

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

January 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**

**JANUARY FINANCIAL REPORT**

**FISCAL YEAR 12 - 13**

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

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	63,526,264	58,083,497
Subtotal	\$63,526,964	\$58,084,197
Liquor Inventory - At Current Cost	5,902,000	4,909,661
Prepaid Distribution Costs of Inventory	452,730	359,938
Other Assets		
Accounts Receivable	\$35,984,820	\$19,465,682
Returned Checks	133,158	106,831
Payroll Correction Clearing	0	0
Subtotal	36,117,978	19,572,513
<b>TOTAL ASSETS</b>	<b>\$105,999,672</b>	<b>\$82,926,309</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$2,274,281	\$2,795,618
Warrants Authorized/Not Issued	75,749,864	55,368,970
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	\$78,527,304	\$58,722,216
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$0	\$302,635
Long Term Compensated Absences	141,606	106,562
Total Long Term Liabilities	141,606	409,197
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	26,455,023	22,919,157
Current Period Ending Balance	27,330,762	23,794,896
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$105,999,672</b>	<b>\$82,926,309</b>

\*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**  
**FOUR MONTHS ENDED JANUARY 31**

	2013	2012
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$387,005,439	\$344,784,437
Less: Discounts Allowed	64,456,282	58,620,128
<b>PROCEEDS - SALE OF LIQUOR</b>	\$322,549,157	\$286,164,309
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	235,614,734	207,929,538
Less: Ending Inventory	5,902,000	4,909,661
Cost of Goods Sold	\$235,263,351	\$208,923,553
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$87,285,806	\$77,240,756
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	(\$677)	(\$6,749)
Non-Operating Revenue	6,411	0
Interest Revenue	8,108	16,391
<b>TOTAL OTHER REVENUE</b>	\$13,842	\$9,642
<b>TOTAL REVENUE</b>	\$87,299,648	\$77,250,398
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$146,814	\$116,011
Management Support	895,435	871,530
Licensing & Enforcement (1)	1,815,077	1,663,466
Distribution Cost Paid to Suppliers	18,969,546	17,172,774
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$21,826,872	\$19,823,781
<b>Other Agencies Expenses</b>		
Attorney General	\$257,843	\$200,046
Auditor General	0	0
Bureau of Fire Services	1,012,403	788,123
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	1,573,782	1,186,797
MLCC Rent	295,654	105,296
LARA - Executive Direction	596,934	448,299
LARA - Administrative Offices	565,553	317,617
<b>Total Other Agencies Expenses</b>	\$4,302,169	\$3,046,178
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$26,129,041	\$22,869,959
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$61,170,607	\$54,380,439
Add: Specific Tax, Liquor 1.85%	0	5,320,293
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$61,170,607	\$59,700,732
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$60,396,707	\$58,926,832
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	44,000,000	44,000,000
Current Year Increase or (Decrease)	\$16,396,707	\$14,926,832
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$17,272,446	\$15,802,571

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	87,299,648	77,250,398	10,049,250
Specific Tax, Liquor 1.85%	<u>0</u>	<u>5,320,293</u>	<u>(5,320,293)</u>
Total Equity Available	<u>\$88,175,387</u>	<u>\$83,446,430</u>	<u>\$4,728,957</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$44,000,000	\$44,000,000	\$0
MLCC Expenses	21,826,872	19,823,781	2,003,091
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	4,302,169	3,046,178	1,255,991
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$70,902,941</u>	<u>\$67,643,859</u>	<u>\$3,259,082</u>
Ending Equity	<u>\$17,272,446</u>	<u>\$15,802,571</u>	<u>\$1,469,875</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
FOUR MONTHS ENDED JANUARY 31**

	2013 MONTH	YTD	2012 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$66,964,849	\$323,852,154	\$47,881,112	\$287,385,382	\$36,466,772
On Premise	16,106,028	63,028,587	12,256,484	57,228,053	5,800,534
Other	19,829	124,698	20,186	171,002	(46,304)
<b>TOTAL GROSS SALES</b>	<b>\$83,090,706</b>	<b>\$387,005,439</b>	<b>\$60,157,782</b>	<b>\$344,784,437</b>	<b>\$42,221,002</b>
Less: Discounts Allowed	12,795,373	64,456,282	10,228,276	58,620,128	5,836,154
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$70,295,333</b>	<b>\$322,549,157</b>	<b>\$49,929,506</b>	<b>\$286,164,309</b>	<b>\$36,384,848</b>
Less: Cost of Goods Sold	54,947,734	235,263,351	38,573,792	208,923,553	26,339,798
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$15,347,599</b>	<b>\$87,285,806</b>	<b>\$11,355,714</b>	<b>\$77,240,756</b>	<b>\$10,045,050</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$4,950)	(\$677)	(\$7,715)	(\$6,749)	\$6,072
Non-Operating Revenue	6,411	6,411	0	0	6,411
Interest Revenue	8,108	8,108	16,391	16,391	(8,283)
<b>TOTAL OTHER REVENUE</b>	<b>\$9,569</b>	<b>\$13,842</b>	<b>\$8,676</b>	<b>\$9,642</b>	<b>\$4,200</b>
<b>TOTAL REVENUE</b>	<b>\$15,357,168</b>	<b>\$87,299,648</b>	<b>\$11,364,390</b>	<b>\$77,250,398</b>	<b>\$10,049,250</b>
Less: Distribution Cost Paid to Suppliers	4,695,850	18,969,546	3,208,797	17,172,774	1,796,772
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$10,661,318</b>	<b>\$68,330,102</b>	<b>\$8,155,593</b>	<b>\$60,077,624</b>	<b>\$8,252,478</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$48,990	\$146,814	\$32,817	\$116,011	\$30,803
Management Support(1)	371,952	948,891	260,484	884,828	64,063
Licensing & Enforcement(1)	1,479,425	4,239,490	1,052,929	3,685,574	553,916
LARA Services	186,836	1,936,387	951,930	1,539,816	396,571
Information Technology Services	269,902	1,573,782	854,607	1,186,797	386,985
Attorney General	257,843	257,843	200,046	200,046	57,797
Auditor General	0	0	0	0	0
Bureau of Fire Services	371,858	1,012,403	220,135	788,123	224,280
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	773,900	773,900	0
<b>Total Management Expenses</b>	<b>\$2,986,806</b>	<b>\$9,341,710</b>	<b>\$2,799,048</b>	<b>\$7,627,295</b>	<b>\$1,714,415</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$7,674,512</b>	<b>\$58,988,392</b>	<b>\$5,356,545</b>	<b>\$52,450,329</b>	<b>\$6,538,063</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	888,452	5,320,293	(5,320,293)
Revenue Collected for Other Funds	13,878,856	62,900,467	11,260,137	60,327,688	2,572,779
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$21,553,368</b>	<b>\$121,888,859</b>	<b>\$17,505,134</b>	<b>\$118,098,310</b>	<b>\$3,790,549</b>
Number of Cases Sold	592,099	2,682,224	436,412	2,463,756	218,468
Number of Sales Days	25	90	20	85	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  
FOUR MONTHS ENDED JANUARY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$2,870,699	\$11,053,453	\$12,564,741	(\$1,511,288)
Specific Tax, Liquor 4%	3,334,802	15,467,729	13,780,551	1,687,178
Excise Tax, Wine	564,674	2,334,253	3,144,328	(810,075)
Excise Tax, Mixed Spirit Drink	18,286	77,695	101,507	(23,812)
Sunday Sales Fees (7am-12pm)	26,351	66,219	69,720	(3,501)
Fines & Costs	50,327	149,491	165,881	(16,390)
Miscellaneous Revenue	9,673	20,729	15,871	4,858
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$6,874,812</u>	<u>\$29,169,569</u>	<u>\$29,842,599</u>	<u>(\$673,030)</u>
<b>GENERAL FUND - RESTRICTED</b>				
RETAIL LICENSE FEES:				
55% To Local Governments	\$33,114	\$2,070,533	\$2,056,235	\$14,298
41.5% To Licensing & Enforcement	26,078	86,268	139,745	(53,477)
3.5% To Alcoholism Prevention Programs	2,107	7,183	11,786	(4,603)
Additional Resort License Fees	0	0	57,850	(57,850)
Direct Shipper License Fees	347	3,147	3,089	58
License Transfer Fees	71,071	253,081	404,386	(151,305)
Sunday Sales Fees	11,069	44,777	77,813	(33,036)
License Permit Fees	900	3,600	0	3,600
Non-Retail License Fees-Wine Industry Council	10,600	48,670	46,441	2,229
Liquor Control Act Sales	230	1,125	1,175	(50)
Inspection Fees	26,403	88,040	104,938	(16,898)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,484,142	15,640,018	13,794,285	1,845,733
Miscellaneous Revenue	3,180	16,726	6,795	9,931
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$3,669,241</u>	<u>\$18,263,168</u>	<u>\$16,704,538</u>	<u>\$1,558,630</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$3,334,803	\$15,467,730	\$13,780,551	\$1,687,179
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,334,803</u>	<u>\$15,467,730</u>	<u>\$13,780,551</u>	<u>\$1,687,179</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$13,878,856</u>	<u>\$62,900,467</u>	<u>\$60,327,688</u>	<u>\$2,572,779</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$5,320,293	(\$5,320,293)
Income From Operations(Excluding Taxes & Grants)(1)	7,674,512	58,988,392	52,450,329	6,538,063
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$7,674,512</u>	<u>\$58,988,392</u>	<u>\$57,770,622</u>	<u>\$1,217,770</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$21,553,368</u>	<u>\$121,888,859</u>	<u>\$118,098,310</u>	<u>\$3,790,549</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  
FOUR MONTHS ENDED JANUARY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2013	TOTAL 2012
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$48,990	\$146,814	\$173,158	\$306,179	\$775,659	\$1,930,353	\$2,383,346	\$2,268,770
Longevity & Insurance	0	0	50,189	194,862	164,902	647,081	841,943	717,469
Retirement & FICA	0	0	121,659	349,815	427,277	1,238,676	1,588,491	1,318,856
Subtotal	\$48,990	\$146,814	\$345,006	\$850,856	\$1,367,838	\$3,816,110	\$4,813,780	\$4,305,095
Communications	\$0	\$0	\$3,771	\$6,252	\$17,025	\$31,961	\$38,213	\$41,352
Travel	0	0	3,593	11,033	17,237	46,751	57,784	70,930
Utilities	0	0	3,295	3,344	174	528	3,872	3,996
Contractual Services	0	0	1,045	13,244	6,921	19,485	32,729	54,428
Supplies & Materials	0	0	1,769	7,429	11,871	70,489	77,918	78,271
Equipment Replacement, Additions & Rentals	0	0	774	3,277	2,451	11,968	15,245	27,045
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$14,247	\$44,579	\$55,679	\$181,182	\$225,761	\$276,022
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$48,990</b>	<b>\$146,814</b>	<b>\$359,253</b>	<b>\$895,435</b>	<b>\$1,423,517</b>	<b>\$3,997,292</b>	<b>\$5,039,541</b>	<b>\$4,581,117</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy(2)	\$0	\$0	\$12,699	\$53,456	\$55,908	\$242,198	\$295,654	\$105,296
Other Operating Transfers Out(3)	0	0	0	0	0	0	4,780,415	3,714,782
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,699</b>	<b>\$53,456</b>	<b>\$55,908</b>	<b>\$242,198</b>	<b>\$5,076,069</b>	<b>\$3,820,078</b>
<b>GRAND TOTAL</b>	<b>\$48,990</b>	<b>\$146,814</b>	<b>\$371,952</b>	<b>\$948,891</b>	<b>\$1,479,425</b>	<b>\$4,239,490</b>	<b>\$10,115,610</b>	<b>\$8,401,195</b>

**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.