

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

June 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

JUNE FINANCIAL REPORT

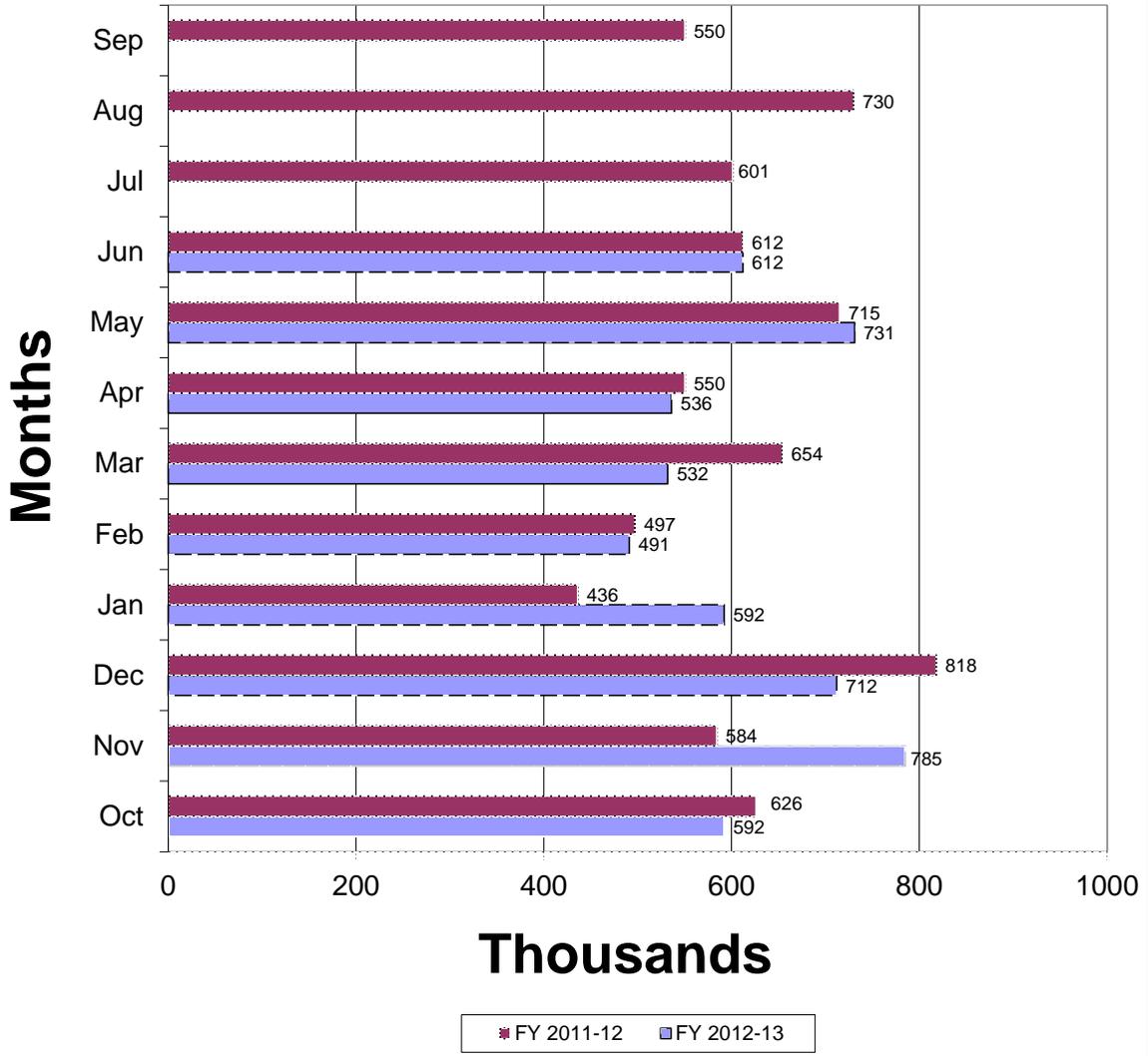
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-06/13	Fiscal Year to Date 10/11-06/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,584,332	5,492,488	91,844	1.67%
Average Price Per Case Sold	\$145.50	\$139.76	\$5.74	4.11%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
JUNE 30**

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	96,809,521	85,536,207
Subtotal	\$96,810,221	\$85,536,907
Liquor Inventory - At Current Cost	6,112,735	5,482,609
Prepaid Distribution Costs of Inventory	463,590	395,401
Other Assets		
Accounts Receivable	\$24,066,729	\$37,861,125
Returned Checks	238,455	116,806
Payroll Correction Clearing	0	0
Subtotal	24,305,184	37,977,931
TOTAL ASSETS	\$127,691,730	\$129,392,848
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$989,734	\$1,593,423
Warrants Authorized/Not Issued	88,767,169	84,766,883
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	503,159	464,996
Total Current Liabilities	\$90,260,062	\$86,825,302
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	141,606	106,562
Total Long Term Liabilities	141,606	106,562
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	36,414,323	41,585,245
Current Period Ending Balance	37,290,062	42,460,984
TOTAL LIABILITIES & RETAINED EARNINGS	\$127,691,730	\$129,392,848

*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
NINE MONTHS ENDED JUNE 30**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$812,514,633	\$767,620,948
Less: Discounts Allowed	138,109,343	130,508,782
PROCEEDS - SALE OF LIQUOR	\$674,405,290	\$637,112,166
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	492,983,023	464,415,161
Less: Ending Inventory	6,112,735	5,482,609
Cost of Goods Sold	\$492,420,905	\$464,836,228
GROSS REVENUE FROM SALE OF LIQUOR	\$181,984,385	\$172,275,938
OTHER REVENUE		
Miscellaneous Revenue	\$74,722	\$27,846
Non-Operating Revenue	0	0
Interest Revenue	39,367	33,245
TOTAL OTHER REVENUE	\$114,089	\$61,091
TOTAL REVENUE	\$182,098,474	\$172,337,029
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$312,207	\$278,228
Management Support	2,223,486	2,181,411
Licensing & Enforcement (1)	4,159,965	4,184,728
Distribution Cost Paid to Suppliers	40,751,158	38,269,165
Compensated Absences	0	0
Total MLCC Expenses	\$47,446,816	\$44,913,532
<u>Other Agencies Expenses</u>		
Attorney General	\$568,005	\$467,716
Auditor General	0	12,000
Bureau of Fire Services	2,192,275	1,993,162
Civil Service - Personnel	225,375	170,116
Administrative Hearings & Rules	0	0
Information Technology Services	4,012,692	3,544,417
MLCC Rent	426,432	623,530
LARA - Executive Direction	465,923	(221,165)
LARA - Administrative Offices	1,405,154	1,531,428
Total Other Agencies Expenses	\$9,295,856	\$8,121,204
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$56,742,672	\$53,034,736
NET INCOME (Not Including Taxes & Grants)	\$125,355,802	\$119,302,293
Add: Specific Tax, Liquor 1.85%	0	11,693,430
NET REVENUE (Before Unrelated Expenses)	\$125,355,802	\$130,995,723
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$124,581,902	\$130,221,823
RETAINED EARNINGS		
Transfers to General Fund - Cash	99,000,000	99,000,000
Current Year Increase or (Decrease)	\$25,581,902	\$31,221,823
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$26,457,641	\$32,097,562

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
JUNE 30**

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	182,098,474	172,337,029	9,761,445
Specific Tax, Liquor 1.85%	<u>0</u>	<u>11,693,430</u>	<u>(11,693,430)</u>
Total Equity Available	<u>\$182,974,213</u>	<u>\$184,906,198</u>	<u>(\$1,931,985)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$99,000,000	\$99,000,000	\$0
MLCC Expenses	47,446,816	44,913,532	2,533,284
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,295,856	8,121,204	1,174,652
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$156,516,572</u>	<u>\$152,808,636</u>	<u>\$3,707,936</u>
Ending Equity	<u>\$26,457,641</u>	<u>\$32,097,562</u>	<u>(\$5,639,921)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
NINE MONTHS ENDED JUNE 30**

	<u>2013 MONTH</u>	<u>YTD</u>	<u>2012 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$75,288,771	\$672,383,668	\$71,190,074	\$631,165,690	\$41,217,978
On Premise	15,183,200	139,845,227	15,093,726	136,060,544	3,784,683
Other	31,275	285,738	53,029	394,714	(108,976)
TOTAL GROSS SALES	<u>\$90,503,246</u>	<u>\$812,514,633</u>	<u>\$86,336,829</u>	<u>\$767,620,948</u>	<u>\$44,893,685</u>
Less: Discounts Allowed	15,380,170	138,109,343	14,678,493	130,508,782	7,600,561
PROCEEDS-SALE OF LIQUOR	<u>\$75,123,076</u>	<u>\$674,405,290</u>	<u>\$71,658,336</u>	<u>\$637,112,166</u>	<u>\$37,293,124</u>
Less: Cost of Goods Sold	54,882,455	492,420,905	52,800,609	464,836,228	27,584,677
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$20,240,621</u>	<u>\$181,984,385</u>	<u>\$18,857,727</u>	<u>\$172,275,938</u>	<u>\$9,708,447</u>
OTHER REVENUE					
Miscellaneous Revenue	\$73,944	\$74,722	\$20,020	\$27,846	\$46,876
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	39,367	0	33,245	6,122
TOTAL OTHER REVENUE	<u>\$73,944</u>	<u>\$114,089</u>	<u>\$20,020</u>	<u>\$61,091</u>	<u>\$52,998</u>
TOTAL REVENUE	<u>\$20,314,565</u>	<u>\$182,098,474</u>	<u>\$18,877,747</u>	<u>\$172,337,029</u>	<u>\$9,761,445</u>
Less: Distribution Cost Paid to Suppliers	4,590,667	40,751,158	4,318,188	38,269,165	2,481,993
INCOME FROM LIQUOR MERCHANDISING	<u>\$15,723,898</u>	<u>\$141,347,316</u>	<u>\$14,559,559</u>	<u>\$134,067,864</u>	<u>\$7,279,452</u>
MANAGEMENT EXPENSES					
Commission	\$25,232	\$312,207	\$28,270	\$278,228	\$33,979
Management Support(1)	274,374	2,313,844	257,728	2,299,770	14,074
Licensing & Enforcement(1)	1,045,575	9,612,021	1,051,532	9,644,963	(32,942)
LARA Services	240,715	2,644,977	(68,949)	2,084,163	560,814
Information Technology Services	1,390,116	4,012,692	487,180	3,544,417	468,275
Attorney General	0	568,005	0	467,716	100,289
Auditor General	0	0	12,000	12,000	(12,000)
Bureau of Fire Services	314,044	2,192,275	255,216	1,993,162	199,113
Civil Service - Personnel	0	225,375	0	170,116	55,259
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>\$3,290,056</u>	<u>\$21,107,496</u>	<u>\$2,022,977</u>	<u>\$19,720,635</u>	<u>\$1,386,861</u>
INCOME FROM OPERATIONS	<u>\$12,433,842</u>	<u>\$120,239,820</u>	<u>\$12,536,582</u>	<u>\$114,347,229</u>	<u>\$5,892,591</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,320,549	11,693,430	(11,693,430)
Revenue Collected for Other Funds	16,382,237	150,563,262	15,679,457	145,262,367	5,300,895
TOTAL CURRENT EARNINGS & REVENUE	<u>\$28,816,079</u>	<u>\$270,803,082</u>	<u>\$29,536,588</u>	<u>\$271,303,026</u>	<u>(\$499,944)</u>
Number of Cases Sold	611,543	5,584,332	612,171	5,492,488	91,844
Number of Sales Days	20	195	20	195	0

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
NINE MONTHS ENDED JUNE 30**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,748,376	\$27,128,038	\$27,646,550	(\$518,512)
Specific Tax, Liquor 4%	3,608,204	32,416,550	30,677,047	1,739,503
Excise Tax, Wine	1,363,692	7,103,597	6,363,639	739,958
Excise Tax, Mixed Spirit Drink	92,813	332,161	264,578	67,583
Sunday Sales Fees (7am-12pm)	19,450	1,290,869	1,152,962	137,907
Fines & Costs	54,679	430,041	503,560	(73,519)
Miscellaneous Revenue	9,862	53,595	40,462	13,133
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,897,076</u>	<u>\$68,754,851</u>	<u>\$66,648,798</u>	<u>\$2,106,053</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$53,250	\$8,400,029	\$8,454,158	(\$54,129)
41.5% To Licensing & Enforcement	40,179	4,864,438	4,970,475	(106,037)
3.5% To Alcoholism Prevention Programs	3,389	409,858	419,200	(9,342)
Additional Resort License Fees	19,400	38,800	57,850	(19,050)
Direct Shipper License Fees	1,300	87,633	82,795	4,838
License Transfer Fees	67,917	559,324	743,156	(183,832)
Sunday Sales Fees	18,005	1,556,418	1,583,436	(27,018)
License Permit Fees	1,298	29,398	0	29,398
Non-Retail License Fees-Wine Industry Council	17,345	639,503	606,781	32,722
Liquor Control Act Sales	185	2,605	2,720	(115)
Inspection Fees	27,019	235,246	261,312	(26,066)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,623,320	32,510,048	30,711,136	1,798,912
Miscellaneous Revenue	4,350	58,561	43,503	15,058
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,876,957</u>	<u>\$49,391,861</u>	<u>\$47,936,522</u>	<u>\$1,455,339</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,608,204	\$32,416,550	\$30,677,047	\$1,739,503
TOTAL SCHOOL AID FUND	<u>\$3,608,204</u>	<u>\$32,416,550</u>	<u>\$30,677,047</u>	<u>\$1,739,503</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$16,382,237</u>	<u>\$150,563,262</u>	<u>\$145,262,367</u>	<u>\$5,300,895</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$11,693,430	(\$11,693,430)
Income From Operations(Excluding Taxes & Grants)(1)	12,433,842	120,239,820	114,347,229	5,892,591
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$12,433,842</u>	<u>\$120,239,820</u>	<u>\$126,040,659</u>	<u>(\$5,800,839)</u>
TOTAL REVENUE COLLECTED	<u>\$28,816,079</u>	<u>\$270,803,082</u>	<u>\$271,303,026</u>	<u>(\$499,944)</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
NINE MONTHS ENDED JUNE 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2013	2012
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$25,232	\$312,207	\$112,092	\$882,489	\$527,436	\$4,670,413	\$5,865,109	\$5,664,764
Longevity & Insurance	0	0	33,028	335,774	108,484	1,103,186	1,438,960	1,612,640
Retirement & FICA	0	0	78,496	737,713	290,256	2,692,567	3,430,280	3,327,818
Subtotal	\$25,232	\$312,207	\$223,616	\$1,955,976	\$926,176	\$8,466,166	\$10,734,349	\$10,605,222
Communications	\$0	\$0	\$1,605	\$19,546	\$5,748	\$85,922	\$105,468	\$104,072
Travel	0	0	4,081	28,968	23,328	147,096	176,064	193,626
Utilities	0	0	0	8,689	299	1,644	10,333	11,229
Contractual Services	0	0	4,314	80,521	26,197	355,061	435,582	239,504
Supplies & Materials	0	0	4,870	46,961	19,695	182,233	229,194	275,127
Equipment Replacement, Additions & Rentals	0	0	25,849	82,825	6,791	37,826	120,651	167,031
Miscellaneous	0	0	0	0	0	0	0	3,620
Subtotal	\$0	\$0	\$40,719	\$267,510	\$82,058	\$809,782	\$1,077,292	\$994,209
TOTAL MLCC APPROPRIATED EXPENSES	\$25,232	\$312,207	\$264,335	\$2,223,486	\$1,008,234	\$9,275,948	\$11,811,641	\$11,599,431
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,039	\$90,358	\$37,341	\$336,073	\$426,431	\$623,530
Other Operating Transfers Out(3)	0	0	0	0	0	0	9,643,324	8,271,574
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,039	\$90,358	\$37,341	\$336,073	\$10,069,755	\$8,895,104
GRAND TOTAL	\$25,232	\$312,207	\$274,374	\$2,313,844	\$1,045,575	\$9,612,021	\$21,881,396	\$20,494,535

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.