

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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

MARCH FINANCIAL REPORT

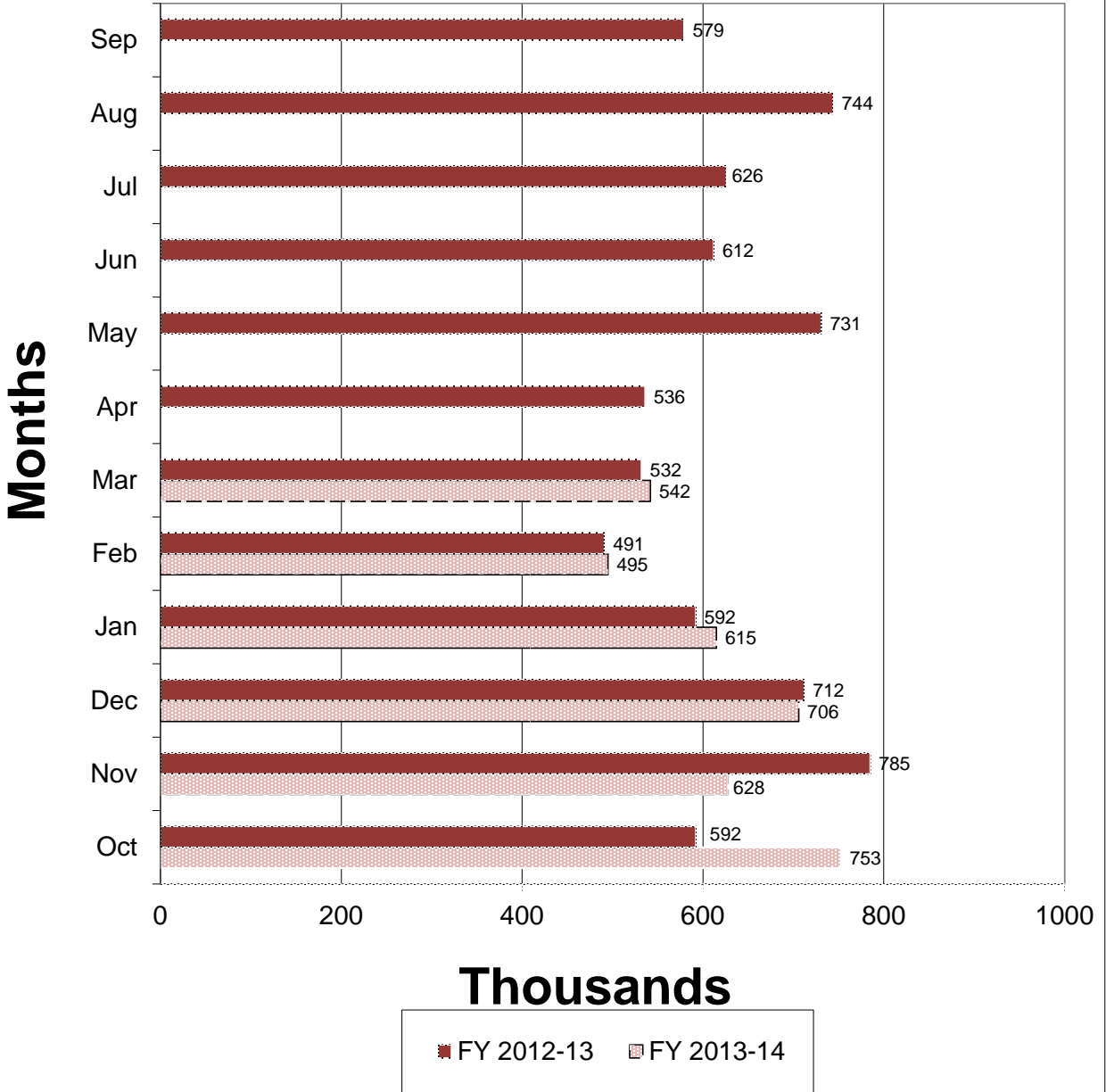
FISCAL YEAR 13 - 14

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Case Sales



	Fiscal Year to Date 10/13-03/14	Fiscal Year to Date 10/12-03/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,739,238	3,705,237	34,001	0.92%
Average Price Per Case Sold	\$148.88	\$144.71	\$4.17	2.88%

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	74,165,741	81,900,720
Subtotal	\$74,166,441	\$81,901,420
Liquor Inventory - At Current Cost	6,518,644	5,946,567
Prepaid Distribution Costs of Inventory	488,468	454,283
Other Assets		
Accounts Receivable	\$21,960,421	\$14,837,653
Returned Checks	138,843	122,666
Payroll Correction Clearing	0	0
Subtotal	22,099,264	14,960,319
TOTAL ASSETS	\$103,272,817	\$103,262,589
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,121,297	\$551,652
Warrants Authorized/Not Issued	78,733,210	76,264,757
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	\$80,423,640	\$77,319,568
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)*	21,808,010	24,925,676
Current Period Ending Balance	22,683,749	25,801,415
TOTAL LIABILITIES & RETAINED EARNINGS	\$103,272,817	\$103,262,589

*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**

	2014	2013
REVENUE		
TOTAL GROSS SALES	\$556,697,061	\$536,187,455
Less: Discounts Allowed	94,604,325	89,806,977
PROCEEDS - SALE OF LIQUOR	\$462,092,736	\$446,380,478
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	336,784,018	326,315,608
Less: Ending Inventory	6,518,644	5,946,567
Cost of Goods Sold	\$337,479,532	\$325,919,658
GROSS REVENUE FROM SALE OF LIQUOR	\$124,613,204	\$120,460,820
OTHER REVENUE		
Miscellaneous Revenue	\$23,993	(\$1,973)
Non-Operating Revenue	0	6,411
Interest Revenue	15,533	8,108
TOTAL OTHER REVENUE	\$39,526	\$12,546
TOTAL REVENUE	\$124,652,730	\$120,473,366
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$203,924	\$216,973
Management Support	1,470,071	1,436,809
Licensing & Enforcement (1)	3,222,665	2,740,994
Distribution Cost Paid to Suppliers	28,055,037	26,670,097
Compensated Absences	0	0
Total MLCC Expenses	\$32,951,697	\$31,064,873
Other Agencies Expenses		
Attorney General	\$251,900	\$257,843
Auditor General	0	0
Bureau of Fire Services	1,325,761	1,354,335
Civil Service - Personnel	0	0
Administrative Hearings & Rules	0	0
Information Technology Services	4,285,451	3,557,277
MLCC Rent	297,265	432,868
LARA - Executive Direction	251,481	372,041
LARA - Administrative Offices	460,006	1,084,261
Total Other Agencies Expenses	\$6,871,864	\$7,058,625
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$39,823,561	\$38,123,498
NET INCOME (Not Including Taxes & Grants)	\$84,829,169	\$82,349,868
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$84,829,169	\$82,349,868
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$84,055,269	\$81,575,968
RETAINED EARNINGS		
Transfers to General Fund - Cash	72,000,000	66,000,000
Current Year Increase or (Decrease)	\$12,055,269	\$15,575,968
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$12,931,008	\$16,451,707

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>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	124,652,730	120,473,366	4,179,364
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$125,528,469</u>	<u>\$121,349,105</u>	<u>\$4,179,364</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$72,000,000	\$66,000,000	\$6,000,000
MLCC Expenses	32,951,697	31,064,873	1,886,824
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,871,864	7,058,625	(186,761)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$112,597,461</u>	<u>\$104,897,398</u>	<u>\$7,700,063</u>
Ending Equity	<u>\$12,931,008</u>	<u>\$16,451,707</u>	<u>(\$3,520,699)</u>

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

	<u>2014 MONTH</u>	<u>YTD</u>	<u>2013 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$65,772,558	\$464,837,311	\$62,985,010	\$444,228,055	\$20,609,256
On Premise	15,710,961	91,601,598	15,234,988	91,782,268	(180,670)
Other	38,687	258,152	23,122	177,132	81,020
TOTAL GROSS SALES	<u>\$81,522,206</u>	<u>\$556,697,061</u>	<u>\$78,243,120</u>	<u>\$536,187,455</u>	<u>\$20,509,606</u>
Less: Discounts Allowed	13,855,358	94,604,325	13,295,356	89,806,977	4,797,348
PROCEEDS-SALE OF LIQUOR	<u>\$67,666,848</u>	<u>\$462,092,736</u>	<u>\$64,947,764</u>	<u>\$446,380,478</u>	<u>\$15,712,258</u>
Less: Cost of Goods Sold	49,481,983	337,479,532	47,518,921	325,919,658	11,559,874
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$18,184,865</u>	<u>\$124,613,204</u>	<u>\$17,428,843</u>	<u>\$120,460,820</u>	<u>\$4,152,384</u>
OTHER REVENUE					
Miscellaneous Revenue	\$31,008	\$23,993	(\$1,157)	(\$1,973)	\$25,966
Non-Operating Revenue	0	0	0	6,411	(6,411)
Interest Revenue	0	15,533	0	8,108	7,425
TOTAL OTHER REVENUE	<u>\$31,008</u>	<u>\$39,526</u>	<u>(\$1,157)</u>	<u>\$12,546</u>	<u>\$26,980</u>
TOTAL REVENUE	<u>\$18,215,873</u>	<u>\$124,652,730</u>	<u>\$17,427,686</u>	<u>\$120,473,366</u>	<u>\$4,179,364</u>
Less: Distribution Cost Paid to Suppliers	4,073,602	28,055,037	4,001,467	26,670,097	1,384,940
INCOME FROM LIQUOR MERCHANDISING	<u>\$14,142,271</u>	<u>\$96,597,693</u>	<u>\$13,426,219</u>	<u>\$93,803,269</u>	<u>\$2,794,424</u>
MANAGEMENT EXPENSES					
Commission	\$35,920	\$203,924	\$36,095	\$216,973	(\$13,049)
Management Support(1)	266,469	1,530,675	267,264	1,515,664	15,011
Licensing & Enforcement(1)	1,100,286	6,608,428	1,060,563	6,351,656	256,772
LARA Services	(164,399)	1,485,387	285,832	2,230,202	(744,815)
Information Technology Services	957,047	4,285,451	863,371	3,557,277	728,174
Attorney General	0	251,900	0	257,843	(5,943)
Auditor General	0	0	0	0	0
Bureau of Fire Services	153,063	1,325,761	192,188	1,354,335	(28,574)
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	773,900	0	773,900	0
Total Management Expenses	<u>\$2,348,386</u>	<u>\$14,917,626</u>	<u>\$2,705,313</u>	<u>\$14,710,050</u>	<u>\$207,576</u>
INCOME FROM OPERATIONS	<u>\$11,793,885</u>	<u>\$81,680,067</u>	<u>\$10,720,906</u>	<u>\$79,093,219</u>	<u>\$2,586,848</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	22,641,677	98,189,775	19,038,023	94,168,593	4,021,182
TOTAL CURRENT EARNINGS & REVENUE	<u>\$34,435,562</u>	<u>\$179,869,842</u>	<u>\$29,758,929</u>	<u>\$173,261,812</u>	<u>\$6,608,030</u>
Number of Cases Sold	542,471	3,739,238	531,930	3,705,237	34,001
Number of Sales Days	20	133	20	130	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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,958,276	\$16,954,443	\$16,586,755	\$367,688
Specific Tax, Liquor 4%	3,250,427	22,194,783	21,454,290	740,493
Excise Tax, Wine	995,016	4,525,168	4,364,262	160,906
Excise Tax, Mixed Spirit Drink	46,530	105,927	136,136	(30,209)
Sunday Sales Fees (7am-12pm)	653,162	708,206	646,444	61,762
Fines & Costs	47,482	202,298	243,206	(40,908)
Miscellaneous Revenue	10,462	44,819	28,647	16,172
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,961,355</u>	<u>\$44,735,644</u>	<u>\$43,459,740</u>	<u>\$1,275,904</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$4,814,087	\$4,954,215	\$4,331,871	\$622,344
41.5% To Licensing & Enforcement	2,082,782	2,188,806	1,793,507	395,299
3.5% To Alcoholism Prevention Programs	175,657	184,598	151,383	33,215
Additional Resort License Fees	0	77,600	19,400	58,200
Direct Shipper License Fees	46,000	49,625	35,147	14,478
License Transfer Fees	55,073	295,085	367,730	(72,645)
Sunday Sales Fees	646,900	687,515	580,376	107,139
License Permit Fees	13,970	16,672	12,600	4,072
Non-Retail License Fees-Wine Industry Council	288,510	339,404	261,270	78,134
Liquor Control Act Sales	480	1,930	1,610	320
Inspection Fees	27,975	158,860	138,366	20,494
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,262,652	22,273,552	21,528,835	744,717
Miscellaneous Revenue	15,809	31,486	32,468	(982)
TOTAL GENERAL FUND - RESTRICTED	<u>\$11,429,895</u>	<u>\$31,259,348</u>	<u>\$29,254,563</u>	<u>\$2,004,785</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,250,427	\$22,194,783	\$21,454,290	\$740,493
TOTAL SCHOOL AID FUND	<u>\$3,250,427</u>	<u>\$22,194,783</u>	<u>\$21,454,290</u>	<u>\$740,493</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$22,641,677</u>	<u>\$98,189,775</u>	<u>\$94,168,593</u>	<u>\$4,021,182</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	11,793,885	81,680,067	79,093,219	2,586,848
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$11,793,885</u>	<u>\$81,680,067</u>	<u>\$79,093,219</u>	<u>\$2,586,848</u>
TOTAL REVENUE COLLECTED	<u>\$34,435,562</u>	<u>\$179,869,842</u>	<u>\$173,261,812</u>	<u>\$6,608,030</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
SIX MONTHS ENDED MARCH 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	\$35,920	#####	\$112,350	\$605,810	\$528,086	\$3,158,219	\$3,967,953	\$3,730,081
Longevity & Insurance	0	0	32,853	233,414	119,177	830,783	1,064,197	1,127,504
Retirement & FICA	0	0	83,859	516,459	310,589	1,916,893	2,433,352	2,324,090
Subtotal	\$35,920	#####	\$229,062	\$1,355,683	\$957,852	\$5,905,895	\$7,465,502	\$7,181,675
Communications	\$0	\$0	\$2,182	\$8,639	\$13,358	\$74,506	\$83,145	\$62,155
Travel	0	0	3,090	18,029	19,664	93,197	111,226	98,489
Utilities	0	0	0	147	434	1,108	1,255	4,428
Contractual Services	0	0	2,977	33,551	50,590	194,855	228,406	119,718
Supplies & Materials	0	0	17,606	41,766	11,823	80,906	122,672	126,218
Equipment Replacement, Additions & Rentals	0	0	1,452	12,256	5,674	19,853	32,109	58,741
Miscellaneous	0	0	0	0	1,448	1,448	1,448	0
Subtotal	\$0	\$0	\$27,307	\$114,388	\$102,991	\$465,873	\$580,261	\$469,749
TOTAL MLCC APPROPRIATED EXPENSES	\$35,920	\$203,924	\$256,369	\$1,470,071	\$1,060,843	\$6,371,768	\$8,045,763	\$7,651,424
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,100	\$60,604	\$39,443	\$236,660	\$297,264	\$432,869
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,348,499	7,399,657
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,100	\$60,604	\$39,443	\$236,660	\$7,645,763	\$7,832,526
GRAND TOTAL	\$35,920	#####	\$266,469	\$1,530,675	\$1,100,286	\$6,608,428	\$15,691,526	\$15,483,950

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.