

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 2014



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

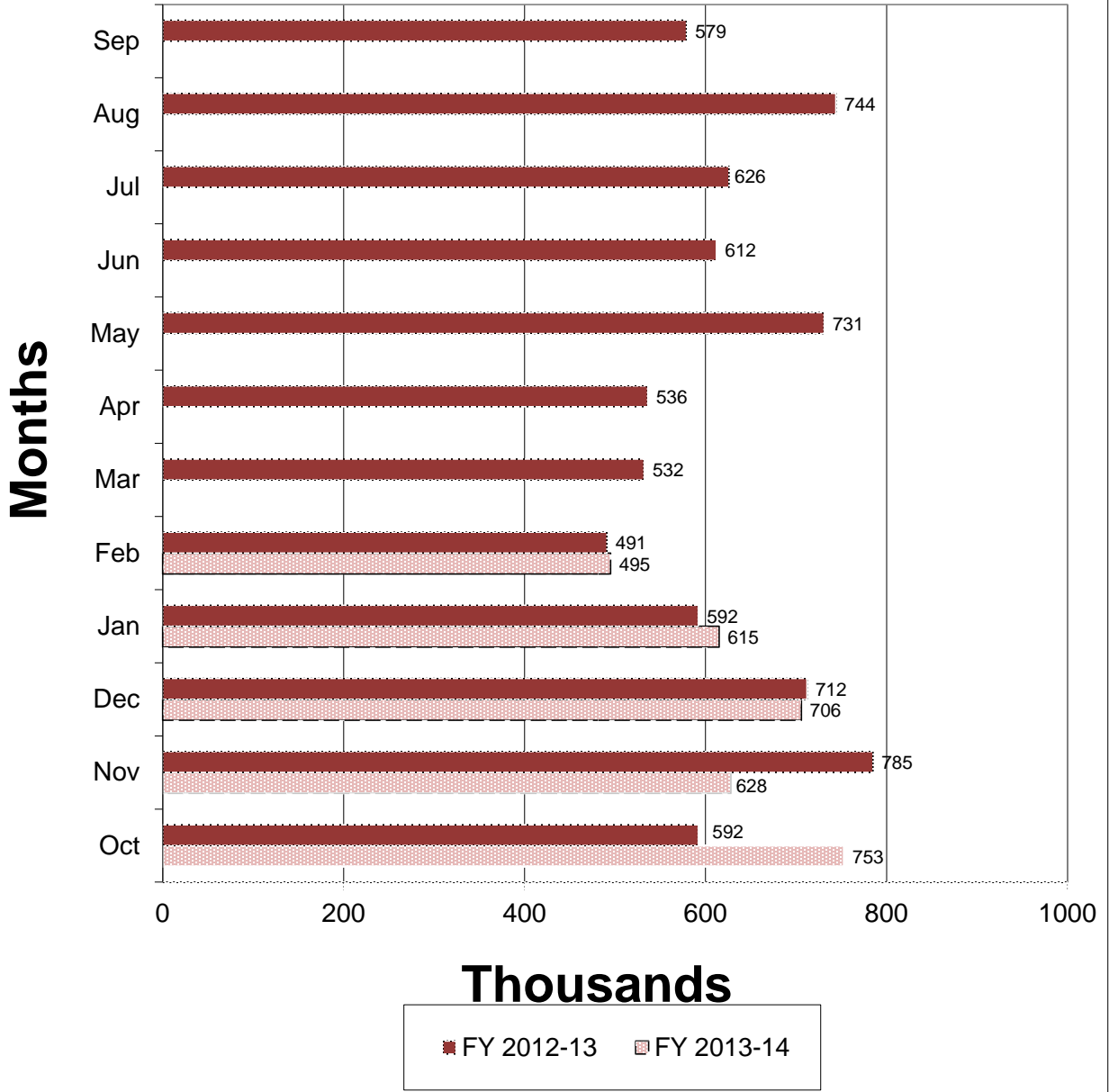
FISCAL YEAR 13 - 14

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 10/13-02/14	Fiscal Year to Date 10/12-02/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,196,767	3,173,307	23,460	0.74%
Average Price Per Case Sold	\$148.64	\$144.31	\$4.33	3.00%

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	65,841,357	54,002,824
Subtotal	\$65,842,057	\$54,003,524
Liquor Inventory - At Current Cost	6,498,905	5,937,654
Prepaid Distribution Costs of Inventory	487,185	452,835
Other Assets		
Accounts Receivable	\$24,102,078	\$38,333,248
Returned Checks	196,988	81,929
Payroll Correction Clearing	0	0
Subtotal	24,299,066	38,415,177
TOTAL ASSETS	\$97,127,213	\$98,809,190
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,779,065	\$2,106,050
Warrants Authorized/Not Issued	73,336,927	71,284,954
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	\$75,685,125	\$73,894,163
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)*	20,400,921	23,897,682
Current Period Ending Balance	21,276,660	24,773,421
TOTAL LIABILITIES & RETAINED EARNINGS	\$97,127,213	\$98,809,190

*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

	2014	2013
REVENUE		
TOTAL GROSS SALES	\$475,174,855	\$457,944,335
Less: Discounts Allowed	80,748,967	76,511,621
PROCEEDS - SALE OF LIQUOR	\$394,425,888	\$381,432,714
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	287,282,296	278,787,774
Less: Ending Inventory	6,498,905	5,937,654
Cost of Goods Sold	\$287,997,549	\$278,400,737
GROSS REVENUE FROM SALE OF LIQUOR	\$106,428,339	\$103,031,977
OTHER REVENUE		
Miscellaneous Revenue	(\$7,015)	(\$816)
Non-Operating Revenue	0	6,411
Interest Revenue	15,533	8,108
TOTAL OTHER REVENUE	\$8,518	\$13,703
TOTAL REVENUE	\$106,436,857	\$103,045,680
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$168,004	\$180,878
Management Support	1,213,702	1,182,245
Licensing & Enforcement (1)	2,680,618	2,275,939
Distribution Cost Paid to Suppliers	23,981,435	22,668,630
Compensated Absences	0	0
Total MLCC Expenses	\$28,043,759	\$26,307,692
<u>Other Agencies Expenses</u>		
Attorney General	\$251,900	\$257,843
Auditor General	0	0
Bureau of Fire Services	1,172,698	1,162,147
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	3,328,404	2,693,906
MLCC Rent	247,720	364,261
LARA - Executive Direction	519,521	204,295
LARA - Administrative Offices	356,365	966,175
Total Other Agencies Expenses	\$5,876,608	\$5,648,627
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$33,920,367	\$31,956,319
NET INCOME (Not Including Taxes & Grants)	\$72,516,490	\$71,089,361
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$72,516,490	\$71,089,361
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$71,742,590	\$70,315,461
RETAINED EARNINGS		
Transfers to General Fund - Cash	60,000,000	55,000,000
Current Year Increase or (Decrease)	\$11,742,590	\$15,315,461
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$12,618,329	\$16,191,200

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>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	106,436,857	103,045,680	3,391,177
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$107,312,596</u>	<u>\$103,921,419</u>	<u>\$3,391,177</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$60,000,000	\$55,000,000	\$5,000,000
MLCC Expenses	28,043,759	26,307,692	1,736,067
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,876,608	5,648,627	227,981
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$94,694,267</u>	<u>\$87,730,219</u>	<u>\$6,964,048</u>
Ending Equity	<u>\$12,618,329</u>	<u>\$16,191,200</u>	<u>(\$3,572,871)</u>

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

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$58,986,087	\$399,064,753	\$57,390,891	\$381,243,045	\$17,821,708
On Premise	13,538,738	75,890,637	13,518,693	76,547,280	(656,643)
Other	47,907	219,465	29,312	154,010	65,455
TOTAL GROSS SALES	<u>\$72,572,732</u>	<u>\$475,174,855</u>	<u>\$70,938,896</u>	<u>\$457,944,335</u>	<u>\$17,230,520</u>
Less: Discounts Allowed	12,330,328	80,748,967	12,055,339	76,511,621	4,237,346
PROCEEDS-SALE OF LIQUOR	<u>\$60,242,404</u>	<u>\$394,425,888</u>	<u>\$58,883,557</u>	<u>\$381,432,714</u>	<u>\$12,993,174</u>
Less: Cost of Goods Sold	44,529,253	287,997,549	43,137,386	278,400,737	9,596,812
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$15,713,151</u>	<u>\$106,428,339</u>	<u>\$15,746,171</u>	<u>\$103,031,977</u>	<u>\$3,396,362</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$4,009)	(\$7,015)	(\$139)	(\$816)	(\$6,199)
Non-Operating Revenue	0	0	0	6,411	(6,411)
Interest Revenue	0	15,533	0	8,108	7,425
TOTAL OTHER REVENUE	<u>(\$4,009)</u>	<u>\$8,518</u>	<u>(\$139)</u>	<u>\$13,703</u>	<u>(\$5,185)</u>
TOTAL REVENUE	<u>\$15,709,142</u>	<u>\$106,436,857</u>	<u>\$15,746,032</u>	<u>\$103,045,680</u>	<u>\$3,391,177</u>
Less: Distribution Cost Paid to Suppliers	3,763,810	23,981,435	3,699,084	22,668,630	1,312,805
INCOME FROM LIQUOR MERCHANDISING	<u>\$11,945,332</u>	<u>\$82,455,422</u>	<u>\$12,046,948</u>	<u>\$80,377,050</u>	<u>\$2,078,372</u>
MANAGEMENT EXPENSES					
Commission	\$33,284	\$168,004	\$34,064	\$180,878	(\$12,874)
Management Support(1)	288,656	1,264,206	299,509	1,248,400	15,806
Licensing & Enforcement(1)	1,092,078	5,508,142	1,051,603	5,291,093	217,049
LARA Services	(133,443)	1,649,786	7,983	1,944,370	(294,584)
Information Technology Services	632,667	3,328,404	1,120,124	2,693,906	634,498
Attorney General	0	251,900	0	257,843	(5,943)
Auditor General	0	0	0	0	0
Bureau of Fire Services	234,691	1,172,698	149,744	1,162,147	10,551
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>\$2,147,933</u>	<u>\$12,569,240</u>	<u>\$2,663,027</u>	<u>\$12,004,737</u>	<u>\$564,503</u>
INCOME FROM OPERATIONS	<u>\$9,797,399</u>	<u>\$69,886,182</u>	<u>\$9,383,921</u>	<u>\$68,372,313</u>	<u>\$1,513,869</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	12,622,068	75,548,098	12,230,103	75,130,570	417,528
TOTAL CURRENT EARNINGS & REVENUE	<u>\$22,419,467</u>	<u>\$145,434,280</u>	<u>\$21,614,024</u>	<u>\$143,502,883</u>	<u>\$1,931,397</u>
Number of Cases Sold	495,064	3,196,767	491,083	3,173,307	23,460
Number of Sales Days	20	113	20	110	3

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 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,366,690	\$13,996,167	\$13,399,039	\$597,128
Specific Tax, Liquor 4%	2,880,057	18,944,356	18,341,927	602,429
Excise Tax, Wine	1,277,058	3,530,152	3,528,217	1,935
Excise Tax, Mixed Spirit Drink	36,385	59,397	104,609	(45,212)
Sunday Sales Fees (7am-12pm)	14,398	55,044	80,743	(25,699)
Fines & Costs	46,643	154,816	189,819	(35,003)
Miscellaneous Revenue	9,426	34,357	21,334	13,023
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$6,630,657</u>	<u>\$36,774,289</u>	<u>\$35,665,688</u>	<u>\$1,108,601</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$26,025	\$140,128	\$2,077,253	(\$1,937,125)
41.5% To Licensing & Enforcement	19,638	106,024	91,750	14,274
3.5% To Alcoholism Prevention Programs	1,656	8,941	7,645	1,296
Additional Resort License Fees	19,400	77,600	19,400	58,200
Direct Shipper License Fees	1,000	3,625	3,847	(222)
License Transfer Fees	63,927	240,012	290,859	(50,847)
Sunday Sales Fees	8,967	40,615	55,030	(14,415)
License Permit Fees	800	2,702	4,200	(1,498)
Non-Retail License Fees-Wine Industry Council	7,690	50,894	56,575	(5,681)
Liquor Control Act Sales	780	1,450	1,380	70
Inspection Fees	28,107	130,885	107,785	23,100
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,929,689	19,010,900	18,386,621	624,279
Miscellaneous Revenue	3,675	15,677	20,609	(4,932)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,111,354</u>	<u>\$19,829,453</u>	<u>\$21,122,954</u>	<u>(\$1,293,501)</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$2,880,057</u>	<u>\$18,944,356</u>	<u>\$18,341,928</u>	<u>\$602,428</u>
TOTAL SCHOOL AID FUND	<u>\$2,880,057</u>	<u>\$18,944,356</u>	<u>\$18,341,928</u>	<u>\$602,428</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$12,622,068</u>	<u>\$75,548,098</u>	<u>\$75,130,570</u>	<u>\$417,528</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	<u>9,797,399</u>	<u>69,886,182</u>	<u>68,372,313</u>	<u>1,513,869</u>
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$9,797,399</u>	<u>\$69,886,182</u>	<u>\$68,372,313</u>	<u>\$1,513,869</u>
TOTAL REVENUE COLLECTED	<u>\$22,419,467</u>	<u>\$145,434,280</u>	<u>\$143,502,883</u>	<u>\$1,931,397</u>

Notes:

(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 2014	TOTAL 2013
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$33,284	\$168,004	\$136,301	\$493,460	\$545,056	\$2,630,133	\$3,291,597	\$3,046,133
Longevity & Insurance	0	0	33,387	200,561	119,373	711,606	912,167	984,452
Retirement & FICA	0	0	89,359	432,600	316,759	1,606,304	2,038,904	1,954,879
Subtotal	\$33,284	\$168,004	\$259,047	\$1,126,621	\$981,188	\$4,948,043	\$6,242,668	\$5,985,464
Communications	\$0	\$0	\$2,156	\$6,457	\$13,976	\$61,148	\$67,605	\$54,330
Travel	0	0	3,468	14,939	16,957	73,533	88,472	77,169
Utilities	0	0	35	147	0	674	821	4,310
Contractual Services	0	0	2,729	30,574	24,735	144,265	174,839	73,307
Supplies & Materials	0	0	3,229	24,160	13,304	69,083	93,243	111,426
Equipment Replacement, Additions & Rentals	0	0	7,891	10,804	2,474	14,179	24,983	50,104
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$19,508	\$87,081	\$71,446	\$362,882	\$449,963	\$370,646
TOTAL MLCC APPROPRIATED EXPENSES	\$33,284	\$168,004	\$278,555	\$1,213,702	\$1,052,634	\$5,310,925	\$6,692,631	\$6,356,110
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,101	\$50,504	\$39,444	\$197,217	\$247,721	\$364,261
Other Operating Transfers Out(3)	0	0	0	0	0	0	6,402,788	6,058,266
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,101	\$50,504	\$39,444	\$197,217	\$6,650,509	\$6,422,527
GRAND TOTAL	\$33,284	\$168,004	\$288,656	\$1,264,206	\$1,092,078	\$5,508,142	\$13,343,140	\$12,778,637

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.