

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

June 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**

**JUNE FINANCIAL REPORT**

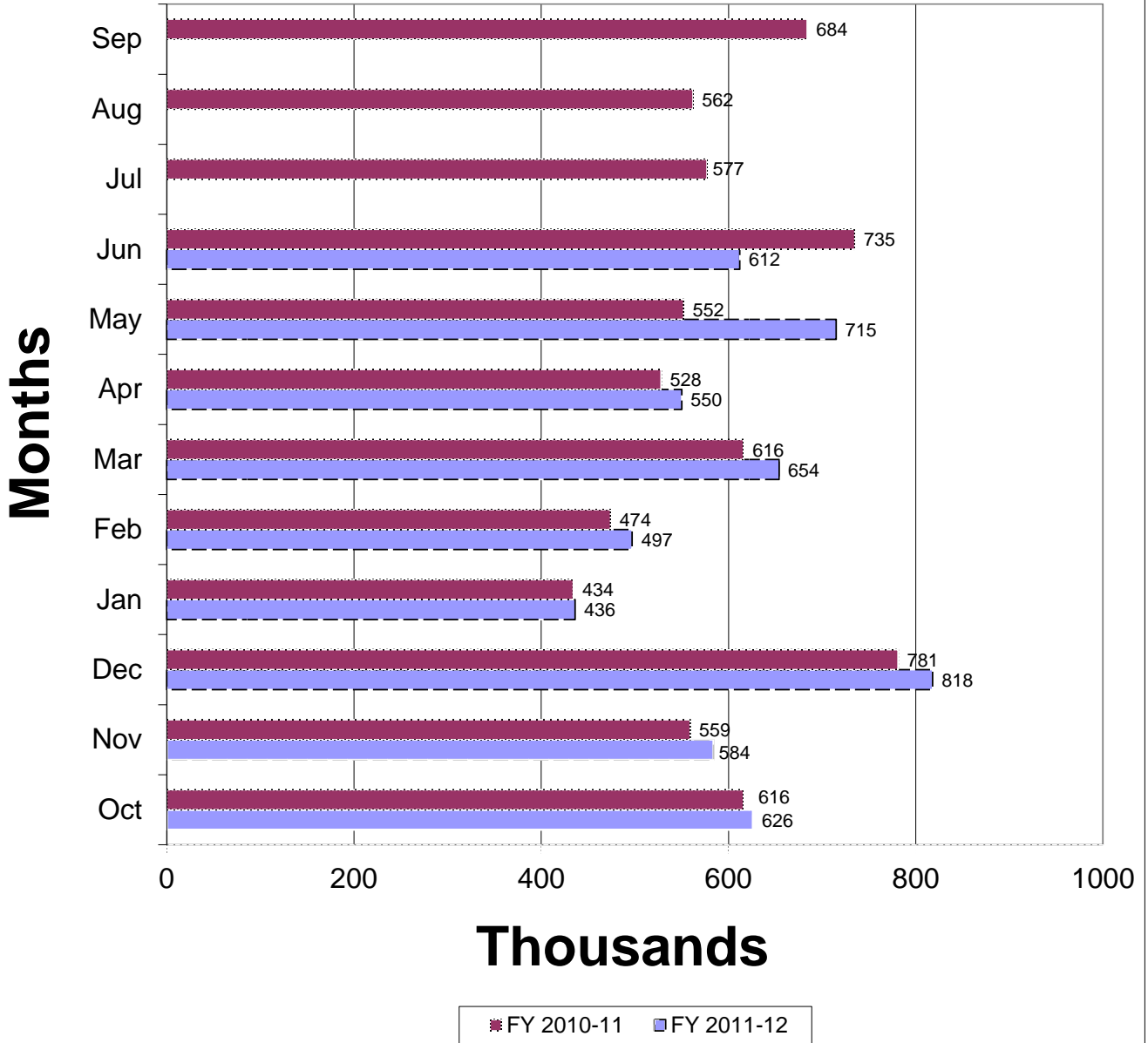
**FISCAL YEAR 11 - 12**

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# Case Sales



	Fiscal Year to Date 10/11-06/12	Fiscal Year to Date 10/10-06/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,492,488	5,294,366	198,122	3.74%
Average Price Per Case Sold	\$139.76	\$137.40	\$2.36	1.72%

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

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	85,536,207	74,342,350
Subtotal	\$85,536,907	\$74,343,050
Liquor Inventory - At Current Cost	5,482,609	5,756,451
Prepaid Distribution Costs of Inventory	395,401	437,012
Other Assets		
Accounts Receivable	\$37,861,125	\$39,536,315
Returned Checks	116,806	102,100
Payroll Correction Clearing	0	0
Subtotal	37,977,931	39,638,415
<b>TOTAL ASSETS</b>	<b>\$129,392,848</b>	<b>\$120,174,928</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,593,423	\$1,940,254
Warrants Authorized/Not Issued	84,766,883	80,567,202
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	\$86,825,302	\$83,217,829
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	106,562	510,519
Total Long Term Liabilities	106,562	510,519
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	41,585,245	35,570,841
Current Period Ending Balance	42,460,984	36,446,580
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$129,392,848</b>	<b>\$120,174,928</b>

\*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**

	2012	2011
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$767,620,948	\$727,424,441
Less: Discounts Allowed	130,508,782	123,709,405
<b>PROCEEDS - SALE OF LIQUOR</b>	\$637,112,166	\$603,715,036
Less: Cost of Goods Sold		
Beginning Inventory	\$5,903,676	\$5,939,664
Add: Purchases	464,415,161	440,599,054
Less: Ending Inventory	5,482,609	5,756,451
Cost of Goods Sold	\$464,836,228	\$440,782,267
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$172,275,938	\$162,932,769
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$27,846	(\$161)
Non-Operating Revenue	0	0
Interest Revenue	33,245	65,440
<b>TOTAL OTHER REVENUE</b>	\$61,091	\$65,279
<b>TOTAL REVENUE</b>	\$172,337,029	\$162,998,048
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$278,228	\$269,648
Management Support	2,181,411	1,973,119
Licensing & Enforcement (1)	4,184,728	3,757,455
Distribution Cost Paid to Suppliers	38,269,165	36,910,742
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$44,913,532	\$42,910,964
<b>Other Agencies Expenses</b>		
Attorney General	\$467,716	\$510,768
Auditor General	12,000	11,300
Bureau of Fire Services	1,993,162	0
Civil Service - Personnel	170,116	158,059
Administrative Hearings & Rules	0	0
Information Technology Services	3,544,417	3,562,472
MLCC Rent	623,530	721,283
LARA - Executive Direction	(221,165)	278,379
LARA - Administrative Offices	1,531,428	1,097,561
<b>Total Other Agencies Expenses</b>	\$8,121,204	\$6,339,822
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$53,034,736	\$49,250,786
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$119,302,293	\$113,747,262
Add: Specific Tax, Liquor 1.85%	11,693,430	11,040,433
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$130,995,723	\$124,787,695
LARA - Transfers For Grant Not Related to MLCC	773,900	2,410,500
<b>NET INCOME</b>	\$130,221,823	\$122,377,195
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	99,000,000	99,000,000
Current Year Increase or (Decrease)	\$31,221,823	\$23,377,195
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$32,097,562	\$24,252,934

**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**

<b>EQUITY AVAILABLE</b>	<u>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	172,337,029	162,998,048	9,338,981
Specific Tax, Liquor 1.85%	<u>11,693,430</u>	<u>11,040,433</u>	<u>652,997</u>
Total Equity Available	<u>\$184,906,198</u>	<u>\$174,914,220</u>	<u>\$9,991,978</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$99,000,000	\$99,000,000	\$0
MLCC Expenses	44,913,532	42,910,964	2,002,568
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	8,121,204	6,339,822	1,781,382
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>\$152,808,636</u>	<u>\$150,661,286</u>	<u>\$2,147,350</u>
Ending Equity	<u>\$32,097,562</u>	<u>\$24,252,934</u>	<u>\$7,844,628</u>

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

	2012 MONTH	YTD	2011 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$71,190,074	\$631,165,690	\$83,800,024	\$595,767,461	\$35,398,229
On Premise	15,093,726	136,060,544	17,833,630	131,198,741	4,861,803
Other	53,029	394,714	59,190	458,239	(63,525)
<b>TOTAL GROSS SALES</b>	<b>\$86,336,829</b>	<b>\$767,620,948</b>	<b>\$101,692,844</b>	<b>\$727,424,441</b>	<b>\$40,196,507</b>
Less: Discounts Allowed	14,678,493	130,508,782	17,292,194	123,709,405	6,799,377
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$71,658,336</b>	<b>\$637,112,166</b>	<b>\$84,400,650</b>	<b>\$603,715,036</b>	<b>\$33,397,130</b>
Less: Cost of Goods Sold	52,800,609	464,836,228	61,671,222	440,782,267	24,053,961
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$18,857,727</b>	<b>\$172,275,938</b>	<b>\$22,729,428</b>	<b>\$162,932,769</b>	<b>\$9,343,169</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	\$20,020	\$27,846	\$64,890	(\$161)	\$28,007
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	33,245	0	65,440	(32,195)
<b>TOTAL OTHER REVENUE</b>	<b>\$20,020</b>	<b>\$61,091</b>	<b>\$64,890</b>	<b>\$65,279</b>	<b>(\$4,188)</b>
<b>TOTAL REVENUE</b>	<b>\$18,877,747</b>	<b>\$172,337,029</b>	<b>\$22,794,318</b>	<b>\$162,998,048</b>	<b>\$9,338,981</b>
Less: Distribution Cost Paid to Suppliers	4,318,188	38,269,165	5,130,359	36,910,742	1,358,423
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$14,559,559</b>	<b>\$134,067,864</b>	<b>\$17,663,959</b>	<b>\$126,087,306</b>	<b>\$7,980,558</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$28,270	\$278,228	\$34,859	\$269,648	\$8,580
Management Support(1)	257,728	2,299,770	223,457	2,141,999	157,771
Licensing & Enforcement(1)	1,051,532	9,644,963	986,718	8,669,606	975,357
LARA Services	(68,949)	2,084,163	286,699	3,786,440	(1,702,277)
Information Technology Services	487,180	3,544,417	484,436	3,562,472	(18,055)
Attorney General	0	467,716	0	510,768	(43,052)
Auditor General	12,000	12,000	0	11,300	700
Bureau of Fire Services	255,216	1,993,162	0	0	1,993,162
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)
<b>Total Management Expenses</b>	<b>\$2,022,977</b>	<b>\$19,720,635</b>	<b>\$2,016,169</b>	<b>\$16,699,792</b>	<b>\$3,020,843</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$12,536,582</b>	<b>\$114,347,229</b>	<b>\$15,647,790</b>	<b>\$109,387,514</b>	<b>\$4,959,715</b>
Specific Tax, Liquor 1.85%(Off Premise)	1,320,549	11,693,430	1,552,962	11,040,433	652,997
Revenue Collected for Other Funds	15,679,457	145,262,367	17,663,829	139,097,707	6,164,660
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$29,536,588</b>	<b>\$271,303,026</b>	<b>\$34,864,581</b>	<b>\$259,525,654</b>	<b>\$11,777,372</b>
Number of Cases Sold	612,171	5,492,488	735,254	5,294,366	198,122
Number of Sales Days	20	195	25	196	(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  
NINE MONTHS ENDED JUNE 30**

	<u>CURRENT MONTH</u>	<u>YTD 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$4,092,630	\$27,646,550	\$26,687,611	\$958,939
Specific Tax, Liquor 4%	3,453,210	30,677,047	29,059,430	1,617,617
Excise Tax, Wine	841,468	6,363,639	6,254,384	109,255
Excise Tax, Mixed Spirit Drink	74,612	264,578	254,243	10,335
Sunday Sales Fees (7am-12pm)	12,403	1,152,962	1,564,867	(411,905)
Fines & Costs	63,214	503,560	583,549	(79,989)
Miscellaneous Revenue	5,752	40,462	69,293	(28,831)
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$8,543,289</u>	<u>\$66,648,798</u>	<u>\$64,473,377</u>	<u>\$2,175,421</u>
<b>GENERAL FUND - RESTRICTED</b>				
RETAIL LICENSE FEES:				
55% To Local Governments	\$80,923	\$8,454,158	\$8,175,107	\$279,051
41.5% To Licensing & Enforcement	61,060	4,970,475	4,782,196	188,279
3.5% To Alcoholism Prevention Programs	5,149	419,200	402,363	16,837
Additional Resort License Fees	(20,000)	57,850	38,800	19,050
Direct Shipper License Fees	1,900	82,795	76,546	6,249
License Transfer Fees	35,103	743,156	442,844	300,312
Sunday Sales Fees	13,629	1,583,436	1,491,769	91,667
Non-Retail License Fees-Wine Industry Council	20,320	606,781	729,665	(122,884)
Liquor Control Act Sales	185	2,720	1,821	899
Inspection Fees	25,174	261,312	287,385	(26,073)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,454,865	30,711,136	29,090,438	1,620,698
Miscellaneous Revenue	4,650	43,503	45,966	(2,463)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$3,682,958</u>	<u>\$47,936,522</u>	<u>\$45,564,900</u>	<u>\$2,371,622</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$3,453,210	\$30,677,047	\$29,059,430	\$1,617,617
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,453,210</u>	<u>\$30,677,047</u>	<u>\$29,059,430</u>	<u>\$1,617,617</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$15,679,457</u>	<u>\$145,262,367</u>	<u>\$139,097,707</u>	<u>\$6,164,660</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$1,320,549	\$11,693,430	\$11,040,433	\$652,997
Income From Operations(Excluding Taxes & Grants)(1)	12,536,582	114,347,229	109,387,514	4,959,715
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$13,857,131</u>	<u>\$126,040,659</u>	<u>\$120,427,947</u>	<u>\$5,612,712</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$29,536,588</u>	<u>\$271,303,026</u>	<u>\$259,525,654</u>	<u>\$11,777,372</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**

	<b>COMMISSION</b>		<b>MANAGEMENT SUPPORT</b>		<b>LICENSING &amp; ENFORCEMENT</b>		<b>TOTAL 2012</b>	<b>TOTAL 2011</b>
	<b>(1)</b>		<b>Current Month</b>	<b>YTD</b>	<b>Current Month</b>	<b>YTD</b>	<b>Current Month</b>	<b>YTD</b>
	<b>Current Month</b>	<b>YTD</b>						
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$28,270	\$278,228	\$104,940	\$780,824	\$525,979	\$4,605,712	\$5,664,764	\$5,689,137
Longevity & Insurance	0	0	37,023	375,554	123,397	1,237,086	1,612,640	1,537,256
Retirement & FICA	0	0	69,276	659,047	289,676	2,668,771	3,327,818	2,173,759
Subtotal	\$28,270	\$278,228	\$211,239	\$1,815,425	\$939,052	\$8,511,569	\$10,605,222	\$9,400,152
Communications	\$0	\$0	\$2,103	\$21,036	\$13,432	\$83,036	\$104,072	\$157,093
Travel	0	0	2,682	22,043	20,757	171,583	193,626	176,226
Utilities	0	0	1,173	9,371	67	1,858	11,229	14,891
Contractual Services	0	0	8,084	108,131	4,217	131,373	239,504	185,065
Supplies & Materials	0	0	6,465	83,611	16,899	191,516	275,127	228,327
Equipment Replacement, Additions & Rentals	0	0	13,127	121,794	3,022	45,237	167,031	198,216
Miscellaneous	0	0	0	0	0	3,620	3,620	0
Subtotal	\$0	\$0	\$33,634	\$365,986	\$58,394	\$628,223	\$994,209	\$959,818
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$28,270</b>	<b>\$278,228</b>	<b>\$244,873</b>	<b>\$2,181,411</b>	<b>\$997,446</b>	<b>\$9,139,792</b>	<b>\$11,599,431</b>	<b>\$10,359,970</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy(2)	\$0	\$0	\$12,855	\$118,359	\$54,086	\$505,171	\$623,530	\$721,283
Other Operating Transfers Out(3)	0	0	0	0	0	0	8,271,574	8,029,039
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,855</b>	<b>\$118,359</b>	<b>\$54,086</b>	<b>\$505,171</b>	<b>\$8,895,104</b>	<b>\$8,750,322</b>
<b>GRAND TOTAL</b>	<b>\$28,270</b>	<b>\$278,228</b>	<b>\$257,728</b>	<b>\$2,299,770</b>	<b>\$1,051,532</b>	<b>\$9,644,963</b>	<b>\$20,494,535</b>	<b>\$19,110,292</b>

**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.