

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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

MARCH FINANCIAL REPORT

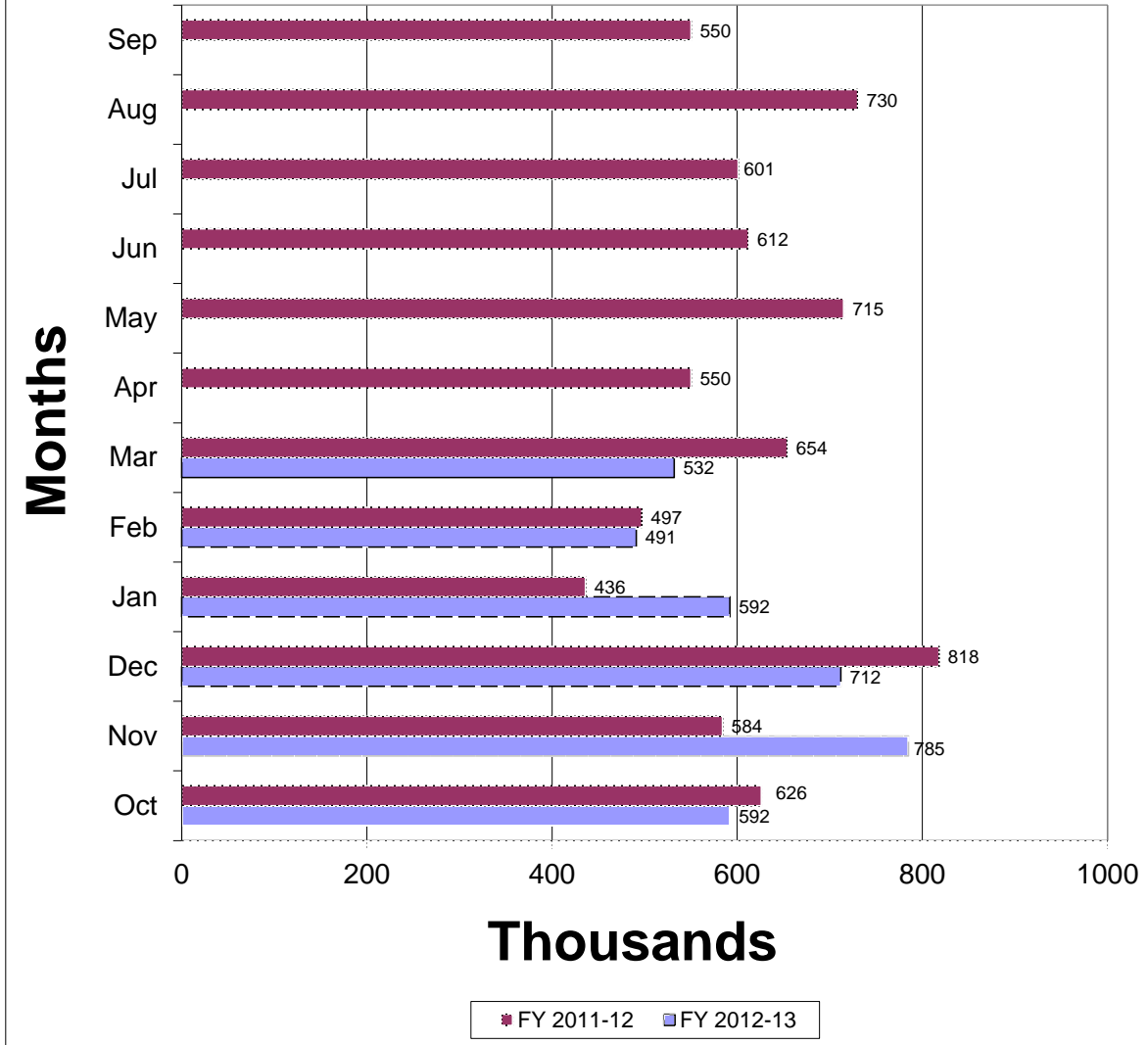
FISCAL YEAR 12 - 13

Table of Contents

	<u>Page</u>
Chart of Case Sales	1
Unaudited Comparative Balance Sheet.....	2
Unaudited Comparative Statement of Revenue, Expenses & Changes in Retained Earnings.....	3
Unaudited Statement of Changes in Equity and Transfers	4
Unaudited Comparative Schedule of Operations.....	5
Unaudited Comparative Schedule of Revenue Collected	6
Unaudited Schedule of Expenses by Type and Account	7

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Case Sales



	Fiscal Year to Date 10/12-03/13	Fiscal Year to Date 10/11-03/12	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,705,237	3,615,396	89,841	2.48%
Average Price Per Case Sold	\$144.71	\$139.71	\$5.00	3.58%

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

	2013	2012
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	81,900,720	75,812,731
Subtotal	\$81,901,420	\$75,813,431
Liquor Inventory - At Current Cost	5,946,567	5,439,243
Prepaid Distribution Costs of Inventory	454,283	396,865
Other Assets		
Accounts Receivable	\$14,837,653	\$21,196,399
Returned Checks	122,666	91,347
Payroll Correction Clearing	0	0
Subtotal	14,960,319	21,287,746
TOTAL ASSETS	\$103,262,589	\$102,937,285
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$551,652	\$154,485
Warrants Authorized/Not Issued	76,264,757	72,044,001
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	\$77,319,568	\$72,756,114
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)*	24,925,676	28,896,235
Current Period Ending Balance	25,801,415	29,771,974
TOTAL LIABILITIES & RETAINED EARNINGS	\$103,262,589	\$102,937,285

*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
SIX MONTHS ENDED MARCH 31**

	2013	2012
REVENUE		
TOTAL GROSS SALES	\$536,187,455	\$505,099,363
Less: Discounts Allowed	89,806,977	85,875,211
PROCEEDS - SALE OF LIQUOR	\$446,380,478	\$419,224,152
Less: Cost of Goods Sold		
Beginning Inventory	\$5,550,617	\$5,903,676
Add: Purchases	326,315,608	305,585,718
Less: Ending Inventory	5,946,567	5,439,243
Cost of Goods Sold	\$325,919,658	\$306,050,151
GROSS REVENUE FROM SALE OF LIQUOR	\$120,460,820	\$113,174,001
OTHER REVENUE		
Miscellaneous Revenue	(\$1,973)	\$23,522
Non-Operating Revenue	6,411	0
Interest Revenue	8,108	16,391
TOTAL OTHER REVENUE	\$12,546	\$39,913
TOTAL REVENUE	\$120,473,366	\$113,213,914
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$216,973	\$197,865
Management Support	1,436,809	1,572,925
Licensing & Enforcement (1)	2,740,994	2,828,393
Distribution Cost Paid to Suppliers	26,670,097	25,200,559
Compensated Absences	0	0
Total MLCC Expenses	\$31,064,873	\$29,799,742
<u>Other Agencies Expenses</u>		
Attorney General	\$257,843	\$200,046
Auditor General	0	0
Bureau of Fire Services	1,354,335	1,288,002
Civil Service - Personnel	0	170,116
Administrative Hearings & Rules	0	0
Information Technology Services	3,557,277	2,979,407
MLCC Rent	432,868	422,707
LARA - Executive Direction	372,041	390,484
LARA - Administrative Offices	1,084,261	977,684
Total Other Agencies Expenses	\$7,058,625	\$6,428,446
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$38,123,498	\$36,228,188
NET INCOME (Not Including Taxes & Grants)	\$82,349,868	\$76,985,726
Add: Specific Tax, Liquor 1.85%	0	7,703,649
NET REVENUE (Before Unrelated Expenses)	\$82,349,868	\$84,689,375
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$81,575,968	\$83,915,475
RETAINED EARNINGS		
Transfers to General Fund - Cash	66,000,000	66,000,000
Current Year Increase or (Decrease)	\$15,575,968	\$17,915,475
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$16,451,707	\$18,791,214

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	120,473,366	113,213,914	7,259,452
Specific Tax, Liquor 1.85%	<u>0</u>	<u>7,703,649</u>	<u>(7,703,649)</u>
Total Equity Available	<u>\$121,349,105</u>	<u>\$121,793,302</u>	<u>(\$444,197)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$66,000,000	\$66,000,000	\$0
MLCC Expenses	31,064,873	29,799,742	1,265,131
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,058,625	6,428,446	630,179
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$104,897,398</u>	<u>\$103,002,088</u>	<u>\$1,895,310</u>
Ending Equity	<u>\$16,451,707</u>	<u>\$18,791,214</u>	<u>(\$2,339,507)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
SIX MONTHS ENDED MARCH 31**

	<u>2013 MONTH</u>	<u>YTD</u>	<u>2012 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$62,985,010	\$444,228,055	\$73,476,259	\$416,035,987	\$28,192,068
On Premise	15,234,988	91,782,268	18,070,582	88,807,752	2,974,516
Other	23,122	177,132	39,787	255,624	(78,492)
TOTAL GROSS SALES	<u>\$78,243,120</u>	<u>\$536,187,455</u>	<u>\$91,586,628</u>	<u>\$505,099,363</u>	<u>\$31,088,092</u>
Less: Discounts Allowed	13,295,356	89,806,977	15,572,453	85,875,211	3,931,766
PROCEEDS-SALE OF LIQUOR	<u>\$64,947,764</u>	<u>\$446,380,478</u>	<u>\$76,014,175</u>	<u>\$419,224,152</u>	<u>\$27,156,326</u>
Less: Cost of Goods Sold	47,518,921	325,919,658	55,487,420	306,050,151	19,869,507
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$17,428,843</u>	<u>\$120,460,820</u>	<u>\$20,526,755</u>	<u>\$113,174,001</u>	<u>\$7,286,819</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$1,157)	(\$1,973)	\$18,052	\$23,522	(\$25,495)
Non-Operating Revenue	0	6,411	0	0	6,411
Interest Revenue	0	8,108	0	16,391	(8,283)
TOTAL OTHER REVENUE	<u>(\$1,157)</u>	<u>\$12,546</u>	<u>\$18,052</u>	<u>\$39,913</u>	<u>(\$27,367)</u>
TOTAL REVENUE	<u>\$17,427,686</u>	<u>\$120,473,366</u>	<u>\$20,544,807</u>	<u>\$113,213,914</u>	<u>\$7,259,452</u>
Less: Distribution Cost Paid to Suppliers	4,001,467	26,670,097	4,560,957	25,200,559	1,469,538
INCOME FROM LIQUOR MERCHANDISING	<u>\$13,426,219</u>	<u>\$93,803,269</u>	<u>\$15,983,850</u>	<u>\$88,013,355</u>	<u>\$5,789,914</u>
MANAGEMENT EXPENSES					
Commission	\$36,095	\$216,973	\$48,830	\$197,865	\$19,108
Management Support(1)	267,264	1,515,664	422,318	1,652,718	(137,054)
Licensing & Enforcement(1)	1,060,563	6,351,656	1,562,401	6,453,170	(101,514)
LARA Services	285,832	2,230,202	151,733	2,142,068	88,134
Information Technology Services	863,371	3,557,277	534,402	2,979,407	577,870
Attorney General	0	257,843	0	200,046	57,797
Auditor General	0	0	0	0	0
Bureau of Fire Services	192,188	1,354,335	272,585	1,288,002	66,333
Civil Service - Personnel	0	0	170,116	170,116	(170,116)
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	<u>\$2,705,313</u>	<u>\$14,710,050</u>	<u>\$3,162,385</u>	<u>\$14,309,492</u>	<u>\$400,558</u>
INCOME FROM OPERATIONS	<u>\$10,720,906</u>	<u>\$79,093,219</u>	<u>\$12,821,465</u>	<u>\$73,703,863</u>	<u>\$5,389,356</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	1,360,112	7,703,649	(7,703,649)
Revenue Collected for Other Funds	19,038,023	94,168,593	20,257,183	89,827,622	4,340,971
TOTAL CURRENT EARNINGS & REVENUE	<u>\$29,758,929</u>	<u>\$173,261,812</u>	<u>\$34,438,760</u>	<u>\$171,235,134</u>	<u>\$2,026,678</u>
Number of Cases Sold	531,930	3,705,237	654,320	3,615,396	89,841
Number of Sales Days	20	130	25	130	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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2013</u>	<u>YTD 2012</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,187,716	\$16,586,755	\$15,798,460	\$788,295
Specific Tax, Liquor 4%	3,112,363	21,454,290	20,183,233	1,271,057
Excise Tax, Wine	836,045	4,364,262	4,196,521	167,741
Excise Tax, Mixed Spirit Drink	31,527	136,136	90,640	45,496
Sunday Sales Fees (7am-12pm)	565,701	646,444	559,323	87,121
Fines & Costs	53,387	243,206	313,948	(70,742)
Miscellaneous Revenue	7,313	28,647	21,086	7,561
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,794,052</u>	<u>\$43,459,740</u>	<u>\$41,163,211</u>	<u>\$2,296,529</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,254,618	\$4,331,871	\$4,422,683	(\$90,812)
41.5% To Licensing & Enforcement	1,701,757	1,793,507	1,926,745	(133,238)
3.5% To Alcoholism Prevention Programs	143,738	151,383	162,525	(11,142)
Additional Resort License Fees	0	19,400	57,850	(38,450)
Direct Shipper License Fees	31,300	35,147	32,206	2,941
License Transfer Fees	76,871	367,730	599,206	(231,476)
Sunday Sales Fees	525,346	580,376	639,583	(59,207)
License Permit Fees	8,400	12,600	0	12,600
Non-Retail License Fees-Wine Industry Council	204,695	261,270	234,471	26,799
Liquor Control Act Sales	230	1,610	1,835	(225)
Inspection Fees	30,581	138,366	177,863	(39,497)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,142,214	21,528,835	20,205,879	1,322,956
Miscellaneous Revenue	11,859	32,468	20,332	12,136
TOTAL GENERAL FUND - RESTRICTED	<u>\$8,131,609</u>	<u>\$29,254,563</u>	<u>\$28,481,178</u>	<u>\$773,385</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,112,362	\$21,454,290	\$20,183,233	\$1,271,057
TOTAL SCHOOL AID FUND	<u>\$3,112,362</u>	<u>\$21,454,290</u>	<u>\$20,183,233</u>	<u>\$1,271,057</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$19,038,023</u>	<u>\$94,168,593</u>	<u>\$89,827,622</u>	<u>\$4,340,971</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$7,703,649	(\$7,703,649)
Income From Operations(Excluding Taxes & Grants)(1)	10,720,906	79,093,219	73,703,863	5,389,356
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$10,720,906</u>	<u>\$79,093,219</u>	<u>\$81,407,512</u>	<u>(\$2,314,293)</u>
TOTAL REVENUE COLLECTED	<u>\$29,758,929</u>	<u>\$173,261,812</u>	<u>\$171,235,134</u>	<u>\$2,026,678</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
SIX MONTHS ENDED MARCH 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	\$36,095	\$216,973	\$112,325	\$526,725	\$535,528	\$2,986,383	\$3,730,081	\$3,911,363
Longevity & Insurance	0	0	33,016	260,884	110,036	866,620	1,127,504	1,125,987
Retirement & FICA	0	0	76,773	504,730	292,438	1,819,360	2,324,090	2,237,968
Subtotal	\$36,095	\$216,973	\$222,114	\$1,292,339	\$938,002	\$5,672,363	\$7,181,675	\$7,275,318
Communications	\$0	\$0	\$1,619	\$11,414	\$6,206	\$50,741	\$62,155	\$65,285
Travel	0	0	3,655	17,119	17,665	81,370	98,489	120,128
Utilities	0	0	82	3,480	36	948	4,428	6,863
Contractual Services	0	0	18,500	55,397	27,911	64,321	119,718	145,416
Supplies & Materials	0	0	2,710	24,297	12,082	101,921	126,218	171,701
Equipment Replacement, Additions & Rentals	0	0	5,884	32,763	2,753	25,978	58,741	92,716
Miscellaneous	0	0	0	0	0	0	0	3,620
Subtotal	\$0	\$0	\$32,450	\$144,470	\$66,653	\$325,279	\$469,749	\$605,729
TOTAL MLCC APPROPRIATED EXPENSES	\$36,095	\$216,973	\$254,564	\$1,436,809	\$1,004,655	\$5,997,642	\$7,651,424	\$7,881,047
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$12,700	\$78,855	\$55,908	\$354,014	\$432,869	\$422,706
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,399,657	6,779,639
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$12,700	\$78,855	\$55,908	\$354,014	\$7,832,526	\$7,202,345
GRAND TOTAL	\$36,095	\$216,973	\$267,264	\$1,515,664	\$1,060,563	\$6,351,656	\$15,483,950	\$15,083,392

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.