

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 2012



Michigan Department of Licensing and Regulatory Affairs (LARA)

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

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MICHIGAN LIQUOR CONTROL COMMISSION

FEBRUARY FINANCIAL REPORT

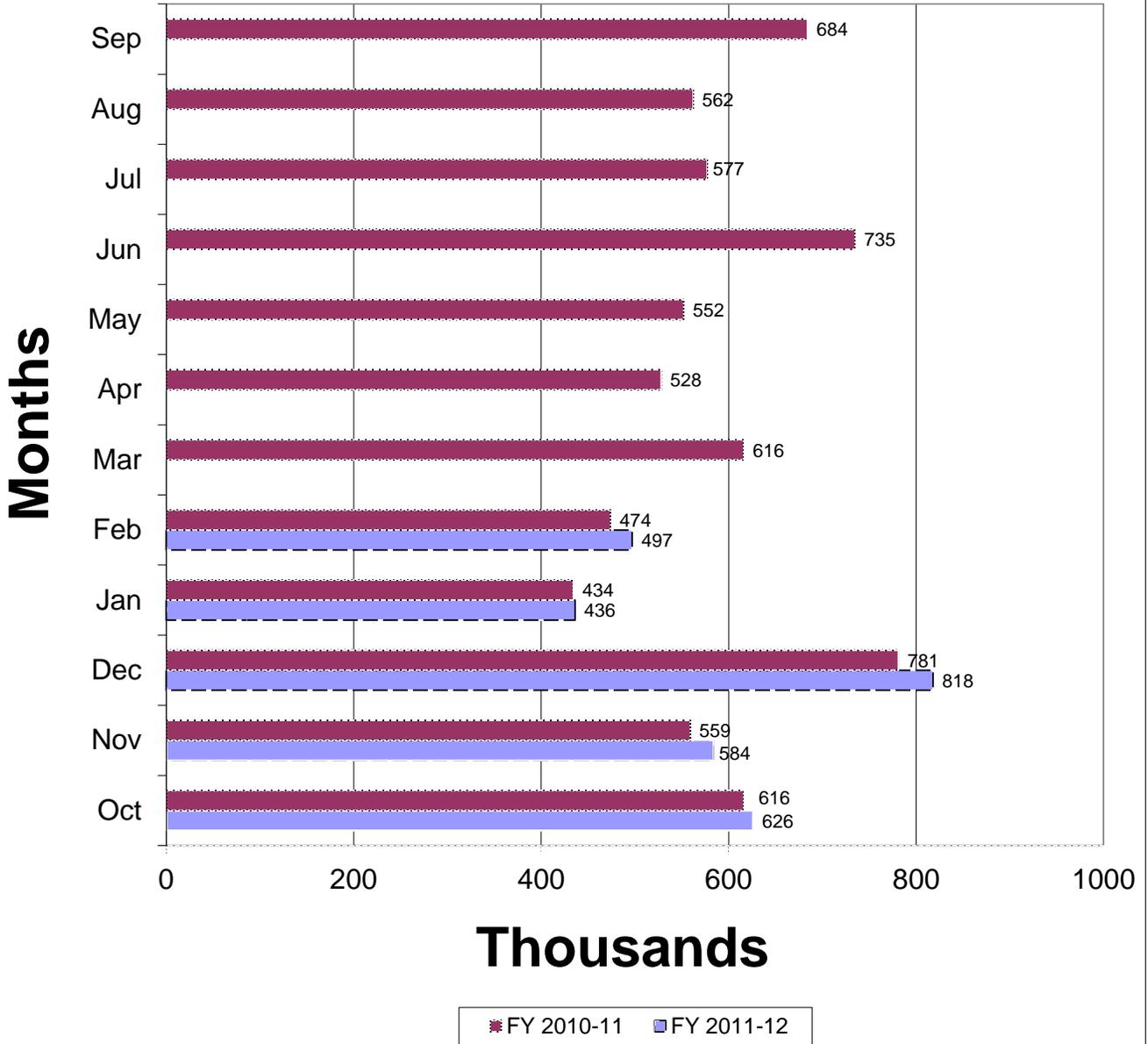
FISCAL YEAR 11 - 12

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Case Sales



	Fiscal Year to Date 10/11-02/12	Fiscal Year to Date 10/10-02/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,961,076	2,863,840	97,236	3.40%
Average Price Per Case Sold	\$139.65	\$137.31	\$2.34	1.70%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
FEBRUARY 29**

	2012	2011
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	69,117,294	60,548,061
Subtotal	\$69,117,994	\$60,548,761
Liquor Inventory - At Current Cost	5,510,715	5,257,435
Prepaid Distribution Costs of Inventory	401,897	402,957
Other Assets		
Accounts Receivable	\$7,850,735	\$18,344,759
Returned Checks	102,659	120,338
Payroll Correction Clearing	0	0
Subtotal	7,953,394	18,465,097
TOTAL ASSETS	\$82,984,000	\$84,674,250
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,429,350	\$67,030
Warrants Authorized/Not Issued	56,551,958	63,848,762
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	\$59,538,936	\$64,626,165
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)*	22,160,128	18,661,827
Current Period Ending Balance	23,035,867	19,537,566
TOTAL LIABILITIES & RETAINED EARNINGS	\$82,984,000	\$84,674,250

*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
FIVE MONTHS ENDED FEBRUARY 29**

	2012	2011
REVENUE		
TOTAL GROSS SALES	\$413,512,735	\$393,228,230
Less: Discounts Allowed	70,302,758	66,877,701
PROCEEDS - SALE OF LIQUOR	\$343,209,977	\$326,350,529
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	250,169,770	237,727,689
Less: Ending Inventory	5,510,715	5,257,435
Cost of Goods Sold	\$250,562,731	\$238,409,918
GROSS REVENUE FROM SALE OF LIQUOR	\$92,647,246	\$87,940,611
OTHER REVENUE		
Miscellaneous Revenue	\$5,470	\$9,117
Non-Operating Revenue	0	0
Interest Revenue	16,391	34,037
TOTAL OTHER REVENUE	\$21,861	\$43,154
TOTAL REVENUE	\$92,669,107	\$87,983,765
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$149,035	\$145,067
Management Support	1,163,464	1,092,576
Licensing & Enforcement (1)	2,130,193	1,859,075
Distribution Cost Paid to Suppliers	20,639,602	19,973,560
Compensated Absences	0	0
Total MLCC Expenses	\$24,082,294	\$23,070,278
Other Agencies Expenses		
Attorney General	\$200,046	\$218,611
Auditor General	0	11,300
Bureau of Fire Services	1,015,417	0
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	2,445,005	1,266,584
MLCC Rent	355,765	413,163
LARA - Executive Direction	383,980	(24,908)
LARA - Administrative Offices	832,455	702,973
Total Other Agencies Expenses	\$5,232,668	\$2,587,723
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$29,314,962	\$25,658,001
NET INCOME (Not Including Taxes & Grants)	\$63,354,145	\$62,325,764
Add: Specific Tax, Liquor 1.85%	6,343,537	6,022,910
NET REVENUE (Before Unrelated Expenses)	\$69,697,682	\$68,348,674
LARA - Transfers For Grant Not Related to MLCC	773,900	2,410,500
NET INCOME	\$68,923,782	\$65,938,174
RETAINED EARNINGS		
Transfers to General Fund - Cash	55,000,000	55,000,000
Current Year Increase or (Decrease)	\$13,923,782	\$10,938,174
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$14,799,521	\$11,813,913

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
FEBRUARY 29**

	<u>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	92,669,107	87,983,765	4,685,342
Specific Tax, Liquor 1.85%	<u>6,343,537</u>	<u>6,022,910</u>	<u>320,627</u>
Total Equity Available	<u>\$99,888,383</u>	<u>\$94,882,414</u>	<u>\$5,005,969</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$55,000,000	\$55,000,000	\$0
MLCC Expenses	24,082,294	23,070,278	1,012,016
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,232,668	2,587,723	2,644,945
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>2,410,500</u>	<u>(1,636,600)</u>
Total Allocation of Equity	<u>\$85,088,862</u>	<u>\$83,068,501</u>	<u>\$2,020,361</u>
Ending Equity	<u>\$14,799,521</u>	<u>\$11,813,913</u>	<u>\$2,985,608</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FIVE MONTHS ENDED FEBRUARY 29**

	<u>2012 MONTH</u>	<u>YTD</u>	<u>2011 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$55,174,346	\$342,559,728	\$51,562,449	\$325,076,093	\$17,483,635
On Premise	13,509,117	70,737,170	12,844,418	67,905,980	2,831,190
Other	44,835	215,837	37,687	246,157	(30,320)
TOTAL GROSS SALES	<u>\$68,728,298</u>	<u>\$413,512,735</u>	<u>\$64,444,554</u>	<u>\$393,228,230</u>	<u>\$20,284,505</u>
Less: Discounts Allowed	11,682,630	70,302,758	10,958,353	66,877,701	3,425,057
PROCEEDS-SALE OF LIQUOR	<u>\$57,045,668</u>	<u>\$343,209,977</u>	<u>\$53,486,201</u>	<u>\$326,350,529</u>	<u>\$16,859,448</u>
Less: Cost of Goods Sold	41,639,178	250,562,731	39,255,490	238,409,918	12,152,813
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$15,406,490</u>	<u>\$92,647,246</u>	<u>\$14,230,711</u>	<u>\$87,940,611</u>	<u>\$4,706,635</u>
OTHER REVENUE					
Miscellaneous Revenue	\$12,219	\$5,470	\$5,861	\$9,117	(\$3,647)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	16,391	0	34,037	(17,646)
TOTAL OTHER REVENUE	<u>\$12,219</u>	<u>\$21,861</u>	<u>\$5,861</u>	<u>\$43,154</u>	<u>(\$21,293)</u>
TOTAL REVENUE	<u>\$15,418,709</u>	<u>\$92,669,107</u>	<u>\$14,236,572</u>	<u>\$87,983,765</u>	<u>\$4,685,342</u>
Less: Distribution Cost Paid to Suppliers	3,466,828	20,639,602	3,321,602	19,973,560	666,042
INCOME FROM LIQUOR MERCHANDISING	<u>\$11,951,881</u>	<u>\$72,029,505</u>	<u>\$10,914,970</u>	<u>\$68,010,205</u>	<u>\$4,019,300</u>
MANAGEMENT EXPENSES					
Commission	\$33,024	\$149,035	\$28,553	\$145,067	\$3,968
Management Support(1)	345,572	1,230,400	218,988	1,188,065	42,335
Licensing & Enforcement(1)	1,205,195	4,890,769	869,751	4,333,821	556,948
LARA Services	450,519	1,990,335	36,828	3,088,565	(1,098,230)
Information Technology Services	1,258,208	2,445,005	30,566	1,266,584	1,178,421
Attorney General	0	200,046	0	218,611	(18,565)
Auditor General	0	0	11,300	11,300	(11,300)
Bureau of Fire Services	227,294	1,015,417	0	0	1,015,417
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	773,900	0	2,410,500	(1,636,600)
Total Management Expenses	<u>\$3,519,812</u>	<u>\$11,147,107</u>	<u>\$1,195,986</u>	<u>\$7,841,513</u>	<u>\$3,305,594</u>
INCOME FROM OPERATIONS	<u>\$8,432,069</u>	<u>\$60,882,398</u>	<u>\$9,718,984</u>	<u>\$60,168,692</u>	<u>\$713,706</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,023,244	6,343,537	956,379	6,022,910	320,627
Revenue Collected for Other Funds	9,242,751	69,570,439	11,470,805	66,694,109	2,876,330
TOTAL CURRENT EARNINGS & REVENUE	<u>\$18,698,064</u>	<u>\$136,796,374</u>	<u>\$22,146,168</u>	<u>\$132,885,711</u>	<u>\$3,910,663</u>
Number of Cases Sold	497,320	2,961,076	474,060	2,863,840	97,236
Number of Sales Days	20	105	20	106	(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
FIVE MONTHS ENDED FEBRUARY 29**

	<u>CURRENT MONTH</u>	<u>YTD 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$628,579	\$13,193,320	\$12,677,557	\$515,763
Specific Tax, Liquor 4%	2,743,478	16,524,029	15,710,808	813,221
Excise Tax, Wine	49,402	3,193,730	2,944,183	249,547
Excise Tax, Mixed Spirit Drink	(22,246)	79,261	88,298	(9,037)
Sunday Sales Fees (7am-12pm)	16,540	86,260	662,488	(576,228)
Fines & Costs	68,763	234,644	315,443	(80,799)
Miscellaneous Revenue	(1,402)	14,469	54,320	(39,851)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$3,483,114</u>	<u>\$33,325,713</u>	<u>\$32,453,097</u>	<u>\$872,616</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$47,864	\$2,104,099	\$2,094,296	\$9,803
41.5% To Licensing & Enforcement	36,102	175,847	184,192	(8,345)
3.5% To Alcoholism Prevention Programs	3,045	14,831	15,402	(571)
Additional Resort License Fees	0	57,850	38,800	19,050
Direct Shipper License Fees	1,000	4,089	2,761	1,328
License Transfer Fees	109,228	513,614	219,346	294,268
Sunday Sales Fees	21,119	98,932	63,232	35,700
Non-Retail License Fees-Wine Industry Council	13,075	59,516	43,405	16,111
Liquor Control Act Sales	445	1,620	781	839
Inspection Fees	33,707	138,645	128,460	10,185
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,747,394	16,541,679	15,726,613	815,066
Miscellaneous Revenue	3,180	9,975	12,916	(2,941)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,016,159</u>	<u>\$19,720,697</u>	<u>\$18,530,204</u>	<u>\$1,190,493</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$2,743,478</u>	<u>\$16,524,029</u>	<u>\$15,710,808</u>	<u>\$813,221</u>
TOTAL SCHOOL AID FUND	<u>\$2,743,478</u>	<u>\$16,524,029</u>	<u>\$15,710,808</u>	<u>\$813,221</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$9,242,751</u>	<u>\$69,570,439</u>	<u>\$66,694,109</u>	<u>\$2,876,330</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,023,244	\$6,343,537	\$6,022,910	\$320,627
Income From Operations(Excluding Taxes & Grants)(1)	8,432,069	60,882,398	60,168,692	713,706
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$9,455,313</u>	<u>\$67,225,935</u>	<u>\$66,191,602</u>	<u>\$1,034,333</u>
TOTAL REVENUE COLLECTED	<u>\$18,698,064</u>	<u>\$136,796,374</u>	<u>\$132,885,711</u>	<u>\$3,910,663</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
FIVE MONTHS ENDED FEBRUARY 29**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2012	2011
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$33,024	\$149,035	\$102,806	\$470,773	\$514,239	\$2,299,031	\$2,918,839	\$2,862,991
Longevity & Insurance	0	0	38,201	205,981	124,111	673,800	879,781	858,510
Retirement & FICA	0	0	73,311	339,679	292,788	1,345,276	1,684,955	1,102,834
Subtotal	\$33,024	\$149,035	\$214,318	\$1,016,433	\$931,138	\$4,318,107	\$5,483,575	\$4,824,335
Communications	\$0	\$0	\$2,541	\$11,446	\$9,700	\$42,147	\$53,593	\$110,527
Travel	0	0	2,888	10,591	20,565	83,792	94,383	78,747
Utilities	0	0	1,422	4,656	390	1,152	5,808	8,909
Contractual Services	0	0	27,257	33,390	8,029	56,324	89,714	61,183
Supplies & Materials	0	0	4,413	31,128	23,277	74,833	105,961	95,648
Equipment Replacement, Additions & Rentals	0	0	39,093	55,819	11,647	21,966	77,785	74,441
Miscellaneous	0	0	0	0	3,620	3,620	3,620	0
Subtotal	\$0	\$0	\$77,614	\$147,030	\$77,228	\$283,834	\$430,864	\$429,455
TOTAL MLCC APPROPRIATED EXPENSES	\$33,024	\$149,035	\$291,932	\$1,163,463	\$1,008,366	\$4,601,941	\$5,914,439	\$5,253,790
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$53,640	\$66,937	\$196,829	\$288,828	\$355,765	\$413,163
Other Operating Transfers Out(3)	0	0	0	0	0	0	5,650,803	4,585,060
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$53,640	\$66,937	\$196,829	\$288,828	\$6,006,568	\$4,998,223
GRAND TOTAL	\$33,024	\$149,035	\$345,572	\$1,230,400	\$1,205,195	\$4,890,769	\$11,921,007	\$10,252,013

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.