

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

January 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**

**JANUARY FINANCIAL REPORT**

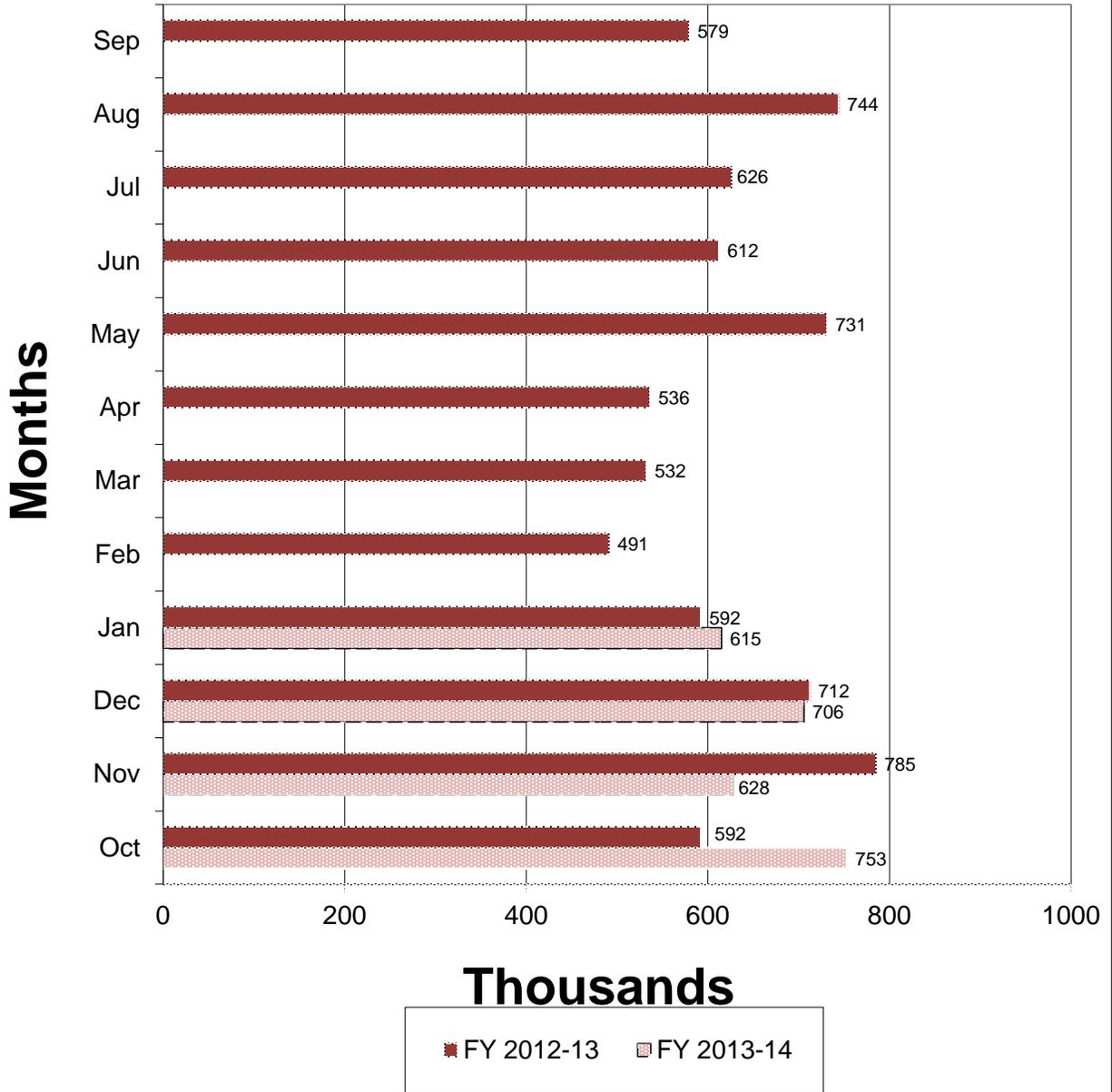
**FISCAL YEAR 13 - 14**

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## Case Sales



	Fiscal Year to Date 10/13-01/14	Fiscal Year to Date 10/12-01/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,701,703	2,682,224	19,479	0.73%
Average Price Per Case Sold	\$149.02	\$144.29	\$4.73	3.28%

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

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	67,944,921	63,526,264
Subtotal	\$67,945,621	\$63,526,964
Liquor Inventory - At Current Cost	6,882,434	5,902,000
Prepaid Distribution Costs of Inventory	519,990	452,730
Other Assets		
Accounts Receivable	\$31,525,271	\$35,984,820
Returned Checks	262,232	133,158
Payroll Correction Clearing	0	0
Subtotal	31,787,503	36,117,978
<b>TOTAL ASSETS</b>	<b>\$107,135,548</b>	<b>\$105,999,672</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,620,272	\$2,274,281
Warrants Authorized/Not Issued	80,024,459	75,749,864
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	\$82,213,864	\$78,527,304
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	165,428	141,606
Total Long Term Liabilities	165,428	141,606
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	23,880,517	26,455,023
Current Period Ending Balance	24,756,256	27,330,762
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$107,135,548</b>	<b>\$105,999,672</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**

	2014	2013
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$402,602,123	\$387,005,439
Less: Discounts Allowed	68,418,639	64,456,282
<b>PROCEEDS - SALE OF LIQUOR</b>	\$334,183,484	\$322,549,157
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	243,136,572	235,614,734
Less: Ending Inventory	6,882,434	5,902,000
Cost of Goods Sold	\$243,468,296	\$235,263,351
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$90,715,188	\$87,285,806
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	(\$3,006)	(\$677)
Non-Operating Revenue	0	6,411
Interest Revenue	15,533	8,108
<b>TOTAL OTHER REVENUE</b>	\$12,527	\$13,842
<b>TOTAL REVENUE</b>	\$90,727,715	\$87,299,648
<b>EXPENSES AND TRANSFERS</b>		
<u>MLCC Expenses</u>		
Commission	\$134,720	\$146,814
Management Support	935,148	895,435
Licensing & Enforcement (1)	2,142,856	1,815,077
Distribution Cost Paid to Suppliers	20,217,625	18,969,546
Compensated Absences	0	0
Total MLCC Expenses	\$23,430,349	\$21,826,872
<u>Other Agencies Expenses</u>		
Attorney General	\$251,900	\$257,843
Auditor General	0	0
Bureau of Fire Services	938,007	1,012,403
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	2,695,737	1,573,782
MLCC Rent	198,176	295,654
LARA - Executive Direction	560,145	596,934
LARA - Administrative Offices	449,184	565,553
Total Other Agencies Expenses	\$5,093,149	\$4,302,169
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$28,523,498	\$26,129,041
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$62,204,217	\$61,170,607
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$62,204,217	\$61,170,607
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$61,430,317	\$60,396,707
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	48,000,000	44,000,000
Current Year Increase or (Decrease)	\$13,430,317	\$16,396,707
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$14,306,056	\$17,272,446

**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>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	90,727,715	87,299,648	3,428,067
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$91,603,454</u>	<u>\$88,175,387</u>	<u>\$3,428,067</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$48,000,000	\$44,000,000	\$4,000,000
MLCC Expenses	23,430,349	21,826,872	1,603,477
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,093,149	4,302,169	790,980
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$77,297,398</u>	<u>\$70,902,941</u>	<u>\$6,394,457</u>
Ending Equity	<u>\$14,306,056</u>	<u>\$17,272,446</u>	<u>(\$2,966,390)</u>

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

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$74,761,985	\$340,078,666	\$66,964,849	\$323,852,154	\$16,226,512
On Premise	15,563,058	62,351,899	16,106,028	63,028,587	(676,688)
Other	37,889	171,558	19,829	124,698	46,860
<b>TOTAL GROSS SALES</b>	<b>\$90,362,932</b>	<b>\$402,602,123</b>	<b>\$83,090,706</b>	<b>\$387,005,439</b>	<b>\$15,596,684</b>
Less: Discounts Allowed	15,356,718	68,418,639	12,795,373	64,456,282	3,962,357
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$75,006,214</b>	<b>\$334,183,484</b>	<b>\$70,295,333</b>	<b>\$322,549,157</b>	<b>\$11,634,327</b>
Less: Cost of Goods Sold	59,556,049	243,468,296	54,947,734	235,263,351	8,204,945
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$15,450,165</b>	<b>\$90,715,188</b>	<b>\$15,347,599</b>	<b>\$87,285,806</b>	<b>\$3,429,382</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	\$12,296	(\$3,006)	(\$4,950)	(\$677)	(\$2,329)
Non-Operating Revenue	0	0	6,411	6,411	(6,411)
Interest Revenue	15,533	15,533	8,108	8,108	7,425
<b>TOTAL OTHER REVENUE</b>	<b>\$27,829</b>	<b>\$12,527</b>	<b>\$9,569</b>	<b>\$13,842</b>	<b>(\$1,315)</b>
<b>TOTAL REVENUE</b>	<b>\$15,477,994</b>	<b>\$90,727,715</b>	<b>\$15,357,168</b>	<b>\$87,299,648</b>	<b>\$3,428,067</b>
Less: Distribution Cost Paid to Suppliers	4,983,142	20,217,625	4,695,850	18,969,546	1,248,079
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$10,494,852</b>	<b>\$70,510,090</b>	<b>\$10,661,318</b>	<b>\$68,330,102</b>	<b>\$2,179,988</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$49,035	\$134,720	\$48,990	\$146,814	(\$12,094)
Management Support(1)	394,456	975,550	371,952	948,891	26,659
Licensing & Enforcement(1)	1,548,019	4,416,064	1,479,425	4,239,490	176,574
LARA Services	228,407	1,783,229	186,836	1,936,387	(153,158)
Information Technology Services	479,442	2,695,737	269,902	1,573,782	1,121,955
Attorney General	251,900	251,900	257,843	257,843	(5,943)
Auditor General	0	0	0	0	0
Bureau of Fire Services	349,790	938,007	371,858	1,012,403	(74,396)
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
<b>Total Management Expenses</b>	<b>\$3,301,049</b>	<b>\$10,421,307</b>	<b>\$2,986,806</b>	<b>\$9,341,710</b>	<b>\$1,079,597</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$7,193,803</b>	<b>\$60,088,783</b>	<b>\$7,674,512</b>	<b>\$58,988,392</b>	<b>\$1,100,391</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	14,564,396	62,926,030	13,878,856	62,900,467	25,563
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$21,758,199</b>	<b>\$123,014,813</b>	<b>\$21,553,368</b>	<b>\$121,888,859</b>	<b>\$1,125,954</b>
Number of Cases Sold	614,529	2,701,703	592,099	2,682,224	19,479
Number of Sales Days	25	93	25	90	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  
FOUR MONTHS ENDED JANUARY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$2,971,816	\$11,629,477	\$11,053,453	\$576,024
Specific Tax, Liquor 4%	3,608,404	16,064,299	15,467,729	596,570
Excise Tax, Wine	568,696	2,253,094	2,334,253	(81,159)
Excise Tax, Mixed Spirit Drink	8,958	23,012	77,695	(54,683)
Sunday Sales Fees (7am-12pm)	9,614	40,646	66,219	(25,573)
Fines & Costs	49,314	108,173	149,491	(41,318)
Miscellaneous Revenue	5,252	24,931	20,729	4,202
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$7,222,054</u>	<u>\$30,143,632</u>	<u>\$29,169,569</u>	<u>\$974,063</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$12,859	\$114,103	\$2,070,533	(\$1,956,430)
41.5% To Licensing & Enforcement	9,993	86,386	86,268	118
3.5% To Alcoholism Prevention Programs	842	7,285	7,183	102
Additional Resort License Fees	0	58,200	0	58,200
Direct Shipper License Fees	825	2,625	3,147	(522)
License Transfer Fees	61,041	176,085	253,081	(76,996)
Sunday Sales Fees	7,835	31,648	44,777	(13,129)
License Permit Fees	500	1,902	3,600	(1,698)
Non-Retail License Fees-Wine Industry Council	6,805	43,204	48,670	(5,466)
Liquor Control Act Sales	270	670	1,125	(455)
Inspection Fees	21,865	102,778	88,040	14,738
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,608,403	16,081,211	15,640,018	441,193
Miscellaneous Revenue	2,700	12,002	16,726	(4,724)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$3,733,938</u>	<u>\$16,718,099</u>	<u>\$18,263,168</u>	<u>(\$1,545,069)</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	<u>\$3,608,404</u>	<u>\$16,064,299</u>	<u>\$15,467,730</u>	<u>\$596,569</u>
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,608,404</u>	<u>\$16,064,299</u>	<u>\$15,467,730</u>	<u>\$596,569</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$14,564,396</u>	<u>\$62,926,030</u>	<u>\$62,900,467</u>	<u>\$25,563</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	<u>7,193,803</u>	<u>60,088,783</u>	<u>58,988,392</u>	<u>1,100,391</u>
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$7,193,803</u>	<u>\$60,088,783</u>	<u>\$58,988,392</u>	<u>\$1,100,391</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$21,758,199</u>	<u>\$123,014,813</u>	<u>\$121,888,859</u>	<u>\$1,125,954</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  
FOUR MONTHS ENDED JANUARY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2014	2013
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$49,035	\$134,720	\$172,748	\$357,159	\$786,289	\$2,085,077	\$2,576,956	\$2,383,346
Longevity & Insurance	0	0	51,636	167,174	180,463	592,233	759,407	841,943
Retirement & FICA	0	0	127,215	343,241	461,933	1,289,545	1,632,786	1,588,491
Subtotal	\$49,035	\$134,720	\$351,599	\$867,574	\$1,428,685	\$3,966,855	\$4,969,149	\$4,813,780
Communications	\$0	\$0	\$2,223	\$4,301	\$14,759	\$47,172	\$51,473	\$38,213
Travel	0	0	4,302	11,471	19,901	56,576	68,047	57,784
Utilities	0	0	72	112	204	674	786	3,872
Contractual Services	0	0	22,227	27,845	24,140	119,530	147,375	32,729
Supplies & Materials	0	0	3,340	20,931	18,436	55,779	76,710	77,918
Equipment Replacement, Additions & Rentals	0	0	592	2,913	2,451	11,705	14,618	15,245
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$32,756	\$67,573	\$79,891	\$291,436	\$359,009	\$225,761
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$49,035</b>	<b>\$134,720</b>	<b>\$384,355</b>	<b>\$935,147</b>	<b>\$1,508,576</b>	<b>\$4,258,291</b>	<b>\$5,328,158</b>	<b>\$5,039,541</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy(2)	\$0	\$0	\$10,101	\$40,403	\$39,443	\$157,773	\$198,176	\$295,654
Other Operating Transfers Out(3)	0	0	0	0	0	0	5,668,873	4,780,415
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,101</b>	<b>\$40,403</b>	<b>\$39,443</b>	<b>\$157,773</b>	<b>\$5,867,049</b>	<b>\$5,076,069</b>
<b>GRAND TOTAL</b>	<b>\$49,035</b>	<b>\$134,720</b>	<b>\$394,456</b>	<b>\$975,550</b>	<b>\$1,548,019</b>	<b>\$4,416,064</b>	<b>\$11,195,207</b>	<b>\$10,115,610</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.