

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

November 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

NOVEMBER FINANCIAL REPORT

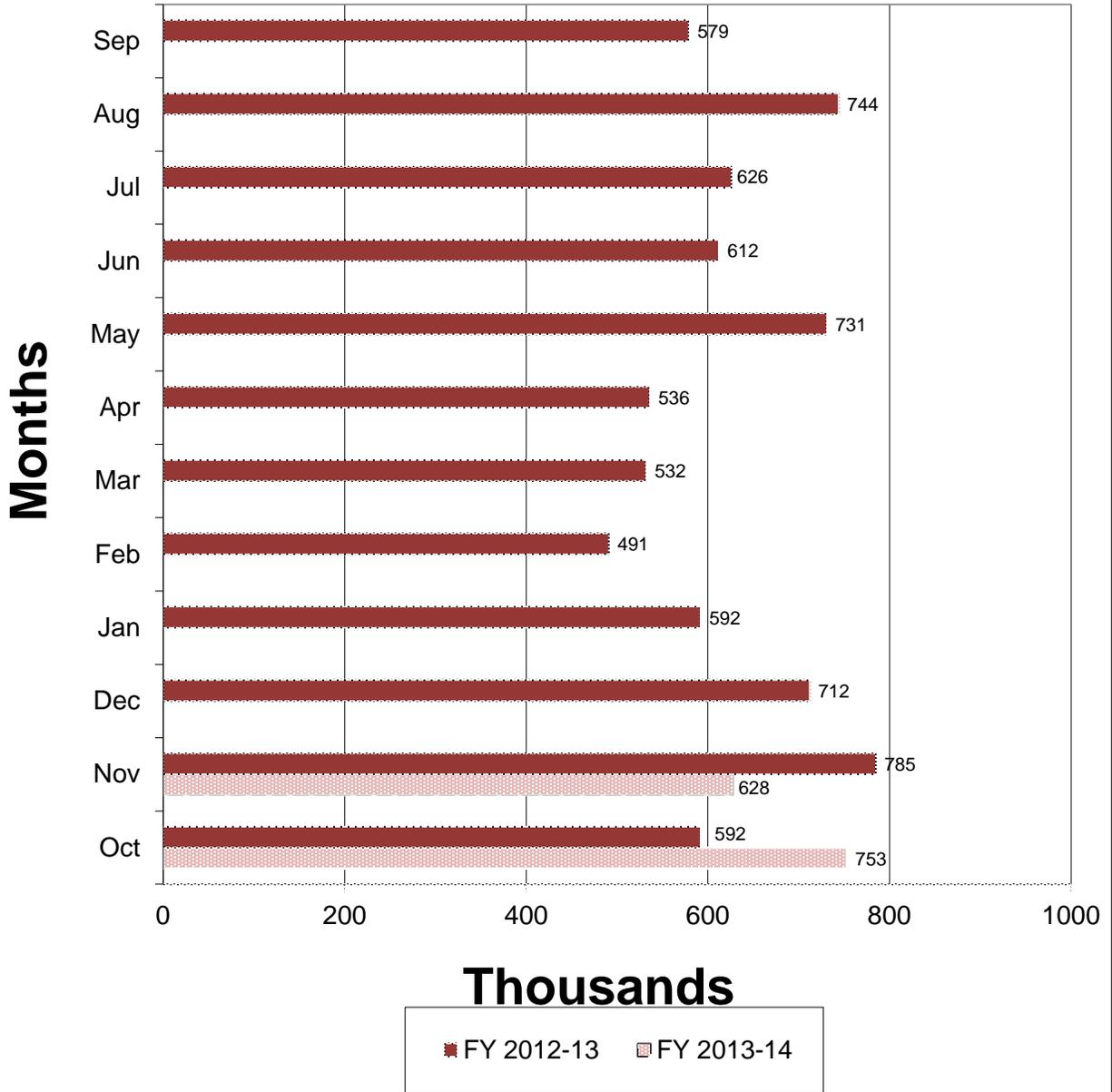
FISCAL YEAR 13 - 14

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Case Sales



	Fiscal Year to Date 10/13-11/13	Fiscal Year to Date 10/12-11/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	1,381,555	1,377,801	3,754	0.27%
Average Price Per Case Sold	\$147.36	\$143.27	\$4.09	2.85%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	75,969,096	69,503,128
Subtotal	\$75,969,796	\$69,503,828
Liquor Inventory - At Current Cost	5,017,025	5,614,773
Prepaid Distribution Costs of Inventory	349,058	404,309
Other Assets		
Accounts Receivable #	\$20,221,416	\$39,394,000
Returned Checks	191,125	153,286
Payroll Correction Clearing	0	0
Subtotal	20,412,541	39,547,286
TOTAL ASSETS	\$101,748,420	\$115,070,196
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,095,649	\$969,483
Warrants Authorized/Not Issued	92,826,452	89,446,460
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	\$94,491,234	\$90,919,102
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)*#	6,216,019	23,133,749
Current Period Ending Balance	7,091,758	24,009,488
TOTAL LIABILITIES & RETAINED EARNINGS	\$101,748,420	\$115,070,196

*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.

#These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE STATEMENT OF REVENUE, EXPENSES, & CHANGES IN RETAINED EARNINGS
TWO MONTHS ENDED NOVEMBER 30**

	2013	2012
REVENUE		
TOTAL GROSS SALES(2)	\$190,169,214	\$197,399,827
Less: Discounts Allowed (2)	32,315,046	33,553,868
PROCEEDS - SALE OF LIQUOR	\$157,854,168	\$163,845,959
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	121,745,081	119,677,501
Less: Ending Inventory	5,017,025	5,614,773
Cost of Goods Sold	\$123,942,214	\$119,613,345
GROSS REVENUE FROM SALE OF LIQUOR	\$33,911,954	\$44,232,614
OTHER REVENUE		
Miscellaneous Revenue	(\$2,811)	(\$3,579)
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	(\$2,811)	(\$3,579)
TOTAL REVENUE	\$33,909,143	\$44,229,035
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$50,712	\$54,786
Management Support	314,643	282,668
Licensing & Enforcement (1)	844,529	690,049
Distribution Cost Paid to Suppliers	10,425,460	9,593,691
Compensated Absences	0	0
Total MLCC Expenses	\$11,635,344	\$10,621,194
<u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	353,992	394,708
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	1,969,670	1,009,211
MLCC Rent	0	63,677
LARA - Executive Direction	274,395	213,310
LARA - Administrative Offices	86,693	346,624
Total Other Agencies Expenses	\$2,684,750	\$2,027,530
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$14,320,094	\$12,648,724
NET INCOME (Not Including Taxes & Grants)	\$19,589,049	\$31,580,311
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$19,589,049	\$31,580,311
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME (2)	\$19,589,049	\$31,580,311
RETAINED EARNINGS		
Transfers to General Fund - Cash	24,000,000	22,000,000
Current Year Increase or (Decrease) (2)	(\$4,410,951)	\$9,580,311
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	(\$3,535,212)	\$10,456,050

Note:

(1) Includes the Revolving Fund Portion only.

(2) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million.

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

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings*	33,909,143	44,229,035	(10,319,892)
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available*	<u>\$34,784,882</u>	<u>\$45,104,774</u>	<u>(\$10,319,892)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$24,000,000	\$22,000,000	\$2,000,000
MLCC Expenses	11,635,344	10,621,194	1,014,150
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	2,684,750	2,027,530	657,220
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$38,320,094</u>	<u>\$34,648,724</u>	<u>\$3,671,370</u>
Ending Equity*	<u>(\$3,535,212)</u>	<u>\$10,456,050</u>	<u>(\$13,991,262)</u>

*These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million.

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

	<u>2013 MONTH</u>	<u>YTD</u>	<u>2012 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$81,118,205	\$160,464,782	\$95,782,108	\$165,801,880	(\$5,337,098)
On Premise	12,106,104	29,628,364	17,293,845	31,533,028	(1,904,664)
Other	29,313	76,068	44,575	64,919	11,149
TOTAL GROSS SALES(3)	<u>\$93,253,622</u>	<u>\$190,169,214</u>	<u>\$113,120,528</u>	<u>\$197,399,827</u>	<u>(\$7,230,613)</u>
Less: Discounts Allowed(3)	15,847,514	32,315,046	19,227,780	33,553,868	(1,238,822)
PROCEEDS-SALE OF LIQUOR	<u>\$77,406,108</u>	<u>\$157,854,168</u>	<u>\$93,892,748</u>	<u>\$163,845,959</u>	<u>(\$5,991,791)</u>
Less: Cost of Goods Sold	58,441,612	123,942,214	68,539,610	119,613,345	4,328,869
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$18,964,496</u>	<u>\$33,911,954</u>	<u>\$25,353,138</u>	<u>\$44,232,614</u>	<u>(\$10,320,660)</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$16,467)	(\$2,811)	(\$3,786)	(\$3,579)	\$768
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	<u>(\$16,467)</u>	<u>(\$2,811)</u>	<u>(\$3,786)</u>	<u>(\$3,579)</u>	<u>\$768</u>
TOTAL REVENUE	<u>\$18,948,029</u>	<u>\$33,909,143</u>	<u>\$25,349,352</u>	<u>\$44,229,035</u>	<u>(\$10,319,892)</u>
Less: Distribution Cost Paid to Suppliers	4,679,002	10,425,460	5,461,478	9,593,691	831,769
INCOME FROM LIQUOR MERCHANDISING	<u>\$14,269,027</u>	<u>\$23,483,683</u>	<u>\$19,887,874</u>	<u>\$34,635,344</u>	<u>(\$11,151,661)</u>
MANAGEMENT EXPENSES					
Commission	\$34,974	\$50,712	\$36,069	\$54,786	(\$4,074)
Management Support(1)	278,088	314,643	279,946	290,646	23,997
Licensing & Enforcement(1)	1,213,070	1,726,562	1,122,194	1,622,599	103,963
LARA Services	294,034	361,088	445,411	559,934	(198,846)
Information Technology Services	1,952,946	1,969,670	1,009,211	1,009,211	960,459
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	249,103	353,992	263,983	394,708	(40,716)
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	<u>\$4,022,215</u>	<u>\$4,776,667</u>	<u>\$3,156,814</u>	<u>\$3,931,884</u>	<u>\$844,783</u>
INCOME FROM OPERATIONS (3)	<u>\$10,246,812</u>	<u>\$18,707,016</u>	<u>\$16,731,060</u>	<u>\$30,703,460</u>	<u>(\$11,996,444)</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds(3)	13,310,601	29,471,878	15,428,708	29,925,355	(453,477)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$23,557,413</u>	<u>\$48,178,894</u>	<u>\$32,159,768</u>	<u>\$60,628,815</u>	<u>(\$12,449,921)</u>
Number of Cases Sold	628,103	1,381,555	785,483	1,377,801	3,754
Number of Sales Days	24	48	25	45	3

Notes:

(1) Total expenses per page 7 less any equipment purchases.

(2) Grants to Cities - Fire Protection.

(3) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

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

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,080,760	\$5,554,044	\$5,139,313	\$414,731
Specific Tax, Liquor 4%(2)	3,718,410	7,583,035	7,883,372	(300,337)
Excise Tax, Wine	(52,285)	753,971	694,820	59,151
Excise Tax, Mixed Spirit Drink	(25,840)	10,191	33,311	(23,120)
Sunday Sales Fees (7am-12pm)	7,437	18,880	29,148	(10,268)
Fines & Costs	(34,992)	13,940	34,074	(20,134)
Miscellaneous Revenue	20,695	29,757	5,872	23,885
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$5,714,185</u>	<u>\$13,963,818</u>	<u>\$13,819,910</u>	<u>\$143,908</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$26,494	\$63,714	\$51,261	\$12,453
41.5% To Licensing & Enforcement	19,991	48,075	41,454	6,621
3.5% To Alcoholism Prevention Programs	1,685	4,054	3,496	558
Additional Resort License Fees	0	38,800	0	38,800
Direct Shipper License Fees	700	1,300	2,000	(700)
License Transfer Fees	50,858	73,985	125,540	(51,555)
Sunday Sales Fees	8,273	17,362	22,151	(4,789)
License Permit Fees	500	1,102	1,740	(638)
Non-Retail License Fees-Wine Industry Council	11,264	24,984	27,245	(2,261)
Liquor Control Act Sales	90	225	720	(495)
Inspection Fees	20,113	45,018	44,160	858
Specific Tax, Liquor 4%-Tourism & Conv. Facility(2)	3,735,322	7,599,947	7,893,538	(293,591)
Miscellaneous Revenue	2,716	6,459	8,768	(2,309)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,878,006</u>	<u>\$7,925,025</u>	<u>\$8,222,073</u>	<u>(\$297,048)</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%(2)	\$3,718,410	\$7,583,035	\$7,883,372	(\$300,337)
TOTAL SCHOOL AID FUND	<u>\$3,718,410</u>	<u>\$7,583,035</u>	<u>\$7,883,372</u>	<u>(\$300,337)</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$13,310,601</u>	<u>\$29,471,878</u>	<u>\$29,925,355</u>	<u>(\$453,477)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	10,246,812	18,707,016	30,703,460	(11,996,444)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$10,246,812</u>	<u>\$18,707,016</u>	<u>\$30,703,460</u>	<u>(\$11,996,444)</u>
TOTAL REVENUE COLLECTED	<u>\$23,557,413</u>	<u>\$48,178,894</u>	<u>\$60,628,815</u>	<u>(\$12,449,921)</u>

Notes:

(1) Income From Operations after all operating expenses including General Fund portion of Licensing & Enforcement.

(2) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

**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 2013	TOTAL 2012
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,974	\$50,712	\$111,014	\$74,765	\$579,992	\$776,805	\$902,282	\$686,471
Longevity & Insurance	0	0	50,234	82,388	178,908	291,321	373,709	481,821
Retirement & FICA	0	0	93,932	131,860	375,838	516,971	648,831	670,038
Subtotal	\$34,974	\$50,712	\$255,180	\$289,013	\$1,134,738	\$1,585,097	\$1,924,822	\$1,838,330
Communications	\$0	\$0	\$627	\$2,415	\$9,383	\$14,637	\$17,052	\$5,374
Travel	0	0	3,045	3,045	18,585	19,168	22,213	21,418
Utilities	0	0	40	40	0	231	271	166
Contractual Services	0	0	2,824	2,824	24,662	69,951	72,775	13,964
Supplies & Materials	0	0	15,599	15,759	21,756	31,080	46,839	17,360
Equipment Replacement, Additions & Rentals	0	0	773	1,547	3,946	6,398	7,945	7,742
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$22,908	\$25,630	\$78,332	\$141,465	\$167,095	\$66,024
TOTAL MLCC APPROPRIATED EXPENSES	\$34,974	\$50,712	\$278,088	\$314,643	\$1,213,070	\$1,726,562	\$2,091,917	\$1,904,354
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$63,677
Other Operating Transfers Out(3)	0	0	0	0	0	0	2,684,750	1,963,853
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$2,684,750	\$2,027,530
GRAND TOTAL	\$34,974	\$50,712	\$278,088	\$314,643	\$1,213,070	\$1,726,562	\$4,776,667	\$3,931,884

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.