

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

December 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>



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DECEMBER FINANCIAL REPORT

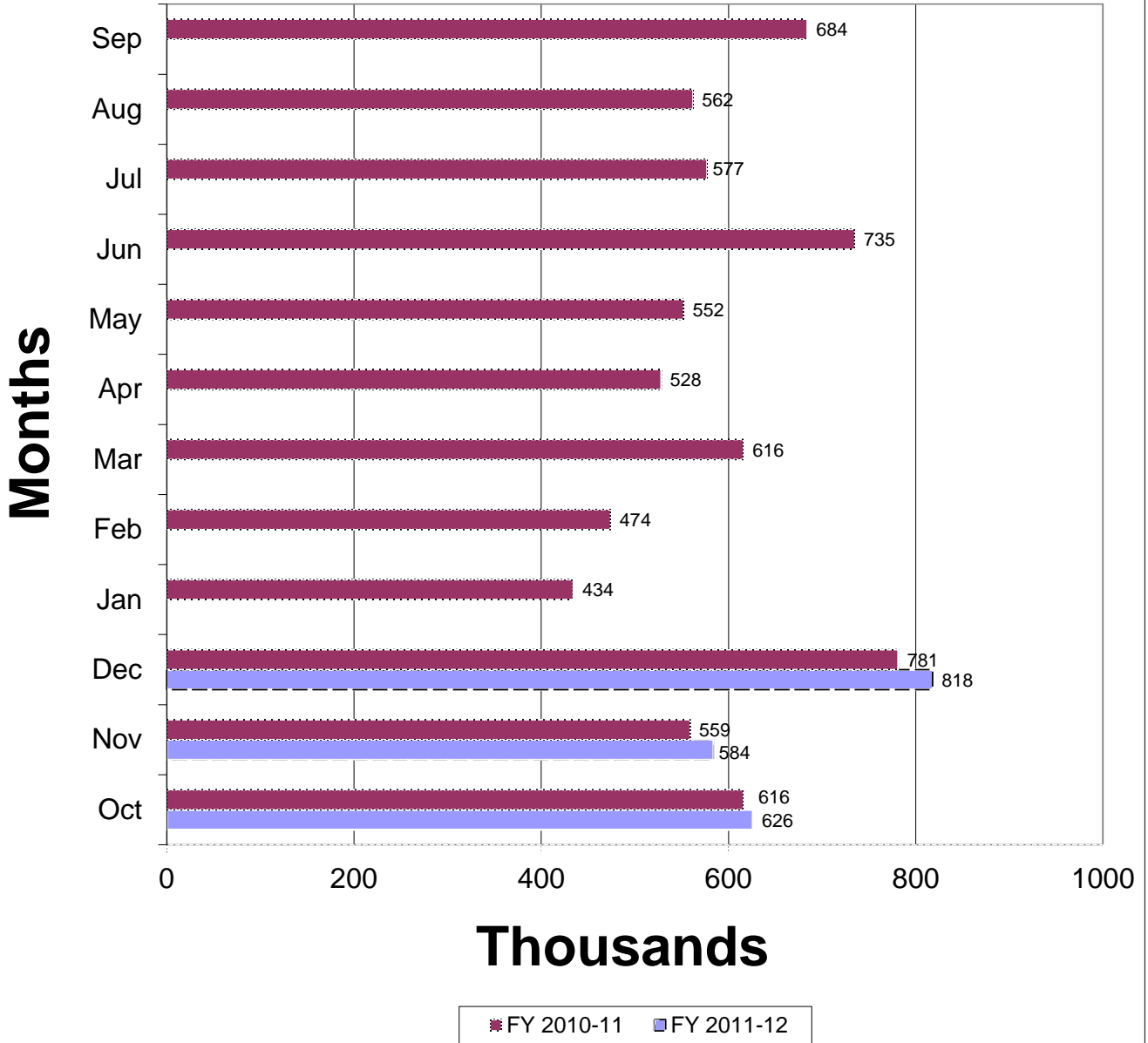
FISCAL YEAR 11 - 12

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Case Sales



	Fiscal Year to Date 10/11-12/11	Fiscal Year to Date 10/10-12/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,027,344	1,955,813	71,531	3.66%
Average Price Per Case Sold	\$140.39	\$138.12	\$2.27	1.64%

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

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	87,842,089	52,377,277
Subtotal	\$87,842,789	\$52,377,977
Liquor Inventory - At Current Cost	7,213,675	5,523,380
Prepaid Distribution Costs of Inventory	542,838	423,804
Other Assets		
Accounts Receivable	\$30,207,228	\$56,680,562
Returned Checks	154,754	104,980
Payroll Correction Clearing	0	0
Subtotal	30,361,982	56,785,542
TOTAL ASSETS	\$125,961,284	\$115,110,703
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,132,267	\$1,265,618
Warrants Authorized/Not Issued	88,941,655	84,420,492
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	92,632	0
Current Compensated Absences	464,996	710,373
Total Current Liabilities	\$90,631,550	\$86,396,483
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$302,635	\$0
Long Term Compensated Absences	106,562	510,519
Total Long Term Liabilities	409,197	510,519
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	34,044,798	27,327,962
Current Period Ending Balance	34,920,537	28,203,701
TOTAL LIABILITIES & RETAINED EARNINGS	\$125,961,284	\$115,110,703

*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
THREE MONTHS ENDED DECEMBER 31**

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$284,626,655	\$270,141,322
Less: Discounts Allowed	48,391,852	45,948,909
PROCEEDS - SALE OF LIQUOR	\$236,234,803	\$224,192,413
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	171,659,760	162,236,793
Less: Ending Inventory	7,213,675	5,523,380
Cost of Goods Sold	\$170,349,761	\$162,653,077
GROSS REVENUE FROM SALE OF LIQUOR	\$65,885,042	\$61,539,336
OTHER REVENUE		
Miscellaneous Revenue	\$966	(\$14,261)
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	\$966	(\$14,261)
TOTAL REVENUE	\$65,886,008	\$61,525,075
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$83,194	\$85,063
Management Support	613,707	583,751
Licensing & Enforcement (1)	1,184,583	1,077,630
Distribution Cost Paid to Suppliers	13,963,977	13,549,374
Compensated Absences	0	0
Total MLCC Expenses	\$15,845,461	\$15,295,818
<u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	567,988	0
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	332,190	155,656
MLCC Rent	84,237	85,621
LARA - Executive Direction	304,467	410,418
LARA - Administrative Offices	283,419	364,545
Total Other Agencies Expenses	\$1,572,301	\$1,016,240
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$17,417,762	\$16,312,058
NET INCOME (Not Including Taxes & Grants)	\$48,468,246	\$45,213,017
Add: Specific Tax, Liquor 1.85%	4,431,841	4,186,041
NET REVENUE (Before Unrelated Expenses)	\$52,900,087	\$49,399,058
LARA - Transfers For Grant Not Related to MLCC	0	2,410,500
NET INCOME	\$52,900,087	\$46,988,558
RETAINED EARNINGS		
Transfers to General Fund - Cash	33,000,000	33,000,000
Current Year Increase or (Decrease)	\$19,900,087	\$13,988,558
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$20,775,826	\$14,864,297

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	65,886,008	61,525,075	4,360,933
Specific Tax, Liquor 1.85%	<u>4,431,841</u>	<u>4,186,041</u>	<u>245,800</u>
Total Equity Available	<u>\$71,193,588</u>	<u>\$66,586,855</u>	<u>\$4,606,733</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$33,000,000	\$33,000,000	\$0
MLCC Expenses	15,845,461	15,295,818	549,643
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	1,572,301	1,016,240	556,061
LARA Transfer Not Related to MLCC	<u>0</u>	<u>2,410,500</u>	<u>(2,410,500)</u>
Total Allocation of Equity	<u>\$50,417,762</u>	<u>\$51,722,558</u>	<u>(\$1,304,796)</u>
Ending Equity	<u>\$20,775,826</u>	<u>\$14,864,297</u>	<u>\$5,911,529</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31**

	<u>2011 MONTH</u>	<u>YTD</u>	<u>2010 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$100,003,314	\$239,504,270	\$94,647,926	\$226,515,468	\$12,988,802
On Premise	17,875,974	44,971,569	16,608,106	43,443,572	1,527,997
Other	46,106	150,816	56,426	182,282	(31,466)
TOTAL GROSS SALES	<u>\$117,925,394</u>	<u>\$284,626,655</u>	<u>\$111,312,458</u>	<u>\$270,141,322</u>	<u>\$14,485,333</u>
Less: Discounts Allowed	20,047,602	48,391,852	18,929,050	45,948,909	2,442,943
PROCEEDS-SALE OF LIQUOR	<u>\$97,877,792</u>	<u>\$236,234,803</u>	<u>\$92,383,408</u>	<u>\$224,192,413</u>	<u>\$12,042,390</u>
Less: Cost of Goods Sold	69,360,421	170,349,761	66,382,963	162,653,077	7,696,684
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$28,517,371</u>	<u>\$65,885,042</u>	<u>\$26,000,445</u>	<u>\$61,539,336</u>	<u>\$4,345,706</u>
OTHER REVENUE					
Miscellaneous Revenue	\$9,647	\$966	\$1,707	(\$14,261)	\$15,227
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	<u>\$9,647</u>	<u>\$966</u>	<u>\$1,707</u>	<u>(\$14,261)</u>	<u>\$15,227</u>
TOTAL REVENUE	<u>\$28,527,018</u>	<u>\$65,886,008</u>	<u>\$26,002,152</u>	<u>\$61,525,075</u>	<u>\$4,360,933</u>
Less: Distribution Cost Paid to Suppliers	5,531,657	13,963,977	5,361,805	13,549,374	414,603
INCOME FROM LIQUOR MERCHANDISING	<u>\$22,995,361</u>	<u>\$51,922,031</u>	<u>\$20,640,347</u>	<u>\$47,975,701</u>	<u>\$3,946,330</u>
MANAGEMENT EXPENSES					
Commission	\$33,061	\$83,194	\$33,331	\$85,063	(\$1,869)
Management Support(1)	240,024	624,344	225,095	594,642	29,702
Licensing & Enforcement(1)	993,349	2,632,645	864,660	2,402,726	229,919
LARA Services	79,670	587,886	2,576,509	3,185,463	(2,597,577)
Information Technology Services	315,364	332,190	133,183	155,656	176,534
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	223,739	567,988	0	0	567,988
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	2,410,500	2,410,500	(2,410,500)
Total Management Expenses	<u>\$1,885,207</u>	<u>\$4,828,247</u>	<u>\$1,422,278</u>	<u>\$4,013,050</u>	<u>\$815,197</u>
INCOME FROM OPERATIONS	<u>\$21,110,154</u>	<u>\$47,093,784</u>	<u>\$19,218,069</u>	<u>\$43,962,651</u>	<u>\$3,131,133</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,851,202	4,431,841	1,742,446	4,186,041	245,800
Revenue Collected for Other Funds	18,548,206	49,067,551	17,924,130	44,375,450	4,692,101
TOTAL CURRENT EARNINGS & REVENUE	<u>\$41,509,562</u>	<u>\$100,593,176</u>	<u>\$38,884,645</u>	<u>\$92,524,142</u>	<u>\$8,069,034</u>
Number of Cases Sold	817,611	2,027,344	781,265	1,955,813	71,531
Number of Sales Days	25	65	25	66	(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
THREE MONTHS ENDED DECEMBER 31**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,111,031	\$9,809,777	\$7,575,006	\$2,234,771
Specific Tax, Liquor 4%	4,712,633	11,376,567	10,796,991	579,576
Excise Tax, Wine	889,579	2,357,900	1,234,311	1,123,589
Excise Tax, Mixed Spirit Drink	19,149	81,392	45,203	36,189
Sunday Sales Fees (7am-12pm)	16,910	44,220	464,031	(419,811)
Fines & Costs	86,131	126,388	151,061	(24,673)
Miscellaneous Revenue	3,638	13,663	46,928	(33,265)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,839,071</u>	<u>\$23,809,907</u>	<u>\$20,313,531</u>	<u>\$3,496,376</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$44,330	\$1,977,063	\$2,020,736	(\$43,673)
41.5% To Licensing & Enforcement	35,562	80,006	127,108	(47,102)
3.5% To Alcoholism Prevention Programs	2,999	6,748	10,721	(3,973)
Additional Resort License Fees	57,750	77,150	19,400	57,750
Direct Shipper License Fees	800	2,500	1,700	800
License Transfer Fees	80,856	196,177	137,857	58,320
Sunday Sales Fees	16,157	39,155	41,658	(2,503)
Non-Retail License Fees-Wine Industry Council	8,300	34,156	32,410	1,746
Liquor Control Act Sales	265	875	546	329
Inspection Fees	31,713	77,238	67,535	9,703
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,716,150	11,384,989	10,796,991	587,998
Miscellaneous Revenue	1,620	5,020	8,266	(3,246)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,996,502</u>	<u>\$13,881,077</u>	<u>\$13,264,928</u>	<u>\$616,149</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,712,633	\$11,376,567	\$10,796,991	\$579,576
TOTAL SCHOOL AID FUND	<u>\$4,712,633</u>	<u>\$11,376,567</u>	<u>\$10,796,991</u>	<u>\$579,576</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$18,548,206</u>	<u>\$49,067,551</u>	<u>\$44,375,450</u>	<u>\$4,692,101</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,851,202	\$4,431,841	\$4,186,041	\$245,800
Income From Operations(Excluding Taxes & Grants)(1)	21,110,154	47,093,784	43,962,651	3,131,133
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$22,961,356</u>	<u>\$51,525,625</u>	<u>\$48,148,692</u>	<u>\$3,376,933</u>
TOTAL REVENUE COLLECTED	<u>\$41,509,562</u>	<u>\$100,593,176</u>	<u>\$92,524,142</u>	<u>\$8,069,034</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
THREE MONTHS ENDED DECEMBER 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	\$33,061	\$83,194	\$111,960	\$265,187	\$510,474	\$1,260,728	\$1,609,109	\$1,630,384
Longevity & Insurance	0	0	38,190	129,580	121,481	424,830	554,410	567,677
Retirement & FICA	0	0	72,172	189,468	283,890	746,713	936,181	651,247
Subtotal	\$33,061	\$83,194	\$222,322	\$584,235	\$915,845	\$2,432,271	\$3,099,700	\$2,849,308
Communications	\$0	\$0	\$2,350	\$4,939	\$8,691	\$18,648	\$23,587	\$16,087
Travel	0	0	2,102	4,596	19,725	49,327	53,923	40,809
Utilities	0	0	1,263	2,281	33	527	2,808	4,774
Contractual Services	0	0	3,808	4,024	6,206	16,936	20,960	24,409
Supplies & Materials	0	0	4,576	10,847	22,082	34,682	45,529	42,548
Equipment Replacement, Additions & Rentals	0	0	944	2,785	2,367	6,654	9,439	18,875
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$15,043	\$29,472	\$59,104	\$126,774	\$156,246	\$147,502
TOTAL MLCC APPROPRIATED EXPENSES	\$33,061	\$83,194	\$237,365	\$613,707	\$974,949	\$2,559,045	\$3,255,946	\$2,996,810
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$2,659	\$10,637	\$18,400	\$73,600	\$84,237	\$85,621
Other Operating Transfers Out(3)	0	0	0	0	0	0	1,488,064	3,341,119
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$2,659	\$10,637	\$18,400	\$73,600	\$1,572,301	\$3,426,740
GRAND TOTAL	\$33,061	\$83,194	\$240,024	\$624,344	\$993,349	\$2,632,645	\$4,828,247	\$6,423,550

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.