

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

December 2012



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

DECEMBER FINANCIAL REPORT

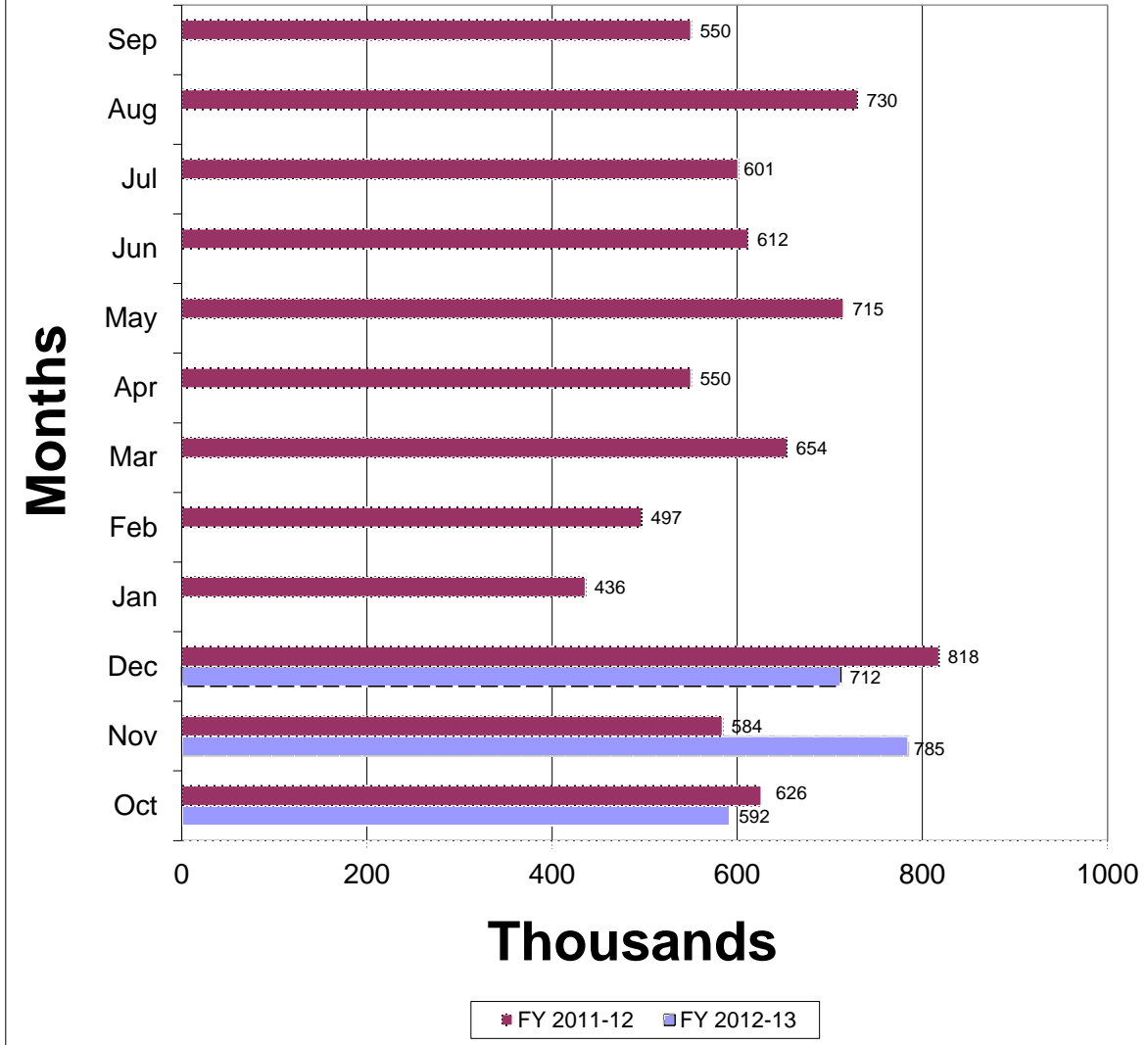
FISCAL YEAR 12 - 13

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Case Sales



	Fiscal Year to Date 10/12-12/12	Fiscal Year to Date 10/11-12/11	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,090,125	2,027,344	62,781	3.10%
Average Price Per Case Sold	\$145.41	\$140.39	\$5.02	3.58%

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

	2012	2011
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	51,252,800	87,842,089
Subtotal	\$51,253,500	\$87,842,789
Liquor Inventory - At Current Cost	5,626,834	7,213,675
Prepaid Distribution Costs of Inventory	407,055	542,838
Other Assets		
Accounts Receivable	\$70,286,755	\$30,207,228
Returned Checks	92,032	154,754
Payroll Correction Clearing	0	0
Subtotal	70,378,787	30,361,982
TOTAL ASSETS	\$127,666,176	\$125,961,284
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	(\$679,587)	\$1,132,267
Warrants Authorized/Not Issued	95,113,029	88,941,655
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	\$94,936,601	\$90,631,550
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)*	31,712,230	34,044,798
Current Period Ending Balance	32,587,969	34,920,537
TOTAL LIABILITIES & RETAINED EARNINGS	\$127,666,176	\$125,961,284

*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
THREE MONTHS ENDED DECEMBER 31**

	2012	2011
REVENUE		
TOTAL GROSS SALES	\$303,914,733	\$284,626,655
Less: Discounts Allowed	51,660,909	48,391,852
PROCEEDS - SALE OF LIQUOR	\$252,253,824	\$236,234,803
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	180,391,834	171,659,760
Less: Ending Inventory	5,626,834	7,213,675
Cost of Goods Sold	\$180,315,617	\$170,349,761
GROSS REVENUE FROM SALE OF LIQUOR	\$71,938,207	\$65,885,042
OTHER REVENUE		
Miscellaneous Revenue	\$4,273	\$966
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	\$4,273	\$966
TOTAL REVENUE	\$71,942,480	\$65,886,008
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$97,824	\$83,194
Management Support	536,181	613,707
Licensing & Enforcement (1)	1,156,132	1,184,583
Distribution Cost Paid to Suppliers	14,273,696	13,963,977
Compensated Absences	0	0
Total MLCC Expenses	\$16,063,833	\$15,845,461
<u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	640,545	567,988
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	1,303,880	332,190
MLCC Rent	227,047	84,237
LARA - Executive Direction	396,693	304,467
LARA - Administrative Offices	578,958	283,419
Total Other Agencies Expenses	\$3,147,123	\$1,572,301
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$19,210,956	\$17,417,762
NET INCOME (Not Including Taxes & Grants)	\$52,731,524	\$48,468,246
Add: Specific Tax, Liquor 1.85%	0	4,431,841
NET REVENUE (Before Unrelated Expenses)	\$52,731,524	\$52,900,087
LARA - Transfers For Grant Not Related to MLCC	773,900	0
NET INCOME	\$51,957,624	\$52,900,087
RETAINED EARNINGS		
Transfers to General Fund - Cash	33,000,000	33,000,000
Current Year Increase or (Decrease)	\$18,957,624	\$19,900,087
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$19,833,363	\$20,775,826

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2012</u>	<u>2011</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	71,942,480	65,886,008	6,056,472
Specific Tax, Liquor 1.85%	<u>0</u>	<u>4,431,841</u>	<u>(4,431,841)</u>
Total Equity Available	<u>\$72,818,219</u>	<u>\$71,193,588</u>	<u>\$1,624,631</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$33,000,000	\$33,000,000	\$0
MLCC Expenses	16,063,833	15,845,461	218,372
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	3,147,123	1,572,301	1,574,822
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>0</u>	<u>773,900</u>
Total Allocation of Equity	<u>\$52,984,856</u>	<u>\$50,417,762</u>	<u>\$2,567,094</u>
Ending Equity	<u>\$19,833,363</u>	<u>\$20,775,826</u>	<u>(\$942,463)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31**

	2012 MONTH	YTD	2011 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$91,085,425	\$256,887,305	\$100,003,314	\$239,504,270	\$17,383,035
On Premise	15,389,531	46,922,559	17,875,974	44,971,569	1,950,990
Other	39,950	104,869	46,106	150,816	(45,947)
TOTAL GROSS SALES	\$106,514,906	\$303,914,733	\$117,925,394	\$284,626,655	\$19,288,078
Less: Discounts Allowed	18,107,041	51,660,909	20,047,602	48,391,852	3,269,057
PROCEEDS-SALE OF LIQUOR	\$88,407,865	\$252,253,824	\$97,877,792	\$236,234,803	\$16,019,021
Less: Cost of Goods Sold	60,702,272	180,315,617	69,360,421	170,349,761	9,965,856
GROSS REVENUE FROM SALE OF LIQUOR	\$27,705,593	\$71,938,207	\$28,517,371	\$65,885,042	\$6,053,165
OTHER REVENUE					
Miscellaneous Revenue	\$7,852	\$4,273	\$9,647	\$966	\$3,307
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	\$7,852	\$4,273	\$9,647	\$966	\$3,307
TOTAL REVENUE	\$27,713,445	\$71,942,480	\$28,527,018	\$65,886,008	\$6,056,472
Less: Distribution Cost Paid to Suppliers	4,680,005	14,273,696	5,531,657	13,963,977	309,719
INCOME FROM LIQUOR MERCHANDISING	\$23,033,440	\$57,668,784	\$22,995,361	\$51,922,031	\$5,746,753
MANAGEMENT EXPENSES					
Commission	\$43,038	\$97,824	\$33,061	\$83,194	\$14,630
Management Support(1)	286,293	576,939	240,024	624,344	(47,405)
Licensing & Enforcement(1)	1,137,466	2,760,065	993,349	2,632,645	127,420
LARA Services	1,189,617	1,749,551	79,670	587,886	1,161,665
Information Technology Services	294,669	1,303,880	315,364	332,190	971,690
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	245,837	640,545	223,739	567,988	72,557
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)	773,900	773,900	0	0	773,900
Total Management Expenses	\$2,423,020	\$6,354,904	\$1,885,207	\$4,828,247	\$1,526,657
INCOME FROM OPERATIONS	\$20,610,420	\$51,313,880	\$21,110,154	\$47,093,784	\$4,220,096
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,851,202	4,431,841	(4,431,841)
Revenue Collected for Other Funds	19,096,256	49,021,611	18,548,206	49,067,551	(45,940)
TOTAL CURRENT EARNINGS & REVENUE	\$39,706,676	\$100,335,491	\$41,509,562	\$100,593,176	(\$257,685)
Number of Cases Sold	712,324	2,090,125	817,611	2,027,344	62,781
Number of Sales Days	20	65	25	65	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
THREE MONTHS ENDED DECEMBER 31**

	<u>CURRENT MONTH</u>	<u>YTD 2012</u>	<u>YTD 2011</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,043,441	\$8,182,754	\$9,809,777	(\$1,627,023)
Specific Tax, Liquor 4%	4,249,555	12,132,927	11,376,567	756,360
Excise Tax, Wine	1,074,759	1,769,579	2,357,900	(588,321)
Excise Tax, Mixed Spirit Drink	26,098	59,409	81,392	(21,983)
Sunday Sales Fees (7am-12pm)	10,720	39,868	44,220	(4,352)
Fines & Costs	65,090	99,164	126,388	(27,224)
Miscellaneous Revenue	5,184	11,056	13,663	(2,607)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,474,847</u>	<u>\$22,294,757</u>	<u>\$23,809,907</u>	<u>(\$1,515,150)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$1,986,158	\$2,037,419	\$1,977,063	\$60,356
41.5% To Licensing & Enforcement	18,736	60,190	80,006	(19,816)
3.5% To Alcoholism Prevention Programs	1,580	5,076	6,748	(1,672)
Additional Resort License Fees	0	0	77,150	(77,150)
Direct Shipper License Fees	800	2,800	2,500	300
License Transfer Fees	56,470	182,010	196,177	(14,167)
Sunday Sales Fees	11,557	33,708	39,155	(5,447)
License Permit Fees	960	2,700	0	2,700
Non-Retail License Fees-Wine Industry Council	10,825	38,070	34,156	3,914
Liquor Control Act Sales	175	895	875	20
Inspection Fees	17,477	61,637	77,238	(15,601)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,262,338	12,155,876	11,384,989	770,887
Miscellaneous Revenue	4,778	13,546	5,020	8,526
TOTAL GENERAL FUND - RESTRICTED	<u>\$6,371,854</u>	<u>\$14,593,927</u>	<u>\$13,881,077</u>	<u>\$712,850</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,249,555	\$12,132,927	\$11,376,567	\$756,360
TOTAL SCHOOL AID FUND	<u>\$4,249,555</u>	<u>\$12,132,927</u>	<u>\$11,376,567</u>	<u>\$756,360</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$19,096,256</u>	<u>\$49,021,611</u>	<u>\$49,067,551</u>	<u>(\$45,940)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$4,431,841	(\$4,431,841)
Income From Operations(Excluding Taxes & Grants)(1)	20,610,420	51,313,880	47,093,784	4,220,096
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$20,610,420</u>	<u>\$51,313,880</u>	<u>\$51,525,625</u>	<u>(\$211,745)</u>
TOTAL REVENUE COLLECTED	<u>\$39,706,676</u>	<u>\$100,335,491</u>	<u>\$100,593,176</u>	<u>(\$257,685)</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
THREE MONTHS ENDED DECEMBER 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2012	TOTAL 2011
	⁽¹⁾							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$43,038	\$97,824	\$122,318	\$133,021	\$533,712	\$1,154,694	\$1,385,539	\$1,609,109
Longevity & Insurance	0	0	34,355	144,673	110,676	482,179	626,852	554,410
Retirement & FICA	0	0	80,717	228,156	288,800	811,399	1,039,555	936,181
Subtotal	\$43,038	\$97,824	\$237,390	\$505,850	\$933,188	\$2,448,272	\$3,051,946	\$3,099,700
Communications	\$0	\$0	\$2,072	\$2,481	\$9,971	\$14,936	\$17,417	\$23,587
Travel	0	0	3,929	7,440	11,607	29,514	36,954	53,923
Utilities	0	0	49	49	188	354	403	2,808
Contractual Services	0	0	6,212	12,199	4,587	12,564	24,763	20,960
Supplies & Materials	0	0	3,089	5,660	43,829	58,618	64,278	45,529
Equipment Replacement, Additions & Rentals	0	0	773	2,503	3,505	9,517	12,020	9,439
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$16,124	\$30,332	\$73,687	\$125,503	\$155,835	\$156,246
TOTAL MLCC APPROPRIATED EXPENSES	\$43,038	\$97,824	\$253,514	\$536,182	\$1,006,875	\$2,573,775	\$3,207,781	\$3,255,946
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$32,779	\$40,757	\$130,591	\$186,290	\$227,047	\$84,237
Other Operating Transfers Out(3)	0	0	0	0	0	0	3,693,976	1,488,064
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$32,779	\$40,757	\$130,591	\$186,290	\$3,921,023	\$1,572,301
GRAND TOTAL	\$43,038	\$97,824	\$286,293	\$576,939	\$1,137,466	\$2,760,065	\$7,128,804	\$4,828,247

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.