

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 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

AUGUST FINANCIAL REPORT

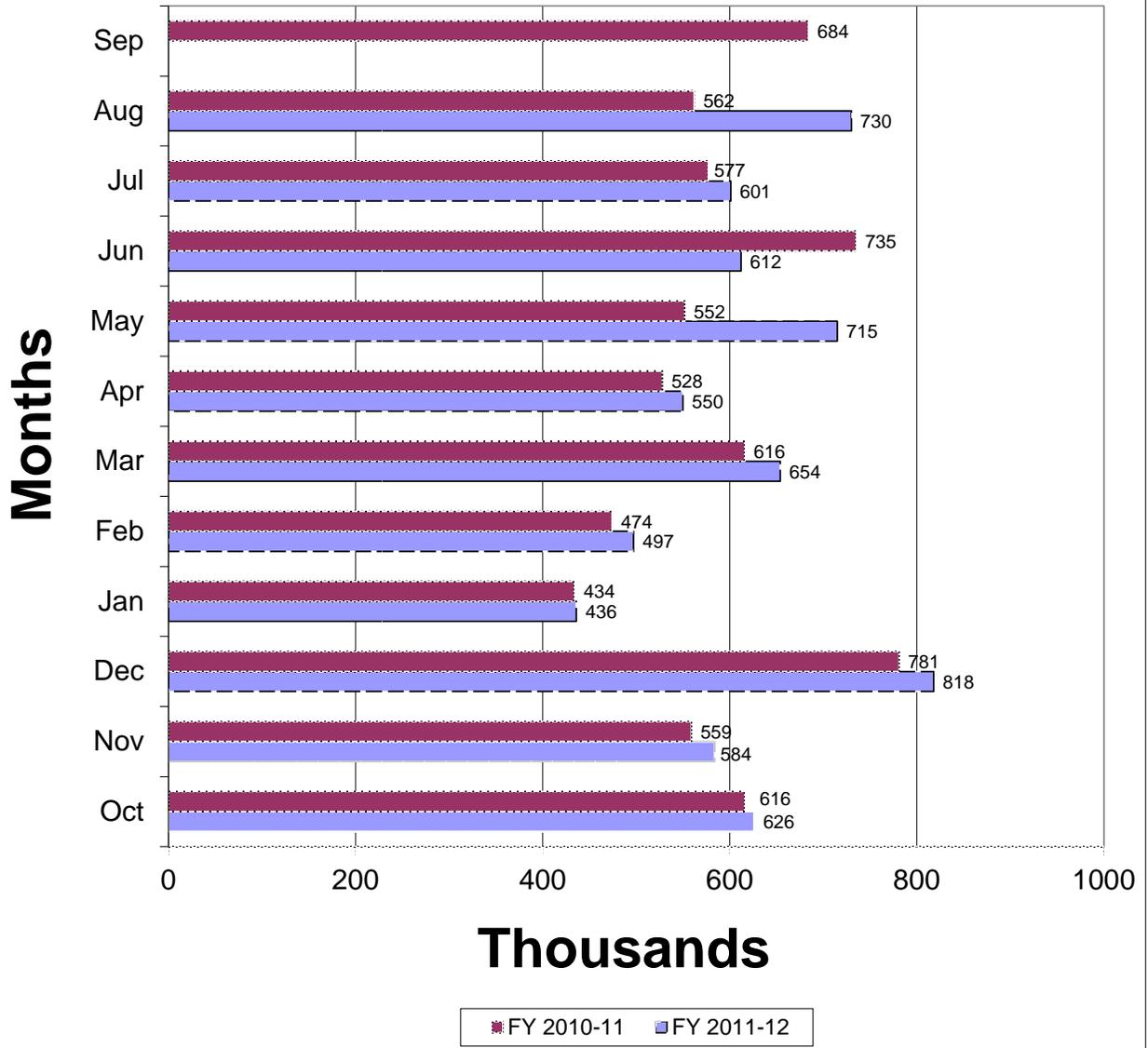
FISCAL YEAR 11 - 12

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Case Sales



	Fiscal Year to Date 10/11-08/12	Fiscal Year to Date 10/10-08/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,822,965	6,433,789	389,176	6.05%
Average Price Per Case Sold	\$140.00	\$137.54	\$2.46	1.79%

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

	2012	2011
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	103,136,958	76,804,754
Subtotal	\$103,137,658	\$76,805,454
Liquor Inventory - At Current Cost	5,699,429	5,919,713
Prepaid Distribution Costs of Inventory	409,892	450,882
Other Assets		
Accounts Receivable	\$27,836,350	\$24,648,052
Returned Checks	117,906	126,557
Payroll Correction Clearing	0	0
Subtotal	27,954,256	24,774,609
TOTAL ASSETS	\$137,201,235	\$107,950,658
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$818,151	\$3,480,774
Warrants Authorized/Not Issued	80,501,842	64,367,462
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	\$81,784,989	\$68,558,609
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)*	54,433,945	38,005,791
Current Period Ending Balance	55,309,684	38,881,530
TOTAL LIABILITIES & RETAINED EARNINGS	\$137,201,235	\$107,950,658

*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
ELEVEN MONTHS ENDED AUGUST 31**

	2012	2011
REVENUE		
TOTAL GROSS SALES	\$955,231,261	\$884,872,003
Less: Discounts Allowed	162,401,652	150,480,450
PROCEEDS - SALE OF LIQUOR	\$792,829,609	\$734,391,553
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	577,695,808	536,145,719
Less: Ending Inventory	5,699,429	5,919,713
Cost of Goods Sold	\$577,900,055	\$536,165,670
GROSS REVENUE FROM SALE OF LIQUOR	\$214,929,554	\$198,225,883
OTHER REVENUE		
Miscellaneous Revenue	\$36,166	\$26,107
Non-Operating Revenue	0	95
Interest Revenue	55,862	90,263
TOTAL OTHER REVENUE	\$92,028	\$116,465
TOTAL REVENUE	\$215,021,582	\$198,342,348
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$331,996	\$268,128
Management Support	2,800,042	2,724,766
Licensing & Enforcement (1)	5,348,218	4,617,615
Distribution Cost Paid to Suppliers	47,491,616	44,849,122
Compensated Absences	0	0
Total MLCC Expenses	\$55,971,872	\$52,459,631
<u>Other Agencies Expenses</u>		
Attorney General	\$725,878	\$738,423
Auditor General	12,000	11,300
Bureau of Fire Services	2,429,446	0
Civil Service - Personnel	170,116	158,059
Administrative Hearings & Rules	0	0
Information Technology Services	4,040,834	4,349,341
MLCC Rent	757,579	877,581
LARA - Executive Direction	(40,424)	282,241
LARA - Administrative Offices	1,601,121	1,334,155
Total Other Agencies Expenses	\$9,696,550	\$7,751,100
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$65,668,422	\$60,210,731
NET INCOME (Not Including Taxes & Grants)	\$149,353,160	\$138,131,617
Add: Specific Tax, Liquor 1.85%	14,559,866	13,436,303
NET REVENUE (Before Unrelated Expenses)	\$163,913,026	\$151,567,920
LARA - Transfers For Grant Not Related to MLCC	773,900	2,410,500
NET INCOME	\$163,139,126	\$149,157,420
RETAINED EARNINGS		
Transfers to General Fund - Cash	121,000,000	121,000,000
Current Year Increase or (Decrease)	\$42,139,126	\$28,157,420
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$43,014,865	\$29,033,159

Note:

(1) Includes the Revolving Fund Portion only.

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

EQUITY AVAILABLE	<u>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	215,021,582	198,342,348	16,679,234
Specific Tax, Liquor 1.85%	<u>14,559,866</u>	<u>13,436,303</u>	<u>1,123,563</u>
Total Equity Available	<u>\$230,457,187</u>	<u>\$212,654,390</u>	<u>\$17,802,797</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$121,000,000	\$121,000,000	\$0
MLCC Expenses	55,971,872	52,459,631	3,512,241
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,696,550	7,751,100	1,945,450
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>\$187,442,322</u>	<u>\$183,621,231</u>	<u>\$3,821,091</u>
Ending Equity	<u>\$43,014,865</u>	<u>\$29,033,159</u>	<u>\$13,981,706</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
ELEVEN MONTHS ENDED AUGUST 31**

	2012 MONTH	YTD	2011 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$83,831,002	\$785,745,808	\$63,073,982	\$724,982,938	\$60,762,870
On Premise	18,485,355	169,002,298	14,314,651	159,349,397	9,652,901
Other	48,213	483,155	46,014	539,668	(56,513)
TOTAL GROSS SALES	\$102,364,570	\$955,231,261	\$77,434,647	\$884,872,003	\$70,359,258
Less: Discounts Allowed	17,400,492	162,401,652	13,167,813	150,480,450	11,921,202
PROCEEDS-SALE OF LIQUOR	\$84,964,078	\$792,829,609	\$64,266,834	\$734,391,553	\$58,438,056
Less: Cost of Goods Sold	61,163,390	577,900,055	46,976,229	536,165,670	41,734,385
GROSS REVENUE FROM SALE OF LIQUOR	\$23,800,688	\$214,929,554	\$17,290,605	\$198,225,883	\$16,703,671
OTHER REVENUE					
Miscellaneous Revenue	\$9,027	\$36,166	\$9,042	\$26,107	\$10,059
Non-Operating Revenue	0	0	95	95	(95)
Interest Revenue	0	55,862	0	90,263	(34,401)
TOTAL OTHER REVENUE	\$9,027	\$92,028	\$9,137	\$116,465	(\$24,437)
TOTAL REVENUE	\$23,809,715	\$215,021,582	\$17,299,742	\$198,342,348	\$16,679,234
Less: Distribution Cost Paid to Suppliers	5,019,090	47,491,616	3,919,521	44,849,122	2,642,494
INCOME FROM LIQUOR MERCHANDISING	\$18,790,625	\$167,529,966	\$13,380,221	\$153,493,226	\$14,036,740
MANAGEMENT EXPENSES					
Commission	\$50,018	\$331,996	\$32,356	\$268,128	\$63,868
Management Support(1)	387,847	2,944,111	509,383	2,930,677	13,434
Licensing & Enforcement(1)	1,530,930	12,266,780	950,157	10,647,123	1,619,657
LARA Services	321,800	2,334,597	228,825	4,026,896	(1,692,299)
Information Technology Services	534,613	4,040,834	517,334	4,349,341	(308,507)
Attorney General	0	725,878	0	738,423	(12,545)
Auditor General	0	12,000	0	11,300	700
Bureau of Fire Services	266,096	2,429,446	0	0	2,429,446
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	\$3,091,304	\$24,481,858	\$2,238,055	\$20,719,447	\$3,762,411
INCOME FROM OPERATIONS	\$15,699,321	\$143,048,108	\$11,142,166	\$132,773,779	\$10,274,329
Specific Tax, Liquor 1.85%(Off Premise)	1,553,207	14,559,866	1,170,500	13,436,303	1,123,563
Revenue Collected for Other Funds	17,627,752	178,670,407	14,368,206	168,418,258	10,252,149
TOTAL CURRENT EARNINGS & REVENUE	\$34,880,280	\$336,278,381	\$26,680,872	\$314,628,340	\$21,650,041
Number of Cases Sold	729,760	6,822,965	562,016	6,433,789	389,176
Number of Sales Days	25	240	20	236	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
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$4,155,906	\$35,166,891	\$34,531,924	\$634,967
Specific Tax, Liquor 4%	4,097,265	38,185,776	35,349,668	2,836,108
Excise Tax, Wine	720,637	8,779,859	7,980,681	799,178
Excise Tax, Mixed Spirit Drink	79,470	466,775	368,717	98,058
Sunday Sales Fees (7am-12pm)	16,740	1,184,137	1,598,717	(414,580)
Fines & Costs	99,514	671,383	736,989	(65,606)
Miscellaneous Revenue	17,336	63,615	77,309	(13,694)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$9,186,868</u>	<u>\$84,518,436</u>	<u>\$80,644,005</u>	<u>\$3,874,431</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$49,501	\$8,578,582	\$8,336,838	\$241,744
41.5% To Licensing & Enforcement	37,351	5,066,451	4,904,184	162,267
3.5% To Alcoholism Prevention Programs	3,150	427,294	412,652	14,642
Additional Resort License Fees	19,050	76,900	38,800	38,100
Direct Shipper License Fees	900	84,919	79,183	5,736
License Transfer Fees	62,754	861,874	557,715	304,159
Sunday Sales Fees	14,551	1,618,009	1,536,119	81,890
License Permit Fees	700	700	0	700
Non-Retail License Fees-Wine Industry Council	17,655	639,551	756,875	(117,324)
Liquor Control Act Sales	135	3,449	2,451	998
Inspection Fees	35,032	333,692	352,792	(19,100)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,097,676	38,221,287	35,393,425	2,827,862
Miscellaneous Revenue	5,164	53,487	53,551	(64)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,343,619</u>	<u>\$55,966,195</u>	<u>\$52,424,585</u>	<u>\$3,541,610</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,097,265	\$38,185,776	\$35,349,668	\$2,836,108
TOTAL SCHOOL AID FUND	<u>\$4,097,265</u>	<u>\$38,185,776</u>	<u>\$35,349,668</u>	<u>\$2,836,108</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$17,627,752</u>	<u>\$178,670,407</u>	<u>\$168,418,258</u>	<u>\$10,252,149</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,553,207	\$14,559,866	\$13,436,303	\$1,123,563
Income From Operations(Excluding Taxes & Grants)(1)	15,699,321	143,048,108	132,773,779	10,274,329
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$17,252,528</u>	<u>\$157,607,974</u>	<u>\$146,210,082</u>	<u>\$11,397,892</u>
TOTAL REVENUE COLLECTED	<u>\$34,880,280</u>	<u>\$336,278,381</u>	<u>\$314,628,340</u>	<u>\$21,650,041</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
ELEVEN MONTHS ENDED AUGUST 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2012	TOTAL 2011
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$50,018	\$331,996	\$163,186	\$1,048,726	\$789,442	\$5,924,456	\$7,305,178	\$6,940,353
Longevity & Insurance	0	0	53,838	465,572	181,160	1,540,873	2,006,445	1,846,502
Retirement & FICA	0	0	111,030	840,401	432,330	3,391,217	4,231,618	2,667,264
Subtotal	\$50,018	\$331,996	\$328,054	\$2,354,699	\$1,402,932	\$10,856,546	\$13,543,241	\$11,454,119
Communications	\$0	\$0	\$2,152	\$26,315	\$10,215	\$103,550	\$129,865	\$182,225
Travel	0	0	2,380	26,776	23,640	213,864	240,640	220,864
Utilities	0	0	3,609	13,020	400	2,576	15,596	16,918
Contractual Services	0	0	5,671	126,068	11,445	196,400	322,468	259,949
Supplies & Materials	0	0	4,140	90,038	20,777	221,758	311,796	275,485
Equipment Replacement, Additions & Rentals	0	0	28,986	163,125	2,474	50,162	213,287	558,787
Miscellaneous	0	0	0	0	4,795	8,415	8,415	0
Subtotal	\$0	\$0	\$46,938	\$445,342	\$73,746	\$796,725	\$1,242,067	\$1,514,228
TOTAL MLCC APPROPRIATED EXPENSES	\$50,018	\$331,996	\$374,992	\$2,800,041	\$1,476,678	\$11,653,271	\$14,785,308	\$12,968,347
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$12,855	\$144,070	\$54,252	\$613,509	\$757,579	\$877,581
Other Operating Transfers Out(3)	0	0	0	0	0	0	9,712,871	9,284,019
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$12,855	\$144,070	\$54,252	\$613,509	\$10,470,450	\$10,161,600
GRAND TOTAL	\$50,018	\$331,996	\$387,847	\$2,944,111	\$1,530,930	\$12,266,780	\$25,255,758	\$23,129,947

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.