIQUOR	\$17,290,605	\$198,225,883	\$16,475,019	\$191,683,302	\$6,542,581
OTHER REVENUE					
Miscellaneous Revenue	\$9,042	\$26,107	(\$39,542)	(\$56,622)	\$82,729
Non-Operating Revenue	95	95	0	0	95
Interest Revenue	0	90,263	0	137,735	(47,472)
TOTAL OTHER REVENUE	\$9,137	\$116,465	(\$39,542)	\$81,113	\$35,352
TOTAL REVENUE	\$17,299,742	\$198,342,348	\$16,435,477	\$191,764,415	\$6,577,933
Less: Distribution Cost Paid to Suppliers	3,919,521	44,849,122	3,887,949	43,628,200	1,220,922
INCOME FROM LIQUOR MERCHANDISING	\$13,380,221	\$153,493,226	\$12,547,528	\$148,136,215	\$5,357,011
MANAGEMENT EXPENSES					
Commission	\$32,356	\$268,128	\$34,628	\$335,310	(\$67,182)
Management Support(1)	509,383	2,930,677	224,995	2,618,864	311,813
Licensing & Enforcement(1)	950,157	10,647,123	878,674	10,495,351	151,772
LARA Services	228,825	4,026,896	402,526	4,428,991	(402,095)
Information Technology Services	517,334	4,349,341	320,300	3,845,437	503,904
Attorney General	0	738,423	0	741,864	(3,441)
Auditor General	0	11,300	0	91,250	(79,950)
Civil Service - Personnel	0	158,059	0	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	\$2,238,055	\$20,719,447	\$1,861,123	\$20,288,865	\$430,582
INCOME FROM OPERATIONS	\$11,142,166	\$132,773,779	\$10,686,405	\$127,847,350	\$4,926,429
Specific Tax, Liquor 1.85%(Off Premise)	1,170,500	13,436,303	1,129,651	12,837,964	598,339
Revenue Collected for Other Funds	14,368,206	168,418,258	14,344,985	163,915,724	4,502,534
TOTAL CURRENT EARNINGS & REVENUE	\$26,680,872	\$314,628,340	\$26,161,041	\$304,601,038	\$10,027,302
Number of Cases Sold	562,016	6,433,789	554,737	6,255,775	178,014
Number of Sales Days	20	236	20	237	(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
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,975,692	\$34,531,924	\$35,201,998	(\$670,074)
Specific Tax, Liquor 4%	3,373,548	35,349,668	34,192,015	1,157,653
Excise Tax, Wine	680,282	7,980,681	8,276,527	(295,846)
Excise Tax, Mixed Spirit Drink	42,512	368,717	350,534	18,183
Fines & Costs	82,135	736,989	803,066	(66,077)
Miscellaneous Revenue	4,389	77,309	127,672	(50,363)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,158,558</u>	<u>\$79,045,288</u>	<u>\$78,951,812</u>	<u>\$93,476</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$70,069	\$8,336,838	\$8,156,076	\$180,762
41.5% To Licensing & Enforcement	52,861	4,904,184	4,927,313	(23,129)
3.5% To Alcoholism Prevention Programs	4,458	412,652	413,486	(834)
Additional Resort License Fees	0	38,800	19,650	19,150
Direct Shipper License Fees	1,600	79,183	52,109	27,074
License Transfer Fees	73,652	557,715	511,843	45,872
Sunday Sales Fees	39,392	3,134,836	1,526,425	1,608,411
Non-Retail License Fees-Wine Industry Council	16,775	756,875	543,050	213,825
Liquor Control Act Sales	415	2,451	2,935	(484)
Inspection Fees	32,460	352,792	330,728	22,064
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,539,593	35,393,425	34,237,782	1,155,643
Miscellaneous Revenue	4,825	53,551	50,500	3,051
TOTAL GENERAL FUND - RESTRICTED	<u>\$2,836,100</u>	<u>\$54,023,302</u>	<u>\$50,771,897</u>	<u>\$3,251,405</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,373,548	\$35,349,668	\$34,192,015	\$1,157,653
TOTAL SCHOOL AID FUND	<u>\$3,373,548</u>	<u>\$35,349,668</u>	<u>\$34,192,015</u>	<u>\$1,157,653</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,368,206</u>	<u>\$168,418,258</u>	<u>\$163,915,724</u>	<u>\$4,502,534</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,170,500	\$13,436,303	\$12,837,964	\$598,339
Income From Operations(Excluding Taxes & Grants)(1)	11,142,166	132,773,779	127,847,350	4,926,429
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$12,312,666</u>	<u>\$146,210,082</u>	<u>\$140,685,314</u>	<u>\$5,524,768</u>
TOTAL REVENUE COLLECTED	<u>\$26,680,872</u>	<u>\$314,628,340</u>	<u>\$304,601,038</u>	<u>\$10,027,302</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
ELEVEN MONTHS ENDED AUGUST 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2011	TOTAL 2010
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$32,356	\$268,128	\$102,554	\$1,124,722	\$512,912	\$5,547,503	\$6,940,353	\$7,069,389
Longevity & Insurance	0	0	35,631	398,445	119,571	1,448,057	1,846,502	1,841,851
Retirement & FICA	0	0	48,509	513,664	197,155	2,153,600	2,667,264	2,608,680
Subtotal	\$32,356	\$268,128	\$186,694	\$2,036,831	\$829,638	\$9,149,160	\$11,454,119	\$11,519,920
Communications	\$0	\$0	\$2,955	\$92,781	\$10,751	\$89,444	\$182,225	\$124,381
Travel	0	0	2,497	26,174	21,218	194,690	220,864	233,237
Utilities	0	0	1,120	13,487	401	3,431	16,918	18,906
Contractual Services	0	0	761	95,839	6,145	164,110	259,949	256,195
Supplies & Materials	0	0	7,332	73,805	18,269	201,680	275,485	257,087
Equipment Replacement, Additions & Rentals	0	0	289,509	385,848	4,101	172,939	558,787	60,672
Miscellaneous	0	0	0	0	0	0	0	15,799
Subtotal	\$0	\$0	\$304,174	\$687,934	\$60,885	\$826,294	\$1,514,228	\$966,277
TOTAL MLCC APPROPRIATED EXPENSES	\$32,356	\$268,128	\$490,868	\$2,724,765	\$890,523	\$9,975,454	\$12,968,347	\$12,486,197
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,515	\$205,912	\$59,634	\$671,669	\$877,581	\$963,328
Other Operating Transfers Out(3)	0	0	0	0	0	0	9,284,019	9,249,840
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,515	\$205,912	\$59,634	\$671,669	\$10,161,600	\$10,213,168
GRAND TOTAL	\$32,356	\$268,128	\$509,383	\$2,930,677	\$950,157	\$10,647,123	\$23,129,947	\$22,699,365

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.