

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

June 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

JUNE FINANCIAL REPORT

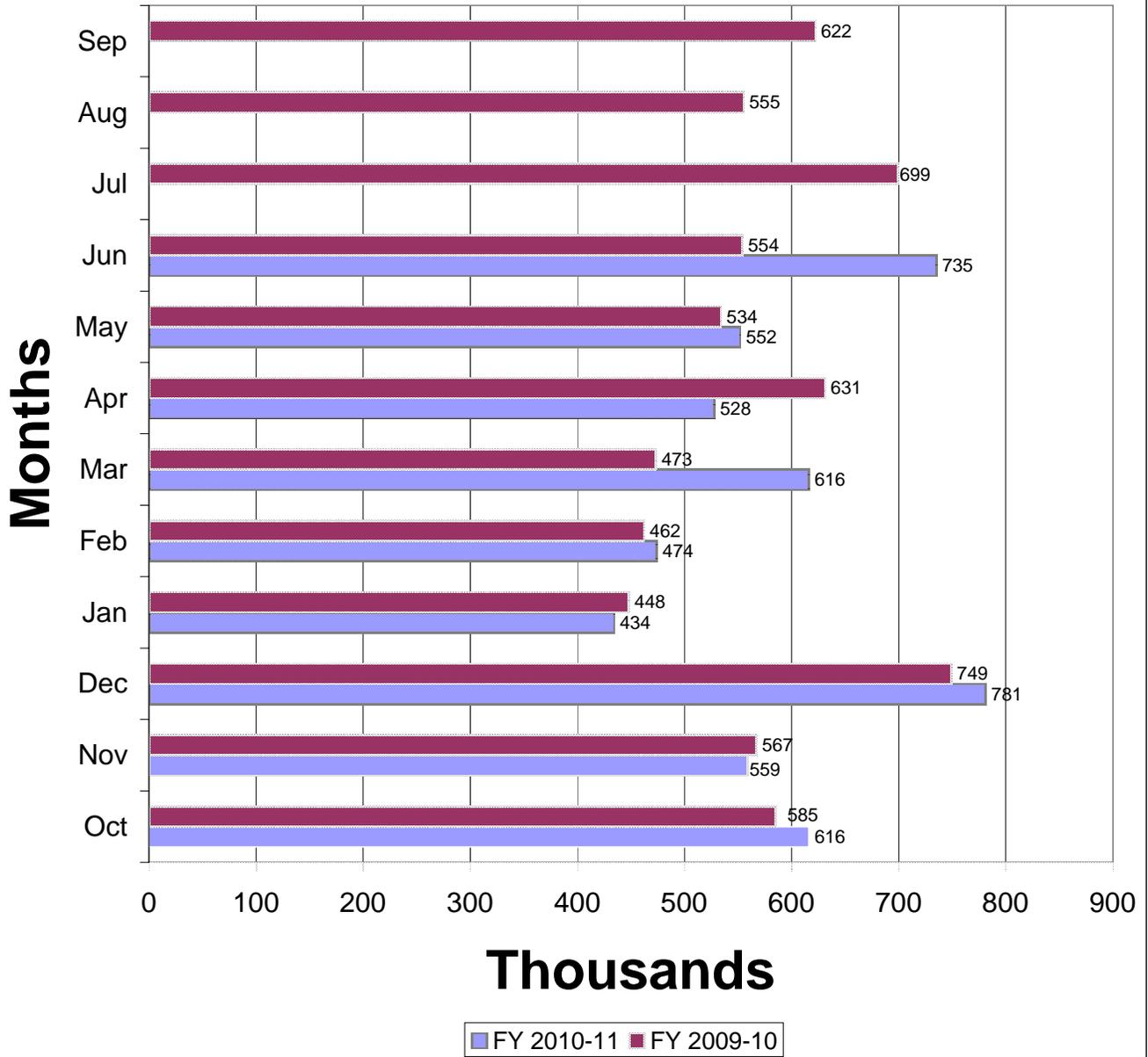
FISCAL YEAR 10 - 11

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Case Sales



	Fiscal Year to Date 10/10-06/11	Fiscal Year to Date 10/09-06/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,294,366	5,001,701	292,665	5.85%
Average Price Per Case Sold	\$137.40	\$137.03	\$0.37	0.27%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
JUNE 30**

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	74,342,350	78,593,804
Subtotal	\$74,343,050	\$78,594,504
Liquor Inventory - At Current Cost	5,756,451	4,467,527
Prepaid Distribution Costs of Inventory	437,012	346,521
Other Assets		
Accounts Receivable	\$39,536,315	\$8,545,997
Returned Checks	102,100	113,487
Payroll Correction Clearing	0	0
Subtotal	39,638,415	8,659,484
TOTAL ASSETS	\$120,174,928	\$92,068,036
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,940,254	\$2,800,315
Warrants Authorized/Not Issued	80,567,202	63,559,080
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	\$83,217,829	\$66,994,393
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)*	35,570,841	23,705,699
Current Period Ending Balance	36,446,580	24,581,438
TOTAL LIABILITIES & RETAINED EARNINGS	\$120,174,928	\$92,068,036

*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
NINE MONTHS ENDED JUNE 30

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$727,424,441	\$685,381,956
Less: Discounts Allowed	123,709,405	116,582,187
PROCEEDS - SALE OF LIQUOR	\$603,715,036	\$568,799,769
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	440,599,054	412,781,807
Less: Ending Inventory	5,756,451	4,467,527
Cost of Goods Sold	\$440,782,267	\$415,322,395
GROSS REVENUE FROM SALE OF LIQUOR	\$162,932,769	\$153,477,374
OTHER REVENUE		
Miscellaneous Revenue	(\$161)	(\$26,550)
Non-Operating Revenue	0	0
Interest Revenue	65,440	90,211
TOTAL OTHER REVENUE	\$65,279	\$63,661
TOTAL REVENUE	\$162,998,048	\$153,541,035
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$269,648	\$312,065
Management Support	1,973,119	1,970,749
Licensing & Enforcement (1)	3,757,455	3,710,757
Distribution Cost Paid to Suppliers	36,910,742	34,885,524
Compensated Absences	0	0
Total MLCC Expenses	\$42,910,964	\$40,879,095
<u>Other Agencies Expenses</u>		
Attorney General	\$510,768	\$458,182
Auditor General	11,300	11,300
Civil Service - Personnel	158,059	142,298
Management and Budget	0	0
Information Technology Services	3,562,472	3,154,853
MLCC Rent	721,283	797,738
LARA - Executive Direction	278,379	447,090
LARA - Administrative Offices	1,097,561	1,882,635
Total Other Agencies Expenses	\$6,339,822	\$6,894,096
Excluding Transfers Not Related to MLCC	\$6,339,822	\$6,894,096
TOTAL EXPENSES AND TRANSFERS	\$49,250,786	\$47,773,191
NET INCOME (Not Including Taxes & Grants)	\$113,747,262	\$105,767,844
Add: Specific Tax, Liquor 1.85%	11,040,433	10,250,649
NET REVENUE (Before Unrelated Expenses)	\$124,787,695	\$116,018,493
LARA - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$122,377,195	\$113,607,993
RETAINED EARNINGS		
Transfers to General Fund - Cash	99,000,000	99,000,000
Current Year Increase or (Decrease)	\$23,377,195	\$14,607,993
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$24,252,934	\$15,483,732

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
JUNE 30**

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	162,998,048	153,541,035	9,457,013
Specific Tax, Liquor 1.85%	<u>11,040,433</u>	<u>10,250,649</u>	<u>789,784</u>
Total Equity Available	<u>\$174,914,220</u>	<u>\$164,667,423</u>	<u>\$10,246,797</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$99,000,000	\$99,000,000	\$0
MLCC Expenses	42,910,964	40,879,095	2,031,869
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,339,822	6,894,096	(554,274)
LARA Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$150,661,286</u>	<u>\$149,183,691</u>	<u>\$1,477,595</u>
Ending Equity	<u>\$24,252,934</u>	<u>\$15,483,732</u>	<u>\$8,769,202</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
NINE MONTHS ENDED JUNE 30**

	<u>2011 MONTH</u>	<u>YTD</u>	<u>2010 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$83,800,024	\$595,767,461	\$62,392,611	\$553,483,019	\$42,284,442
On Premise	17,833,630	131,198,741	13,452,624	131,568,050	(369,309)
Other	59,190	458,239	42,077	330,887	127,352
TOTAL GROSS SALES	<u>\$101,692,844</u>	<u>\$727,424,441</u>	<u>\$75,887,312</u>	<u>\$685,381,956</u>	<u>\$42,042,485</u>
Less: Discounts Allowed	17,292,194	123,709,405	12,905,839	116,582,187	7,127,218
PROCEEDS-SALE OF LIQUOR	<u>\$84,400,650</u>	<u>\$603,715,036</u>	<u>\$62,981,473</u>	<u>\$568,799,769</u>	<u>\$34,915,267</u>
Less: Cost of Goods Sold	61,671,222	440,782,267	45,839,717	415,322,395	25,459,872
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$22,729,428</u>	<u>\$162,932,769</u>	<u>\$17,141,756</u>	<u>\$153,477,374</u>	<u>\$9,455,395</u>
OTHER REVENUE					
Miscellaneous Revenue	\$64,890	(\$161)	\$7,467	(\$26,550)	\$26,389
Non-Operating Revenue	0	0	(36)	0	0
Interest Revenue	0	65,440	0	90,211	(24,771)
TOTAL OTHER REVENUE	<u>\$64,890</u>	<u>\$65,279</u>	<u>\$7,431</u>	<u>\$63,661</u>	<u>\$1,618</u>
TOTAL REVENUE	<u>\$22,794,318</u>	<u>\$162,998,048</u>	<u>\$17,149,187</u>	<u>\$153,541,035</u>	<u>\$9,457,013</u>
Less: Distribution Cost Paid to Suppliers	5,130,359	36,910,742	3,849,622	34,885,524	2,025,218
INCOME FROM LIQUOR MERCHANDISING	<u>\$17,663,959</u>	<u>\$126,087,306</u>	<u>\$13,299,565</u>	<u>\$118,655,511</u>	<u>\$7,431,795</u>
MANAGEMENT EXPENSES					
Commission	\$34,859	\$269,648	\$34,794	\$312,065	(\$42,417)
Management Support(1)	223,457	2,141,999	233,036	2,157,961	(15,962)
Licensing & Enforcement(1)	986,718	8,669,606	884,218	8,626,878	42,728
LARA Services	286,699	3,786,440	376,851	4,740,225	(953,785)
Information Technology Services	484,436	3,562,472	842,208	3,154,853	407,619
Attorney General	0	510,768	0	458,182	52,586
Auditor General	0	11,300	0	11,300	0
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	<u>\$2,016,169</u>	<u>\$16,699,792</u>	<u>\$2,371,107</u>	<u>\$17,193,262</u>	<u>(\$493,470)</u>
INCOME FROM OPERATIONS	<u>\$15,647,790</u>	<u>\$109,387,514</u>	<u>\$10,928,458</u>	<u>\$101,462,249</u>	<u>\$7,925,265</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,552,962	11,040,433	1,157,065	10,250,649	789,784
Revenue Collected for Other Funds	17,663,829	139,097,707	14,196,551	132,836,708	6,260,999
TOTAL CURRENT EARNINGS & REVENUE	<u>\$34,864,581</u>	<u>\$259,525,654</u>	<u>\$26,282,074</u>	<u>\$244,549,606</u>	<u>\$14,976,048</u>
Number of Cases Sold	735,254	5,294,366	554,284	5,001,701	292,665
Number of Sales Days	25	196	20	192	4

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
NINE MONTHS ENDED JUNE 30**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,933,671	\$26,687,611	\$27,534,199	(\$846,588)
Specific Tax, Liquor 4%	4,064,446	29,059,430	27,371,334	1,688,096
Excise Tax, Wine	1,015,312	6,254,384	6,117,951	136,433
Excise Tax, Mixed Spirit Drink	63,533	254,243	237,003	17,240
Fines & Costs	89,644	583,549	660,479	(76,930)
Miscellaneous Revenue	4,564	69,293	119,315	(50,022)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$9,171,170</u>	<u>\$62,908,510</u>	<u>\$62,040,281</u>	<u>\$868,229</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$94,222	\$8,175,107	\$7,944,028	\$231,079
41.5% To Licensing & Enforcement	71,095	4,782,196	4,766,113	16,083
3.5% To Alcoholism Prevention Programs	5,996	402,363	399,992	2,371
Additional Resort License Fees	0	38,800	19,650	19,150
Direct Shipper License Fees	1,325	76,546	49,931	26,615
License Transfer Fees	57,237	442,844	441,027	1,817
Sunday Sales Fees	53,267	3,056,636	1,477,081	1,579,555
Non-Retail License Fees-Wine Industry Council	27,100	729,665	524,195	205,470
Liquor Control Act Sales	420	1,821	2,680	(859)
Inspection Fees	48,905	287,385	346,567	(59,182)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,064,446	29,090,438	27,409,839	1,680,599
Miscellaneous Revenue	4,200	45,966	43,990	1,976
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,428,213</u>	<u>\$47,129,767</u>	<u>\$43,425,093</u>	<u>\$3,704,674</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,064,446	\$29,059,430	\$27,371,334	\$1,688,096
TOTAL SCHOOL AID FUND	<u>\$4,064,446</u>	<u>\$29,059,430</u>	<u>\$27,371,334</u>	<u>\$1,688,096</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$17,663,829</u>	<u>\$139,097,707</u>	<u>\$132,836,708</u>	<u>\$6,260,999</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,552,962	\$11,040,433	\$10,250,649	\$789,784
Income From Operations(Excluding Taxes & Grants)(1)	15,647,790	109,387,514	101,462,249	7,925,265
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$17,200,752</u>	<u>\$120,427,947</u>	<u>\$111,712,898</u>	<u>\$8,715,049</u>
TOTAL REVENUE COLLECTED	<u>\$34,864,581</u>	<u>\$259,525,654</u>	<u>\$244,549,606</u>	<u>\$14,976,048</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
NINE MONTHS ENDED JUNE 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,859	\$269,648	\$100,069	\$913,404	\$521,842	\$4,506,085	\$5,689,137	\$5,841,630
Longevity & Insurance	0	0	33,052	329,542	119,586	1,207,714	1,537,256	1,546,932
Retirement & FICA	0	0	44,481	417,487	201,820	1,756,272	2,173,759	2,150,687
Subtotal	\$34,859	\$269,648	\$177,602	\$1,660,433	\$843,248	\$7,470,071	\$9,400,152	\$9,539,249
Communications	\$0	\$0	\$2,191	\$87,243	\$9,008	\$69,850	\$157,093	\$101,990
Travel	0	0	3,129	20,420	26,390	155,806	176,226	186,173
Utilities	0	0	1,139	12,308	463	2,583	14,891	15,065
Contractual Services	0	0	238	45,559	5,632	139,506	185,065	197,398
Supplies & Materials	0	0	7,696	63,503	23,338	164,824	228,327	211,450
Equipment Replacement, Additions & Rentals	0	0	12,946	83,652	19,005	114,564	198,216	40,273
Miscellaneous	0	0	0	0	0	0	0	7,568
Subtotal	\$0	\$0	\$27,339	\$312,685	\$83,836	\$647,133	\$959,818	\$759,917
TOTAL MLCC APPROPRIATED EXPENSES	\$34,859	\$269,648	\$204,941	\$1,973,118	\$927,084	\$8,117,204	\$10,359,970	\$10,299,166
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,516	\$168,881	\$59,634	\$552,402	\$721,283	\$797,738
Other Operating Transfers Out(3)	0	0	0	0	0	0	8,029,039	8,506,858
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,516	\$168,881	\$59,634	\$552,402	\$8,750,322	\$9,304,596
GRAND TOTAL	\$34,859	\$269,648	\$223,457	\$2,141,999	\$986,718	\$8,669,606	\$19,110,292	\$19,603,762

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.