

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 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

FEBRUARY FINANCIAL REPORT

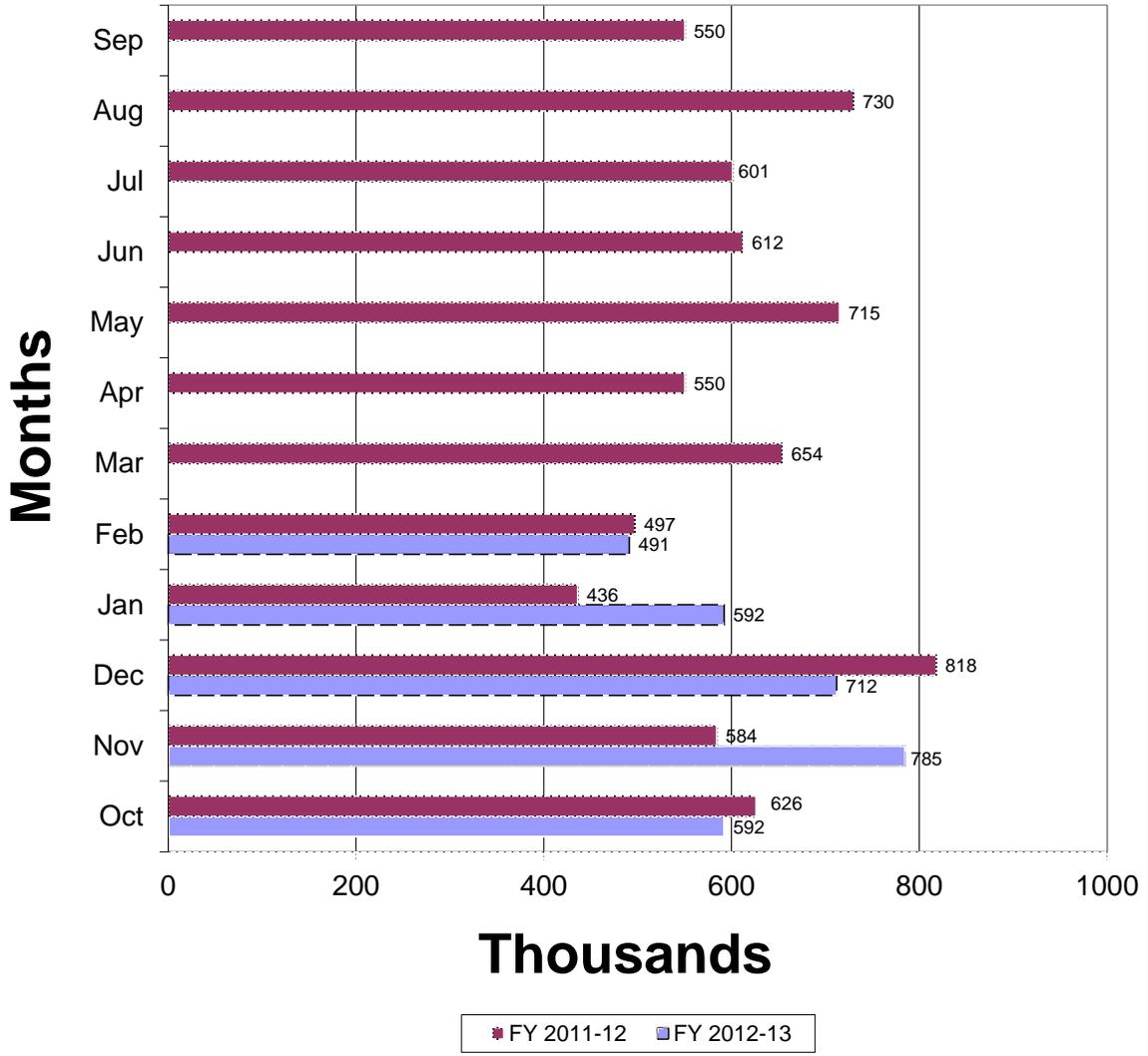
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-02/13	Fiscal Year to Date 10/11-02/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,173,307	2,961,076	212,231	7.17%
Average Price Per Case Sold	\$144.31	\$139.65	\$4.66	3.34%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	54,002,824	69,117,294
Subtotal	\$54,003,524	\$69,117,994
Liquor Inventory - At Current Cost	5,937,654	5,510,715
Prepaid Distribution Costs of Inventory	452,835	401,897
Other Assets		
Accounts Receivable	\$38,333,248	\$7,850,735
Returned Checks	81,929	102,659
Payroll Correction Clearing	0	0
Subtotal	38,415,177	7,953,394
TOTAL ASSETS	\$98,809,190	\$82,984,000
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,106,050	\$2,429,350
Warrants Authorized/Not Issued	71,284,954	56,551,958
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	92,632
Current Compensated Absences	503,159	464,996
Total Current Liabilities	\$73,894,163	\$59,538,936
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$302,635
Long Term Compensated Absences	141,606	106,562
Total Long Term Liabilities	141,606	409,197
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	23,897,682	22,160,128
Current Period Ending Balance	24,773,421	23,035,867
TOTAL LIABILITIES & RETAINED EARNINGS	\$98,809,190	\$82,984,000

*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**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$457,944,335	\$413,512,735
Less: Discounts Allowed	76,511,621	70,302,758
PROCEEDS - SALE OF LIQUOR	\$381,432,714	\$343,209,977
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	278,787,774	250,169,770
Less: Ending Inventory	5,937,654	5,510,715
Cost of Goods Sold	\$278,400,737	\$250,562,731
GROSS REVENUE FROM SALE OF LIQUOR	\$103,031,977	\$92,647,246
OTHER REVENUE		
Miscellaneous Revenue	(\$816)	\$5,470
Non-Operating Revenue	6,411	0
Interest Revenue	8,108	16,391
TOTAL OTHER REVENUE	\$13,703	\$21,861
TOTAL REVENUE	\$103,045,680	\$92,669,107
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$180,878	\$149,035
Management Support	1,182,245	1,163,464
Licensing & Enforcement (1)	2,275,939	2,130,193
Distribution Cost Paid to Suppliers	22,668,630	20,639,602
Compensated Absences	0	0
Total MLCC Expenses	\$26,307,692	\$24,082,294
<u>Other Agencies Expenses</u>		
Attorney General	\$257,843	\$200,046
Auditor General	0	0
Bureau of Fire Services	1,162,147	1,015,417
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	2,693,906	2,445,005
MLCC Rent	364,261	355,765
LARA - Executive Direction	204,295	383,980
LARA - Administrative Offices	966,175	832,455
Total Other Agencies Expenses	\$5,648,627	\$5,232,668
Excluding Transfers Not Related to MLCC	\$5,648,627	\$5,232,668
TOTAL EXPENSES AND TRANSFERS	\$31,956,319	\$29,314,962
NET INCOME (Not Including Taxes & Grants)	\$71,089,361	\$63,354,145
Add: Specific Tax, Liquor 1.85%	0	6,343,537
NET REVENUE (Before Unrelated Expenses)	\$71,089,361	\$69,697,682
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$70,315,461	\$68,923,782
RETAINED EARNINGS		
Transfers to General Fund - Cash	55,000,000	55,000,000
Current Year Increase or (Decrease)	\$15,315,461	\$13,923,782
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$16,191,200	\$14,799,521

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>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	103,045,680	92,669,107	10,376,573
Specific Tax, Liquor 1.85%	<u>0</u>	<u>6,343,537</u>	<u>(6,343,537)</u>
Total Equity Available	<u>\$103,921,419</u>	<u>\$99,888,383</u>	<u>\$4,033,036</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$55,000,000	\$55,000,000	\$0
MLCC Expenses	26,307,692	24,082,294	2,225,398
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,648,627	5,232,668	415,959
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$87,730,219</u>	<u>\$85,088,862</u>	<u>\$2,641,357</u>
Ending Equity	<u>\$16,191,200</u>	<u>\$14,799,521</u>	<u>\$1,391,679</u>

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

	<u>2013 MONTH</u>	<u>YTD</u>	<u>2012 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$57,390,891	\$381,243,045	\$55,174,346	\$342,559,728	\$38,683,317
On Premise	13,518,693	76,547,280	13,509,117	70,737,170	5,810,110
Other	29,312	154,010	44,835	215,837	(61,827)
TOTAL GROSS SALES	<u>\$70,938,896</u>	<u>\$457,944,335</u>	<u>\$68,728,298</u>	<u>\$413,512,735</u>	<u>\$44,431,600</u>
Less: Discounts Allowed	12,055,339	76,511,621	11,682,630	70,302,758	6,208,863
PROCEEDS-SALE OF LIQUOR	<u>\$58,883,557</u>	<u>\$381,432,714</u>	<u>\$57,045,668</u>	<u>\$343,209,977</u>	<u>\$38,222,737</u>
Less: Cost of Goods Sold	43,137,386	278,400,737	41,639,178	250,562,731	27,838,006
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$15,746,171</u>	<u>\$103,031,977</u>	<u>\$15,406,490</u>	<u>\$92,647,246</u>	<u>\$10,384,731</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$139)	(\$816)	\$12,219	\$5,470	(\$6,286)
Non-Operating Revenue	0	6,411	0	0	6,411
Interest Revenue	0	8,108	0	16,391	(8,283)
TOTAL OTHER REVENUE	<u>(\$139)</u>	<u>\$13,703</u>	<u>\$12,219</u>	<u>\$21,861</u>	<u>(\$8,158)</u>
TOTAL REVENUE	<u>\$15,746,032</u>	<u>\$103,045,680</u>	<u>\$15,418,709</u>	<u>\$92,669,107</u>	<u>\$10,376,573</u>
Less: Distribution Cost Paid to Suppliers	3,699,084	22,668,630	3,466,828	20,639,602	2,029,028
INCOME FROM LIQUOR MERCHANDISING	<u>\$12,046,948</u>	<u>\$80,377,050</u>	<u>\$11,951,881</u>	<u>\$72,029,505</u>	<u>\$8,347,545</u>
MANAGEMENT EXPENSES					
Commission	\$34,064	\$180,878	\$33,024	\$149,035	\$31,843
Management Support(1)	299,509	1,248,400	345,572	1,230,400	18,000
Licensing & Enforcement(1)	1,051,603	5,291,093	1,205,195	4,890,769	400,324
LARA Services	7,983	1,944,370	450,519	1,990,335	(45,965)
Information Technology Services	1,120,124	2,693,906	1,258,208	2,445,005	248,901
Attorney General	0	257,843	0	200,046	57,797
Auditor General	0	0	0	0	0
Bureau of Fire Services	149,744	1,162,147	227,294	1,015,417	146,730
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)	0	773,900	0	773,900	0
Total Management Expenses	<u>\$2,663,027</u>	<u>\$12,004,737</u>	<u>\$3,519,812</u>	<u>\$11,147,107</u>	<u>\$857,630</u>
INCOME FROM OPERATIONS	<u>\$9,383,921</u>	<u>\$68,372,313</u>	<u>\$8,432,069</u>	<u>\$60,882,398</u>	<u>\$7,489,915</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,023,244	6,343,537	(6,343,537)
Revenue Collected for Other Funds	12,230,103	75,130,570	9,242,751	69,570,439	5,560,131
TOTAL CURRENT EARNINGS & REVENUE	<u>\$21,614,024</u>	<u>\$143,502,883</u>	<u>\$18,698,064</u>	<u>\$136,796,374</u>	<u>\$6,706,509</u>
Number of Cases Sold	491,083	3,173,307	497,320	2,961,076	212,231
Number of Sales Days	20	110	20	105	5

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 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,345,586	\$13,399,039	\$13,193,320	\$205,719
Specific Tax, Liquor 4%	2,874,198	18,341,927	16,524,029	1,817,898
Excise Tax, Wine	1,193,964	3,528,217	3,193,730	334,487
Excise Tax, Mixed Spirit Drink	26,914	104,609	79,261	25,348
Sunday Sales Fees (7am-12pm)	14,524	80,743	86,260	(5,517)
Fines & Costs	40,328	189,819	234,644	(44,825)
Miscellaneous Revenue	605	21,334	14,469	6,865
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$6,496,119</u>	<u>\$35,665,688</u>	<u>\$33,325,713</u>	<u>\$2,339,975</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$6,720	\$2,077,253	\$2,104,099	(\$26,846)
41.5% To Licensing & Enforcement	5,482	91,750	175,847	(84,097)
3.5% To Alcoholism Prevention Programs	462	7,645	14,831	(7,186)
Additional Resort License Fees	19,400	19,400	57,850	(38,450)
Direct Shipper License Fees	700	3,847	4,089	(242)
License Transfer Fees	37,778	290,859	513,614	(222,755)
Sunday Sales Fees	10,253	55,030	98,932	(43,902)
License Permit Fees	600	4,200	0	4,200
Non-Retail License Fees-Wine Industry Council	7,905	56,575	59,516	(2,941)
Liquor Control Act Sales	255	1,380	1,620	(240)
Inspection Fees	19,745	107,785	138,645	(30,860)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,746,603	18,386,621	16,541,679	1,844,942
Miscellaneous Revenue	3,883	20,609	9,975	10,634
TOTAL GENERAL FUND - RESTRICTED	<u>\$2,859,786</u>	<u>\$21,122,954</u>	<u>\$19,720,697</u>	<u>\$1,402,257</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$2,874,198	\$18,341,928	\$16,524,029	\$1,817,899
TOTAL SCHOOL AID FUND	<u>\$2,874,198</u>	<u>\$18,341,928</u>	<u>\$16,524,029</u>	<u>\$1,817,899</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$12,230,103</u>	<u>\$75,130,570</u>	<u>\$69,570,439</u>	<u>\$5,560,131</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$6,343,537	(\$6,343,537)
Income From Operations(Excluding Taxes & Grants)(1)	9,383,921	68,372,313	60,882,398	7,489,915
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$9,383,921</u>	<u>\$68,372,313</u>	<u>\$67,225,935</u>	<u>\$1,146,378</u>
TOTAL REVENUE COLLECTED	<u>\$21,614,024</u>	<u>\$143,502,883</u>	<u>\$136,796,374</u>	<u>\$6,706,509</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 2013	TOTAL 2012
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,064	\$180,878	\$108,221	\$414,400	\$520,502	\$2,450,855	\$3,046,133	\$2,918,839
Longevity & Insurance	0	0	33,006	227,868	109,503	756,584	984,452	879,781
Retirement & FICA	0	0	78,142	427,957	288,246	1,526,922	1,954,879	1,684,955
Subtotal	\$34,064	\$180,878	\$219,369	\$1,070,225	\$918,251	\$4,734,361	\$5,985,464	\$5,483,575
Communications	\$0	\$0	\$3,543	\$9,795	\$12,574	\$44,535	\$54,330	\$53,593
Travel	0	0	2,431	13,464	16,954	63,705	77,169	94,383
Utilities	0	0	54	3,398	384	912	4,310	5,808
Contractual Services	0	0	23,653	36,897	16,925	36,410	73,307	89,714
Supplies & Materials	0	0	14,158	21,587	19,350	89,839	111,426	105,961
Equipment Replacement, Additions & Rentals	0	0	23,602	26,879	11,257	23,225	50,104	77,785
Miscellaneous	0	0	0	0	0	0	0	3,620
Subtotal	\$0	\$0	\$67,441	\$112,020	\$77,444	\$258,626	\$370,646	\$430,864
TOTAL MLCC APPROPRIATED EXPENSES	\$34,064	\$180,878	\$286,810	\$1,182,245	\$995,695	\$4,992,987	\$6,356,110	\$5,914,439
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$12,699	\$66,155	\$55,908	\$298,106	\$364,261	\$355,765
Other Operating Transfers Out(3)	0	0	0	0	0	0	6,058,266	5,650,803
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$12,699	\$66,155	\$55,908	\$298,106	\$6,422,527	\$6,006,568
GRAND TOTAL	\$34,064	\$180,878	\$299,509	\$1,248,400	\$1,051,603	\$5,291,093	\$12,778,637	\$11,921,007

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.