

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 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

MAY FINANCIAL REPORT

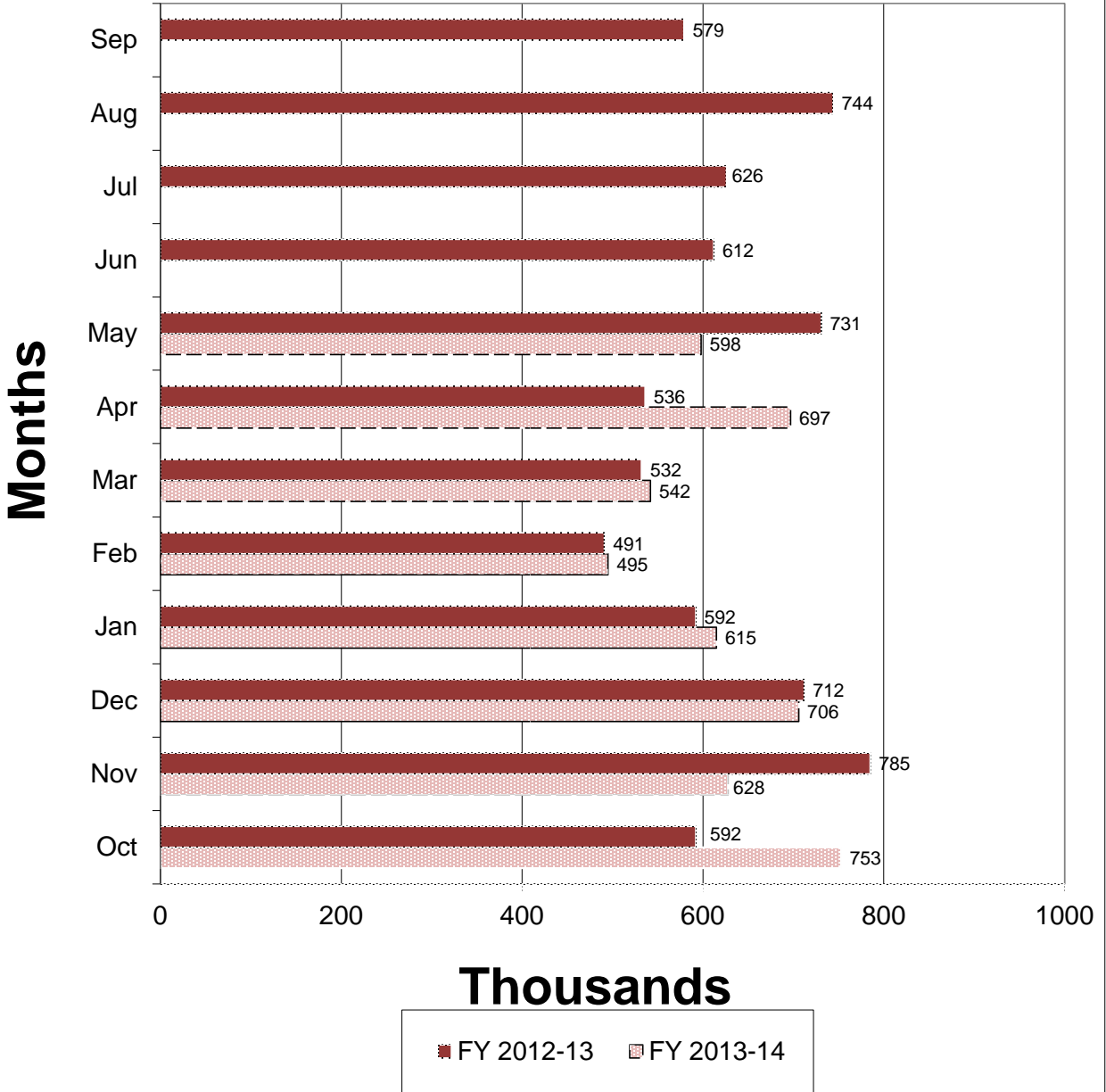
FISCAL YEAR 13 - 14

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Case Sales



	Fiscal Year to Date 10/13-05/14	Fiscal Year to Date 10/12-05/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,034,104	4,972,789	61,315	1.23%
Average Price Per Case Sold	\$149.01	\$145.19	\$3.82	2.63%

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	84,873,183	71,368,255
Subtotal	\$84,873,583	\$71,368,955
Liquor Inventory - At Current Cost	5,542,098	5,636,639
Prepaid Distribution Costs of Inventory	399,240	422,250
Other Assets		
Accounts Receivable	\$27,976,869	\$45,556,920
Returned Checks	261,318	159,840
Payroll Correction Clearing	0	0
Subtotal	28,238,187	45,716,760
TOTAL ASSETS	\$119,053,108	\$123,144,604
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$998,953	\$412,128
Warrants Authorized/Not Issued	85,521,502	84,846,217
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	\$87,089,588	\$85,761,504
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)*	30,922,353	36,365,755
Current Period Ending Balance	31,798,092	37,241,494
TOTAL LIABILITIES & RETAINED EARNINGS	\$119,053,108	\$123,144,604

*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**

	2014	2013
REVENUE		
TOTAL GROSS SALES	\$750,120,742	\$722,011,387
Less: Discounts Allowed	127,475,582	122,729,173
PROCEEDS - SALE OF LIQUOR	\$622,645,160	\$599,282,214
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	452,940,784	437,624,472
Less: Ending Inventory	5,542,098	5,636,639
Cost of Goods Sold	\$454,612,844	\$437,538,450
GROSS REVENUE FROM SALE OF LIQUOR	\$168,032,316	\$161,743,764
OTHER REVENUE		
Miscellaneous Revenue	\$119,206	\$778
Non-Operating Revenue	0	0
Interest Revenue	31,186	39,367
TOTAL OTHER REVENUE	\$150,392	\$40,145
TOTAL REVENUE	\$168,182,708	\$161,783,909
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$269,652	\$286,975
Management Support	2,085,774	1,959,151
Licensing & Enforcement (1)	4,337,189	3,703,080
Distribution Cost Paid to Suppliers	37,761,650	36,160,491
Compensated Absences	0	0
Total MLCC Expenses	\$44,454,265	\$42,109,697
Other Agencies Expenses		
Attorney General	\$600,147	\$568,005
Auditor General	0	0
Bureau of Fire Services	1,627,748	1,878,231
Civil Service - Personnel	232,875	225,375
Administrative Hearings & Rules	67,601	0
Information Technology Services	2,963,199	2,622,576
MLCC Rent	396,353	379,050
LARA - Executive Direction	(272,770)	205,925
LARA - Administrative Offices	1,093,712	1,424,437
Total Other Agencies Expenses	\$6,708,865	\$7,303,599
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$51,163,130	\$49,413,296
NET INCOME (Not Including Taxes & Grants)	\$117,019,578	\$112,370,613
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$117,019,578	\$112,370,613
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$116,245,678	\$111,596,713
RETAINED EARNINGS		
Transfers to General Fund - Cash	96,000,000	88,000,000
Current Year Increase or (Decrease)	\$20,245,678	\$23,596,713
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$21,121,417	\$24,472,452

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**

	2014	2013	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity			
Current Earnings	\$875,739	\$875,739	\$0
Specific Tax, Liquor 1.85%	168,182,708	161,783,909	6,398,799
Total Equity Available	0	0	0
	\$169,058,447	\$162,659,648	\$6,398,799
 ALLOCATION OF EQUITY			
Transferred to General Fund			
MLCC Expenses	\$96,000,000	\$88,000,000	\$8,000,000
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	44,454,265	42,109,697	2,344,568
LARA Transfer Not Related to MLCC	6,708,865	7,303,599	(594,734)
Total Allocation of Equity	773,900	773,900	0
	\$147,937,030	\$138,187,196	\$9,749,834
Ending Equity	\$21,121,417	\$24,472,452	(\$3,351,035)

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

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$74,135,734	\$624,930,515	\$88,053,348	\$597,094,897	\$27,835,618
On Premise	15,136,309	124,863,551	18,557,453	124,662,027	201,524
Other	24,339	326,676	35,627	254,463	72,213
TOTAL GROSS SALES	\$89,296,382	\$750,120,742	\$106,646,428	\$722,011,387	\$28,109,355
Less: Discounts Allowed	15,176,925	127,475,582	18,132,878	122,729,173	4,746,409
PROCEEDS-SALE OF LIQUOR	\$74,119,457	\$622,645,160	\$88,513,550	\$599,282,214	\$23,362,946
Less: Cost of Goods Sold	54,373,187	454,612,844	64,644,037	437,538,450	17,074,394
GROSS REVENUE FROM SALE OF LIQUOR	\$19,746,270	\$168,032,316	\$23,869,513	\$161,743,764	\$6,288,552
OTHER REVENUE					
Miscellaneous Revenue	\$92,188	\$119,206	(\$2,614)	\$778	\$118,428
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	31,186	0	39,367	(8,181)
TOTAL OTHER REVENUE	\$92,188	\$150,392	(\$2,614)	\$40,145	\$110,247
TOTAL REVENUE	\$19,838,458	\$168,182,708	\$23,866,899	\$161,783,909	\$6,398,799
Less: Distribution Cost Paid to Suppliers	4,503,975	37,761,650	5,477,910	36,160,491	1,601,159
INCOME FROM LIQUOR MERCHANDISING	\$15,334,483	\$130,421,058	\$18,388,989	\$125,623,418	\$4,797,640
MANAGEMENT EXPENSES					
Commission	\$35,893	\$269,652	\$36,172	\$286,975	(\$17,323)
Management Support(1)	307,958	2,166,581	249,203	2,039,470	127,111
Licensing & Enforcement(1)	1,144,604	8,892,177	1,078,622	8,566,446	325,731
LARA Services	(743,989)	1,594,842	367,372	2,404,262	(809,420)
Information Technology Services	(75,872)	2,963,199	(1,861,721)	2,622,576	340,623
Attorney General	0	600,147	0	568,005	32,142
Auditor General	0	0	0	0	0
Bureau of Fire Services	200,272	1,627,748	249,043	1,878,231	(250,483)
Civil Service - Personnel	0	232,875	225,375	225,375	7,500
Administrative Hearings & Rules	9,137	67,601	0	0	67,601
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	\$878,003	\$17,640,922	\$344,066	\$17,817,440	(\$176,518)
INCOME FROM OPERATIONS	\$14,456,480	\$112,780,136	\$18,044,923	\$107,805,978	\$4,974,158
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	15,922,173	138,845,068	17,749,025	134,181,025	4,664,043
TOTAL CURRENT EARNINGS & REVENUE	\$30,378,653	\$251,625,204	\$35,793,948	\$241,987,003	\$9,638,201
Number of Cases Sold	598,098	5,034,104	731,119	4,972,789	61,315
Number of Sales Days	20	178	25	175	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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,528,566	\$23,920,201	\$23,379,662	\$540,539
Specific Tax, Liquor 4%	3,563,909	29,909,941	28,808,346	1,101,595
Excise Tax, Wine	688,998	6,003,556	5,739,905	263,651
Excise Tax, Mixed Spirit Drink	79,898	197,076	239,348	(42,272)
Sunday Sales Fees (7am-12pm)	44,140	1,311,583	1,271,419	40,164
Fines & Costs	53,565	317,355	375,362	(58,007)
Miscellaneous Revenue	6,740	59,480	43,733	15,747
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,965,816</u>	<u>\$61,719,192</u>	<u>\$59,857,775</u>	<u>\$1,861,417</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$293,886	\$8,529,158	\$8,346,779	\$182,379
41.5% To Licensing & Enforcement	221,999	4,886,263	4,824,259	62,004
3.5% To Alcoholism Prevention Programs	18,702	412,094	406,469	5,625
Additional Resort License Fees	76,900	154,500	19,400	135,100
Direct Shipper License Fees	5,400	93,235	86,333	6,902
License Transfer Fees	54,754	426,047	491,407	(65,360)
Sunday Sales Fees	68,134	1,541,357	1,538,413	2,944
License Permit Fees	3,470	37,142	28,100	9,042
Non-Retail License Fees-Wine Industry Council	47,390	858,049	622,158	235,891
Liquor Control Act Sales	205	2,310	2,420	(110)
Inspection Fees	34,230	226,920	208,227	18,693
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,563,909	30,002,206	28,886,728	1,115,478
Miscellaneous Revenue	3,469	46,654	54,211	(7,557)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,392,448</u>	<u>\$47,215,935</u>	<u>\$45,514,904</u>	<u>\$1,701,031</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$3,563,909</u>	<u>\$29,909,941</u>	<u>\$28,808,346</u>	<u>\$1,101,595</u>
TOTAL SCHOOL AID FUND	<u>\$3,563,909</u>	<u>\$29,909,941</u>	<u>\$28,808,346</u>	<u>\$1,101,595</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$15,922,173</u>	<u>\$138,845,068</u>	<u>\$134,181,025</u>	<u>\$4,664,043</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	<u>14,456,480</u>	<u>112,780,136</u>	<u>107,805,978</u>	<u>4,974,158</u>
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$14,456,480</u>	<u>\$112,780,136</u>	<u>\$107,805,978</u>	<u>\$4,974,158</u>
TOTAL REVENUE COLLECTED	<u>\$30,378,653</u>	<u>\$251,625,204</u>	<u>\$241,987,003</u>	<u>\$9,638,201</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
EIGHT MONTHS ENDED MAY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2014	TOTAL 2013
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$35,893	#####	\$135,252	\$866,792	\$517,663	\$4,183,263	\$5,319,707	\$5,200,349
Longevity & Insurance	0	0	35,393	302,226	116,846	1,064,664	1,366,890	1,297,448
Retirement & FICA	0	0	97,516	706,253	304,599	2,519,278	3,225,531	3,061,528
Subtotal	\$35,893	#####	\$268,161	\$1,875,271	\$939,108	\$7,767,205	\$9,912,128	\$9,559,325
Communications	\$0	\$0	\$2,201	\$13,156	\$14,545	\$104,015	\$117,171	\$98,115
Travel	0	0	3,872	26,075	22,515	134,543	160,618	148,655
Utilities	0	0	0	199	221	1,550	1,749	10,034
Contractual Services	0	0	6,131	94,598	56,199	362,309	456,907	405,071
Supplies & Materials	0	0	16,763	62,943	33,379	137,640	200,583	204,629
Equipment Replacement, Additions & Rentals	0	0	729	13,533	39,193	67,920	81,453	88,011
Miscellaneous	0	0	0	0	0	1,448	1,448	0
Subtotal	\$0	\$0	\$29,696	\$210,504	\$166,052	\$809,425	\$1,019,929	\$954,515
TOTAL MLCC APPROPRIATED EXPENSES	\$35,893	\$269,652	\$297,857	\$2,085,775	\$1,105,160	\$8,576,630	\$10,932,057	\$10,513,840
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,101	\$80,806	\$39,444	\$315,547	\$396,353	\$379,051
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,086,412	7,698,449
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,101	\$80,806	\$39,444	\$315,547	\$7,482,765	\$8,077,500
GRAND TOTAL	\$35,893	#####	\$307,958	\$2,166,581	\$1,144,604	\$8,892,177	\$18,414,822	\$18,591,340

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.