

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

November 2012



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Steve Arwood, Acting Director
Andrew J. Deloney, Chairman

<http://www.michigan.gov/lcc>



MICHIGAN LIQUOR CONTROL COMMISSION

NOVEMBER FINANCIAL REPORT

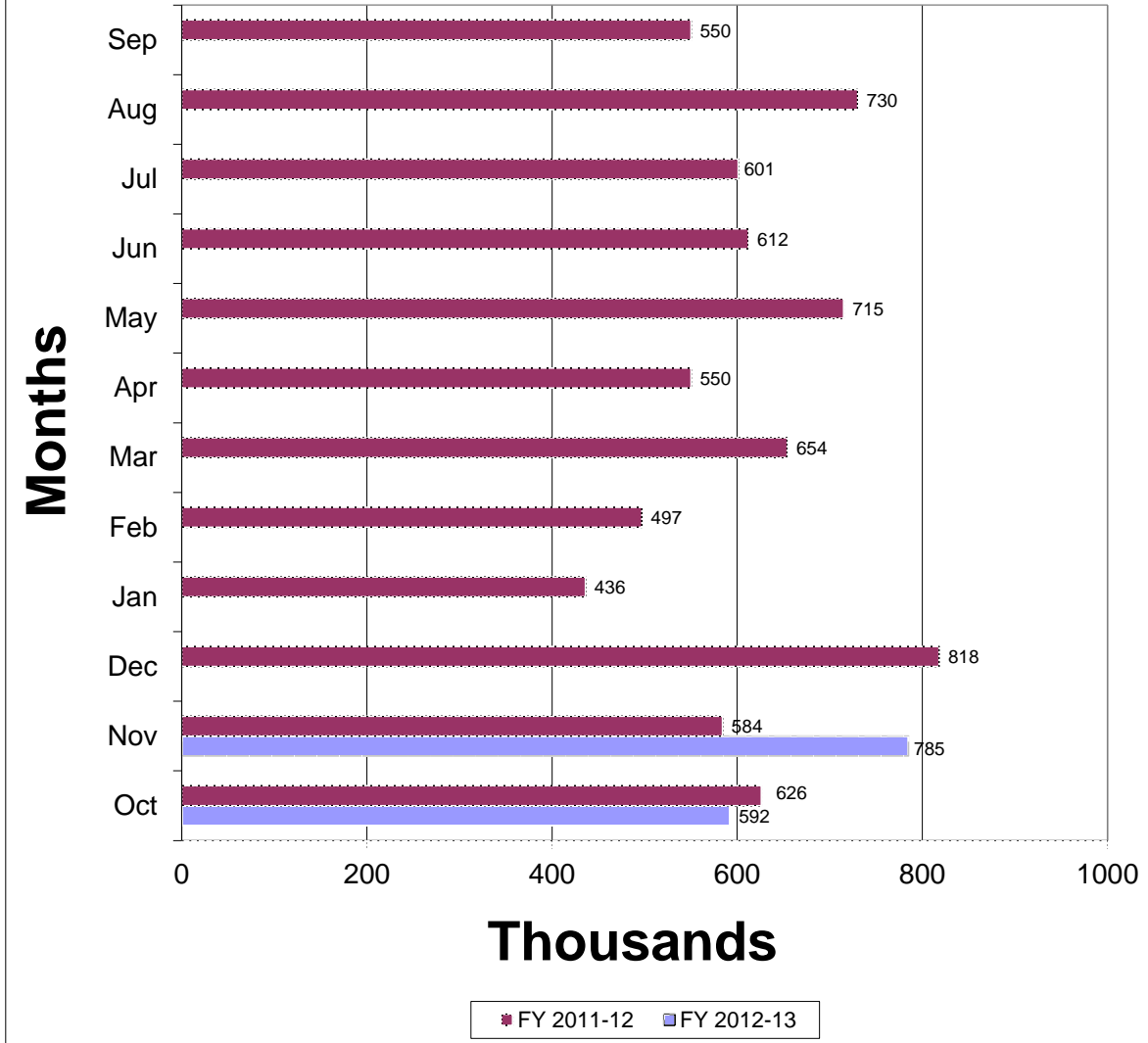
FISCAL YEAR 12 - 13

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Case Sales



| | Fiscal Year to Date 10/12-11/12 | Fiscal Year to Date 10/11-11/11 | # Increase (Decrease) | % Increase -Decrease |
|-----------------------------|---------------------------------------|---------------------------------------|--------------------------|-------------------------|
| Number of Cases Sold | 1,377,801 | 1,209,733 | 168,068 | 13.89% |
| Average Price Per Case Sold | \$143.27 | \$137.80 | \$5.47 | 3.97% |

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
NOVEMBER 30**

| | 2012 | 2011 |
|--|----------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Imprest Cash | \$700 | \$700 |
| Cash-State Treasurer Common Cash Fund* | 69,503,128 | 64,408,484 |
| Subtotal | \$69,503,828 | \$64,409,184 |
| Liquor Inventory - At Current Cost | 5,614,773 | 6,115,056 |
| Prepaid Distribution Costs of Inventory | 404,309 | 454,179 |
| Other Assets | | |
| Accounts Receivable | \$39,394,000 | \$20,453,582 |
| Returned Checks | 153,286 | 100,698 |
| Payroll Correction Clearing | 0 | 0 |
| Subtotal | 39,547,286 | 20,554,280 |
| TOTAL ASSETS | \$115,070,196 | \$91,532,699 |
| LIABILITIES & RETAINED EARNINGS | | |
| CURRENT LIABILITIES | | |
| Warrants Outstanding | \$969,483 | \$2,598,928 |
| Warrants Authorized/Not Issued | 89,446,460 | 69,961,870 |
| 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 | \$90,919,102 | \$73,118,426 |
| LONG TERM LIABILITIES | | |
| Amount Due to Other Funds | \$0 | \$302,635 |
| Long Term Compensated Absences | 141,606 | 106,562 |
| Total Long Term Liabilities | 141,606 | 409,197 |
| RETAINED EARNINGS | | |
| Beginning Balance October 1 | \$875,739 | \$875,739 |
| Current Year Increase or (Decrease)* | 23,133,749 | 17,129,337 |
| Current Period Ending Balance | 24,009,488 | 18,005,076 |
| TOTAL LIABILITIES & RETAINED EARNINGS | \$115,070,196 | \$91,532,699 |

*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
TWO MONTHS ENDED NOVEMBER 30**

| | 2012 | 2011 |
|--|---------------|---------------|
| REVENUE | | |
| TOTAL GROSS SALES | \$197,399,827 | \$166,701,261 |
| Less: Discounts Allowed | 33,553,868 | 28,344,250 |
| PROCEEDS - SALE OF LIQUOR | \$163,845,959 | \$138,357,011 |
| Less: Cost of Goods Sold | | |
| Beginning Inventory | \$5,550,617 | \$5,903,676 |
| Add: Purchases | 119,677,501 | 101,200,720 |
| Less: Ending Inventory | 5,614,773 | 6,115,056 |
| Cost of Goods Sold | \$119,613,345 | \$100,989,340 |
| GROSS REVENUE FROM SALE OF LIQUOR | \$44,232,614 | \$37,367,671 |
| OTHER REVENUE | | |
| Miscellaneous Revenue | (\$3,579) | (\$8,681) |
| Non-Operating Revenue | 0 | 0 |
| Interest Revenue | 0 | 0 |
| TOTAL OTHER REVENUE | (\$3,579) | (\$8,681) |
| TOTAL REVENUE | \$44,229,035 | \$37,358,990 |
| EXPENSES AND TRANSFERS | | |
| <u>MLCC Expenses</u> | | |
| Commission | \$54,786 | \$50,133 |
| Management Support | 282,668 | 376,341 |
| Licensing & Enforcement (1) | 690,049 | 733,279 |
| Distribution Cost Paid to Suppliers | 9,593,691 | 8,432,320 |
| Compensated Absences | 0 | 0 |
| Total MLCC Expenses | \$10,621,194 | \$9,592,073 |
| <u>Other Agencies Expenses</u> | | |
| Attorney General | \$0 | \$0 |
| Auditor General | 0 | 0 |
| Bureau of Fire Services | 394,708 | 344,249 |
| Civil Service - Personnel | 0 | 0 |
| Administrative Hearings & Rules | 0 | 0 |
| Information Technology Services | 1,009,211 | 16,826 |
| MLCC Rent | 63,677 | 63,178 |
| LARA - Executive Direction | 213,310 | 313,053 |
| LARA - Administrative Offices | 346,624 | 195,163 |
| Total Other Agencies Expenses | \$2,027,530 | \$932,469 |
| TOTAL EXPENSES AND TRANSFERS | \$12,648,724 | \$10,524,542 |
| NET INCOME (Not Including Taxes & Grants) | \$31,580,311 | \$26,834,448 |
| Add: Specific Tax, Liquor 1.85% | 0 | 2,580,639 |
| NET REVENUE (Before Unrelated Expenses) | \$31,580,311 | \$29,415,087 |
| LARA - Transfers For Grant Not Related to MLCC | 0 | 0 |
| NET INCOME | \$31,580,311 | \$29,415,087 |
| RETAINED EARNINGS | | |
| Transfers to General Fund - Cash | 22,000,000 | 22,000,000 |
| Current Year Increase or (Decrease) | \$9,580,311 | \$7,415,087 |
| Retained Earnings - Beginning | 875,739 | 875,739 |
| RETAINED EARNINGS - ENDING | \$10,456,050 | \$8,290,826 |

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
NOVEMBER 30**

| EQUITY AVAILABLE | <u>2012</u> | <u>2011</u> | <u>INCREASE (DECREASE)</u> |
|---|---------------------|---------------------|--------------------------------|
| Beginning Equity | \$875,739 | \$875,739 | \$0 |
| Current Earnings | 44,229,035 | 37,358,990 | 6,870,045 |
| Specific Tax, Liquor 1.85% | <u>0</u> | <u>2,580,639</u> | <u>(2,580,639)</u> |
| Total Equity Available | <u>\$45,104,774</u> | <u>\$40,815,368</u> | <u>\$4,289,406</u> |
| | | | |
| ALLOCATION OF EQUITY | | | |
| Transferred to General Fund | \$22,000,000 | \$22,000,000 | \$0 |
| MLCC Expenses | 10,621,194 | 9,592,073 | 1,029,121 |
| Other Agencies Expenses (Excluding Transfer Not Related to MLCC) | 2,027,530 | 932,469 | 1,095,061 |
| LARA Transfer Not Related to MLCC | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Allocation of Equity | <u>\$34,648,724</u> | <u>\$32,524,542</u> | <u>\$2,124,182</u> |
| Ending Equity | <u>\$10,456,050</u> | <u>\$8,290,826</u> | <u>\$2,165,224</u> |

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TWO MONTHS ENDED NOVEMBER 30**

| | 2012 MONTH | YTD | 2011 MONTH | YTD | YTD INCR./(DECR.) |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|
| LIQUOR SALES | | | | | |
| Off Premise | \$95,782,108 | \$165,801,880 | \$67,425,556 | \$139,500,956 | \$26,300,924 |
| On Premise | 17,293,845 | 31,533,028 | 13,501,578 | 27,095,595 | 4,437,433 |
| Other | 44,575 | 64,919 | 54,154 | 104,710 | (39,791) |
| TOTAL GROSS SALES | \$113,120,528 | \$197,399,827 | \$80,981,288 | \$166,701,261 | \$30,698,566 |
| Less: Discounts Allowed | 19,227,780 | 33,553,868 | 13,766,423 | 28,344,250 | 5,209,618 |
| PROCEEDS-SALE OF LIQUOR | \$93,892,748 | \$163,845,959 | \$67,214,865 | \$138,357,011 | \$25,488,948 |
| Less: Cost of Goods Sold | 68,539,610 | 119,613,345 | 51,206,801 | 100,989,340 | 18,624,005 |
| GROSS REVENUE FROM SALE OF LIQUOR | \$25,353,138 | \$44,232,614 | \$16,008,064 | \$37,367,671 | \$6,864,943 |
| OTHER REVENUE | | | | | |
| Miscellaneous Revenue | (\$3,786) | (\$3,579) | (\$19,456) | (\$8,681) | \$5,102 |
| Non-Operating Revenue | 0 | 0 | 0 | 0 | 0 |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 |
| TOTAL OTHER REVENUE | (\$3,786) | (\$3,579) | (\$19,456) | (\$8,681) | \$5,102 |
| TOTAL REVENUE | \$25,349,352 | \$44,229,035 | \$15,988,608 | \$37,358,990 | \$6,870,045 |
| Less: Distribution Cost Paid to Suppliers | 5,461,478 | 9,593,691 | 4,257,643 | 8,432,320 | 1,161,371 |
| INCOME FROM LIQUOR MERCHANDISING | \$19,887,874 | \$34,635,344 | \$11,730,965 | \$28,926,670 | \$5,708,674 |
| MANAGEMENT EXPENSES | | | | | |
| Commission | \$36,069 | \$54,786 | \$33,422 | \$50,133 | \$4,653 |
| Management Support(1) | 279,946 | 290,646 | 228,140 | 384,320 | (93,674) |
| Licensing & Enforcement(1) | 1,122,194 | 1,622,599 | 973,328 | 1,639,296 | (16,697) |
| LARA Services | 445,411 | 559,934 | 1,078,931 | 508,216 | 51,718 |
| Information Technology Services | 1,009,211 | 1,009,211 | 16,826 | 16,826 | 992,385 |
| Attorney General | 0 | 0 | 0 | 0 | 0 |
| Auditor General | 0 | 0 | 0 | 0 | 0 |
| Bureau of Fire Services | 263,983 | 394,708 | 213,566 | 344,249 | 50,459 |
| 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 | 0 | 0 | 0 | 0 |
| Total Management Expenses | \$3,156,814 | \$3,931,884 | \$2,544,213 | \$2,943,040 | \$988,844 |
| INCOME FROM OPERATIONS | \$16,731,060 | \$30,703,460 | \$9,186,752 | \$25,983,630 | \$4,719,830 |
| Specific Tax, Liquor 1.85%(Off Premise) | 0 | 0 | 1,247,300 | 2,580,639 | (2,580,639) |
| Revenue Collected for Other Funds | 15,428,708 | 29,925,355 | 16,966,527 | 30,519,345 | (593,990) |
| TOTAL CURRENT EARNINGS & REVENUE | \$32,159,768 | \$60,628,815 | \$27,400,579 | \$59,083,614 | \$1,545,201 |
| | | | | | |
| Number of Cases Sold | 785,483 | 1,377,801 | 584,219 | 1,209,733 | 168,068 |
| Number of Sales Days | 25 | 45 | 20 | 40 | 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
TWO MONTHS ENDED NOVEMBER 30**

| | <u>CURRENT MONTH</u> | <u>YTD 2012</u> | <u>YTD 2011</u> | <u>INCREASE (DECREASE)</u> |
|---|--------------------------|---------------------|---------------------|--------------------------------|
| GENERAL FUND - GENERAL PURPOSE | | | | |
| Excise Tax, Beer | \$1,791,792 | \$5,139,313 | \$6,698,746 | (\$1,559,433) |
| Specific Tax, Liquor 4% | 4,515,771 | 7,883,372 | 6,663,934 | 1,219,438 |
| Excise Tax, Wine | (58,500) | 694,820 | 1,468,321 | (773,501) |
| Excise Tax, Mixed Spirit Drink | 18,826 | 33,311 | 62,243 | (28,932) |
| Sunday Sales Fees (7am-12pm) | 15,078 | 29,148 | 27,310 | 1,838 |
| Fines & Costs | (47,886) | 34,074 | 40,257 | (6,183) |
| Miscellaneous Revenue | 1,787 | 5,872 | 10,025 | (4,153) |
| TOTAL GENERAL FUND - GENERAL PURPOSE: | <u>\$6,236,868</u> | <u>\$13,819,910</u> | <u>\$14,970,836</u> | <u>(\$1,150,926)</u> |
| GENERAL FUND - RESTRICTED | | | | |
| RETAIL LICENSE FEES: | | | | |
| 55% To Local Governments | \$19,542 | \$51,261 | \$1,932,733 | (\$1,881,472) |
| 41.5% To Licensing & Enforcement | 16,303 | 41,454 | 44,444 | (2,990) |
| 3.5% To Alcoholism Prevention Programs | 1,375 | 3,496 | 3,749 | (253) |
| Additional Resort License Fees | 0 | 0 | 19,400 | (19,400) |
| Direct Shipper License Fees | 600 | 2,000 | 1,700 | 300 |
| License Transfer Fees | 64,309 | 125,540 | 115,321 | 10,219 |
| Sunday Sales Fees | 12,084 | 22,151 | 22,998 | (847) |
| License Permit Fees | 1,240 | 1,740 | 0 | 1,740 |
| Non-Retail License Fees-Wine Industry Council | 9,645 | 27,245 | 25,856 | 1,389 |
| Liquor Control Act Sales | 150 | 720 | 610 | 110 |
| Inspection Fees | 21,224 | 44,160 | 45,525 | (1,365) |
| Specific Tax, Liquor 4%-Tourism & Conv. Facility | 4,525,937 | 7,893,538 | 6,668,839 | 1,224,699 |
| Miscellaneous Revenue | 3,660 | 8,768 | 3,400 | 5,368 |
| TOTAL GENERAL FUND - RESTRICTED | <u>\$4,676,069</u> | <u>\$8,222,073</u> | <u>\$8,884,575</u> | <u>(\$662,502)</u> |
| SCHOOL AID FUND | | | | |
| Specific Tax, Liquor 4% | \$4,515,771 | \$7,883,372 | \$6,663,934 | \$1,219,438 |
| TOTAL SCHOOL AID FUND | <u>\$4,515,771</u> | <u>\$7,883,372</u> | <u>\$6,663,934</u> | <u>\$1,219,438</u> |
| REVENUE COLLECTED FOR OTHER FUNDS | <u>\$15,428,708</u> | <u>\$29,925,355</u> | <u>\$30,519,345</u> | <u>(\$593,990)</u> |
| LIQUOR PURCHASE REVOLVING FUND | | | | |
| Specific Tax, Liquor 1.85% | \$0 | \$0 | \$2,580,639 | (\$2,580,639) |
| Income From Operations(Excluding Taxes & Grants)(1) | 16,731,060 | 30,703,460 | 25,983,630 | 4,719,830 |
| LIQUOR PURCHASE REVOLVING FUND REVENUE | <u>\$16,731,060</u> | <u>\$30,703,460</u> | <u>\$28,564,269</u> | <u>\$2,139,191</u> |
| TOTAL REVENUE COLLECTED | <u>\$32,159,768</u> | <u>\$60,628,815</u> | <u>\$59,083,614</u> | <u>\$1,545,201</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
TWO MONTHS ENDED NOVEMBER 30**

| | COMMISSION | | MANAGEMENT SUPPORT | | LICENSING & ENFORCEMENT | | TOTAL 2012 | TOTAL 2011 |
|---|----------------------|-----------------|---------------------------|------------------|------------------------------------|--------------------|----------------------|--------------------|
| | ⁽¹⁾ | | Current Month | YTD | Current Month | YTD | Current Month | YTD |
| | Current Month | YTD | | | | | | |
| MLCC APPROPRIATED EXPENSES | | | | | | | | |
| Salaries & Wages | \$36,069 | \$54,786 | \$82,718 | \$10,703 | \$428,210 | \$620,982 | \$686,471 | \$953,614 |
| Longevity & Insurance | 0 | 0 | 74,656 | 110,318 | 257,794 | 371,503 | 481,821 | 394,739 |
| Retirement & FICA | 0 | 0 | 106,606 | 147,439 | 379,574 | 522,599 | 670,038 | 580,119 |
| Subtotal | \$36,069 | \$54,786 | \$263,980 | \$268,460 | \$1,065,578 | \$1,515,084 | \$1,838,330 | \$1,928,472 |
| Communications | \$0 | \$0 | \$409 | \$409 | \$4,408 | \$4,965 | \$5,374 | \$12,546 |
| Travel | 0 | 0 | 3,458 | 3,511 | 17,812 | 17,907 | 21,418 | 32,096 |
| Utilities | 0 | 0 | 0 | 0 | 0 | 166 | 166 | 1,512 |
| Contractual Services | 0 | 0 | 5,987 | 5,987 | 3,057 | 7,977 | 13,964 | 10,946 |
| Supplies & Materials | 0 | 0 | 2,497 | 2,571 | 9,550 | 14,789 | 17,360 | 18,871 |
| Equipment Replacement, Additions & Rentals | 0 | 0 | 956 | 1,730 | 3,223 | 6,012 | 7,742 | 6,128 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | \$0 | \$0 | \$13,307 | \$14,208 | \$38,050 | \$51,816 | \$66,024 | \$82,099 |
| TOTAL MLCC APPROPRIATED EXPENSES | \$36,069 | \$54,786 | \$277,287 | \$282,668 | \$1,103,628 | \$1,566,900 | \$1,904,354 | \$2,010,571 |
| OPERATING TRANSFERS OUT & OTHER EXPENSES | | | | | | | | |
| Rent and Building Occupancy(2) | \$0 | \$0 | \$2,659 | \$7,978 | \$18,566 | \$55,699 | \$63,677 | \$63,178 |
| Other Operating Transfers Out(3) | 0 | 0 | 0 | 0 | 0 | 0 | 1,963,853 | 869,291 |
| TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES | \$0 | \$0 | \$2,659 | \$7,978 | \$18,566 | \$55,699 | \$2,027,530 | \$932,469 |
| GRAND TOTAL | \$36,069 | \$54,786 | \$279,946 | \$290,646 | \$1,122,194 | \$1,622,599 | \$3,931,884 | \$2,943,040 |

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.