

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

July 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

JULY FINANCIAL REPORT

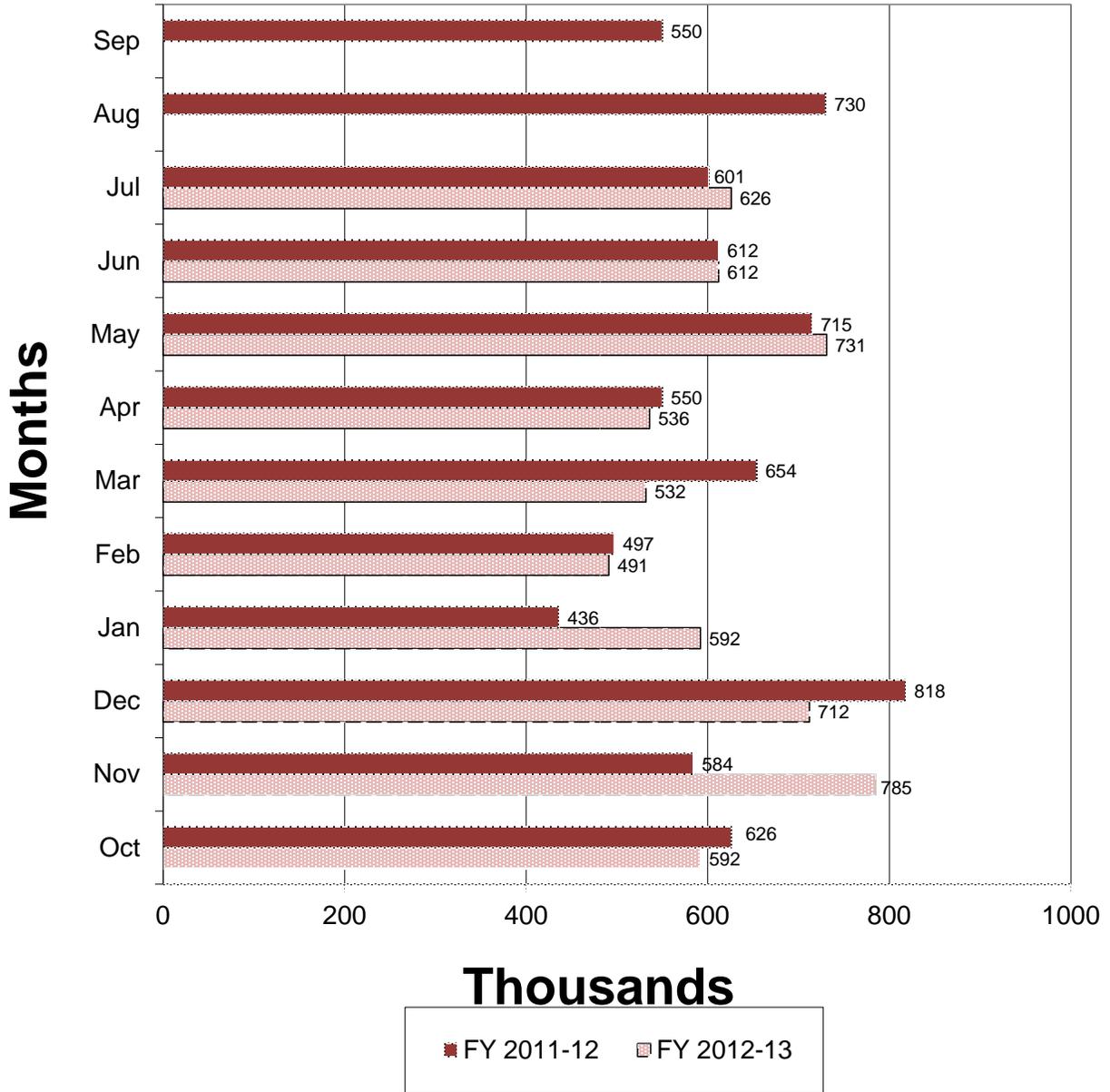
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-07/13	Fiscal Year to Date 10/11-07/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,209,969	6,093,205	116,764	1.92%
Average Price Per Case Sold	\$145.82	\$139.97	\$5.85	4.18%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	77,166,915	95,112,233
Subtotal	\$77,167,615	\$95,112,933
Liquor Inventory - At Current Cost	5,764,932	5,476,121
Prepaid Distribution Costs of Inventory	433,418	394,335
Other Assets		
Accounts Receivable	\$38,410,796	\$20,422,292
Returned Checks	211,392	160,390
Payroll Correction Clearing	0	0
Subtotal	38,622,188	20,582,682
TOTAL ASSETS	\$121,988,153	\$121,566,071
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,763,461	\$2,478,075
Warrants Authorized/Not Issued	77,730,174	72,310,090
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	\$80,996,794	\$75,253,161
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)*	39,974,014	45,330,609
Current Period Ending Balance	40,849,753	46,206,348
TOTAL LIABILITIES & RETAINED EARNINGS	\$121,988,153	\$121,566,071

*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
TEN MONTHS ENDED JULY 31**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$905,533,969	\$852,866,691
Less: Discounts Allowed	153,917,724	145,001,160
PROCEEDS - SALE OF LIQUOR	\$751,616,245	\$707,865,531
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	549,029,086	516,309,110
Less: Ending Inventory	5,764,932	5,476,121
Cost of Goods Sold	\$548,814,771	\$516,736,665
GROSS REVENUE FROM SALE OF LIQUOR	\$202,801,474	\$191,128,866
OTHER REVENUE		
Miscellaneous Revenue	\$21,960	\$27,139
Non-Operating Revenue	0	0
Interest Revenue	59,316	55,862
TOTAL OTHER REVENUE	\$81,276	\$83,001
TOTAL REVENUE	\$202,882,750	\$191,211,867
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$345,682	\$281,978
Management Support	2,470,538	2,425,049
Licensing & Enforcement (1)	4,633,520	4,664,664
Distribution Cost Paid to Suppliers	45,438,231	42,472,526
Compensated Absences	0	0
Total MLCC Expenses	\$52,887,971	\$49,844,217
<u>Other Agencies Expenses</u>		
Attorney General	\$833,729	\$725,878
Auditor General	14,500	12,000
Bureau of Fire Services	2,506,317	2,163,350
Civil Service - Personnel	225,375	170,116
Administrative Hearings & Rules	0	0
Information Technology Services	4,335,744	3,506,221
MLCC Rent	473,813	690,471
LARA - Executive Direction	492,133	(308,332)
LARA - Administrative Offices	1,504,005	1,547,229
Total Other Agencies Expenses	\$10,385,616	\$8,506,933
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$63,273,587	\$58,351,150
NET INCOME (Not Including Taxes & Grants)	\$139,609,163	\$132,860,717
Add: Specific Tax, Liquor 1.85%	0	13,006,659
NET REVENUE (Before Unrelated Expenses)	\$139,609,163	\$145,867,376
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$138,835,263	\$145,093,476
RETAINED EARNINGS		
Transfers to General Fund - Cash	110,000,000	110,000,000
Current Year Increase or (Decrease)	\$28,835,263	\$35,093,476
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$29,711,002	\$35,969,215

Note:

(1) Includes the Revolving Fund Portion only.

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

EQUITY AVAILABLE	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	202,882,750	191,211,867	11,670,883
Specific Tax, Liquor 1.85%	<u>0</u>	<u>13,006,659</u>	<u>(13,006,659)</u>
Total Equity Available	<u>\$203,758,489</u>	<u>\$205,094,265</u>	<u>(\$1,335,776)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$110,000,000	\$110,000,000	\$0
MLCC Expenses	52,887,971	49,844,217	3,043,754
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	10,385,616	8,506,933	1,878,683
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$174,047,487</u>	<u>\$169,125,050</u>	<u>\$4,922,437</u>
Ending Equity	<u>\$29,711,002</u>	<u>\$35,969,215</u>	<u>(\$6,258,213)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TEN MONTHS ENDED JULY 31**

	2013 MONTH	YTD	2012 MONTH	YTD	YTD INCR./((DECR.))
LIQUOR SALES					
Off Premise	\$77,939,543	\$750,323,211	\$70,749,116	\$701,914,806	\$48,408,405
On Premise	15,034,832	154,880,059	14,456,399	150,516,943	4,363,116
Other	44,961	330,699	40,228	434,942	(104,243)
TOTAL GROSS SALES	\$93,019,336	\$905,533,969	\$85,245,743	\$852,866,691	\$52,667,278
Less: Discounts Allowed	15,808,381	153,917,724	14,492,378	145,001,160	8,916,564
PROCEEDS-SALE OF LIQUOR	\$77,210,955	\$751,616,245	\$70,753,365	\$707,865,531	\$43,750,714
Less: Cost of Goods Sold	56,393,866	548,814,771	51,900,437	516,736,665	32,078,106
GROSS REVENUE FROM SALE OF LIQUOR	\$20,817,089	\$202,801,474	\$18,852,928	\$191,128,866	\$11,672,608
OTHER REVENUE					
Miscellaneous Revenue	(\$52,762)	\$21,960	(\$707)	\$27,139	(\$5,179)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	19,949	59,316	22,617	55,862	3,454
TOTAL OTHER REVENUE	(\$32,813)	\$81,276	\$21,910	\$83,001	(\$1,725)
TOTAL REVENUE	\$20,784,276	\$202,882,750	\$18,874,838	\$191,211,867	\$11,670,883
Less: Distribution Cost Paid to Suppliers	4,687,073	45,438,231	4,203,361	42,472,526	2,965,705
INCOME FROM LIQUOR MERCHANDISING	\$16,097,203	\$157,444,519	\$14,671,477	\$148,739,341	\$8,705,178
MANAGEMENT EXPENSES					
Commission	\$33,475	\$345,682	\$3,750	\$281,978	\$63,704
Management Support(1)	257,093	2,570,937	256,494	2,556,264	14,673
Licensing & Enforcement(1)	1,081,584	10,693,605	1,090,887	10,735,850	(42,245)
LARA Services	125,061	2,770,038	(71,366)	2,012,797	757,241
Information Technology Services	323,052	4,335,744	(38,196)	3,506,221	829,523
Attorney General	265,724	833,729	258,162	725,878	107,851
Auditor General	14,500	14,500	0	12,000	2,500
Bureau of Fire Services	314,042	2,506,317	170,188	2,163,350	342,967
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	\$2,414,531	\$23,522,027	\$1,669,919	\$21,390,554	\$2,131,473
INCOME FROM OPERATIONS	\$13,682,672	\$133,922,492	\$13,001,558	\$127,348,787	\$6,573,705
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,313,229	13,006,659	(13,006,659)
Revenue Collected for Other Funds	16,225,740	166,789,002	15,780,288	161,042,655	5,746,347
TOTAL CURRENT EARNINGS & REVENUE	\$29,908,412	\$300,711,494	\$30,095,075	\$301,398,101	(\$686,607)
Number of Cases Sold	625,637	6,209,969	600,717	6,093,205	116,764
Number of Sales Days	20	215	20	215	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
TEN MONTHS ENDED JULY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,544,405	\$30,672,443	\$31,010,985	(\$338,542)
Specific Tax, Liquor 4%	3,709,946	36,126,496	34,088,511	2,037,985
Excise Tax, Wine	1,189,829	8,293,426	8,059,222	234,204
Excise Tax, Mixed Spirit Drink	49,319	381,480	387,305	(5,825)
Sunday Sales Fees (7am-12pm)	14,550	1,305,419	1,167,397	138,022
Fines & Costs	47,437	477,478	571,869	(94,391)
Miscellaneous Revenue	8,041	61,636	46,279	15,357
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,563,527</u>	<u>\$77,318,378</u>	<u>\$75,331,568</u>	<u>\$1,986,810</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$54,363	\$8,454,392	\$8,529,081	(\$74,689)
41.5% To Licensing & Enforcement	41,016	4,905,454	5,029,100	(123,646)
3.5% To Alcoholism Prevention Programs	3,463	413,321	424,144	(10,823)
Additional Resort License Fees	0	38,800	57,850	(19,050)
Direct Shipper License Fees	1,143	88,776	84,019	4,757
License Transfer Fees	60,605	619,929	799,120	(179,191)
Sunday Sales Fees	15,735	1,572,153	1,603,458	(31,305)
License Permit Fees	500	29,898	0	29,898
Non-Retail License Fees-Wine Industry Council	13,990	653,493	621,896	31,597
Liquor Control Act Sales	250	2,855	3,314	(459)
Inspection Fees	34,035	269,281	298,660	(29,379)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,722,816	36,232,864	34,123,611	2,109,253
Miscellaneous Revenue	4,070	62,631	48,323	14,308
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,951,986</u>	<u>\$53,343,847</u>	<u>\$51,622,576</u>	<u>\$1,721,271</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,710,227	\$36,126,777	\$34,088,511	\$2,038,266
TOTAL SCHOOL AID FUND	<u>\$3,710,227</u>	<u>\$36,126,777</u>	<u>\$34,088,511</u>	<u>\$2,038,266</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$16,225,740</u>	<u>\$166,789,002</u>	<u>\$161,042,655</u>	<u>\$5,746,347</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$13,006,659	(\$13,006,659)
Income From Operations(Excluding Taxes & Grants)(1)	13,682,672	133,922,492	127,348,787	6,573,705
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$13,682,672</u>	<u>\$133,922,492</u>	<u>\$140,355,446</u>	<u>(\$6,432,954)</u>
TOTAL REVENUE COLLECTED	<u>\$29,908,412</u>	<u>\$300,711,494</u>	<u>\$301,398,101</u>	<u>(\$686,607)</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
TEN MONTHS ENDED JULY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2013	TOTAL 2012
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$33,475	\$345,682	\$110,341	\$992,830	\$520,046	\$5,190,459	\$6,528,971	\$6,302,532
Longevity & Insurance	0	0	33,028	368,802	110,745	1,213,931	1,582,733	1,771,447
Retirement & FICA	0	0	77,526	815,239	286,172	2,978,739	3,793,978	3,688,258
Subtotal	\$33,475	\$345,682	\$220,895	\$2,176,871	\$916,963	\$9,383,129	\$11,905,682	\$11,762,237
Communications	\$0	\$0	\$2,109	\$21,655	\$10,126	\$96,048	\$117,703	\$117,498
Travel	0	0	3,550	32,518	23,256	170,352	202,870	214,620
Utilities	0	0	31	8,720	342	1,986	10,706	11,587
Contractual Services	0	0	5,454	85,975	57,161	412,222	498,197	305,352
Supplies & Materials	0	0	1,538	48,499	19,093	201,326	249,825	286,879
Equipment Replacement, Additions & Rentals	0	0	13,476	96,301	17,301	55,127	151,428	181,827
Miscellaneous	0	0	0	0	0	0	0	3,620
Subtotal	\$0	\$0	\$26,158	\$293,668	\$127,279	\$937,061	\$1,230,729	\$1,121,383
TOTAL MLCC APPROPRIATED EXPENSES	\$33,475	\$345,682	\$247,053	\$2,470,539	\$1,044,242	\$10,320,190	\$13,136,411	\$12,883,620
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,040	\$100,398	\$37,342	\$373,415	\$473,813	\$690,472
Other Operating Transfers Out(3)	0	0	0	0	0	0	10,685,703	8,590,362
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,040	\$100,398	\$37,342	\$373,415	\$11,159,516	\$9,280,834
GRAND TOTAL	\$33,475	\$345,682	\$257,093	\$2,570,937	\$1,081,584	\$10,693,605	\$24,295,927	\$22,164,454

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.