

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

July 2011



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

JULY FINANCIAL REPORT

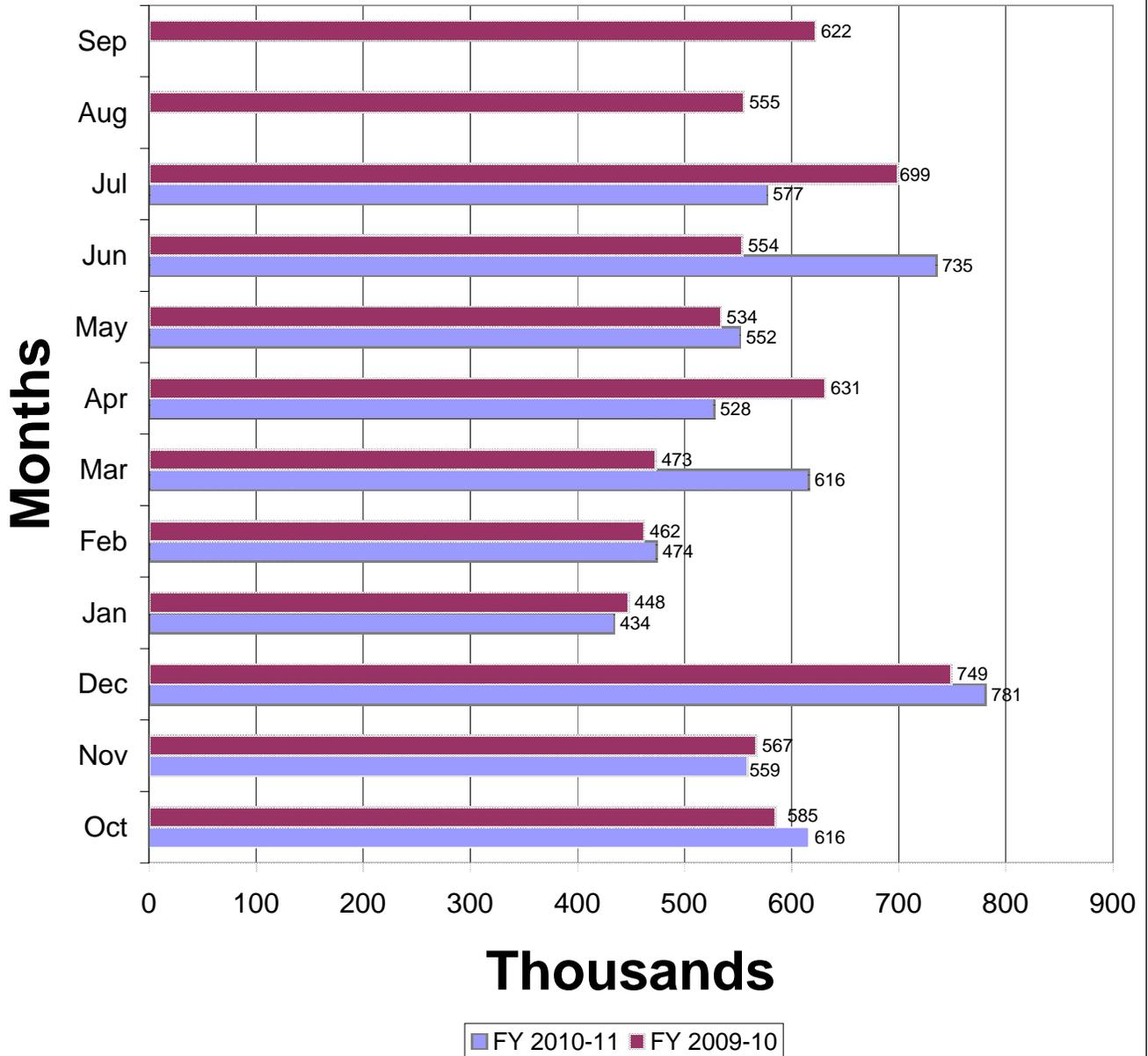
FISCAL YEAR 10 - 11

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Case Sales



	Fiscal Year to Date 10/10-07/11	Fiscal Year to Date 10/09-07/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,871,773	5,701,038	170,735	2.99%
Average Price Per Case Sold	\$137.51	\$137.02	\$0.49	0.36%

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

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	87,974,652	73,425,507
Subtotal	\$87,975,352	\$73,426,207
Liquor Inventory - At Current Cost	5,633,667	4,137,808
Prepaid Distribution Costs of Inventory	425,616	319,177
Other Assets		
Accounts Receivable	\$26,682,678	\$33,340,553
Returned Checks	101,985	123,778
Payroll Correction Clearing	0	0
Subtotal	26,784,663	33,464,331
TOTAL ASSETS	\$120,819,298	\$111,347,523
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,186,797	\$886,160
Warrants Authorized/Not Issued	81,574,705	75,721,461
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	\$83,471,875	\$77,242,619
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)*	35,961,165	32,736,960
Current Period Ending Balance	36,836,904	33,612,699
TOTAL LIABILITIES & RETAINED EARNINGS	\$120,819,298	\$111,347,523

*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
TEN MONTHS ENDED JULY 31

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$807,437,356	\$781,149,012
Less: Discounts Allowed	137,312,637	132,869,309
PROCEEDS - SALE OF LIQUOR	\$670,124,719	\$648,279,703
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	488,883,444	470,201,113
Less: Ending Inventory	5,633,667	4,137,808
Cost of Goods Sold	\$489,189,441	\$473,071,420
GROSS REVENUE FROM SALE OF LIQUOR	\$180,935,278	\$175,208,283
OTHER REVENUE		
Miscellaneous Revenue	\$17,065	(\$17,080)
Non-Operating Revenue	0	0
Interest Revenue	90,263	137,735
TOTAL OTHER REVENUE	\$107,328	\$120,655
TOTAL REVENUE	\$181,042,606	\$175,328,938
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$235,772	\$300,682
Management Support	2,233,897	2,184,502
Licensing & Enforcement (1)	4,205,392	4,134,134
Distribution Cost Paid to Suppliers	40,929,601	39,740,251
Compensated Absences	0	0
Total MLCC Expenses	\$47,604,662	\$46,359,569
<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	3,832,007	3,525,137
MLCC Rent	799,432	895,074
LARA - Executive Direction	132,957	(461,234)
LARA - Administrative Offices	1,254,614	2,077,199
Total Other Agencies Expenses	\$6,926,792	\$7,011,588
TOTAL EXPENSES AND TRANSFERS	\$54,531,454	\$53,371,157
NET INCOME (Not Including Taxes & Grants)	\$126,511,152	\$121,957,781
Add: Specific Tax, Liquor 1.85%	12,265,803	11,708,313
NET REVENUE (Before Unrelated Expenses)	\$138,776,955	\$133,666,094
LARA - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$136,366,455	\$131,255,594
RETAINED EARNINGS		
Transfers to General Fund - Cash	110,000,000	110,000,000
Current Year Increase or (Decrease)	\$26,366,455	\$21,255,594
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$27,242,194	\$22,131,333

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	181,042,606	175,328,938	5,713,668
Specific Tax, Liquor 1.85%	<u>12,265,803</u>	<u>11,708,313</u>	<u>557,490</u>
Total Equity Available	<u>\$194,184,148</u>	<u>\$187,912,990</u>	<u>\$6,271,158</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$110,000,000	\$110,000,000	\$0
MLCC Expenses	47,604,662	46,359,569	1,245,093
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,926,792	7,011,588	(84,796)
LARA Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$166,941,954</u>	<u>\$165,781,657</u>	<u>\$1,160,297</u>
Ending Equity	<u>\$27,242,194</u>	<u>\$22,131,333</u>	<u>\$5,110,861</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TEN MONTHS ENDED JULY 31**

	2011 MONTH	YTD	2010 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$66,141,495	\$661,908,956	\$78,694,474	\$632,177,493	\$29,731,463
On Premise	13,836,005	145,034,746	17,009,096	148,577,146	(3,542,400)
Other	35,415	493,654	63,486	394,373	99,281
TOTAL GROSS SALES	\$80,012,915	\$807,437,356	\$95,767,056	\$781,149,012	\$26,288,344
Less: Discounts Allowed	13,603,232	137,312,637	16,287,122	132,869,309	4,443,328
PROCEEDS-SALE OF LIQUOR	\$66,409,683	\$670,124,719	\$79,479,934	\$648,279,703	\$21,845,016
Less: Cost of Goods Sold	48,407,174	489,189,441	57,749,025	473,071,420	16,118,021
GROSS REVENUE FROM SALE OF LIQUOR	\$18,002,509	\$180,935,278	\$21,730,909	\$175,208,283	\$5,726,995
OTHER REVENUE					
Miscellaneous Revenue	\$17,226	\$17,065	\$9,470	(\$17,080)	\$34,145
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	24,823	90,263	47,524	137,735	(47,472)
TOTAL OTHER REVENUE	\$42,049	\$107,328	\$56,994	\$120,655	(\$13,327)
TOTAL REVENUE	\$18,044,558	\$181,042,606	\$21,787,903	\$175,328,938	\$5,713,668
Less: Distribution Cost Paid to Suppliers	4,018,859	40,929,601	4,854,727	39,740,251	1,189,350
INCOME FROM LIQUOR MERCHANDISING	\$14,025,699	\$140,113,005	\$16,933,176	\$135,588,687	\$4,524,318
MANAGEMENT EXPENSES					
Commission	(\$33,876)	\$235,772	(\$11,383)	\$300,682	(\$64,910)
Management Support(1)	279,295	2,421,294	235,908	2,393,869	27,425
Licensing & Enforcement(1)	1,027,360	9,696,966	989,799	9,616,677	80,289
LARA Services	11,631	3,798,071	(713,760)	4,026,465	(228,394)
Information Technology Services	269,535	3,832,007	370,284	3,525,137	306,870
Attorney General	227,655	738,423	283,682	741,864	(3,441)
Auditor General	0	11,300	79,950	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	\$1,781,600	\$18,481,392	\$1,234,480	\$18,427,742	\$53,650
INCOME FROM OPERATIONS	\$12,244,099	\$121,631,613	\$15,698,696	\$117,160,945	\$4,470,668
Specific Tax, Liquor 1.85%(Off Premise)	1,225,370	12,265,803	1,457,664	11,708,313	557,490
Revenue Collected for Other Funds	14,952,345	154,050,052	16,734,031	149,570,739	4,479,313
TOTAL CURRENT EARNINGS & REVENUE	\$28,421,814	\$287,947,468	\$33,890,391	\$278,439,997	\$9,507,471
Number of Cases Sold	577,407	5,871,773	699,337	5,701,038	170,735
Number of Sales Days	20	216	25	217	(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
TEN MONTHS ENDED JULY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,868,621	\$30,556,232	\$31,652,407	(\$1,096,175)
Specific Tax, Liquor 4%	2,916,690	31,976,120	31,197,786	778,334
Excise Tax, Wine	1,046,015	7,300,399	6,819,560	480,839
Excise Tax, Mixed Spirit Drink	71,962	326,205	290,517	35,688
Fines & Costs	71,305	654,854	724,719	(69,865)
Miscellaneous Revenue	3,627	72,920	122,656	(49,736)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,978,220</u>	<u>\$70,886,730</u>	<u>\$70,807,645</u>	<u>\$79,085</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$91,662	\$8,266,769	\$8,053,426	\$213,343
41.5% To Licensing & Enforcement	69,127	4,851,323	4,848,659	2,664
3.5% To Alcoholism Prevention Programs	5,831	408,194	406,954	1,240
Additional Resort License Fees	0	38,800	19,650	19,150
Direct Shipper License Fees	1,037	77,583	51,034	26,549
License Transfer Fees	41,219	484,063	477,030	7,033
Sunday Sales Fees	38,808	3,095,444	1,502,571	1,592,873
Non-Retail License Fees-Wine Industry Council	10,435	740,100	532,985	207,115
Liquor Control Act Sales	215	2,036	2,815	(779)
Inspection Fees	32,947	320,332	383,032	(62,700)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,763,394	32,853,832	31,239,802	1,614,030
Miscellaneous Revenue	2,760	48,726	47,350	1,376
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,057,435</u>	<u>\$51,187,202</u>	<u>\$47,565,308</u>	<u>\$3,621,894</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$2,916,690	\$31,976,120	\$31,197,786	\$778,334
TOTAL SCHOOL AID FUND	<u>\$2,916,690</u>	<u>\$31,976,120</u>	<u>\$31,197,786</u>	<u>\$778,334</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,952,345</u>	<u>\$154,050,052</u>	<u>\$149,570,739</u>	<u>\$4,479,313</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,225,370	\$12,265,803	\$11,708,313	\$557,490
Income From Operations(Excluding Taxes & Grants)(1)	12,244,099	121,631,613	117,160,945	4,470,668
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$13,469,469</u>	<u>\$133,897,416</u>	<u>\$128,869,258</u>	<u>\$5,028,158</u>
TOTAL REVENUE COLLECTED	<u>\$28,421,814</u>	<u>\$287,947,468</u>	<u>\$278,439,997</u>	<u>\$9,507,471</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
TEN MONTHS ENDED JULY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	(\$33,876)	\$235,772	\$108,764	\$1,022,168	\$528,506	\$5,034,591	\$6,292,531	\$6,455,695
Longevity & Insurance	0	0	33,272	362,814	120,772	1,328,486	1,691,300	1,694,495
Retirement & FICA	0	0	47,668	465,155	200,173	1,956,445	2,421,600	2,384,353
Subtotal	(\$33,876)	\$235,772	\$189,704	\$1,850,137	\$849,451	\$8,319,522	\$10,405,431	\$10,534,543
Communications	\$0	\$0	\$2,583	\$89,826	\$8,843	\$78,693	\$168,519	\$112,977
Travel	0	0	3,257	23,677	17,666	173,472	197,149	214,272
Utilities	0	0	59	12,367	447	3,030	15,397	17,518
Contractual Services	0	0	49,519	95,078	18,459	157,965	253,043	241,075
Supplies & Materials	0	0	2,970	66,473	18,587	183,411	249,884	229,406
Equipment Replacement, Additions & Rentals	0	0	12,687	96,339	54,274	168,838	265,177	57,490
Miscellaneous	0	0	0	0	0	0	0	8,873
Subtotal	\$0	\$0	\$71,075	\$383,760	\$118,276	\$765,409	\$1,149,169	\$881,611
TOTAL MLCC APPROPRIATED EXPENSES	(\$33,876)	\$235,772	\$260,779	\$2,233,897	\$967,727	\$9,084,931	\$11,554,600	\$11,416,154
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,516	\$187,397	\$59,633	\$612,035	\$799,432	\$895,074
Other Operating Transfers Out(3)	0	0	0	0	0	0	8,537,860	8,527,014
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,516	\$187,397	\$59,633	\$612,035	\$9,337,292	\$9,422,088
GRAND TOTAL	(\$33,876)	\$235,772	\$279,295	\$2,421,294	\$1,027,360	\$9,696,966	\$20,891,892	\$20,838,242

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.