

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

July 2012



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

JULY FINANCIAL REPORT

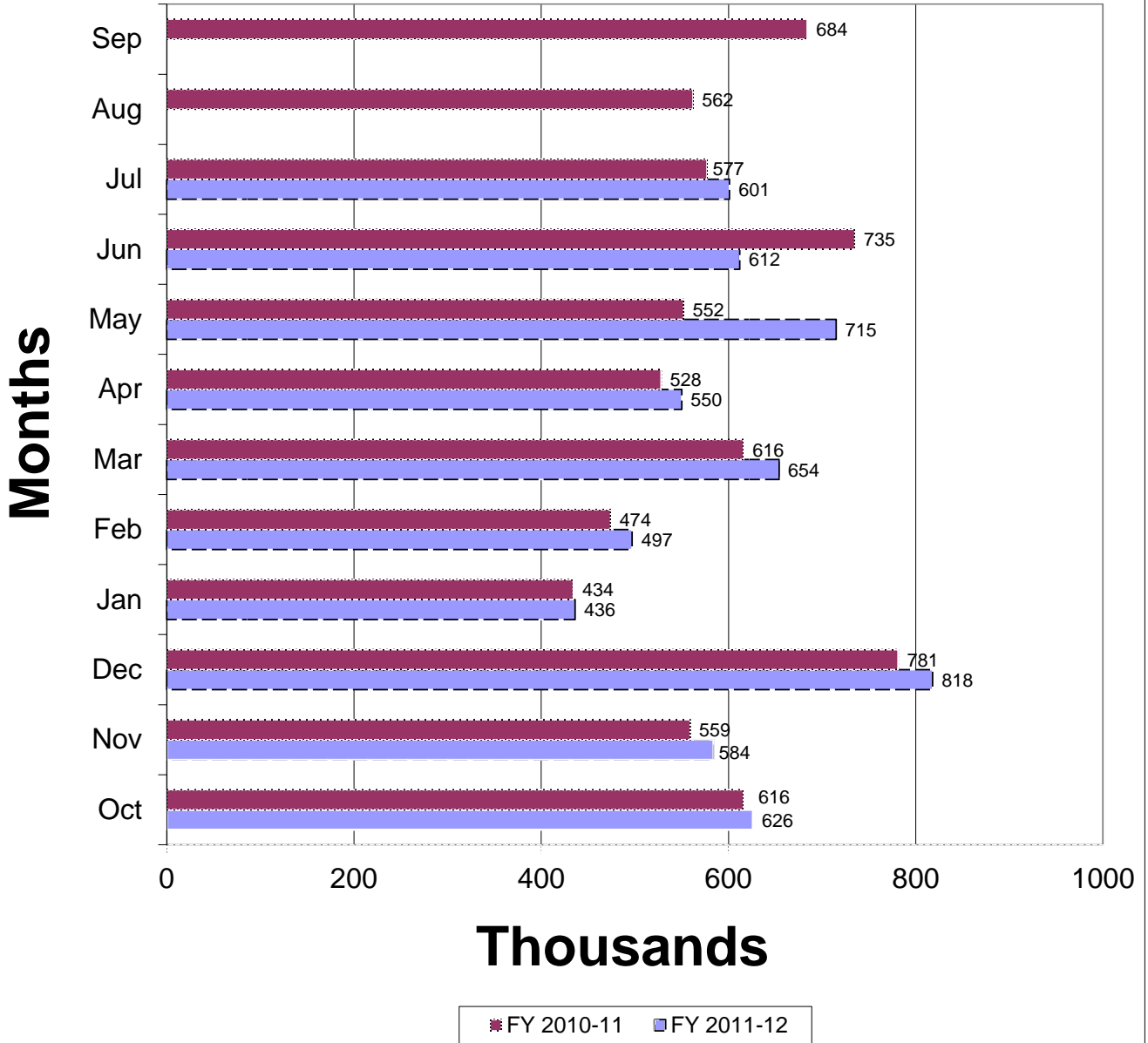
FISCAL YEAR 11 - 12

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Case Sales



	Fiscal Year to Date 10/11-07/12	Fiscal Year to Date 10/10-07/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,093,205	5,871,773	221,432	3.77%
Average Price Per Case Sold	\$139.97	\$137.51	\$2.46	1.79%

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

	2012	2011
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	95,112,233	87,974,652
Subtotal	\$95,112,933	\$87,975,352
Liquor Inventory - At Current Cost	5,476,121	5,633,667
Prepaid Distribution Costs of Inventory	394,335	425,616
Other Assets		
Accounts Receivable	\$20,422,292	\$26,682,678
Returned Checks	160,390	101,985
Payroll Correction Clearing	0	0
Subtotal	20,582,682	26,784,663
TOTAL ASSETS	\$121,566,071	\$120,819,298
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,478,075	\$1,186,797
Warrants Authorized/Not Issued	72,310,090	81,574,705
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	464,996	710,373
Total Current Liabilities	\$75,253,161	\$83,471,875
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	106,562	510,519
Total Long Term Liabilities	106,562	510,519
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	45,330,609	35,961,165
Current Period Ending Balance	46,206,348	36,836,904
TOTAL LIABILITIES & RETAINED EARNINGS	\$121,566,071	\$120,819,298

*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**

	2012	2011
REVENUE		
TOTAL GROSS SALES	\$852,866,691	\$807,437,356
Less: Discounts Allowed	145,001,160	137,312,637
PROCEEDS - SALE OF LIQUOR	\$707,865,531	\$670,124,719
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	516,309,110	488,883,444
Less: Ending Inventory	5,476,121	5,633,667
Cost of Goods Sold	\$516,736,665	\$489,189,441
GROSS REVENUE FROM SALE OF LIQUOR	\$191,128,866	\$180,935,278
OTHER REVENUE		
Miscellaneous Revenue	\$27,139	\$17,065
Non-Operating Revenue	0	0
Interest Revenue	55,862	90,263
TOTAL OTHER REVENUE	\$83,001	\$107,328
TOTAL REVENUE	\$191,211,867	\$181,042,606
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$281,978	\$235,772
Management Support	2,425,049	2,233,897
Licensing & Enforcement (1)	4,664,664	4,205,392
Distribution Cost Paid to Suppliers	42,472,526	40,929,601
Compensated Absences	0	0
Total MLCC Expenses	\$49,844,217	\$47,604,662
<u>Other Agencies Expenses</u>		
Attorney General	\$725,878	\$738,423
Auditor General	12,000	11,300
Bureau of Fire Services	2,163,350	0
Civil Service - Personnel	170,116	158,059
Administrative Hearings & Rules	0	0
Information Technology Services	3,506,221	3,832,007
MLCC Rent	690,471	799,432
LARA - Executive Direction	(308,332)	132,957
LARA - Administrative Offices	1,547,229	1,254,614
Total Other Agencies Expenses	1,547,229	1,254,614
Excluding Transfers Not Related to MLCC	\$8,506,933	\$6,926,792
TOTAL EXPENSES AND TRANSFERS	\$58,351,150	\$54,531,454
NET INCOME (Not Including Taxes & Grants)	\$132,860,717	\$126,511,152
Add: Specific Tax, Liquor 1.85%	13,006,659	12,265,803
NET REVENUE (Before Unrelated Expenses)	\$145,867,376	\$138,776,955
LARA - Transfers For Grant Not Related to MLCC	773,900	2,410,500
NET INCOME	\$145,093,476	\$136,366,455
RETAINED EARNINGS		
Transfers to General Fund - Cash	110,000,000	110,000,000
Current Year Increase or (Decrease)	\$35,093,476	\$26,366,455
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$35,969,215	\$27,242,194

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>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	191,211,867	181,042,606	10,169,261
Specific Tax, Liquor 1.85%	<u>13,006,659</u>	<u>12,265,803</u>	<u>740,856</u>
Total Equity Available	<u>\$205,094,265</u>	<u>\$194,184,148</u>	<u>\$10,910,117</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$110,000,000	\$110,000,000	\$0
MLCC Expenses	49,844,217	47,604,662	2,239,555
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	8,506,933	6,926,792	1,580,141
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>\$169,125,050</u>	<u>\$166,941,954</u>	<u>\$2,183,096</u>
Ending Equity	<u>\$35,969,215</u>	<u>\$27,242,194</u>	<u>\$8,727,021</u>

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

	2012 MONTH	YTD	2011 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$70,749,116	\$701,914,806	\$66,141,495	\$661,908,956	\$40,005,850
On Premise	14,456,399	150,516,943	13,836,005	145,034,746	5,482,197
Other	40,228	434,942	35,415	493,654	(58,712)
TOTAL GROSS SALES	\$85,245,743	\$852,866,691	\$80,012,915	\$807,437,356	\$45,429,335
Less: Discounts Allowed	14,492,378	145,001,160	13,603,232	137,312,637	7,688,523
PROCEEDS-SALE OF LIQUOR	\$70,753,365	\$707,865,531	\$66,409,683	\$670,124,719	\$37,740,812
Less: Cost of Goods Sold	51,900,437	516,736,665	48,407,174	489,189,441	27,547,224
GROSS REVENUE FROM SALE OF LIQUOR	\$18,852,928	\$191,128,866	\$18,002,509	\$180,935,278	\$10,193,588
OTHER REVENUE					
Miscellaneous Revenue	(\$707)	\$27,139	\$17,226	\$17,065	\$10,074
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	22,617	55,862	24,823	90,263	(34,401)
TOTAL OTHER REVENUE	\$21,910	\$83,001	\$42,049	\$107,328	(\$24,327)
TOTAL REVENUE	\$18,874,838	\$191,211,867	\$18,044,558	\$181,042,606	\$10,169,261
Less: Distribution Cost Paid to Suppliers	4,203,361	42,472,526	4,018,859	40,929,601	1,542,925
INCOME FROM LIQUOR MERCHANDISING	\$14,671,477	\$148,739,341	\$14,025,699	\$140,113,005	\$8,626,336
MANAGEMENT EXPENSES					
Commission	\$3,750	\$281,978	(\$33,876)	\$235,772	\$46,206
Management Support(1)	256,494	2,556,264	279,295	2,421,294	134,970
Licensing & Enforcement(1)	1,090,887	10,735,850	1,027,360	9,696,966	1,038,884
LARA Services	(71,366)	2,012,797	11,631	3,798,071	(1,785,274)
Information Technology Services	(38,196)	3,506,221	269,535	3,832,007	(325,786)
Attorney General	258,162	725,878	227,655	738,423	(12,545)
Auditor General	0	12,000	0	11,300	700
Bureau of Fire Services	170,188	2,163,350	0	0	2,163,350
Civil Service - Personnel	0	170,116	0	158,059	12,057
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	\$1,669,919	\$21,390,554	\$1,781,600	\$18,481,392	\$2,909,162
INCOME FROM OPERATIONS	\$13,001,558	\$127,348,787	\$12,244,099	\$121,631,613	\$5,717,174
Specific Tax, Liquor 1.85%(Off Premise)	1,313,229	13,006,659	1,225,370	12,265,803	740,856
Revenue Collected for Other Funds	15,780,288	161,042,655	14,952,345	154,050,052	6,992,603
TOTAL CURRENT EARNINGS & REVENUE	\$30,095,075	\$301,398,101	\$28,421,814	\$287,947,468	\$13,450,633
Number of Cases Sold	600,717	6,093,205	577,407	5,871,773	221,432
Number of Sales Days	20	215	20	216	(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 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,364,435	\$31,010,985	\$30,556,232	\$454,753
Specific Tax, Liquor 4%	3,411,464	34,088,511	31,976,120	2,112,391
Excise Tax, Wine	1,695,583	8,059,222	7,300,399	758,823
Excise Tax, Mixed Spirit Drink	122,727	387,305	326,205	61,100
Sunday Sales Fees (7am-12pm)	14,435	1,167,397	1,582,707	(415,310)
Fines & Costs	68,309	571,869	654,854	(82,985)
Miscellaneous Revenue	5,817	46,279	72,920	(26,641)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,682,770</u>	<u>\$75,331,568</u>	<u>\$72,469,437</u>	<u>\$2,862,131</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$74,923	\$8,529,081	\$8,266,769	\$262,312
41.5% To Licensing & Enforcement	58,625	5,029,100	4,851,323	177,777
3.5% To Alcoholism Prevention Programs	4,944	424,144	408,194	15,950
Additional Resort License Fees	0	57,850	38,800	19,050
Direct Shipper License Fees	1,224	84,019	77,583	6,436
License Transfer Fees	55,964	799,120	484,063	315,057
Sunday Sales Fees	20,022	1,603,458	1,512,737	90,721
Non-Retail License Fees-Wine Industry Council	15,115	621,896	740,100	(118,204)
Liquor Control Act Sales	594	3,314	2,036	1,278
Inspection Fees	37,348	298,660	320,332	(21,672)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,412,475	34,123,611	32,853,832	1,269,779
Miscellaneous Revenue	4,820	48,323	48,726	(403)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,686,054</u>	<u>\$51,622,576</u>	<u>\$49,604,495</u>	<u>\$2,018,081</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,411,464	\$34,088,511	\$31,976,120	\$2,112,391
TOTAL SCHOOL AID FUND	<u>\$3,411,464</u>	<u>\$34,088,511</u>	<u>\$31,976,120</u>	<u>\$2,112,391</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$15,780,288</u>	<u>\$161,042,655</u>	<u>\$154,050,052</u>	<u>\$6,992,603</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,313,229	\$13,006,659	\$12,265,803	\$740,856
Income From Operations(Excluding Taxes & Grants)(1)	13,001,558	127,348,787	121,631,613	5,717,174
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$14,314,787</u>	<u>\$140,355,446</u>	<u>\$133,897,416</u>	<u>\$6,458,030</u>
TOTAL REVENUE COLLECTED	<u>\$30,095,075</u>	<u>\$301,398,101</u>	<u>\$287,947,468</u>	<u>\$13,450,633</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 2012	TOTAL 2011
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
	(1)							
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$3,750	\$281,978	\$104,716	\$885,540	\$529,302	\$5,135,014	\$6,302,532	\$6,292,531
Longevity & Insurance	0	0	36,180	411,734	122,627	1,359,713	1,771,447	1,691,300
Retirement & FICA	0	0	70,324	729,371	290,116	2,958,887	3,688,258	2,421,600
Subtotal	\$3,750	\$281,978	\$211,220	\$2,026,645	\$942,045	\$9,453,614	\$11,762,237	\$10,405,431
Communications	\$0	\$0	\$3,127	\$24,163	\$10,299	\$93,335	\$117,498	\$168,519
Travel	0	0	2,353	24,396	18,641	190,224	214,620	197,149
Utilities	0	0	40	9,411	318	2,176	11,587	15,397
Contractual Services	0	0	12,266	120,397	53,582	184,955	305,352	253,043
Supplies & Materials	0	0	2,287	85,898	9,465	200,981	286,879	249,884
Equipment Replacement, Additions & Rentals	0	0	12,345	134,139	2,451	47,688	181,827	265,177
Miscellaneous	0	0	0	0	0	3,620	3,620	0
Subtotal	\$0	\$0	\$32,418	\$398,404	\$94,756	\$722,979	\$1,121,383	\$1,149,169
TOTAL MLCC APPROPRIATED EXPENSES	\$3,750	\$281,978	\$243,638	\$2,425,049	\$1,036,801	\$10,176,593	\$12,883,620	\$11,554,600
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$12,856	\$131,215	\$54,086	\$559,257	\$690,472	\$799,432
Other Operating Transfers Out(3)	0	0	0	0	0	0	8,590,362	8,537,860
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$12,856	\$131,215	\$54,086	\$559,257	\$9,280,834	\$9,337,292
GRAND TOTAL	\$3,750	\$281,978	\$256,494	\$2,556,264	\$1,090,887	\$10,735,850	\$22,164,454	\$20,891,892

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.