

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

December 2013



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Steve Arwood, Director
Andrew J. Deloney, Chairman

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



MICHIGAN LIQUOR CONTROL COMMISSION

DECEMBER FINANCIAL REPORT

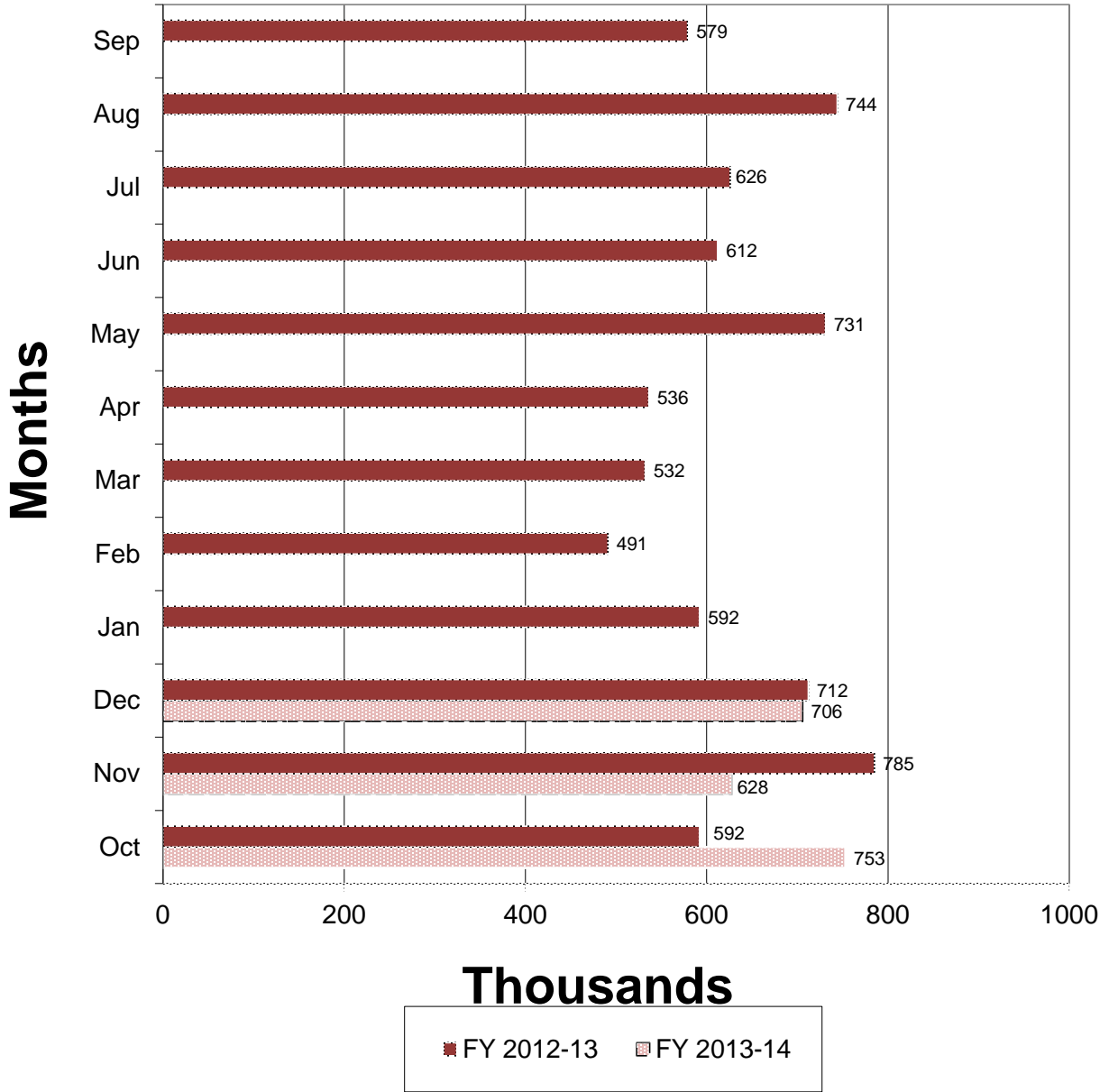
FISCAL YEAR 13 - 14

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Case Sales



	Fiscal Year to Date 10/13-12/13	Fiscal Year to Date 10/12-12/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,087,174	2,090,125	(2,951)	-0.14%
Average Price Per Case Sold	\$149.60	\$145.41	\$4.19	2.88%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	48,295,503	51,252,800
Subtotal	\$48,296,203	\$51,253,500
Liquor Inventory - At Current Cost	6,269,235	5,626,834
Prepaid Distribution Costs of Inventory	477,953	407,055
Other Assets		
Accounts Receivable	\$64,688,032	\$70,286,755
Returned Checks	231,778	92,032
Payroll Correction Clearing	0	0
Subtotal	64,919,810	70,378,787
TOTAL ASSETS	\$119,963,201	\$127,666,176
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,322,596	(\$679,587)
Warrants Authorized/Not Issued	80,718,883	95,113,029
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	569,133	503,159
Total Current Liabilities	\$83,610,612	\$94,936,601
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	165,428	141,606
Total Long Term Liabilities	165,428	141,606
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	35,311,422	31,712,230
Current Period Ending Balance	36,187,161	32,587,969
TOTAL LIABILITIES & RETAINED EARNINGS	\$119,963,201	\$127,666,176

*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
THREE MONTHS ENDED DECEMBER 31**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$312,239,191	\$303,914,733
Less: Discounts Allowed	53,061,921	51,660,909
PROCEEDS - SALE OF LIQUOR	\$259,177,270	\$252,253,824
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	182,967,324	180,391,834
Less: Ending Inventory	6,269,235	5,626,834
Cost of Goods Sold	\$183,912,247	\$180,315,617
GROSS REVENUE FROM SALE OF LIQUOR	\$75,265,023	\$71,938,207
OTHER REVENUE		
Miscellaneous Revenue	(\$15,302)	\$4,273
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	(\$15,302)	\$4,273
TOTAL REVENUE	\$75,249,721	\$71,942,480
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$85,685	\$97,824
Management Support	550,793	536,181
Licensing & Enforcement (1)	1,367,524	1,156,132
Distribution Cost Paid to Suppliers	15,234,483	14,273,696
Compensated Absences	0	0
Total MLCC Expenses	\$17,238,485	\$16,063,833
<u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	588,217	640,545
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	2,216,295	1,303,880
MLCC Rent	148,632	227,047
LARA - Executive Direction	455,044	396,693
LARA - Administrative Offices	325,878	578,958
Total Other Agencies Expenses	\$3,734,066	\$3,147,123
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$20,972,551	\$19,210,956
NET INCOME (Not Including Taxes & Grants)	\$54,277,170	\$52,731,524
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$54,277,170	\$52,731,524
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$53,503,270	\$51,957,624
RETAINED EARNINGS		
Transfers to General Fund - Cash	36,000,000	33,000,000
Current Year Increase or (Decrease)	\$17,503,270	\$18,957,624
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$18,379,009	\$19,833,363

Note:

(1) Includes the Revolving Fund Portion only.

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

EQUITY AVAILABLE	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	75,249,721	71,942,480	3,307,241
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$76,125,460</u>	<u>\$72,818,219</u>	<u>\$3,307,241</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$36,000,000	\$33,000,000	\$3,000,000
MLCC Expenses	17,238,485	16,063,833	1,174,652
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	3,734,066	3,147,123	586,943
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$57,746,451</u>	<u>\$52,984,856</u>	<u>\$4,761,595</u>
Ending Equity	<u>\$18,379,009</u>	<u>\$19,833,363</u>	<u>(\$1,454,354)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31**

	<u>2013 MONTH</u>	<u>YTD</u>	<u>2012 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$104,851,899	\$265,316,681	\$91,085,425	\$256,887,305	\$8,429,376
On Premise	17,160,477	46,788,841	15,389,531	46,922,559	(133,718)
Other	57,601	133,669	39,950	104,869	28,800
TOTAL GROSS SALES(3)	<u>\$122,069,977</u>	<u>\$312,239,191</u>	<u>\$106,514,906</u>	<u>\$303,914,733</u>	<u>\$8,324,458</u>
Less: Discounts Allowed(3)	20,746,875	53,061,921	18,107,041	51,660,909	1,401,012
PROCEEDS-SALE OF LIQUOR	<u>\$101,323,102</u>	<u>\$259,177,270</u>	<u>\$88,407,865</u>	<u>\$252,253,824</u>	<u>\$6,923,446</u>
Less: Cost of Goods Sold	59,970,033	183,912,247	60,702,272	180,315,617	3,596,630
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$41,353,069</u>	<u>\$75,265,023</u>	<u>\$27,705,593</u>	<u>\$71,938,207</u>	<u>\$3,326,816</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$12,491)	(\$15,302)	\$7,852	\$4,273	(\$19,575)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	<u>(\$12,491)</u>	<u>(\$15,302)</u>	<u>\$7,852</u>	<u>\$4,273</u>	<u>(\$19,575)</u>
TOTAL REVENUE	<u>\$41,340,578</u>	<u>\$75,249,721</u>	<u>\$27,713,445</u>	<u>\$71,942,480</u>	<u>\$3,307,241</u>
Less: Distribution Cost Paid to Suppliers	4,809,023	15,234,483	4,680,005	14,273,696	960,787
INCOME FROM LIQUOR MERCHANDISING	<u>\$36,531,555</u>	<u>\$60,015,238</u>	<u>\$23,033,440</u>	<u>\$57,668,784</u>	<u>\$2,346,454</u>
MANAGEMENT EXPENSES					
Commission	\$34,973	\$85,685	\$43,038	\$97,824	(\$12,139)
Management Support(1)	266,451	581,094	286,293	576,939	4,155
Licensing & Enforcement(1)	1,141,483	2,868,045	1,137,466	2,760,065	107,980
LARA Services	1,193,734	1,554,822	1,189,617	1,749,551	(194,729)
Information Technology Services	246,625	2,216,295	294,669	1,303,880	912,415
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	234,225	588,217	245,837	640,545	(52,328)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	773,900	773,900	773,900	773,900	0
Total Management Expenses	<u>\$2,343,591</u>	<u>\$7,120,258</u>	<u>\$2,423,020</u>	<u>\$6,354,904</u>	<u>\$765,354</u>
INCOME FROM OPERATIONS (3)	<u>\$34,187,964</u>	<u>\$52,894,980</u>	<u>\$20,610,420</u>	<u>\$51,313,880</u>	<u>\$1,581,100</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds(3)	18,889,756	48,361,634	19,096,256	49,021,611	(659,977)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$53,077,720</u>	<u>\$101,256,614</u>	<u>\$39,706,676</u>	<u>\$100,335,491</u>	<u>\$921,123</u>
Number of Cases Sold	705,619	2,087,174	712,324	2,090,125	(2,951)
Number of Sales Days	20	68	20	65	3

Notes:

(1) Total expenses per page 7 less any equipment purchases.

(2) Grants to Cities - Fire Protection.

(3) These monthly amounts are high because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the monthly profit and each of the three 4% specific taxes, for December 2013, to be high by \$11.1 million and \$535.7 thousand respectively.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED
THREE MONTHS ENDED DECEMBER 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,103,617	\$8,657,661	\$8,182,754	\$474,907
Specific Tax, Liquor 4%(2)	4,872,860	12,455,895	12,132,927	322,968
Excise Tax, Wine	930,427	1,684,398	1,769,579	(85,181)
Excise Tax, Mixed Spirit Drink	3,863	14,054	59,409	(45,355)
Sunday Sales Fees (7am-12pm)	12,152	31,032	39,868	(8,836)
Fines & Costs	44,919	58,859	99,164	(40,305)
Miscellaneous Revenue	(10,078)	19,679	11,056	8,623
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,957,760</u>	<u>\$22,921,578</u>	<u>\$22,294,757</u>	<u>\$626,821</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$37,530	\$101,244	\$2,037,419	(\$1,936,175)
41.5% To Licensing & Enforcement	28,318	76,393	60,190	16,203
3.5% To Alcoholism Prevention Programs	2,389	6,443	5,076	1,367
Additional Resort License Fees	19,400	58,200	0	58,200
Direct Shipper License Fees	500	1,800	2,800	(1,000)
License Transfer Fees	41,059	115,044	182,010	(66,966)
Sunday Sales Fees	6,451	23,813	33,708	(9,895)
License Permit Fees	300	1,402	2,700	(1,298)
Non-Retail License Fees-Wine Industry Council	11,415	36,399	38,070	(1,671)
Liquor Control Act Sales	175	400	895	(495)
Inspection Fees	35,895	80,913	61,637	19,276
Specific Tax, Liquor 4%-Tourism & Conv. Facility(2)	4,872,861	12,472,808	12,155,876	316,932
Miscellaneous Revenue	2,843	9,302	13,546	(4,244)
TOTAL GENERAL FUND - RESTRICTED	<u>\$5,059,136</u>	<u>\$12,984,161</u>	<u>\$14,593,927</u>	<u>(\$1,609,766)</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%(2)	<u>\$4,872,860</u>	<u>\$12,455,895</u>	<u>\$12,132,927</u>	<u>\$322,968</u>
TOTAL SCHOOL AID FUND	<u>\$4,872,860</u>	<u>\$12,455,895</u>	<u>\$12,132,927</u>	<u>\$322,968</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$18,889,756</u>	<u>\$48,361,634</u>	<u>\$49,021,611</u>	<u>(\$659,977)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	<u>34,187,964</u>	<u>52,894,980</u>	<u>51,313,880</u>	<u>1,581,100</u>
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$34,187,964</u>	<u>\$52,894,980</u>	<u>\$51,313,880</u>	<u>\$1,581,100</u>
TOTAL REVENUE COLLECTED	<u>\$53,077,720</u>	<u>\$101,256,614</u>	<u>\$100,335,491</u>	<u>\$921,123</u>

Notes:

(1) Income From Operations after all operating expenses including General Fund portion of Licensing & Enforcement.

(2) These monthly amounts are high because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the monthly profit and each of the three 4% specific taxes, for December 2013, to be high by \$11.1 million and \$535.7 thousand respectively.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT
THREE MONTHS ENDED DECEMBER 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2013	TOTAL 2012
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,973	\$85,685	\$109,646	\$184,411	\$521,983	\$1,298,788	\$1,568,884	\$1,385,539
Longevity & Insurance	0	0	33,150	115,538	120,449	411,770	527,308	626,852
Retirement & FICA	0	0	84,166	216,026	310,641	827,612	1,043,638	1,039,555
Subtotal	\$34,973	\$85,685	\$226,962	\$515,975	\$953,073	\$2,538,170	\$3,139,830	\$3,051,946
Communications	\$0	\$0	(\$337)	\$2,078	\$17,776	\$32,413	\$34,491	\$17,417
Travel	0	0	4,124	7,169	17,507	36,675	43,844	36,954
Utilities	0	0	0	40	239	470	510	403
Contractual Services	0	0	2,794	5,618	25,439	95,390	101,008	24,763
Supplies & Materials	0	0	1,832	17,591	6,263	37,343	54,934	64,278
Equipment Replacement, Additions & Rentals	0	0	774	2,321	2,856	9,254	11,575	12,020
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$9,187	\$34,817	\$70,080	\$211,545	\$246,362	\$155,835
TOTAL MLCC APPROPRIATED EXPENSES	\$34,973	\$85,685	\$236,149	\$550,792	\$1,023,153	\$2,749,715	\$3,386,192	\$3,207,781
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$30,302	\$30,302	\$118,330	\$118,330	\$148,632	\$227,047
Other Operating Transfers Out(3)	0	0	0	0	0	0	4,359,334	3,693,976
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$30,302	\$30,302	\$118,330	\$118,330	\$4,507,966	\$3,921,023
GRAND TOTAL	\$34,973	\$85,685	\$266,451	\$581,094	\$1,141,483	\$2,868,045	\$7,894,158	\$7,128,804

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.