

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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>

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MARCH FINANCIAL REPORT

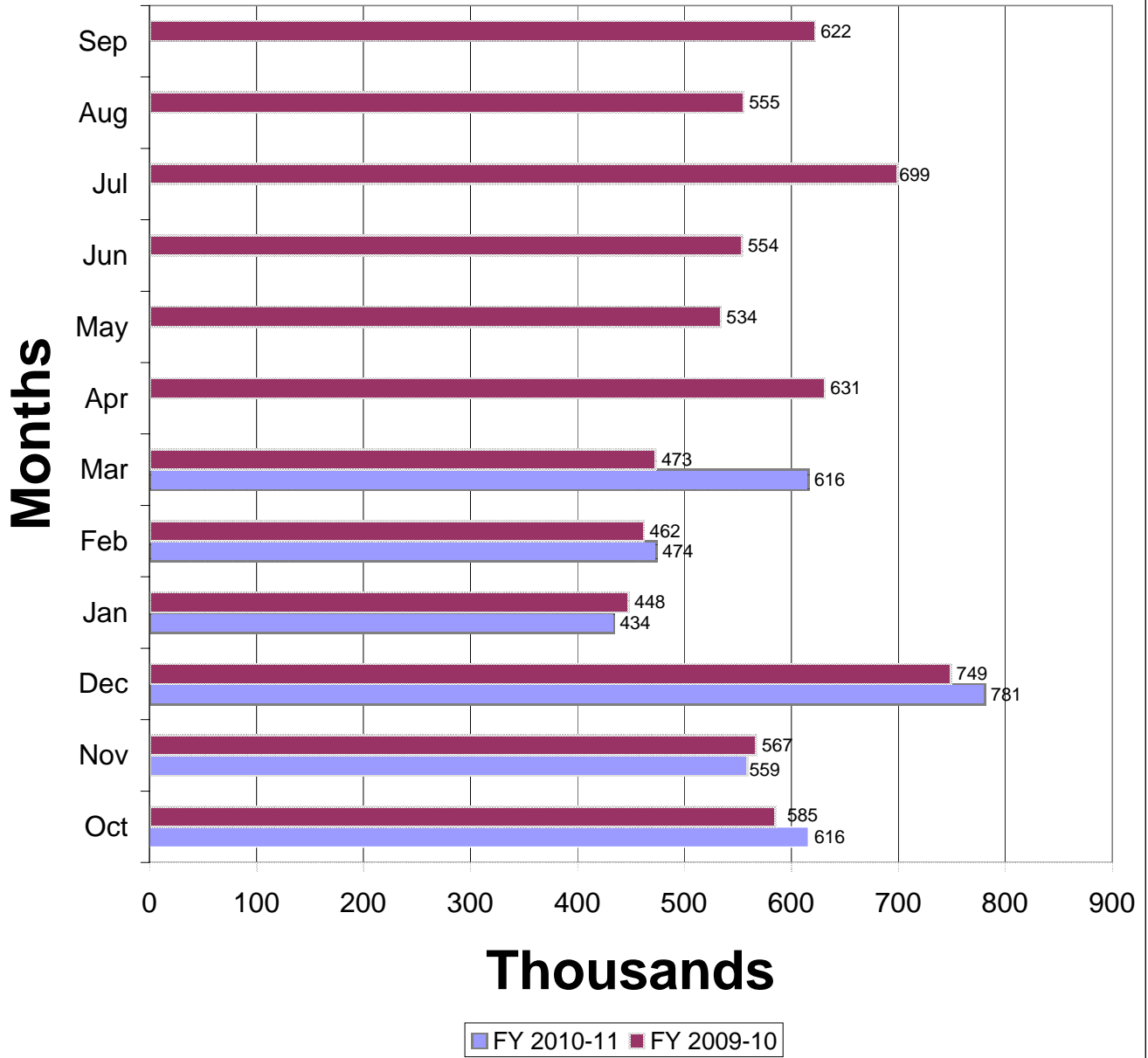
FISCAL YEAR 10 - 11

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 10/10-03/11	Fiscal Year to Date 10/09-03/10	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,479,945	3,283,119	196,826	6.00%
Average Price Per Case Sold	\$137.41	\$137.33	\$0.08	0.06%

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

	2011	2010
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	52,182,760	51,845,572
Subtotal	\$52,183,460	\$51,846,272
Liquor Inventory - At Current Cost	5,371,925	4,345,885
Prepaid Distribution Costs of Inventory	409,397	338,965
Other Assets		
Accounts Receivable	\$36,010,940	\$13,150,235
Returned Checks	99,490	184,004
Payroll Correction Clearing	0	0
Subtotal	36,110,430	13,334,239
TOTAL ASSETS	\$94,075,212	\$69,865,361
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,278,571	\$2,124,418
Warrants Authorized/Not Issued	67,106,730	50,826,629
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	\$69,095,674	\$53,586,045
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)*	23,593,280	14,911,372
Current Period Ending Balance	24,469,019	15,787,111
TOTAL LIABILITIES & RETAINED EARNINGS	\$94,075,212	\$69,865,361

*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

	2011	2010
REVENUE		
TOTAL GROSS SALES	\$478,161,995	\$450,858,910
Less: Discounts Allowed	81,317,176	76,694,621
PROCEEDS - SALE OF LIQUOR	\$396,844,819	\$374,164,289
Less: Cost of Goods Sold		
Beginning Inventory	\$5,939,664	\$7,008,115
Add: Purchases	289,138,419	270,547,185
Less: Ending Inventory	5,371,925	4,345,885
Cost of Goods Sold	\$289,706,158	\$273,209,415
GROSS REVENUE FROM SALE OF LIQUOR	\$107,138,661	\$100,954,874
OTHER REVENUE		
Miscellaneous Revenue	(\$18,764)	(\$46,152)
Non-Operating Revenue	0	0
Interest Revenue	34,037	58,576
TOTAL OTHER REVENUE	\$15,273	\$12,424
TOTAL REVENUE	\$107,153,934	\$100,967,298
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$195,266	\$196,127
Management Support	1,339,104	1,182,102
Licensing & Enforcement (1)	2,450,744	2,376,892
Distribution Cost Paid to Suppliers	24,259,385	22,906,887
Compensated Absences	0	0
Total MLCC Expenses	\$28,244,499	\$26,662,008
<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	2,554,376	3,424,849
MLCC Rent	491,312	534,458
DELEG - Executive Direction	218,873	319,655
DELEG - Administrative Offices	863,783	1,085,124
Total Other Agencies Expenses	\$4,358,255	\$5,594,456
TOTAL EXPENSES AND TRANSFERS	\$32,602,754	\$32,256,464
NET INCOME (Not Including Taxes & Grants)	\$74,551,180	\$68,710,834
Add: Specific Tax, Liquor 1.85%	7,276,212	6,742,141
NET REVENUE (Before Unrelated Expenses)	\$81,827,392	\$75,452,975
DELEG - Transfers For Grant Not Related to MLCC	2,410,500	2,410,500
NET INCOME	\$79,416,892	\$73,042,475
RETAINED EARNINGS		
Transfers to General Fund - Cash	66,000,000	66,000,000
Current Year Increase or (Decrease)	\$13,416,892	\$7,042,475
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$14,292,631	\$7,918,214

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**

	<u>2011</u>	<u>2010</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	107,153,934	100,967,298	6,186,636
Specific Tax, Liquor 1.85%	<u>7,276,212</u>	<u>6,742,141</u>	<u>534,071</u>
Total Equity Available	<u>\$115,305,885</u>	<u>\$108,585,178</u>	<u>\$6,720,707</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$66,000,000	\$66,000,000	\$0
MLCC Expenses	28,244,499	26,662,008	1,582,491
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	4,358,255	5,594,456	(1,236,201)
DELEG Transfer Not Related to MLCC	<u>2,410,500</u>	<u>2,410,500</u>	<u>0</u>
Total Allocation of Equity	<u>\$101,013,254</u>	<u>\$100,666,964</u>	<u>\$346,290</u>
Ending Equity	<u>\$14,292,631</u>	<u>\$7,918,214</u>	<u>\$6,374,417</u>

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

	<u>2011 MONTH</u>	<u>YTD</u>	<u>2010 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$67,665,497	\$392,741,590	\$51,033,006	\$364,150,503	\$28,591,087
On Premise	17,212,945	85,118,925	14,540,105	86,489,397	(1,370,472)
Other	55,323	301,480	26,603	219,010	82,470
TOTAL GROSS SALES	<u>\$84,933,765</u>	<u>\$478,161,995</u>	<u>\$65,599,714</u>	<u>\$450,858,910</u>	<u>\$27,303,085</u>
Less: Discounts Allowed	14,439,475	81,317,176	11,159,971	76,694,621	4,622,555
PROCEEDS-SALE OF LIQUOR	<u>\$70,494,290</u>	<u>\$396,844,819</u>	<u>\$54,439,743</u>	<u>\$374,164,289</u>	<u>\$22,680,530</u>
Less: Cost of Goods Sold	51,296,240	289,706,158	39,757,665	273,209,415	16,496,743
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$19,198,050</u>	<u>\$107,138,661</u>	<u>\$14,682,078</u>	<u>\$100,954,874</u>	<u>\$6,183,787</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$27,881)	(\$18,764)	(\$43,782)	(\$46,152)	\$27,388
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	34,037	0	58,576	(24,539)
TOTAL OTHER REVENUE	<u>(\$27,881)</u>	<u>\$15,273</u>	<u>(\$43,782)</u>	<u>\$12,424</u>	<u>\$2,849</u>
TOTAL REVENUE	<u>\$19,170,169</u>	<u>\$107,153,934</u>	<u>\$14,638,296</u>	<u>\$100,967,298</u>	<u>\$6,186,636</u>
Less: Distribution Cost Paid to Suppliers	4,285,825	24,259,385	3,296,607	22,906,887	1,352,498
INCOME FROM LIQUOR MERCHANDISING	<u>\$14,884,344</u>	<u>\$82,894,549</u>	<u>\$11,341,689</u>	<u>\$78,060,411</u>	<u>\$4,834,138</u>
MANAGEMENT EXPENSES					
Commission	\$50,199	\$195,266	\$36,354	\$196,127	(\$861)
Management Support(1)	265,044	1,453,109	246,811	1,307,141	145,968
Licensing & Enforcement(1)	1,337,810	5,671,631	1,064,405	5,544,199	127,432
DELEG Services	404,591	3,493,156	249,827	3,815,279	(322,123)
Information Service Technology	1,287,792	2,554,376	2,221,327	3,424,849	(870,473)
Attorney General	0	218,611	0	219,070	(459)
Auditor General	0	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	<u>\$3,345,436</u>	<u>\$11,186,949</u>	<u>\$3,818,724</u>	<u>\$12,107,465</u>	<u>(\$920,516)</u>
INCOME FROM OPERATIONS	<u>\$11,538,908</u>	<u>\$71,707,600</u>	<u>\$7,522,965</u>	<u>\$65,952,946</u>	<u>\$5,754,654</u>
Specific Tax, Liquor 1.85%(Off Premise)	1,253,302	7,276,212	945,448	6,742,141	534,071
Revenue Collected for Other Funds	20,887,261	87,581,370	17,479,463	83,030,484	4,550,886
TOTAL CURRENT EARNINGS & REVENUE	<u>\$33,679,471</u>	<u>\$166,565,182</u>	<u>\$25,947,876</u>	<u>\$155,725,571</u>	<u>\$10,839,611</u>
Number of Cases Sold	616,105	3,479,945	472,964	3,283,119	196,826
Number of Sales Days	25	131	20	127	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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2011</u>	<u>YTD 2010</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,249,542	\$15,927,099	\$16,528,581	(\$601,482)
Specific Tax, Liquor 4%	3,389,974	19,100,782	18,000,112	1,100,670
Excise Tax, Wine	648,086	3,592,269	3,556,638	35,631
Excise Tax, Mixed Spirit Drink	24,639	112,937	154,499	(41,562)
Fines & Costs	66,461	381,904	438,203	(56,299)
Miscellaneous Revenue	1,885	56,205	89,106	(32,901)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,380,587</u>	<u>\$39,171,196</u>	<u>\$38,767,139</u>	<u>\$404,057</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,798,267	\$4,892,563	\$4,474,909	\$417,654
41.5% To Licensing & Enforcement	2,111,420	2,295,612	2,120,904	174,708
3.5% To Alcoholism Prevention Programs	178,072	193,474	178,901	14,573
Additional Resort License Fees	0	38,800	0	38,800
Direct Shipper License Fees	43,001	45,762	22,161	23,601
License Transfer Fees	51,712	271,058	297,769	(26,711)
Sunday Sales Fees	1,220,930	1,946,650	663,362	1,283,288
Non-Retail License Fees-Wine Industry Council	269,235	312,640	291,545	21,095
Liquor Control Act Sales	150	931	1,825	(894)
Inspection Fees	33,420	161,880	157,165	4,715
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,395,903	19,122,516	18,028,903	1,093,613
Miscellaneous Revenue	14,590	27,506	25,789	1,717
TOTAL GENERAL FUND - RESTRICTED	<u>\$10,116,700</u>	<u>\$29,309,392</u>	<u>\$26,263,233</u>	<u>\$3,046,159</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,389,974	\$19,100,782	\$18,000,112	\$1,100,670
TOTAL SCHOOL AID FUND	<u>\$3,389,974</u>	<u>\$19,100,782</u>	<u>\$18,000,112</u>	<u>\$1,100,670</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$20,887,261</u>	<u>\$87,581,370</u>	<u>\$83,030,484</u>	<u>\$4,550,886</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$1,253,302	\$7,276,212	\$6,742,141	\$534,071
Income From Operations(Excluding Taxes & Grants)(1)	11,538,908	71,707,600	65,952,946	5,754,654
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$12,792,210</u>	<u>\$78,983,812</u>	<u>\$72,695,087</u>	<u>\$6,288,725</u>
TOTAL REVENUE COLLECTED	<u>\$33,679,471</u>	<u>\$166,565,182</u>	<u>\$155,725,571</u>	<u>\$10,839,611</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)						2011	2010
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$50,199	\$195,266	\$126,736	\$616,373	\$724,736	\$2,953,023	\$3,764,662	\$3,711,937
Longevity & Insurance	0	0	44,851	231,925	176,191	847,627	1,079,552	1,021,956
Retirement & FICA	0	0	62,397	284,571	278,113	1,158,773	1,443,344	1,360,652
Subtotal	\$50,199	\$195,266	\$233,984	\$1,132,869	\$1,179,040	\$4,959,423	\$6,287,558	\$6,094,545
Communications	\$0	\$0	\$2,943	\$78,514	\$7,832	\$42,788	\$121,302	\$58,699
Travel	0	0	2,178	11,662	20,117	89,380	101,042	112,624
Utilities	0	0	1,091	8,823	268	1,445	10,268	10,177
Contractual Services	0	0	319	36,471	6,329	31,360	67,831	86,290
Supplies & Materials	0	0	5,053	35,058	13,769	79,412	114,470	120,659
Equipment Replacement, Additions & Rentals	0	0	960	35,706	50,822	90,517	126,223	26,059
Miscellaneous	0	0	0	0	0	0	0	3,956
Subtotal	\$0	\$0	\$12,544	\$206,234	\$99,137	\$334,902	\$541,136	\$418,464
TOTAL MLCC APPROPRIATED EXPENSES	\$50,199	\$195,266	\$246,528	\$1,339,103	\$1,278,177	\$5,294,325	\$6,828,694	\$6,513,009
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$18,516	\$114,006	\$59,633	\$377,306	\$491,312	\$534,458
Other Operating Transfers Out(3)	0	0	0	0	0	0	6,277,443	7,470,498
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$18,516	\$114,006	\$59,633	\$377,306	\$6,768,755	\$8,004,956
GRAND TOTAL	\$50,199	\$195,266	\$265,044	\$1,453,109	\$1,337,810	\$5,671,631	\$13,597,449	\$14,517,965

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.