

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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

MARCH FINANCIAL REPORT

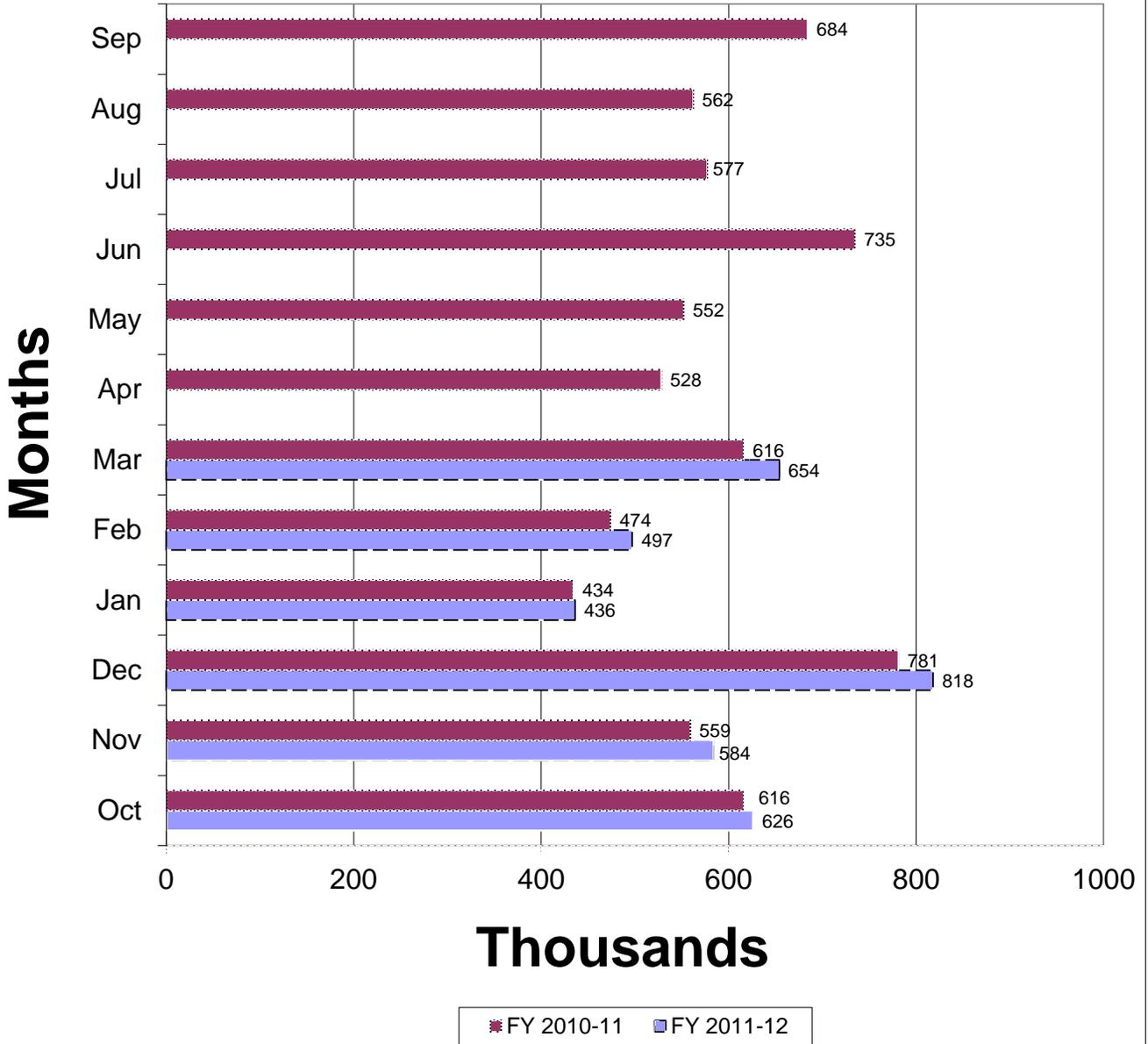
FISCAL YEAR 11 - 12

Table of Contents

	<u>Page</u>
Chart of Case Sales	1
Unaudited Comparative Balance Sheet.....	2
Unaudited Comparative Statement of Revenue, Expenses & Changes in Retained Earnings.....	3
Unaudited Statement of Changes in Equity and Transfers	4
Unaudited Comparative Schedule of Operations.....	5
Unaudited Comparative Schedule of Revenue Collected	6
Unaudited Schedule of Expenses by Type and Account	7

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Case Sales



	Fiscal Year to Date 10/11-03/12	Fiscal Year to Date 10/10-03/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,615,396	3,479,945	135,451	3.89%
Average Price Per Case Sold	\$139.71	\$137.41	\$2.30	1.67%

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

	2012	2011
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	75,812,731	52,182,760
Subtotal	\$75,813,431	\$52,183,460
Liquor Inventory - At Current Cost	5,439,243	5,371,925
Prepaid Distribution Costs of Inventory	396,865	409,397
Other Assets		
Accounts Receivable	\$21,196,399	\$36,010,940
Returned Checks	91,347	99,490
Payroll Correction Clearing	0	0
Subtotal	21,287,746	36,110,430
TOTAL ASSETS	\$102,937,285	\$94,075,212
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$154,485	\$1,278,571
Warrants Authorized/Not Issued	72,044,001	67,106,730
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	\$72,756,114	\$69,095,674
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)*	28,896,235	23,593,280
Current Period Ending Balance	29,771,974	24,469,019
TOTAL LIABILITIES & RETAINED EARNINGS	\$102,937,285	\$94,075,212

*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
SIX MONTHS ENDED MARCH 31

	2012	2011
REVENUE		
TOTAL GROSS SALES	\$505,099,363	\$478,161,995
Less: Discounts Allowed	85,875,211	81,317,176
PROCEEDS - SALE OF LIQUOR	\$419,224,152	\$396,844,819
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	305,585,718	289,138,419
Less: Ending Inventory	5,439,243	5,371,925
Cost of Goods Sold	\$306,050,151	\$289,706,158
GROSS REVENUE FROM SALE OF LIQUOR	\$113,174,001	\$107,138,661
OTHER REVENUE		
Miscellaneous Revenue	\$23,522	(\$18,764)
Non-Operating Revenue	0	0
Interest Revenue	16,391	34,037
TOTAL OTHER REVENUE	\$39,913	\$15,273
TOTAL REVENUE	\$113,213,914	\$107,153,934
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$197,865	\$195,266
Management Support	1,572,925	1,339,104
Licensing & Enforcement (1)	2,828,393	2,450,744
Distribution Cost Paid to Suppliers	25,200,559	24,259,385
Compensated Absences	0	0
Total MLCC Expenses	\$29,799,742	\$28,244,499
Other Agencies Expenses		
Attorney General	\$200,046	\$218,611
Auditor General	0	11,300
Bureau of Fire Services	1,288,002	0
Civil Service - Personnel	170,116	0
Administrative Hearings & Rules	0	0
Information Technology Services	2,979,407	2,554,376
MLCC Rent	422,707	491,312
LARA - Executive Direction	390,484	218,873
LARA - Administrative Offices	977,684	863,783
Total Other Agencies Expenses	\$6,428,446	\$4,358,255
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$36,228,188	\$32,602,754
NET INCOME (Not Including Taxes & Grants)	\$76,985,726	\$74,551,180
Add: Specific Tax, Liquor 1.85%	7,703,649	7,276,212
NET REVENUE (Before Unrelated Expenses)	\$84,689,375	\$81,827,392
LARA - Transfers For Grant Not Related to MLCC	773,900	2,410,500
NET INCOME	\$83,915,475	\$79,416,892
RETAINED EARNINGS		
Transfers to General Fund - Cash	66,000,000	66,000,000
Current Year Increase or (Decrease)	\$17,915,475	\$13,416,892
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$18,791,214	\$14,292,631

Note:

(1) Includes the Revolving Fund Portion only.

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

EQUITY AVAILABLE	<u>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	113,213,914	107,153,934	6,059,980
Specific Tax, Liquor 1.85%	<u>7,703,649</u>	<u>7,276,212</u>	<u>427,437</u>
Total Equity Available	<u>\$121,793,302</u>	<u>\$115,305,885</u>	<u>\$6,487,417</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$66,000,000	\$66,000,000	\$0
MLCC Expenses	29,799,742	28,244,499	1,555,243
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,428,446	4,358,255	2,070,191
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>\$103,002,088</u>	<u>\$101,013,254</u>	<u>\$1,988,834</u>
Ending Equity	<u>\$18,791,214</u>	<u>\$14,292,631</u>	<u>\$4,498,583</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
SIX MONTHS ENDED MARCH 31**

	<u>2012 MONTH</u>	<u>YTD</u>	<u>2011 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$73,476,259	\$416,035,987	\$67,665,497	\$392,741,590	\$23,294,397
On Premise	18,070,582	88,807,752	17,212,945	85,118,925	3,688,827
Other	39,787	255,624	55,323	301,480	(45,856)
TOTAL GROSS SALES	<u>\$91,586,628</u>	<u>\$505,099,363</u>	<u>\$84,933,765</u>	<u>\$478,161,995</u>	<u>\$26,937,368</u>
Less: Discounts Allowed	15,572,453	85,875,211	14,439,475	81,317,176	4,558,035
PROCEEDS-SALE OF LIQUOR	<u>\$76,014,175</u>	<u>\$419,224,152</u>	<u>\$70,494,290</u>	<u>\$396,844,819</u>	<u>\$22,379,333</u>
Less: Cost of Goods Sold	55,487,420	306,050,151	51,296,240	289,706,158	16,343,993
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$20,526,755</u>	<u>\$113,174,001</u>	<u>\$19,198,050</u>	<u>\$107,138,661</u>	<u>\$6,035,340</u>
OTHER REVENUE					
Miscellaneous Revenue	\$18,052	\$23,522	(\$27,881)	(\$18,764)	\$42,286
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	16,391	0	34,037	(17,646)
TOTAL OTHER REVENUE	<u>\$18,052</u>	<u>\$39,913</u>	<u>(\$27,881)</u>	<u>\$15,273</u>	<u>\$24,640</u>
TOTAL REVENUE	<u>\$20,544,807</u>	<u>\$113,213,914</u>	<u>\$19,170,169</u>	<u>\$107,153,934</u>	<u>\$6,059,980</u>
Less: Distribution Cost Paid to Suppliers	4,560,957	25,200,559	4,285,825	24,259,385	941,174
INCOME FROM LIQUOR MERCHANDISING	<u>\$15,983,850</u>	<u>\$88,013,355</u>	<u>\$14,884,344</u>	<u>\$82,894,549</u>	<u>\$5,118,806</u>
MANAGEMENT EXPENSES					
Commission	\$48,830	\$197,865	\$50,199	\$195,266	\$2,599
Management Support(1)	422,318	1,652,718	265,044	1,453,109	199,609
Licensing & Enforcement(1)	1,562,401	6,453,170	1,337,810	5,671,631	781,539
LARA Services	151,733	2,142,068	404,591	3,493,156	(1,351,088)
Information Technology Services	534,402	2,979,407	1,287,792	2,554,376	425,031
Attorney General	0	200,046	0	218,611	(18,565)
Auditor General	0	0	0	11,300	(11,300)
Bureau of Fire Services	272,585	1,288,002	0	0	1,288,002
Civil Service - Personnel	170,116	170,116	0	0	170,116
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>\$3,162,385</u>	<u>\$14,309,492</u>	<u>\$3,345,436</u>	<u>\$11,186,949</u>	<u>\$3,122,543</u>
INCOME FROM OPERATIONS	<u>\$12,821,465</u>	<u>\$73,703,863</u>	<u>\$11,538,908</u>	<u>\$71,707,600</u>	<u>\$1,996,263</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,360,112	7,703,649	1,253,302	7,276,212	427,437
Revenue Collected for Other Funds	20,257,183	89,827,622	20,887,261	87,581,370	2,246,252
TOTAL CURRENT EARNINGS & REVENUE	<u>\$34,438,760</u>	<u>\$171,235,134</u>	<u>\$33,679,471</u>	<u>\$166,565,182</u>	<u>\$4,669,952</u>
Number of Cases Sold	654,320	3,615,396	616,105	3,479,945	135,451
Number of Sales Days	25	130	25	131	(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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,605,140	\$15,798,460	\$15,927,099	(\$128,639)
Specific Tax, Liquor 4%	3,659,204	20,183,233	19,100,782	1,082,451
Excise Tax, Wine	1,002,791	4,196,521	3,592,269	604,252
Excise Tax, Mixed Spirit Drink	11,379	90,640	112,937	(22,297)
Sunday Sales Fees (7am-12pm)	473,063	559,323	1,236,968	(677,645)
Fines & Costs	79,304	313,948	381,904	(67,956)
Miscellaneous Revenue	6,617	21,086	56,205	(35,119)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,837,498</u>	<u>\$41,163,211</u>	<u>\$40,408,164</u>	<u>\$755,047</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,318,584	\$4,422,683	\$4,892,563	(\$469,880)
41.5% To Licensing & Enforcement	1,750,898	1,926,745	2,295,612	(368,867)
3.5% To Alcoholism Prevention Programs	147,694	162,525	193,474	(30,949)
Additional Resort License Fees	0	57,850	38,800	19,050
Direct Shipper License Fees	28,117	32,206	45,762	(13,556)
License Transfer Fees	85,592	599,206	271,058	328,148
Sunday Sales Fees	540,651	639,583	709,682	(70,099)
Non-Retail License Fees-Wine Industry Council	174,955	234,471	312,640	(78,169)
Liquor Control Act Sales	215	1,835	931	904
Inspection Fees	39,218	177,863	161,880	15,983
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,664,200	20,205,879	19,122,516	1,083,363
Miscellaneous Revenue	10,357	20,332	27,506	(7,174)
TOTAL GENERAL FUND - RESTRICTED	<u>\$8,760,481</u>	<u>\$28,481,178</u>	<u>\$28,072,424</u>	<u>\$408,754</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,659,204	\$20,183,233	\$19,100,782	\$1,082,451
TOTAL SCHOOL AID FUND	<u>\$3,659,204</u>	<u>\$20,183,233</u>	<u>\$19,100,782</u>	<u>\$1,082,451</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$20,257,183</u>	<u>\$89,827,622</u>	<u>\$87,581,370</u>	<u>\$2,246,252</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,360,112	\$7,703,649	\$7,276,212	\$427,437
Income From Operations(Excluding Taxes & Grants)(1)	12,821,465	73,703,863	71,707,600	1,996,263
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$14,181,577</u>	<u>\$81,407,512</u>	<u>\$78,983,812</u>	<u>\$2,423,700</u>
TOTAL REVENUE COLLECTED	<u>\$34,438,760</u>	<u>\$171,235,134</u>	<u>\$166,565,182</u>	<u>\$4,669,952</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
SIX MONTHS ENDED MARCH 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2012	2011
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$48,830	\$197,865	\$154,377	\$625,150	\$789,317	\$3,088,348	\$3,911,363	\$3,764,662
Longevity & Insurance	0	0	57,313	263,294	188,893	862,693	1,125,987	1,079,552
Retirement & FICA	0	0	109,233	448,912	443,780	1,789,056	2,237,968	1,443,344
Subtotal	\$48,830	\$197,865	\$320,923	\$1,337,356	\$1,421,990	\$5,740,097	\$7,275,318	\$6,287,558
Communications	\$0	\$0	\$2,240	\$13,686	\$9,452	\$51,599	\$65,285	\$121,302
Travel	0	0	2,579	13,170	23,166	106,958	120,128	101,042
Utilities	0	0	1,055	5,711	0	1,152	6,863	10,268
Contractual Services	0	0	50,505	83,895	5,197	61,521	145,416	67,831
Supplies & Materials	0	0	22,480	53,608	43,260	118,093	171,701	114,470
Equipment Replacement, Additions & Rentals	0	0	9,681	65,500	5,250	27,216	92,716	126,223
Miscellaneous	0	0	0	0	0	3,620	3,620	0
Subtotal	\$0	\$0	\$88,540	\$235,570	\$86,325	\$370,159	\$605,729	\$541,136
TOTAL MLCC APPROPRIATED EXPENSES	\$48,830	\$197,865	\$409,463	\$1,572,926	\$1,508,315	\$6,110,256	\$7,881,047	\$6,828,694
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$12,855	\$79,792	\$54,086	\$342,914	\$422,706	\$491,312
Other Operating Transfers Out(3)	0	0	0	0	0	0	6,779,639	6,277,443
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$12,855	\$79,792	\$54,086	\$342,914	\$7,202,345	\$6,768,755
GRAND TOTAL	\$48,830	\$197,865	\$422,318	\$1,652,718	\$1,562,401	\$6,453,170	\$15,083,392	\$13,597,449

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.