

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 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

MAY FINANCIAL REPORT

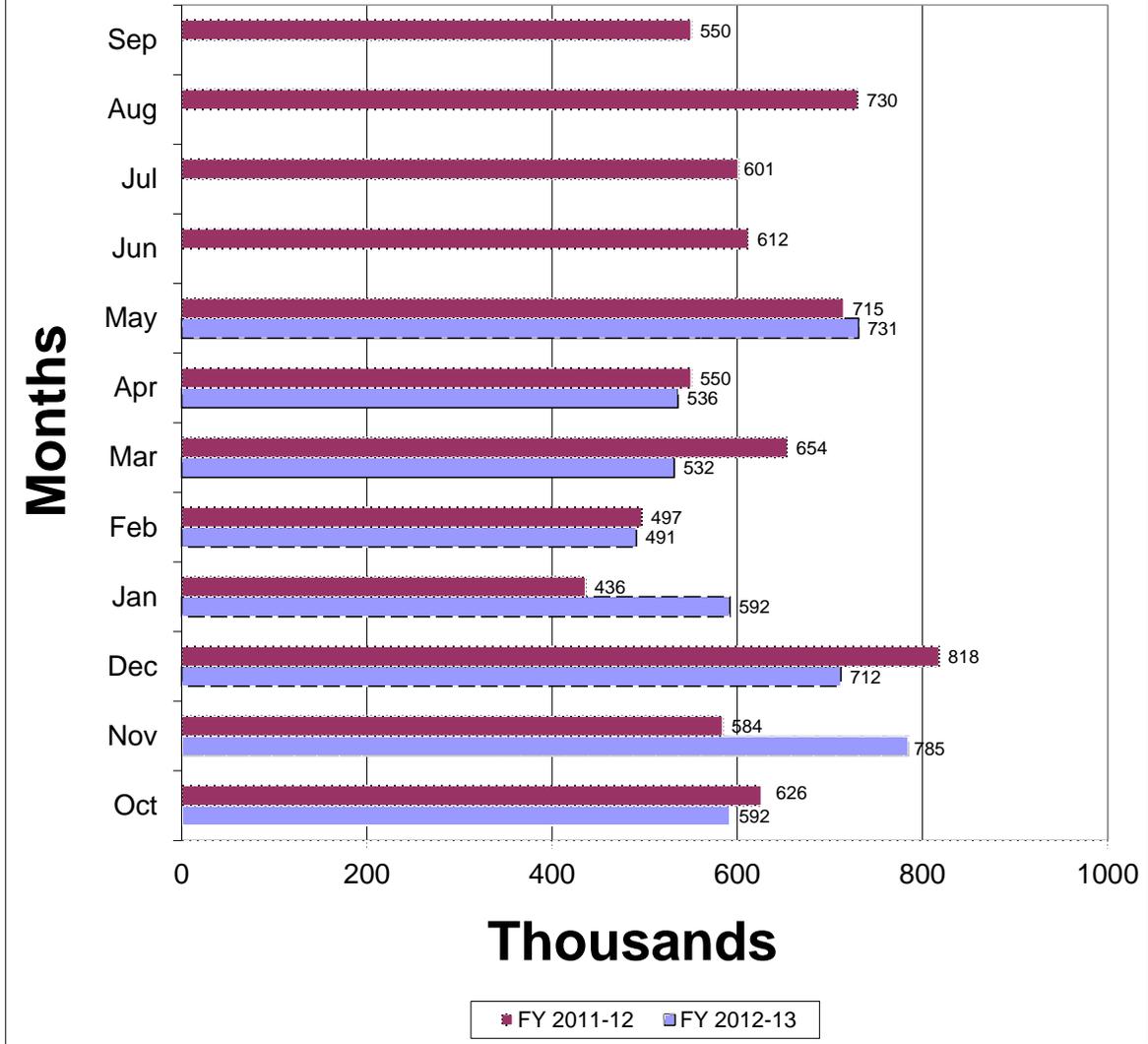
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-05/13	Fiscal Year to Date 10/11-05/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,972,789	4,880,317	92,472	1.89%
Average Price Per Case Sold	\$145.19	\$139.60	\$5.59	4.00%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	71,368,255	76,204,551
Subtotal	\$71,368,955	\$76,205,251
Liquor Inventory - At Current Cost	5,636,639	5,795,474
Prepaid Distribution Costs of Inventory	422,250	423,915
Other Assets		
Accounts Receivable	\$45,556,920	\$40,832,499
Returned Checks	159,840	143,510
Payroll Correction Clearing	0	0
Subtotal	45,716,760	40,976,009
TOTAL ASSETS	\$123,144,604	\$123,400,649
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$412,128	\$148,320
Warrants Authorized/Not Issued	84,846,217	78,987,795
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	\$85,761,504	\$79,601,111
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)*	36,365,755	42,817,237
Current Period Ending Balance	37,241,494	43,692,976
TOTAL LIABILITIES & RETAINED EARNINGS	\$123,144,604	\$123,400,649

*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
EIGHT MONTHS ENDED MAY 31**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$722,011,387	\$681,284,119
Less: Discounts Allowed	122,729,173	115,830,289
PROCEEDS - SALE OF LIQUOR	\$599,282,214	\$565,453,830
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	437,624,472	411,927,417
Less: Ending Inventory	5,636,639	5,795,474
Cost of Goods Sold	\$437,538,450	\$412,035,619
GROSS REVENUE FROM SALE OF LIQUOR	\$161,743,764	\$153,418,211
OTHER REVENUE		
Miscellaneous Revenue	\$778	\$7,826
Non-Operating Revenue	0	0
Interest Revenue	39,367	33,245
TOTAL OTHER REVENUE	\$40,145	\$41,071
TOTAL REVENUE	\$161,783,909	\$153,459,282
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$286,975	\$249,958
Management Support	1,959,151	1,936,538
Licensing & Enforcement (1)	3,703,080	3,723,010
Distribution Cost Paid to Suppliers	36,160,491	33,950,977
Compensated Absences	0	0
Total MLCC Expenses	\$42,109,697	\$39,860,483
Other Agencies Expenses		
Attorney General	\$568,005	\$467,716
Auditor General	0	0
Bureau of Fire Services	1,878,231	1,737,946
Civil Service - Personnel	225,375	170,116
Administrative Hearings & Rules	0	0
Information Technology Services	2,622,576	3,057,237
MLCC Rent	379,050	556,589
LARA - Executive Direction	205,925	(88,398)
LARA - Administrative Offices	1,424,437	1,467,610
Total Other Agencies Expenses	\$7,303,599	\$7,368,816
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$49,413,296	\$47,229,299
NET INCOME (Not Including Taxes & Grants)	\$112,370,613	\$106,229,983
Add: Specific Tax, Liquor 1.85%	0	10,372,881
NET REVENUE (Before Unrelated Expenses)	\$112,370,613	\$116,602,864
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$111,596,713	\$115,828,964
RETAINED EARNINGS		
Transfers to General Fund - Cash	88,000,000	88,000,000
Current Year Increase or (Decrease)	\$23,596,713	\$27,828,964
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$24,472,452	\$28,704,703

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	161,783,909	153,459,282	8,324,627
Specific Tax, Liquor 1.85%	<u>0</u>	<u>10,372,881</u>	<u>(10,372,881)</u>
Total Equity Available	<u>\$162,659,648</u>	<u>\$164,707,902</u>	<u>(\$2,048,254)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$88,000,000	\$88,000,000	\$0
MLCC Expenses	42,109,697	39,860,483	2,249,214
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,303,599	7,368,816	(65,217)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$138,187,196</u>	<u>\$136,003,199</u>	<u>\$2,183,997</u>
Ending Equity	<u>\$24,472,452</u>	<u>\$28,704,703</u>	<u>(\$4,232,251)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
EIGHT MONTHS ENDED MAY 31**

	2013 MONTH	YTD	2012 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$88,053,348	\$597,094,897	\$80,986,686	\$559,975,616	\$37,119,281
On Premise	18,557,453	124,662,027	18,266,381	120,966,818	3,695,209
Other	35,627	254,463	51,451	341,685	(87,222)
TOTAL GROSS SALES	\$106,646,428	\$722,011,387	\$99,304,518	\$681,284,119	\$40,727,268
Less: Discounts Allowed	18,132,878	122,729,173	16,882,955	115,830,289	6,898,884
PROCEEDS-SALE OF LIQUOR	\$88,513,550	\$599,282,214	\$82,421,563	\$565,453,830	\$33,828,384
Less: Cost of Goods Sold	64,644,037	437,538,450	59,680,661	412,035,619	25,502,831
GROSS REVENUE FROM SALE OF LIQUOR	\$23,869,513	\$161,743,764	\$22,740,902	\$153,418,211	\$8,325,553
OTHER REVENUE					
Miscellaneous Revenue	(\$2,614)	\$778	(\$7,088)	\$7,826	(\$7,048)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	39,367	0	33,245	6,122
TOTAL OTHER REVENUE	(\$2,614)	\$40,145	(\$7,088)	\$41,071	(\$926)
TOTAL REVENUE	\$23,866,899	\$161,783,909	\$22,733,814	\$153,459,282	\$8,324,627
Less: Distribution Cost Paid to Suppliers	5,477,910	36,160,491	4,918,666	33,950,977	2,209,514
INCOME FROM LIQUOR MERCHANDISING	\$18,388,989	\$125,623,418	\$17,815,148	\$119,508,305	\$6,115,113
MANAGEMENT EXPENSES					
Commission	\$36,172	\$286,975	\$20,352	\$249,958	\$37,017
Management Support(1)	249,203	2,039,470	264,693	2,042,042	(2,572)
Licensing & Enforcement(1)	1,078,622	8,566,446	1,096,311	8,593,431	(26,985)
LARA Services	367,372	2,404,262	472,089	2,153,112	251,150
Information Technology Services	(1,861,721)	2,622,576	524,374	3,057,237	(434,661)
Attorney General	0	568,005	0	467,716	100,289
Auditor General	0	0	0	0	0
Bureau of Fire Services	249,043	1,878,231	214,104	1,737,946	140,285
Civil Service - Personnel	225,375	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	\$344,066	\$17,817,440	\$2,591,923	\$17,697,658	\$119,782
INCOME FROM OPERATIONS	\$18,044,923	\$107,805,978	\$15,223,225	\$101,810,647	\$5,995,331
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,509,143	10,372,881	(10,372,881)
Revenue Collected for Other Funds	17,749,025	134,181,025	17,658,380	129,582,910	4,598,115
TOTAL CURRENT EARNINGS & REVENUE	\$35,793,948	\$241,987,003	\$34,390,748	\$241,766,438	\$220,565
Number of Cases Sold	731,119	4,972,789	715,161	4,880,317	92,472
Number of Sales Days	25	175	25	175	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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,457,552	\$23,379,662	\$23,553,920	(\$174,258)
Specific Tax, Liquor 4%	4,254,620	28,808,346	27,223,837	1,584,509
Excise Tax, Wine	691,304	5,739,905	5,522,171	217,734
Excise Tax, Mixed Spirit Drink	58,584	239,348	189,966	49,382
Sunday Sales Fees (7am-12pm)	38,420	1,271,419	1,140,559	130,860
Fines & Costs	69,172	375,362	440,346	(64,984)
Miscellaneous Revenue	3,787	43,733	34,710	9,023
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,573,439</u>	<u>\$59,857,775</u>	<u>\$58,105,509</u>	<u>\$1,752,266</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$250,064	\$8,346,779	\$8,373,235	(\$26,456)
41.5% To Licensing & Enforcement	188,685	4,824,259	4,909,415	(85,156)
3.5% To Alcoholism Prevention Programs	15,913	406,469	414,051	(7,582)
Additional Resort License Fees	0	19,400	77,850	(58,450)
Direct Shipper License Fees	8,700	86,333	80,895	5,438
License Transfer Fees	49,722	491,407	708,053	(216,646)
Sunday Sales Fees	63,176	1,538,413	1,569,807	(31,394)
License Permit Fees	1,600	28,100	0	28,100
Non-Retail License Fees-Wine Industry Council	38,105	622,158	586,461	35,697
Liquor Control Act Sales	570	2,420	2,535	(115)
Inspection Fees	34,050	208,227	236,138	(27,911)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,266,411	28,886,728	27,256,271	1,630,457
Miscellaneous Revenue	3,970	54,211	38,853	15,358
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,920,966</u>	<u>\$45,514,904</u>	<u>\$44,253,564</u>	<u>\$1,261,340</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,254,620	\$28,808,346	\$27,223,837	\$1,584,509
TOTAL SCHOOL AID FUND	<u>\$4,254,620</u>	<u>\$28,808,346</u>	<u>\$27,223,837</u>	<u>\$1,584,509</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$17,749,025</u>	<u>\$134,181,025</u>	<u>\$129,582,910</u>	<u>\$4,598,115</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$10,372,881	(\$10,372,881)
Income From Operations(Excluding Taxes & Grants)(1)	18,044,923	107,805,978	101,810,647	5,995,331
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$18,044,923</u>	<u>\$107,805,978</u>	<u>\$112,183,528</u>	<u>(\$4,377,550)</u>
TOTAL REVENUE COLLECTED	<u>\$35,793,948</u>	<u>\$241,987,003</u>	<u>\$241,766,438</u>	<u>\$220,565</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
EIGHT MONTHS ENDED MAY 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	\$36,172	\$286,975	\$111,599	\$770,397	\$522,650	\$4,142,977	\$5,200,349	\$5,005,575
Longevity & Insurance	0	0	32,803	302,746	108,288	994,702	1,297,448	1,452,220
Retirement & FICA	0	0	78,214	659,217	287,971	2,402,311	3,061,528	2,968,866
Subtotal	\$36,172	\$286,975	\$222,616	\$1,732,360	\$918,909	\$7,539,990	\$9,559,325	\$9,426,661
Communications	\$0	\$0	\$2,751	\$17,941	\$14,793	\$80,174	\$98,115	\$88,537
Travel	0	0	3,926	24,887	21,449	123,768	148,655	170,187
Utilities	0	0	5,209	8,689	397	1,345	10,034	9,989
Contractual Services	0	0	9,946	76,207	204,746	328,864	405,071	227,203
Supplies & Materials	0	0	14,487	42,091	26,966	162,538	204,629	251,763
Equipment Replacement, Additions & Rentals	0	0	1,503	56,976	2,552	31,035	88,011	150,882
Miscellaneous	0	0	0	0	0	0	0	3,620
Subtotal	\$0	\$0	\$37,822	\$226,791	\$270,903	\$727,724	\$954,515	\$902,181
TOTAL MLCC APPROPRIATED EXPENSES	\$36,172	\$286,975	\$260,438	\$1,959,151	\$1,189,812	\$8,267,714	\$10,513,840	\$10,328,842
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	(\$11,235)	\$80,319	(\$111,190)	\$298,732	\$379,051	\$556,589
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,698,449	7,586,127
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	(\$11,235)	\$80,319	(\$111,190)	\$298,732	\$8,077,500	\$8,142,716
GRAND TOTAL	\$36,172	\$286,975	\$249,203	\$2,039,470	\$1,078,622	\$8,566,446	\$18,591,340	\$18,471,558

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.