

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

April 2015



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Mike Zimmer, Director
Andrew J. Deloney, Chairman

<http://www.michigan.gov/lcc>



MICHIGAN LIQUOR CONTROL COMMISSION

APRIL FINANCIAL REPORT

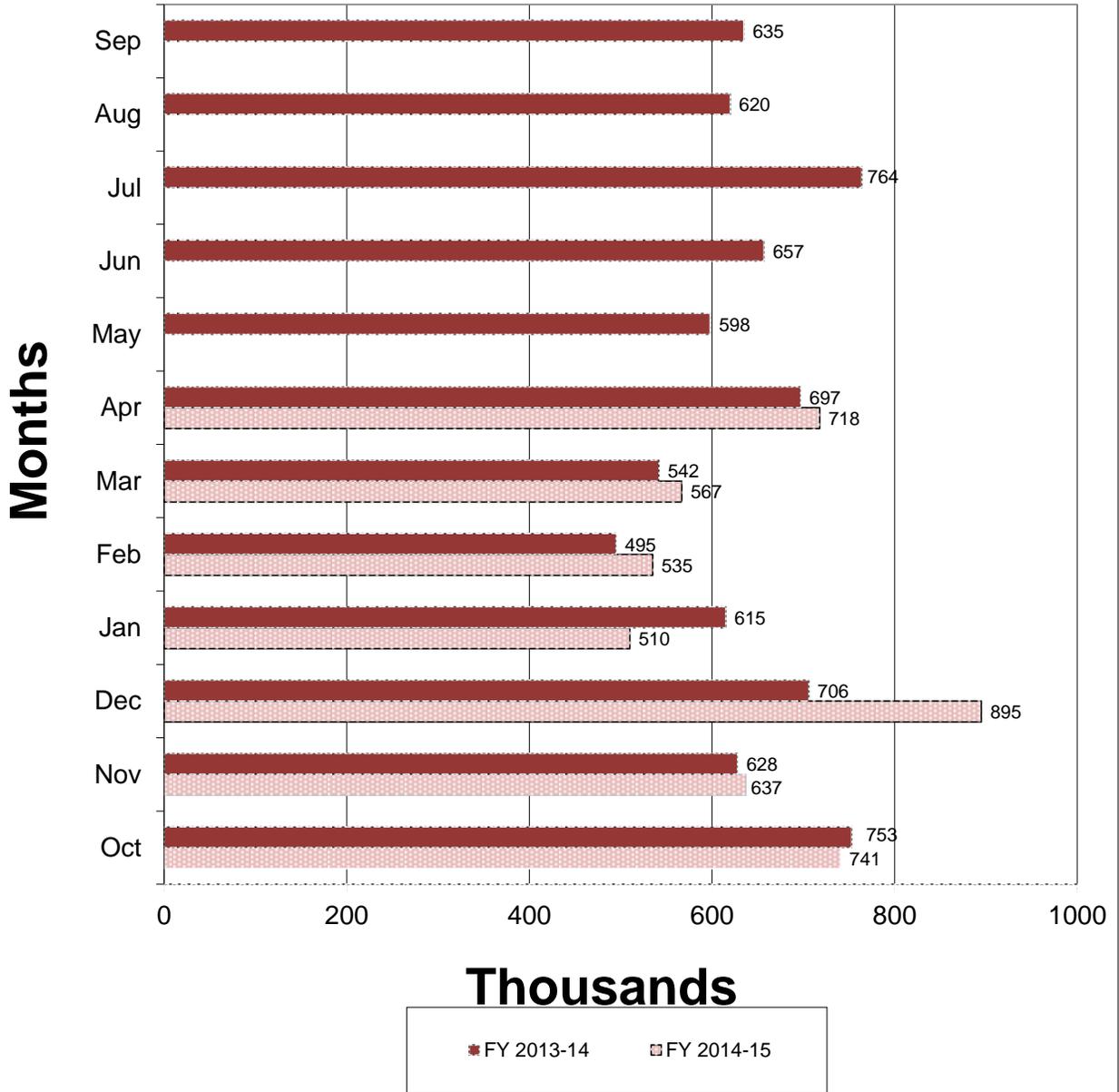
FISCAL YEAR 14 - 15

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Case Sales



	Fiscal Year to Date 10/14-04/15	Fiscal Year to Date 10/13-04/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,603,280	4,436,006	167,274	3.77%
Average Price Per Case Sold	\$153.29	\$148.97	\$4.32	2.90%

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	<u>104,026,979</u>	<u>70,305,413</u>
Subtotal	\$104,027,379	\$70,306,113
Liquor Inventory - At Current Cost	3,474,072	6,710,326
Prepaid Distribution Costs of Inventory	242,850	500,438
Other Assets		
Accounts Receivable	\$22,645,924	\$37,632,069
Returned Checks	348,795	112,484
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>22,994,719</u>	<u>37,744,553</u>
TOTAL ASSETS	<u>\$130,739,020</u>	<u>\$115,261,430</u>
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,877,031	\$3,017,224
Warrants Authorized/Not Issued	86,043,392	80,943,368
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	92,632	0
Current Compensated Absences	<u>661,478</u>	<u>569,133</u>
Total Current Liabilities	\$88,674,533	\$84,529,725
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$24,738	\$0
Long Term Compensated Absences	<u>372,619</u>	<u>165,428</u>
Total Long Term Liabilities	397,357	165,428
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	<u>40,791,391</u>	<u>29,690,538</u>
Current Period Ending Balance	<u>41,667,130</u>	<u>30,566,277</u>
TOTAL LIABILITIES & RETAINED EARNINGS	<u>\$130,739,020</u>	<u>\$115,261,430</u>

*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**

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$705,618,477	\$660,824,360
Less: Discounts Allowed	119,904,744	112,298,657
PROCEEDS - SALE OF LIQUOR	\$585,713,733	\$548,525,703
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	422,640,984	399,735,825
Less: Ending Inventory	3,474,072	6,710,326
Cost of Goods Sold	\$427,105,762	\$400,239,657
GROSS REVENUE FROM SALE OF LIQUOR	\$158,607,971	\$148,286,046
OTHER REVENUE		
Miscellaneous Revenue	(\$283,922)	\$27,018
Non-Operating Revenue	198	0
Interest Revenue	39,195	31,186
TOTAL OTHER REVENUE	(\$244,529)	\$58,204
TOTAL REVENUE	\$158,363,442	\$148,344,250
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$239,405	\$233,759
Management Support	2,171,891	1,787,918
Licensing & Enforcement (1)	3,836,149	3,784,946
Distribution Cost Paid to Suppliers	34,479,992	33,257,675
Compensated Absences	0	0
Total MLCC Expenses	\$40,727,437	\$39,064,298
Other Agencies Expenses		
Attorney General	\$597,798	\$600,147
Auditor General	0	0
Bureau of Fire Services	395,280	1,427,476
Civil Service - Personnel	249,137	232,875
Administrative Hearings & Rules	43,350	58,464
Information Technology Services	2,869,685	3,039,071
MLCC Rent	366,243	346,809
LARA - Executive Direction	(400,901)	576,848
LARA - Administrative Offices	1,041,219	988,083
Total Other Agencies Expenses	1,041,219	988,083
Excluding Transfers Not Related to MLCC	\$5,161,811	\$7,269,773
TOTAL EXPENSES AND TRANSFERS	\$45,889,248	\$46,334,071
NET INCOME (Not Including Taxes & Grants)	\$112,474,194	\$102,010,179
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$112,474,194	\$102,010,179
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$111,700,294	\$101,236,279
RETAINED EARNINGS		
Transfers to General Fund - Cash	84,000,000	84,000,000
Current Year Increase or (Decrease)	\$27,700,294	\$17,236,279
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$28,576,033	\$18,112,018

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**

	<u>2015</u>	<u>2014</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	158,363,442	148,344,250	10,019,192
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$159,239,181</u>	<u>\$149,219,989</u>	<u>\$10,019,192</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$84,000,000	\$84,000,000	\$0
MLCC Expenses	40,727,437	39,064,298	1,663,139
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,161,811	7,269,773	(2,107,962)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$130,663,148</u>	<u>\$131,107,971</u>	<u>(\$444,823)</u>
Ending Equity	<u>\$28,576,033</u>	<u>\$18,112,018</u>	<u>\$10,464,015</u>

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

	2015 MONTH	YTD	2014 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$90,782,586	\$590,276,327	\$85,957,470	\$550,794,781	\$39,481,546
On Premise	19,365,442	115,004,567	18,125,644	109,727,242	5,277,325
Other	76,458	337,583	44,185	302,337	35,246
TOTAL GROSS SALES	\$110,224,486	\$705,618,477	\$104,127,299	\$660,824,360	\$44,794,117
Less: Discounts Allowed	18,732,188	119,904,744	17,694,332	112,298,657	7,606,087
PROCEEDS-SALE OF LIQUOR	\$91,492,298	\$585,713,733	\$86,432,967	\$548,525,703	\$37,188,030
Less: Cost of Goods Sold	66,202,802	427,105,762	62,760,125	400,239,657	26,866,105
GROSS REVENUE FROM SALE OF LIQUOR	\$25,289,496	\$158,607,971	\$23,672,842	\$148,286,046	\$10,321,925
OTHER REVENUE					
Miscellaneous Revenue	\$56,228	(\$283,922)	\$3,025	\$27,018	(\$310,940)
Non-Operating Revenue	198	198	0	0	198
Interest Revenue	24,456	39,195	15,653	31,186	8,009
TOTAL OTHER REVENUE	\$80,882	(\$244,529)	\$18,678	\$58,204	(\$302,733)
TOTAL REVENUE	\$25,370,378	\$158,363,442	\$23,691,520	\$148,344,250	\$10,019,192
Less: Distribution Cost Paid to Suppliers	5,343,015	34,479,992	5,202,638	33,257,675	1,222,317
INCOME FROM LIQUOR MERCHANDISING	\$20,027,363	\$123,883,450	\$18,488,882	\$115,086,575	\$8,796,875
MANAGEMENT EXPENSES					
Commission	\$34,418	\$239,405	\$29,835	\$233,759	\$5,646
Management Support(1)	325,962	2,245,949	327,948	1,858,623	387,326
Licensing & Enforcement(1)	1,247,619	7,733,754	1,139,145	7,747,573	(13,819)
LARA Services	(709,723)	1,414,218	853,444	2,338,831	(924,613)
Information Technology Services	(122,996)	2,869,685	(1,246,380)	3,039,071	(169,386)
Attorney General	299,005	597,798	348,247	600,147	(2,349)
Auditor General	0	0	0	0	0
Bureau of Fire Services	170,870	395,280	101,715	1,427,476	(1,032,196)
Civil Service - Personnel	0	249,137	232,875	232,875	16,262
Administrative Hearings & Rules	3,337	43,350	58,464	58,464	(15,114)
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	\$1,248,492	\$15,014,676	\$1,845,293	\$16,762,919	(\$1,748,243)
INCOME FROM OPERATIONS	\$18,778,871	\$108,868,774	\$16,643,589	\$98,323,656	\$10,545,118
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	23,726,163	122,190,124	24,733,120	122,922,895	(732,771)
TOTAL CURRENT EARNINGS & REVENUE	\$42,505,034	\$231,058,898	\$41,376,709	\$221,246,551	\$9,812,347
Number of Cases Sold	717,874	4,603,280	696,768	4,436,006	167,274
Number of Sales Days	25	153	25	154	(1)

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 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,451,606	\$14,477,546	\$20,391,635	(\$5,914,089)
Specific Tax, Liquor 4%	4,391,044	28,121,308	26,346,032	1,775,276
Excise Tax, Wine	200,863	4,541,460	5,314,558	(773,098)
Excise Tax, Mixed Spirit Drink	17,648	114,649	117,178	(2,529)
Sunday Sales Fees (7am-12pm)	599,479	1,355,451	1,267,443	88,008
Fines & Costs	51,645	290,964	263,790	27,174
Miscellaneous Revenue	6,959	81,223	52,740	28,483
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,719,244</u>	<u>\$48,982,601</u>	<u>\$53,753,376</u>	<u>(\$4,770,775)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$3,273,066	\$8,511,951	\$8,235,272	\$276,679
41.5% To Licensing & Enforcement	2,469,678	4,851,612	4,664,264	187,348
3.5% To Alcoholism Prevention Programs	208,286	409,172	393,392	15,780
Additional Resort License Fees	25,150	141,550	77,600	63,950
Direct Shipper License Fees	43,069	94,546	87,835	6,711
License Transfer Fees	64,672	436,071	371,293	64,778
Sunday Sales Fees	780,795	1,525,831	1,473,223	52,608
License Permit Fees	23,400	46,240	33,672	12,568
Non-Retail License Fees-Wine Industry Council	282,705	628,910	810,659	(181,749)
Liquor Control Act Sales	110	735	2,105	(1,370)
Inspection Fees	30,744	174,575	192,690	(18,115)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,407,613	28,236,923	26,438,297	1,798,626
Miscellaneous Revenue	6,587	28,099	43,185	(15,086)
TOTAL GENERAL FUND - RESTRICTED	<u>\$11,615,875</u>	<u>\$45,086,215</u>	<u>\$42,823,487</u>	<u>\$2,262,728</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,391,044	\$28,121,308	\$26,346,032	\$1,775,276
TOTAL SCHOOL AID FUND	<u>\$4,391,044</u>	<u>\$28,121,308</u>	<u>\$26,346,032</u>	<u>\$1,775,276</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$23,726,163</u>	<u>\$122,190,124</u>	<u>\$122,922,895</u>	<u>(\$732,771)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	18,778,871	108,868,774	98,323,656	10,545,118
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$18,778,871</u>	<u>\$108,868,774</u>	<u>\$98,323,656</u>	<u>\$10,545,118</u>
TOTAL REVENUE COLLECTED	<u>\$42,505,034</u>	<u>\$231,058,898</u>	<u>\$221,246,551</u>	<u>\$9,812,347</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
SEVEN MONTHS ENDED APRIL 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2015	2014
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,418	\$239,405	\$148,384	\$1,004,914	\$507,902	\$3,609,031	\$4,853,350	\$4,630,899
Longevity & Insurance	0	0	34,803	286,155	110,884	885,687	1,171,842	1,214,651
Retirement & FICA	0	0	105,246	724,632	299,608	2,133,925	2,858,557	2,823,416
Subtotal	\$34,418	\$239,405	\$288,433	\$2,015,701	\$918,394	\$6,628,643	\$8,883,749	\$8,668,966
Communications	\$0	\$0	\$2,156	\$13,480	\$15,113	\$88,170	\$101,650	\$100,425
Travel	0	0	3,773	23,371	17,248	112,855	136,226	134,231
Utilities	0	0	655	12,062	0	282	12,344	1,528
Contractual Services	0	0	15,542	67,508	222,622	289,979	357,487	394,577
Supplies & Materials	0	0	3,953	30,983	22,617	85,011	115,994	150,441
Equipment Replacement, Additions & Rentals	0	0	871	8,785	(11,341)	66,824	75,609	41,531
Miscellaneous	0	0	0	0	0	0	0	1,448
Subtotal	\$0	\$0	\$26,950	\$156,189	\$266,259	\$643,121	\$799,310	\$824,181
TOTAL MLCC APPROPRIATED EXPENSES	\$34,418	\$239,405	\$315,383	\$2,171,890	\$1,184,653	\$7,271,764	\$9,683,059	\$9,493,147
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$10,579	\$74,059	\$62,966	\$461,990	\$536,049	\$346,808
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,569,468	7,696,864
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,579	\$74,059	\$62,966	\$461,990	\$6,105,517	\$8,043,672
GRAND TOTAL	\$34,418	\$239,405	\$325,962	\$2,245,949	\$1,247,619	\$7,733,754	\$15,788,576	\$17,536,819

Notes:

- (1) Fringe benefits and other expenses are reported in Management Support as appropriated by the Legislature.
(2) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in totals.