

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

April 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

APRIL FINANCIAL REPORT

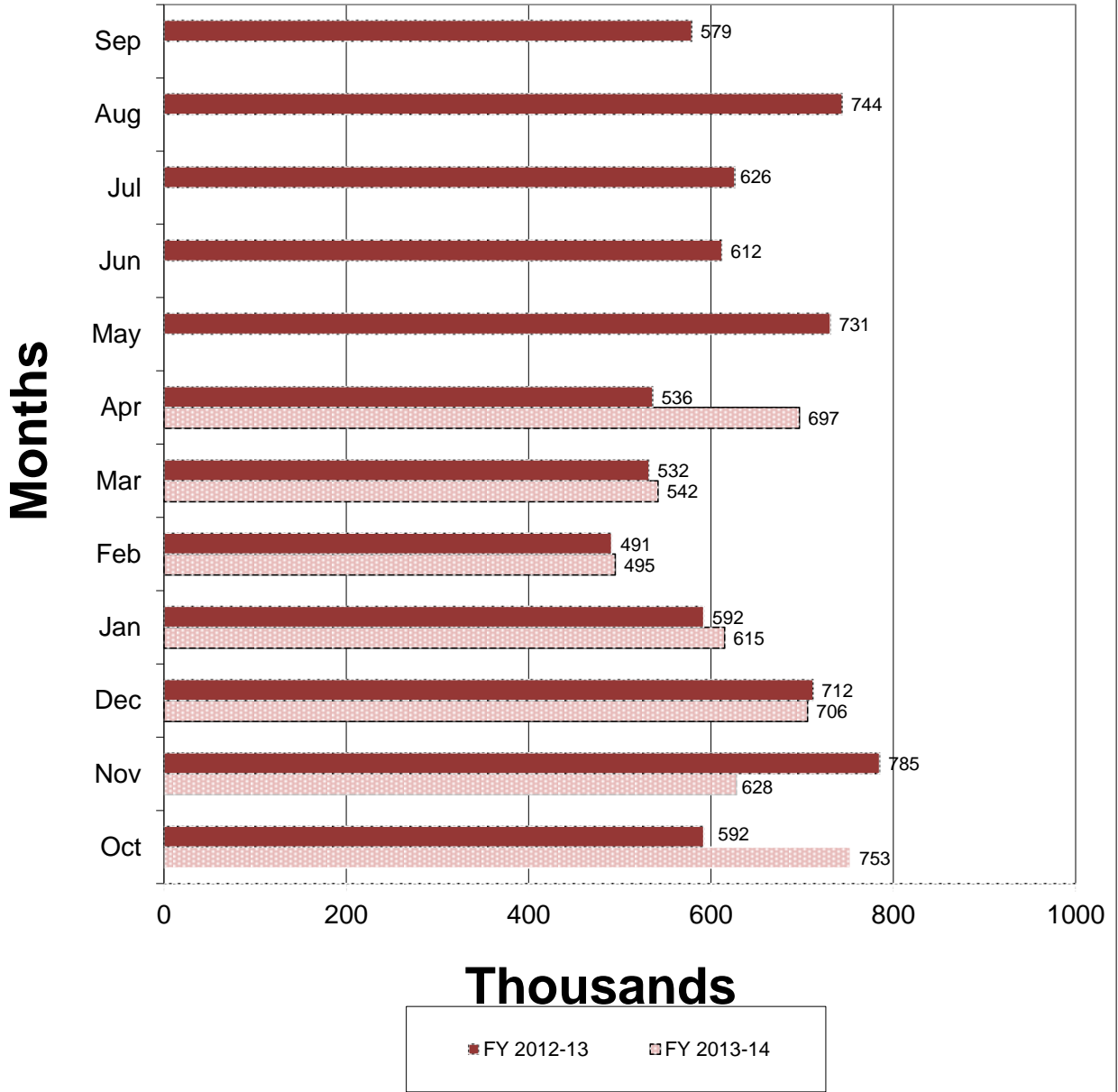
FISCAL YEAR 13 - 14

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

The Department of Licensing and Regulatory Affairs will not discriminate against any individual or group because of sex, religion, age, national origin, color, marital status, disability or political affiliation. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

Case Sales



	Fiscal Year to Date 10/13-04/14	Fiscal Year to Date 10/12-04/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,436,006	4,241,670	194,336	4.58%
Average Price Per Case Sold	\$148.97	\$145.08	\$3.89	2.68%

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$700	\$700
Cash-State Treasurer Common Cash Fund*	70,305,413	74,571,322
Subtotal	\$70,306,113	\$74,572,022
Liquor Inventory - At Current Cost	6,710,326	4,102,573
Prepaid Distribution Costs of Inventory	500,438	299,513
Other Assets		
Accounts Receivable	\$37,632,069	\$11,589,455
Returned Checks	112,484	151,651
Payroll Correction Clearing	0	0
Subtotal	37,744,553	11,741,106
TOTAL ASSETS	\$115,261,430	\$90,715,214
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,017,224	\$2,371,482
Warrants Authorized/Not Issued	80,943,368	61,700,238
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	\$84,529,725	\$64,574,879
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)*	29,690,538	25,122,990
Current Period Ending Balance	30,566,277	25,998,729
TOTAL LIABILITIES & RETAINED EARNINGS	\$115,261,430	\$90,715,214

*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
SEVEN MONTHS ENDED APRIL 30**

	2014	2013
REVENUE		
TOTAL GROSS SALES	\$660,824,360	\$615,364,959
Less: Discounts Allowed	112,298,657	104,596,295
PROCEEDS - SALE OF LIQUOR	\$548,525,703	\$510,768,664
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	399,735,825	371,446,369
Less: Ending Inventory	6,710,326	4,102,573
Cost of Goods Sold	\$400,239,657	\$372,894,413
GROSS REVENUE FROM SALE OF LIQUOR	\$148,286,046	\$137,874,251
OTHER REVENUE		
Miscellaneous Revenue	\$27,018	\$3,392
Non-Operating Revenue	0	0
Interest Revenue	31,186	39,367
TOTAL OTHER REVENUE	\$58,204	\$42,759
TOTAL REVENUE	\$148,344,250	\$137,917,010
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$233,759	\$250,803
Management Support	1,787,918	1,698,712
Licensing & Enforcement (1)	3,784,946	3,240,767
Distribution Cost Paid to Suppliers	33,257,675	30,682,581
Compensated Absences	0	0
Total MLCC Expenses	\$39,064,298	\$35,872,863
<u>Other Agencies Expenses</u>		
Attorney General	\$600,147	\$568,005
Auditor General	0	0
Bureau of Fire Services	1,427,476	1,629,188
Civil Service - Personnel	232,875	0
Administrative Hearings & Rules	58,464	0
Information Technology Services	3,039,071	4,484,297
MLCC Rent	346,809	501,476
LARA - Executive Direction	576,848	13,670
LARA - Administrative Offices	988,083	1,249,320
Total Other Agencies Expenses	\$7,269,773	\$8,445,956
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$46,334,071	\$44,318,819
NET INCOME (Not Including Taxes & Grants)	\$102,010,179	\$93,598,191
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$102,010,179	\$93,598,191
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$101,236,279	\$92,824,291
RETAINED EARNINGS		
Transfers to General Fund - Cash	84,000,000	77,000,000
Current Year Increase or (Decrease)	\$17,236,279	\$15,824,291
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$18,112,018	\$16,700,030

Note:

(1) Includes the Revolving Fund Portion only.

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

	2014	2013	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	148,344,250	137,917,010	10,427,240
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$149,219,989</u>	<u>\$138,792,749</u>	<u>\$10,427,240</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$84,000,000	\$77,000,000	\$7,000,000
MLCC Expenses	39,064,298	35,872,863	3,191,435
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,269,773	8,445,956	(1,176,183)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$131,107,971</u>	<u>\$122,092,719</u>	<u>\$9,015,252</u>
Ending Equity	<u>\$18,112,018</u>	<u>\$16,700,030</u>	<u>\$1,411,988</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
SEVEN MONTHS ENDED APRIL 30**

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$85,957,470	\$550,794,781	\$64,813,494	\$509,041,549	\$41,753,232
On Premise	18,125,644	109,727,242	14,322,306	106,104,574	3,622,668
Other	44,185	302,337	41,704	218,836	83,501
TOTAL GROSS SALES	\$104,127,299	\$660,824,360	\$79,177,504	\$615,364,959	\$45,459,401
Less: Discounts Allowed	17,694,332	112,298,657	14,789,318	104,596,295	7,702,362
PROCEEDS-SALE OF LIQUOR	\$86,432,967	\$548,525,703	\$64,388,186	\$510,768,664	\$37,757,039
Less: Cost of Goods Sold	62,760,125	400,239,657	46,974,755	372,894,413	27,345,244
GROSS REVENUE FROM SALE OF LIQUOR	\$23,672,842	\$148,286,046	\$17,413,431	\$137,874,251	\$10,411,795
OTHER REVENUE					
Miscellaneous Revenue	\$3,025	\$27,018	\$5,365	\$3,392	\$23,626
Non-Operating Revenue	0	0	(6,411)	0	0
Interest Revenue	15,653	31,186	31,259	39,367	(8,181)
TOTAL OTHER REVENUE	\$18,678	\$58,204	\$30,213	\$42,759	\$15,445
TOTAL REVENUE	\$23,691,520	\$148,344,250	\$17,443,644	\$137,917,010	\$10,427,240
Less: Distribution Cost Paid to Suppliers	5,202,638	33,257,675	4,012,484	30,682,581	2,575,094
INCOME FROM LIQUOR MERCHANDISING	\$18,488,882	\$115,086,575	\$13,431,160	\$107,234,429	\$7,852,146
MANAGEMENT EXPENSES					
Commission	\$29,835	\$233,759	\$33,830	\$250,803	(\$17,044)
Management Support(1)	327,948	1,858,623	274,603	1,790,267	68,356
Licensing & Enforcement(1)	1,139,145	7,747,573	1,136,168	7,487,824	259,749
LARA Services	853,444	2,338,831	(193,312)	2,036,890	301,941
Information Technology Services	(1,246,380)	3,039,071	927,020	4,484,297	(1,445,226)
Attorney General	348,247	600,147	310,162	568,005	32,142
Auditor General	0	0	0	0	0
Bureau of Fire Services	101,715	1,427,476	274,853	1,629,188	(201,712)
Civil Service - Personnel	232,875	232,875	0	0	232,875
Administrative Hearings & Rules	58,464	58,464	0	0	58,464
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	\$1,845,293	\$16,762,919	\$2,763,324	\$17,473,374	(\$710,455)
INCOME FROM OPERATIONS	\$16,643,589	\$98,323,656	\$10,667,836	\$89,761,055	\$8,562,601
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	24,733,120	122,922,895	22,263,407	116,432,000	6,490,895
TOTAL CURRENT EARNINGS & REVENUE	\$41,376,709	\$221,246,551	\$32,931,243	\$206,193,055	\$15,053,496
Number of Cases Sold	696,768	4,436,006	536,433	4,241,670	194,336
Number of Sales Days	25	158	20	150	8

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
SEVEN MONTHS ENDED APRIL 30**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,437,192	\$20,391,635	\$19,922,110	\$469,525
Specific Tax, Liquor 4%	4,151,249	26,346,032	24,553,726	1,792,306
Excise Tax, Wine	789,390	5,314,558	5,048,601	265,957
Excise Tax, Mixed Spirit Drink	11,251	117,178	180,764	(63,586)
Sunday Sales Fees (7am-12pm)	559,237	1,267,443	1,232,999	34,444
Fines & Costs	61,492	263,790	306,190	(42,400)
Miscellaneous Revenue	7,921	52,740	39,946	12,794
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$9,017,732</u>	<u>\$53,753,376</u>	<u>\$51,284,336</u>	<u>\$2,469,040</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$3,281,057	\$8,235,272	\$8,096,715	\$138,557
41.5% To Licensing & Enforcement	2,475,458	4,664,264	4,635,574	28,690
3.5% To Alcoholism Prevention Programs	208,794	393,392	390,556	2,836
Additional Resort License Fees	0	77,600	19,400	58,200
Direct Shipper License Fees	38,210	87,835	77,633	10,202
License Transfer Fees	76,208	371,293	441,685	(70,392)
Sunday Sales Fees	785,708	1,473,223	1,475,237	(2,014)
License Permit Fees	17,000	33,672	26,500	7,172
Non-Retail License Fees-Wine Industry Council	471,255	810,659	584,053	226,606
Liquor Control Act Sales	175	2,105	1,850	255
Inspection Fees	33,830	192,690	174,177	18,513
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,164,745	26,438,297	24,620,317	1,817,980
Miscellaneous Revenue	11,699	43,185	50,241	(7,056)
TOTAL GENERAL FUND - RESTRICTED	<u>\$11,564,139</u>	<u>\$42,823,487</u>	<u>\$40,593,938</u>	<u>\$2,229,549</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,151,249	\$26,346,032	\$24,553,726	\$1,792,306
TOTAL SCHOOL AID FUND	<u>\$4,151,249</u>	<u>\$26,346,032</u>	<u>\$24,553,726</u>	<u>\$1,792,306</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$24,733,120</u>	<u>\$122,922,895</u>	<u>\$116,432,000</u>	<u>\$6,490,895</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	16,643,589	98,323,656	89,761,055	8,562,601
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$16,643,589</u>	<u>\$98,323,656</u>	<u>\$89,761,055</u>	<u>\$8,562,601</u>
TOTAL REVENUE COLLECTED	<u>\$41,376,709</u>	<u>\$221,246,551</u>	<u>\$206,193,055</u>	<u>\$15,053,496</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
SEVEN MONTHS ENDED APRIL 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2014	2013
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$29,835	\$233,759	\$125,730	\$731,540	\$507,381	\$3,665,600	\$4,630,899	\$4,529,928
Longevity & Insurance	0	0	33,419	266,833	117,035	947,818	1,214,651	1,156,357
Retirement & FICA	0	0	92,278	608,737	297,786	2,214,679	2,823,416	2,695,343
Subtotal	\$29,835	\$233,759	\$251,427	\$1,607,110	\$922,202	\$6,828,097	\$8,668,966	\$8,381,628
Communications	\$0	\$0	\$2,316	\$10,955	\$14,964	\$89,470	\$100,425	\$80,571
Travel	0	0	4,174	22,203	18,831	112,028	134,231	123,280
Utilities	0	0	52	199	221	1,329	1,528	4,428
Contractual Services	0	0	54,916	88,467	111,255	306,110	394,577	190,379
Supplies & Materials	0	0	4,414	46,180	23,355	104,261	150,441	163,176
Equipment Replacement, Additions & Rentals	0	0	548	12,804	8,874	28,727	41,531	83,956
Miscellaneous	0	0	0	0	0	1,448	1,448	0
Subtotal	\$0	\$0	\$66,420	\$180,808	\$177,500	\$643,373	\$824,181	\$645,790
TOTAL MLCC APPROPRIATED EXPENSES	\$29,835	\$233,759	\$317,847	\$1,787,918	\$1,099,702	\$7,471,470	\$9,493,147	\$9,027,418
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy(2)	\$0	\$0	\$10,101	\$70,705	\$39,443	\$276,103	\$346,808	\$501,476
Other Operating Transfers Out(3)	0	0	0	0	0	0	7,696,864	8,718,380
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,101	\$70,705	\$39,443	\$276,103	\$8,043,672	\$9,219,856
GRAND TOTAL	\$29,835	\$233,759	\$327,948	\$1,858,623	\$1,139,145	\$7,747,573	\$17,536,819	\$18,247,274

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.