

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 2011



Michigan Department of Licensing and Regulatory Affairs (LARA)

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

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



MICHIGAN LIQUOR CONTROL COMMISSION

MAY FINANCIAL REPORT

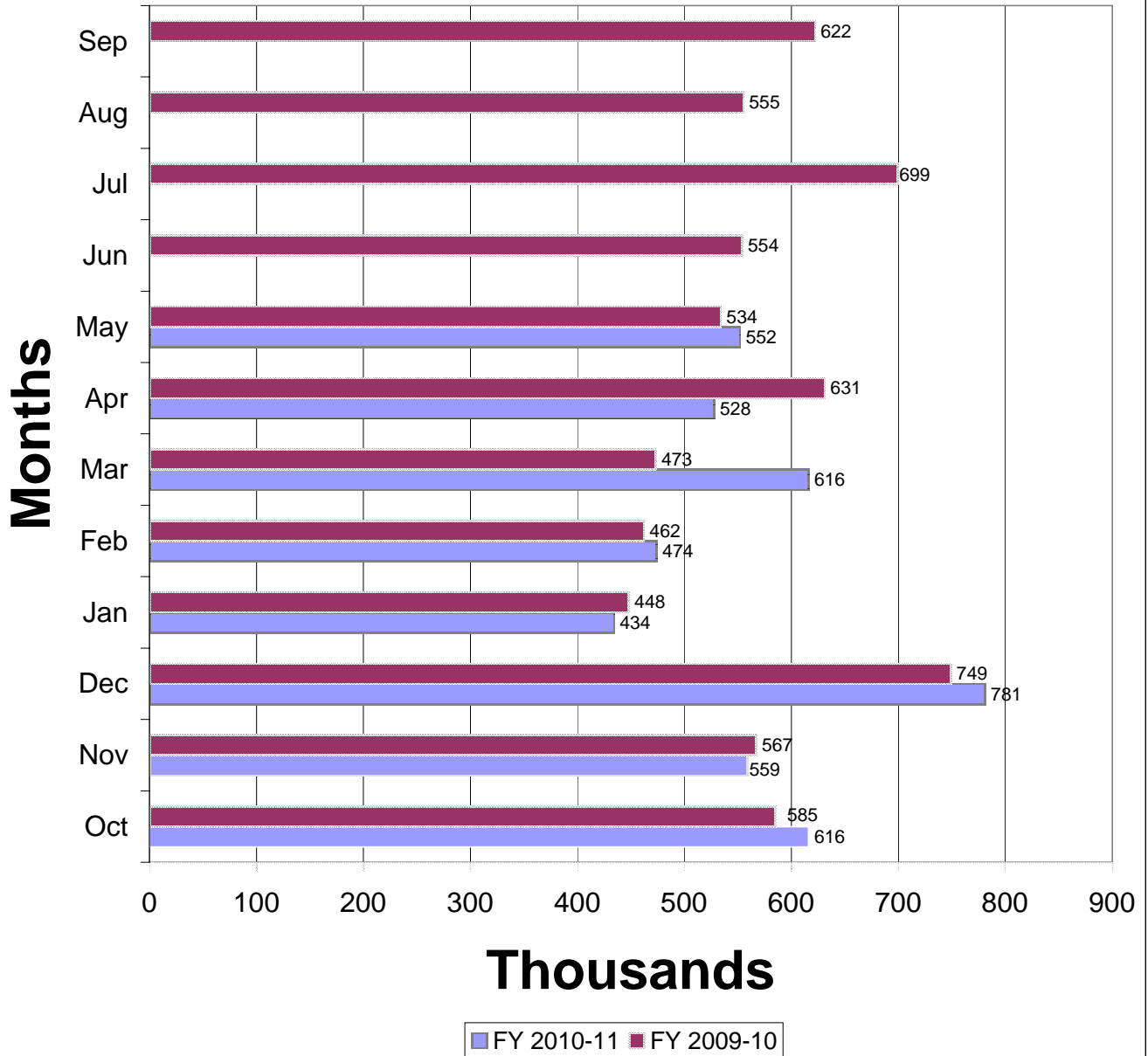
FISCAL YEAR 10 - 11

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Case Sales



	Fiscal Year to Date 10/10-05/11	Fiscal Year to Date 10/09-05/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,559,112	4,447,417	111,695	2.51%
Average Price Per Case Sold	\$137.25	\$137.04	\$0.21	0.15%

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

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	51,389,283	68,621,617
Subtotal	\$51,389,983	\$68,622,317
Liquor Inventory - At Current Cost	5,623,158	4,405,059
Prepaid Distribution Costs of Inventory	430,927	345,670
Other Assets		
Accounts Receivable	\$34,377,797	\$22,943,553
Returned Checks	90,738	139,943
Payroll Correction Clearing	0	0
Subtotal	34,468,535	23,083,496
TOTAL ASSETS	\$91,912,603	\$96,456,542
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,572,862	\$1,056,498
Warrants Authorized/Not Issued	62,542,302	71,613,400
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	\$64,825,537	\$73,304,896
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)*	25,700,808	21,783,702
Current Period Ending Balance	26,576,547	22,659,441
TOTAL LIABILITIES & RETAINED EARNINGS	\$91,912,603	\$96,456,542

*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
EIGHT MONTHS ENDED MAY 31

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$625,731,597	\$609,494,644
Less: Discounts Allowed	106,417,211	103,676,348
PROCEEDS - SALE OF LIQUOR	\$519,314,386	\$505,818,296
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	378,794,539	366,879,622
Less: Ending Inventory	5,623,158	4,405,059
Cost of Goods Sold	\$379,111,045	\$369,482,678
GROSS REVENUE FROM SALE OF LIQUOR	\$140,203,341	\$136,335,618
OTHER REVENUE		
Miscellaneous Revenue	(\$65,051)	(\$34,017)
Non-Operating Revenue	0	36
Interest Revenue	65,440	90,211
TOTAL OTHER REVENUE	\$389	\$56,230
TOTAL REVENUE	\$140,203,730	\$136,391,848
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$234,789	\$277,271
Management Support	1,768,177	1,759,178
Licensing & Enforcement (1)	3,328,309	3,334,385
Distribution Cost Paid to Suppliers	31,780,383	31,035,902
Compensated Absences	0	0
Total MLCC Expenses	\$37,111,658	\$36,406,736
<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	3,078,036	2,312,645
MLCC Rent	643,134	705,130
LARA - Executive Direction	129,184	221,100
LARA - Administrative Offices	960,057	1,731,774
Total Other Agencies Expenses	\$5,490,538	\$5,582,429
Excluding Transfers Not Related to MLCC	\$5,490,538	\$5,582,429
TOTAL EXPENSES AND TRANSFERS	\$42,602,196	\$41,989,165
NET INCOME (Not Including Taxes & Grants)	\$97,601,534	\$94,402,683
Add: Specific Tax, Liquor 1.85%	9,487,471	9,093,584
NET REVENUE (Before Unrelated Expenses)	\$107,089,005	\$103,496,267
LARA - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$104,678,505	\$101,085,767
RETAINED EARNINGS		
Transfers to General Fund - Cash	88,000,000	88,000,000
Current Year Increase or (Decrease)	\$16,678,505	\$13,085,767
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$17,554,244	\$13,961,506

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	140,203,730	136,391,848	3,811,882
Specific Tax, Liquor 1.85%	<u>9,487,471</u>	<u>9,093,584</u>	<u>393,887</u>
Total Equity Available	<u>\$150,566,940</u>	<u>\$146,361,171</u>	<u>\$4,205,769</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$88,000,000	\$88,000,000	\$0
MLCC Expenses	37,111,658	36,406,736	704,922
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,490,538	5,582,429	(91,891)
LARA Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$133,012,696</u>	<u>\$132,399,665</u>	<u>\$613,031</u>
Ending Equity	<u>\$17,554,244</u>	<u>\$13,961,506</u>	<u>\$3,592,738</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
EIGHT MONTHS ENDED MAY 31**

	2011 MONTH	YTD	2010 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$60,724,369	\$511,967,437	\$58,364,514	\$491,090,408	\$20,877,029
On Premise	14,472,140	113,365,111	14,151,342	118,115,426	(4,750,315)
Other	55,017	399,049	33,772	288,810	110,239
TOTAL GROSS SALES	\$75,251,526	\$625,731,597	\$72,549,628	\$609,494,644	\$16,236,953
Less: Discounts Allowed	12,797,587	106,417,211	12,332,906	103,676,348	2,740,863
PROCEEDS-SALE OF LIQUOR	\$62,453,939	\$519,314,386	\$60,216,722	\$505,818,296	\$13,496,090
Less: Cost of Goods Sold	45,591,255	379,111,045	44,044,468	369,482,678	9,628,367
GROSS REVENUE FROM SALE OF LIQUOR	\$16,862,684	\$140,203,341	\$16,172,254	\$136,335,618	\$3,867,723
OTHER REVENUE					
Miscellaneous Revenue	(\$2,465)	(\$65,051)	(\$1,937)	(\$34,017)	(\$31,034)
Non-Operating Revenue	0	0	36	36	(36)
Interest Revenue	0	65,440	0	90,211	(24,771)
TOTAL OTHER REVENUE	(\$2,465)	\$389	(\$1,901)	\$56,230	(\$55,841)
TOTAL REVENUE	\$16,860,219	\$140,203,730	\$16,170,353	\$136,391,848	\$3,811,882
Less: Distribution Cost Paid to Suppliers	3,844,972	31,780,383	3,726,909	31,035,902	744,481
INCOME FROM LIQUOR MERCHANDISING	\$13,015,247	\$108,423,347	\$12,443,444	\$105,355,946	\$3,067,401
MANAGEMENT EXPENSES					
Commission	(\$23,385)	\$234,789	\$36,232	\$277,271	(\$42,482)
Management Support(1)	231,307	1,918,542	288,810	1,924,925	(6,383)
Licensing & Enforcement(1)	990,795	7,682,888	915,407	7,742,660	(59,772)
LARA Services	153,897	3,499,741	563,259	4,363,374	(863,633)
Information Service Technology	459,308	3,078,036	168,105	2,312,645	765,391
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	\$1,811,922	\$14,683,623	\$1,971,813	\$14,822,155	(\$138,532)
INCOME FROM OPERATIONS	\$11,203,325	\$93,739,724	\$10,471,631	\$90,533,791	\$3,205,933
Specific Tax, Liquor 1.85%(Off Premise)	1,126,245	9,487,471	1,080,798	9,093,584	393,887
Revenue Collected for Other Funds	14,252,433	121,433,878	13,848,009	118,640,157	2,793,721
TOTAL CURRENT EARNINGS & REVENUE	\$26,582,003	\$224,661,073	\$25,400,438	\$218,267,532	\$6,393,541
Number of Cases Sold	551,571	4,559,112	533,773	4,447,417	111,695
Number of Sales Days	20	171	20	172	(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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,431,176	\$22,753,940	\$23,981,114	(\$1,227,174)
Specific Tax, Liquor 4%	3,005,842	24,994,984	24,340,693	654,291
Excise Tax, Wine	659,580	5,239,072	4,992,780	246,292
Excise Tax, Mixed Spirit Drink	56,154	190,710	202,521	(11,811)
Fines & Costs	52,821	493,905	580,620	(86,715)
Miscellaneous Revenue	5,095	64,729	114,041	(49,312)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,210,668</u>	<u>\$53,737,340</u>	<u>\$54,211,769</u>	<u>(\$474,429)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$391,453	\$8,080,885	\$7,849,444	\$231,441
41.5% To Licensing & Enforcement	295,370	4,711,101	4,695,144	15,957
3.5% To Alcoholism Prevention Programs	24,911	396,367	393,574	2,793
Additional Resort License Fees	0	38,800	19,650	19,150
Direct Shipper License Fees	3,650	75,221	48,381	26,840
License Transfer Fees	62,684	385,607	393,712	(8,105)
Sunday Sales Fees	138,494	3,003,369	1,459,604	1,543,765
Non-Retail License Fees-Wine Industry Council	62,990	702,565	502,865	199,700
Liquor Control Act Sales	340	1,401	2,420	(1,019)
Inspection Fees	42,280	238,480	308,717	(70,237)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,009,761	25,025,992	24,373,374	652,618
Miscellaneous Revenue	3,990	41,766	40,810	956
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,035,923</u>	<u>\$42,701,554</u>	<u>\$40,087,695</u>	<u>\$2,613,859</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,005,842	\$24,994,984	\$24,340,693	\$654,291
TOTAL SCHOOL AID FUND	<u>\$3,005,842</u>	<u>\$24,994,984</u>	<u>\$24,340,693</u>	<u>\$654,291</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,252,433</u>	<u>\$121,433,878</u>	<u>\$118,640,157</u>	<u>\$2,793,721</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,126,245	\$9,487,471	\$9,093,584	\$393,887
Income From Operations(Excluding Taxes & Grants)(1)	11,203,325	93,739,724	90,533,791	3,205,933
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$12,329,570</u>	<u>\$103,227,195</u>	<u>\$99,627,375</u>	<u>\$3,599,820</u>
TOTAL REVENUE COLLECTED	<u>\$26,582,003</u>	<u>\$224,661,073</u>	<u>\$218,267,532</u>	<u>\$6,393,541</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
EIGHT MONTHS ENDED MAY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	(\$23,385)	\$234,789	\$98,661	\$813,335	\$523,352	\$3,984,243	\$5,032,367	\$5,240,503
Longevity & Insurance	0	0	32,865	296,490	119,707	1,088,128	1,384,618	1,397,228
Retirement & FICA	0	0	44,668	373,006	202,448	1,554,452	1,927,458	1,927,197
Subtotal	(\$23,385)	\$234,789	\$176,194	\$1,482,831	\$845,507	\$6,626,823	\$8,344,443	\$8,564,928
Communications	\$0	\$0	\$2,395	\$85,052	\$8,702	\$60,842	\$145,894	\$88,106
Travel	0	0	2,974	17,291	19,634	129,416	146,707	161,394
Utilities	0	0	1,019	11,169	420	2,120	13,289	13,254
Contractual Services	0	0	1,287	45,321	15,600	133,874	179,195	192,300
Supplies & Materials	0	0	15,792	55,807	39,130	141,486	197,293	177,914
Equipment Replacement, Additions & Rentals	0	0	13,131	70,706	2,169	95,559	166,265	34,263
Miscellaneous	0	0	0	0	0	0	0	7,568
Subtotal	\$0	\$0	\$36,598	\$285,346	\$85,655	\$563,297	\$848,643	\$674,799
TOTAL MLCC APPROPRIATED EXPENSES	(\$23,385)	\$234,789	\$212,792	\$1,768,177	\$931,162	\$7,190,120	\$9,193,086	\$9,239,727
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,515	\$150,365	\$59,633	\$492,768	\$643,133	\$705,129
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,257,904	7,287,799
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,515	\$150,365	\$59,633	\$492,768	\$7,901,037	\$7,992,928
GRAND TOTAL	(\$23,385)	\$234,789	\$231,307	\$1,918,542	\$990,795	\$7,682,888	\$17,094,123	\$17,232,655

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.