

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 2011



Michigan Department of Energy, Labor & Economic Growth (DELEG)

Rick Snyder, Governor
Stephen H. Hilfinger, Department Director
Nida R. Samona, Chairperson

<http://www.michigan.gov/lcc>

MICHIGAN LIQUOR CONTROL COMMISSION

FEBRUARY FINANCIAL REPORT

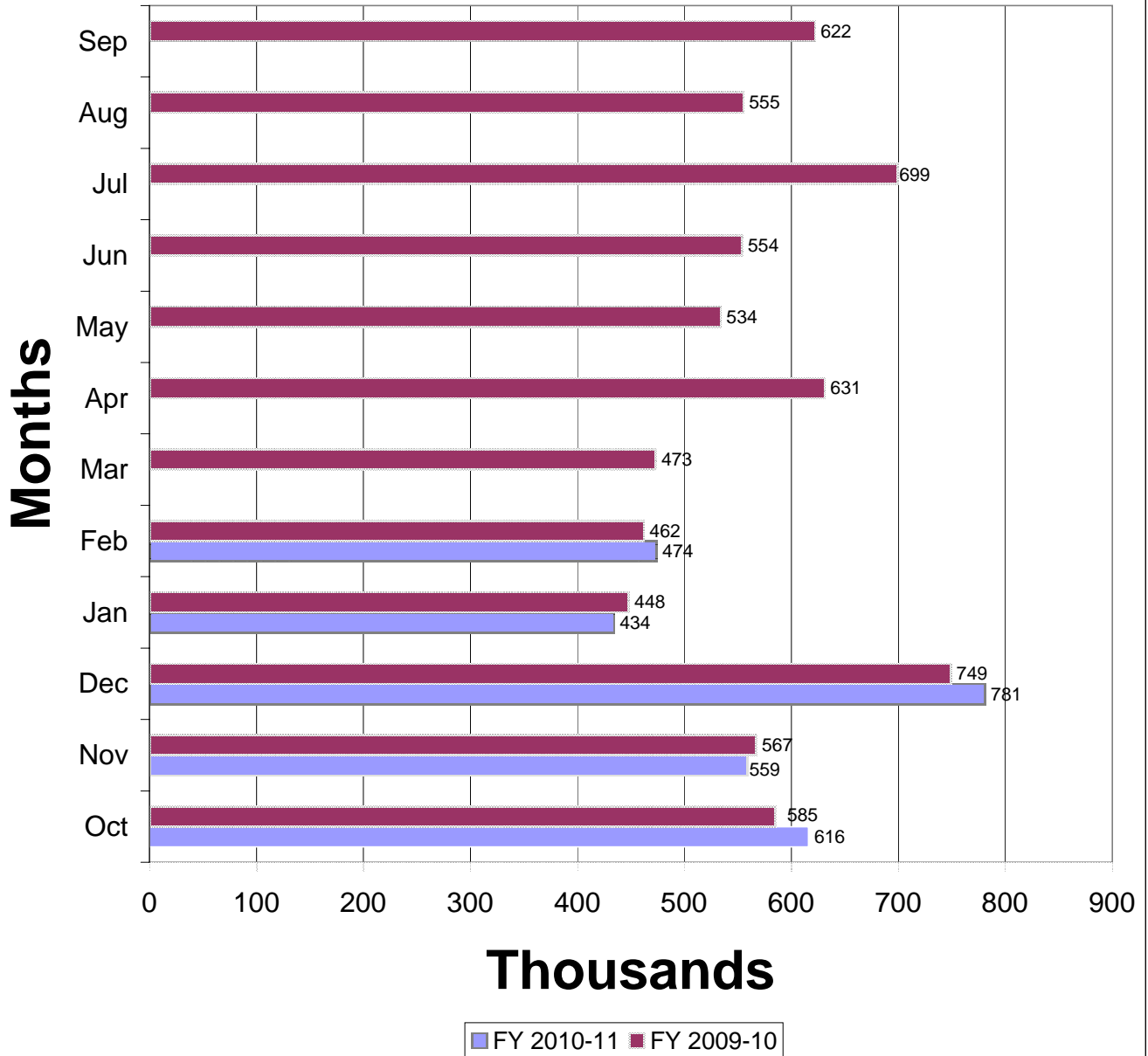
FISCAL YEAR 10 - 11

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Case Sales



	Fiscal Year to Date 10/10-02/11	Fiscal Year to Date 10/09-02/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,863,840	2,810,155	53,685	1.91%
Average Price Per Case Sold	\$137.31	\$137.10	\$0.21	0.15%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
FEBRUARY 28**

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	60,548,061	49,858,115
Subtotal	\$60,548,761	\$49,858,815
Liquor Inventory - At Current Cost	5,257,435	7,377,793
Prepaid Distribution Costs of Inventory	402,957	578,127
Other Assets		
Accounts Receivable	\$18,344,759	\$24,512,059
Returned Checks	120,338	155,286
Payroll Correction Clearing	0	0
Subtotal	18,465,097	24,667,345
TOTAL ASSETS	\$84,674,250	\$82,482,080
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$67,030	\$818,004
Warrants Authorized/Not Issued	63,848,762	62,784,220
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	\$64,626,165	\$64,237,222
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)*	18,661,827	16,876,914
Current Period Ending Balance	19,537,566	17,752,653
TOTAL LIABILITIES & RETAINED EARNINGS	\$84,674,250	\$82,482,080

*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
FIVE MONTHS ENDED FEBRUARY 28

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$393,228,230	\$385,259,196
Less: Discounts Allowed	66,877,701	65,534,650
PROCEEDS - SALE OF LIQUOR	\$326,350,529	\$319,724,546
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	237,727,689	233,821,428
Less: Ending Inventory	5,257,435	7,377,793
Cost of Goods Sold	\$238,409,918	\$233,451,750
GROSS REVENUE FROM SALE OF LIQUOR	\$87,940,611	\$86,272,796
OTHER REVENUE		
Miscellaneous Revenue	\$9,117	(\$2,370)
Non-Operating Revenue	0	0
Interest Revenue	34,037	58,576
TOTAL OTHER REVENUE	\$43,154	\$56,206
TOTAL REVENUE	\$87,983,765	\$86,329,002
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$145,067	\$159,773
Management Support	1,092,576	955,646
Licensing & Enforcement (1)	1,859,075	1,914,258
Distribution Cost Paid to Suppliers	19,973,560	19,610,280
Compensated Absences	0	0
Total MLCC Expenses	\$23,070,278	\$22,639,957
<u>Other Agencies Expenses</u>		
Attorney General	\$218,611	\$219,070
Auditor General	11,300	11,300
Civil Service - Personnel	0	0
Management and Budget	0	0
Information Technology Services	1,266,584	1,203,522
MLCC Rent	413,163	449,122
DELEG - Executive Direction	(24,908)	239,962
DELEG - Administrative Offices	702,973	914,990
Total Other Agencies Expenses	\$2,587,723	\$3,037,966
TOTAL EXPENSES AND TRANSFERS	\$25,658,001	\$25,677,923
NET INCOME (Not Including Taxes & Grants)	\$62,325,764	\$60,651,079
Add: Specific Tax, Liquor 1.85%	6,022,910	5,796,693
NET REVENUE (Before Unrelated Expenses)	\$68,348,674	\$66,447,772
DELEG - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$65,938,174	\$64,037,272
RETAINED EARNINGS		
Transfers to General Fund - Cash	55,000,000	55,000,000
Current Year Increase or (Decrease)	\$10,938,174	\$9,037,272
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$11,813,913	\$9,913,011

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
FEBRUARY 28**

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	87,983,765	86,329,002	1,654,763
Specific Tax, Liquor 1.85%	<u>6,022,910</u>	<u>5,796,693</u>	<u>226,217</u>
Total Equity Available	<u>\$94,882,414</u>	<u>\$93,001,434</u>	<u>\$1,880,980</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$55,000,000	\$55,000,000	\$0
MLCC Expenses	23,070,278	22,639,957	430,321
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	2,587,723	3,037,966	(450,243)
DELEG Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$83,068,501</u>	<u>\$83,088,423</u>	<u>(\$19,922)</u>
Ending Equity	<u>\$11,813,913</u>	<u>\$9,913,011</u>	<u>\$1,900,902</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FIVE MONTHS ENDED FEBRUARY 28**

	2011 MONTH	YTD	2010 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$51,562,449	\$325,076,093	\$52,464,446	\$313,117,497	\$11,958,596
On Premise	12,844,418	67,905,980	13,799,265	71,949,292	(4,043,312)
Other	37,687	246,157	22,384	192,407	53,750
TOTAL GROSS SALES	\$64,444,554	\$393,228,230	\$66,286,095	\$385,259,196	\$7,969,034
Less: Discounts Allowed	10,958,353	66,877,701	11,271,506	65,534,650	1,343,051
PROCEEDS-SALE OF LIQUOR	\$53,486,201	\$326,350,529	\$55,014,589	\$319,724,546	\$6,625,983
Less: Cost of Goods Sold	39,255,490	238,409,918	39,128,269	233,451,750	4,958,168
GROSS REVENUE FROM SALE OF LIQUOR	\$14,230,711	\$87,940,611	\$15,886,320	\$86,272,796	\$1,667,815
OTHER REVENUE					
Miscellaneous Revenue	\$5,861	\$9,117	\$18,989	(\$2,370)	\$11,487
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	34,037	58,576	58,576	(24,539)
TOTAL OTHER REVENUE	\$5,861	\$43,154	\$77,565	\$56,206	(\$13,052)
TOTAL REVENUE	\$14,236,572	\$87,983,765	\$15,963,885	\$86,329,002	\$1,654,763
Less: Distribution Cost Paid to Suppliers	3,321,602	19,973,560	3,284,509	19,610,280	363,280
INCOME FROM LIQUOR MERCHANDISING	\$10,914,970	\$68,010,205	\$12,679,376	\$66,718,722	\$1,291,483
MANAGEMENT EXPENSES					
Commission	\$28,553	\$145,067	\$36,476	\$159,773	(\$14,706)
Management Support(1)	218,988	1,188,065	223,935	1,060,330	127,735
Licensing & Enforcement(1)	869,751	4,333,821	917,853	4,479,794	(145,973)
DELEG Services	36,828	3,088,565	230,376	3,565,452	(476,887)
Information Service Technology	30,566	1,266,584	203,082	1,203,522	63,062
Attorney General	0	218,611	0	219,070	(459)
Auditor General	11,300	11,300	0	11,300	0
Civil Service - Personnel	0	0	0	0	0
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	\$1,195,986	\$7,841,513	\$1,611,722	\$8,288,741	(\$447,228)
INCOME FROM OPERATIONS	\$9,718,984	\$60,168,692	\$11,067,654	\$58,429,981	\$1,738,711
Specific Tax, Liquor 1.85%(Off Premise)	956,379	6,022,910	963,717	5,796,693	226,217
Revenue Collected for Other Funds	11,470,805	66,694,109	11,585,949	65,551,021	1,143,088
TOTAL CURRENT EARNINGS & REVENUE	\$22,146,168	\$132,885,711	\$23,617,320	\$129,777,695	\$3,108,016
Number of Cases Sold	474,060	2,863,840	461,774	2,810,155	53,685
Number of Sales Days	20	106	20	107	(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
FIVE MONTHS ENDED FEBRUARY 28**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,213,641	\$12,677,557	\$13,474,590	(\$797,033)
Specific Tax, Liquor 4%	2,573,332	15,710,808	15,376,953	333,855
Excise Tax, Wine	1,193,299	2,944,183	2,887,388	56,795
Excise Tax, Mixed Spirit Drink	20,932	88,298	147,260	(58,962)
Fines & Costs	64,195	315,443	361,283	(45,840)
Miscellaneous Revenue	8,169	54,320	14,413	39,907
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$6,073,568</u>	<u>\$31,790,609</u>	<u>\$32,261,887</u>	<u>(\$471,278)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$39,324	\$2,094,296	\$1,866,486	\$227,810
41.5% To Licensing & Enforcement	29,672	184,192	149,439	34,753
3.5% To Alcoholism Prevention Programs	2,502	15,402	12,603	2,799
Additional Resort License Fees	19,400	38,800	0	38,800
Direct Shipper License Fees	500	2,761	3,611	(850)
License Transfer Fees	40,532	219,346	244,162	(24,816)
Sunday Sales Fees	68,370	725,720	63,103	662,617
Non-Retail License Fees-Wine Industry Council	6,745	43,405	32,715	10,690
Liquor Control Act Sales	120	781	1,670	(889)
Inspection Fees	36,915	128,460	118,238	10,222
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,577,005	15,726,613	15,405,744	320,869
Miscellaneous Revenue	2,820	12,916	14,410	(1,494)
TOTAL GENERAL FUND - RESTRICTED	<u>\$2,823,905</u>	<u>\$19,192,692</u>	<u>\$17,912,181</u>	<u>\$1,280,511</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$2,573,332	\$15,710,808	\$15,376,953	\$333,855
TOTAL SCHOOL AID FUND	<u>\$2,573,332</u>	<u>\$15,710,808</u>	<u>\$15,376,953</u>	<u>\$333,855</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$11,470,805</u>	<u>\$66,694,109</u>	<u>\$65,551,021</u>	<u>\$1,143,088</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$956,379	\$6,022,910	\$5,796,693	\$226,217
Income From Operations(Excluding Taxes & Grants)(1)	9,718,984	60,168,692	58,429,981	1,738,711
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$10,675,363</u>	<u>\$66,191,602</u>	<u>\$64,226,674</u>	<u>\$1,964,928</u>
TOTAL REVENUE COLLECTED	<u>\$22,146,168</u>	<u>\$132,885,711</u>	<u>\$129,777,695</u>	<u>\$3,108,016</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
FIVE MONTHS ENDED FEBRUARY 28**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$28,553	\$145,067	\$81,741	\$489,637	\$465,741	\$2,228,287	\$2,862,991	\$2,942,521
Longevity & Insurance	0	0	28,883	187,074	113,173	671,436	858,510	869,973
Retirement & FICA	0	0	41,025	222,174	177,293	880,660	1,102,834	1,106,352
Subtotal	\$28,553	\$145,067	\$151,649	\$898,885	\$756,207	\$3,780,383	\$4,824,335	\$4,918,846
Communications	\$0	\$0	\$5,842	\$75,571	\$11,705	\$34,956	\$110,527	\$48,091
Travel	0	0	2,227	9,484	17,802	69,263	78,747	90,049
Utilities	0	0	1,647	7,732	209	1,177	8,909	6,854
Contractual Services	0	0	24,840	36,152	4,102	25,031	61,183	76,867
Supplies & Materials	0	0	13,307	30,005	18,174	65,643	95,648	84,305
Equipment Replacement, Additions & Rentals	0	0	961	34,746	1,918	39,695	74,441	21,807
Miscellaneous	0	0	0	0	0	0	0	3,956
Subtotal	\$0	\$0	\$48,824	\$193,690	\$53,910	\$235,765	\$429,455	\$331,929
TOTAL MLCC APPROPRIATED EXPENSES	\$28,553	\$145,067	\$200,473	\$1,092,575	\$810,117	\$4,016,148	\$5,253,790	\$5,250,775
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,515	\$95,490	\$59,634	\$317,673	\$413,163	\$449,122
Other Operating Transfers Out(3)	0	0	0	0	0	0	4,585,060	4,999,344
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,515	\$95,490	\$59,634	\$317,673	\$4,998,223	\$5,448,466
GRAND TOTAL	\$28,553	\$145,067	\$218,988	\$1,188,065	\$869,751	\$4,333,821	\$10,252,013	\$10,699,241

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 Energy, Labor and Economic Growth.
- (3) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in totals.