

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 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

AUGUST FINANCIAL REPORT

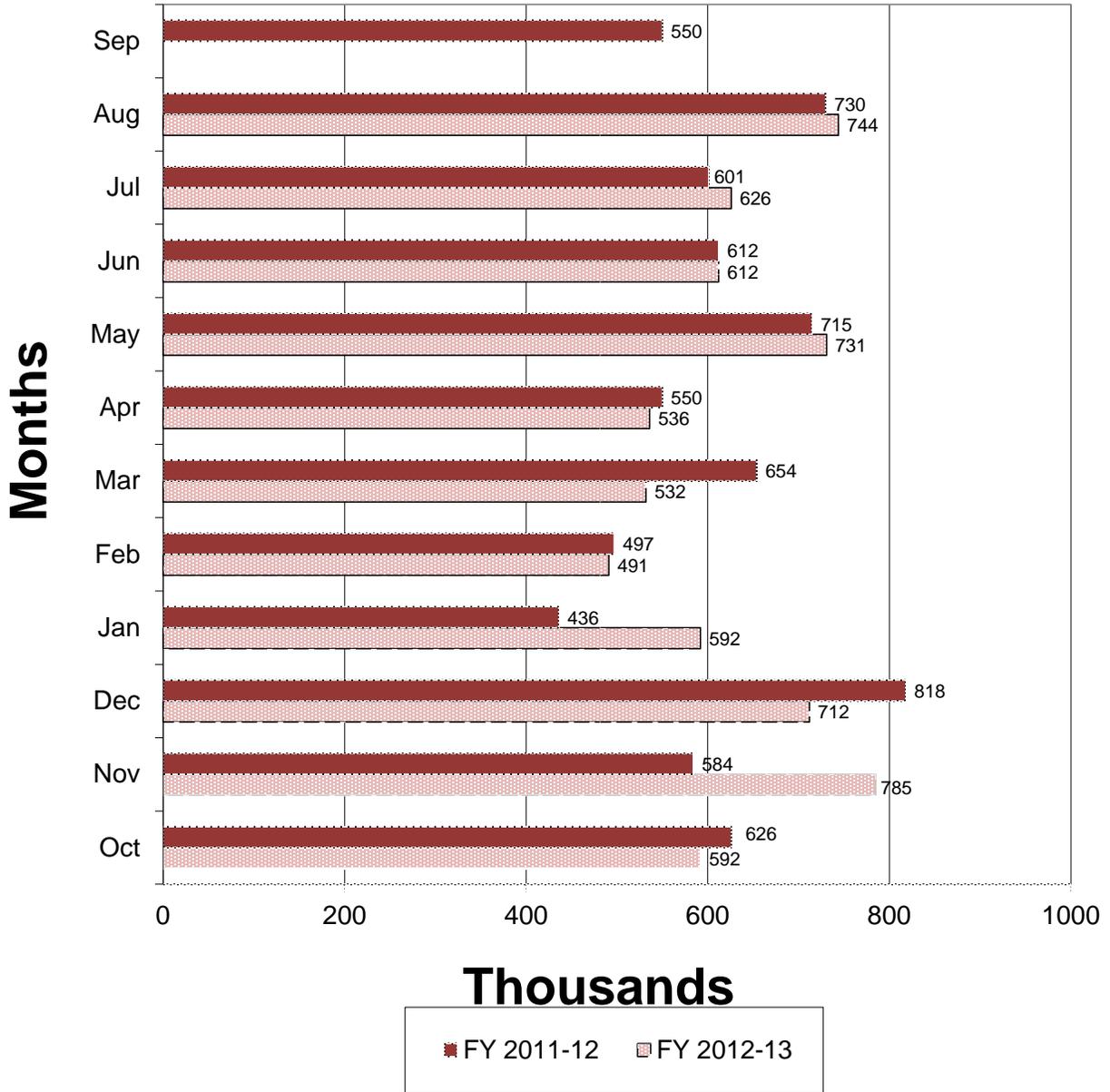
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-08/13	Fiscal Year to Date 10/11-08/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,954,054	6,822,965	131,089	1.92%
Average Price Per Case Sold	\$145.93	\$140.00	\$5.93	4.24%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	108,050,980	103,136,958
Subtotal	\$108,051,680	\$103,137,658
Liquor Inventory - At Current Cost	5,720,642	5,699,429
Prepaid Distribution Costs of Inventory	428,078	409,892
Other Assets		
Accounts Receivable	\$23,808,819	\$27,836,350
Returned Checks	157,789	117,906
Payroll Correction Clearing	0	0
Subtotal	23,966,608	27,954,256
TOTAL ASSETS	\$138,167,008	\$137,201,235
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$927,371	\$818,151
Warrants Authorized/Not Issued	87,219,429	80,501,842
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	\$88,649,959	\$81,784,989
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)*	48,499,704	54,433,945
Current Period Ending Balance	49,375,443	55,309,684
TOTAL LIABILITIES & RETAINED EARNINGS	\$138,167,008	\$137,201,235

*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
ELEVEN MONTHS ENDED AUGUST 31**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$1,014,788,306	\$955,231,261
Less: Discounts Allowed	172,483,897	162,401,652
PROCEEDS - SALE OF LIQUOR	\$842,304,409	\$792,829,609
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	615,181,946	577,695,808
Less: Ending Inventory	5,720,642	5,699,429
Cost of Goods Sold	\$615,011,921	\$577,900,055
GROSS REVENUE FROM SALE OF LIQUOR	\$227,292,488	\$214,929,554
OTHER REVENUE		
Miscellaneous Revenue	\$24,139	\$36,166
Non-Operating Revenue	0	0
Interest Revenue	59,316	55,862
TOTAL OTHER REVENUE	\$83,455	\$92,028
TOTAL REVENUE	\$227,375,943	\$215,021,582
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$395,780	\$331,996
Management Support	2,833,248	2,800,042
Licensing & Enforcement (1)	5,332,485	5,348,218
Distribution Cost Paid to Suppliers	51,023,836	47,491,616
Compensated Absences	0	0
Total MLCC Expenses	\$59,585,349	\$55,971,872
<u>Other Agencies Expenses</u>		
Attorney General	\$833,729	\$725,878
Auditor General	14,500	12,000
Bureau of Fire Services	2,727,905	2,429,446
Civil Service - Personnel	225,375	170,116
Administrative Hearings & Rules	0	0
Information Technology Services	4,594,144	4,040,834
MLCC Rent	521,194	757,579
LARA - Executive Direction	(76,514)	(40,424)
LARA - Administrative Offices	1,761,086	1,601,121
Total Other Agencies Expenses	\$10,601,419	\$9,696,550
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$70,186,768	\$65,668,422
NET INCOME (Not Including Taxes & Grants)	\$157,189,175	\$149,353,160
Add: Specific Tax, Liquor 1.85%	0	14,559,866
NET REVENUE (Before Unrelated Expenses)	\$157,189,175	\$163,913,026
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$156,415,275	\$163,139,126
RETAINED EARNINGS		
Transfers to General Fund - Cash	121,000,000	121,000,000
Current Year Increase or (Decrease)	\$35,415,275	\$42,139,126
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$36,291,014	\$43,014,865

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	227,375,943	215,021,582	12,354,361
Specific Tax, Liquor 1.85%	<u>0</u>	<u>14,559,866</u>	<u>(14,559,866)</u>
Total Equity Available	<u>\$228,251,682</u>	<u>\$230,457,187</u>	<u>(\$2,205,505)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$121,000,000	\$121,000,000	\$0
MLCC Expenses	59,585,349	55,971,872	3,613,477
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	10,601,419	9,696,550	904,869
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$191,960,668</u>	<u>\$187,442,322</u>	<u>\$4,518,346</u>
Ending Equity	<u>\$36,291,014</u>	<u>\$43,014,865</u>	<u>(\$6,723,851)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
ELEVEN MONTHS ENDED AUGUST 31**

	2013 MONTH	YTD	2012 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$90,168,197	\$840,491,408	\$83,831,002	\$785,745,808	\$54,745,600
On Premise	19,035,457	173,915,516	18,485,355	169,002,298	4,913,218
Other	50,683	381,382	48,213	483,155	(101,773)
TOTAL GROSS SALES	\$109,254,337	\$1,014,788,306	\$102,364,570	\$955,231,261	\$59,557,045
Less: Discounts Allowed	18,566,173	172,483,897	17,400,492	162,401,652	10,082,245
PROCEEDS-SALE OF LIQUOR	\$90,688,164	\$842,304,409	\$84,964,078	\$792,829,609	\$49,474,800
Less: Cost of Goods Sold	66,197,150	615,011,921	61,163,390	577,900,055	37,111,866
GROSS REVENUE FROM SALE OF LIQUOR	\$24,491,014	\$227,292,488	\$23,800,688	\$214,929,554	\$12,362,934
OTHER REVENUE					
Miscellaneous Revenue	\$2,179	\$24,139	\$9,027	\$36,166	(\$12,027)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	59,316	0	55,862	3,454
TOTAL OTHER REVENUE	\$2,179	\$83,455	\$9,027	\$92,028	(\$8,573)
TOTAL REVENUE	\$24,493,193	\$227,375,943	\$23,809,715	\$215,021,582	\$12,354,361
Less: Distribution Cost Paid to Suppliers	5,585,605	51,023,836	5,019,090	47,491,616	3,532,220
INCOME FROM LIQUOR MERCHANDISING	\$18,907,588	\$176,352,107	\$18,790,625	\$167,529,966	\$8,822,141
MANAGEMENT EXPENSES					
Commission	\$50,098	\$395,780	\$50,018	\$331,996	\$63,784
Management Support(1)	372,750	2,943,687	387,847	2,944,111	(424)
Licensing & Enforcement(1)	1,568,607	12,262,212	1,530,930	12,266,790	(4,568)
LARA Services	(311,566)	2,458,472	321,800	2,334,597	123,875
Information Technology Services	258,400	4,594,144	534,613	4,040,834	553,310
Attorney General	0	833,729	0	725,878	107,851
Auditor General	0	14,500	0	12,000	2,500
Bureau of Fire Services	221,588	2,727,905	266,096	2,429,446	298,459
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	\$2,159,877	\$25,681,904	\$3,091,304	\$24,481,858	\$1,200,046
INCOME FROM OPERATIONS	\$16,747,711	\$150,670,203	\$15,699,321	\$143,048,108	\$7,622,095
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,553,207	14,559,866	(14,559,866)
Revenue Collected for Other Funds	18,311,387	185,100,389	17,627,752	178,670,407	6,429,982
TOTAL CURRENT EARNINGS & REVENUE	\$35,059,098	\$335,770,592	\$34,880,280	\$336,278,381	(\$507,789)
Number of Cases Sold	744,085	6,954,054	729,760	6,822,965	131,089
Number of Sales Days	25	240	25	240	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
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,988,169	\$34,660,612	\$35,166,891	(\$506,279)
Specific Tax, Liquor 4%	4,359,388	40,485,884	38,185,776	2,300,108
Excise Tax, Wine	797,621	9,091,047	8,779,859	311,188
Excise Tax, Mixed Spirit Drink	82,379	463,859	466,775	(2,916)
Sunday Sales Fees (7am-12pm)	12,110	1,317,529	1,184,137	133,392
Fines & Costs	52,184	529,662	671,383	(141,721)
Miscellaneous Revenue	2,397	64,033	63,615	418
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$9,294,248</u>	<u>\$86,612,626</u>	<u>\$84,518,436</u>	<u>\$2,094,190</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$75,842	\$8,530,234	\$8,578,582	(\$48,348)
41.5% To Licensing & Enforcement	57,226	4,962,680	5,066,451	(103,771)
3.5% To Alcoholism Prevention Programs	4,826	418,147	427,294	(9,147)
Additional Resort License Fees	0	38,800	76,900	(38,100)
Direct Shipper License Fees	900	89,676	84,919	4,757
License Transfer Fees	80,592	700,521	861,874	(161,353)
Sunday Sales Fees	13,689	1,585,842	1,618,009	(32,167)
License Permit Fees	1,400	31,298	700	30,598
Non-Retail License Fees-Wine Industry Council	20,880	674,373	639,551	34,822
Liquor Control Act Sales	125	2,980	3,449	(469)
Inspection Fees	26,410	295,691	333,692	(38,001)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,372,887	40,605,751	38,221,287	2,384,464
Miscellaneous Revenue	3,255	65,886	53,487	12,399
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,658,032</u>	<u>\$58,001,879</u>	<u>\$55,966,195</u>	<u>\$2,035,684</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,359,107	\$40,485,884	\$38,185,776	\$2,300,108
TOTAL SCHOOL AID FUND	<u>\$4,359,107</u>	<u>\$40,485,884</u>	<u>\$38,185,776</u>	<u>\$2,300,108</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$18,311,387</u>	<u>\$185,100,389</u>	<u>\$178,670,407</u>	<u>\$6,429,982</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$14,559,866	(\$14,559,866)
Income From Operations(Excluding Taxes & Grants)(1)	16,747,711	150,670,203	143,048,108	7,622,095
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$16,747,711</u>	<u>\$150,670,203</u>	<u>\$157,607,974</u>	<u>(\$6,937,771)</u>
TOTAL REVENUE COLLECTED	<u>\$35,059,098</u>	<u>\$335,770,592</u>	<u>\$336,278,381</u>	<u>(\$507,789)</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
ELEVEN MONTHS ENDED AUGUST 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2013	2012
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$50,098	\$395,780	\$165,678	\$1,158,508	\$795,565	\$5,986,024	\$7,540,312	\$7,305,178
Longevity & Insurance	0	0	49,517	418,319	167,872	1,381,803	1,800,122	2,006,445
Retirement & FICA	0	0	117,273	932,512	438,456	3,417,195	4,349,707	4,231,618
Subtotal	\$50,098	\$395,780	\$332,468	\$2,509,339	\$1,401,893	\$10,785,022	\$13,690,141	\$13,543,241
Communications	\$0	\$0	\$2,550	\$24,205	\$17,478	\$113,526	\$137,731	\$129,865
Travel	0	0	3,485	36,003	23,466	193,818	229,821	240,640
Utilities	0	0	52	8,772	457	2,443	11,215	15,596
Contractual Services	0	0	4,616	90,591	26,474	438,696	529,287	322,468
Supplies & Materials	0	0	15,116	63,615	9,519	210,845	274,460	311,796
Equipment Replacement, Additions & Rentals	0	0	4,423	100,724	51,979	107,106	207,830	213,287
Miscellaneous	0	0	0	0	0	0	0	8,415
Subtotal	\$0	\$0	\$30,242	\$323,910	\$129,373	\$1,066,434	\$1,390,344	\$1,242,067
TOTAL MLCC APPROPRIATED EXPENSES	\$50,098	\$395,780	\$362,710	\$2,833,249	\$1,531,266	\$11,851,456	\$15,080,485	\$14,785,308
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,040	\$110,438	\$37,341	\$410,756	\$521,194	\$757,579
Other Operating Transfers Out(3)	0	0	0	0	0	0	10,854,125	9,712,871
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,040	\$110,438	\$37,341	\$410,756	\$11,375,319	\$10,470,450
GRAND TOTAL	\$50,098	\$395,780	\$372,750	\$2,943,687	\$1,568,607	\$12,262,212	\$26,455,804	\$25,255,758

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.