

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

January 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

JANUARY FINANCIAL REPORT

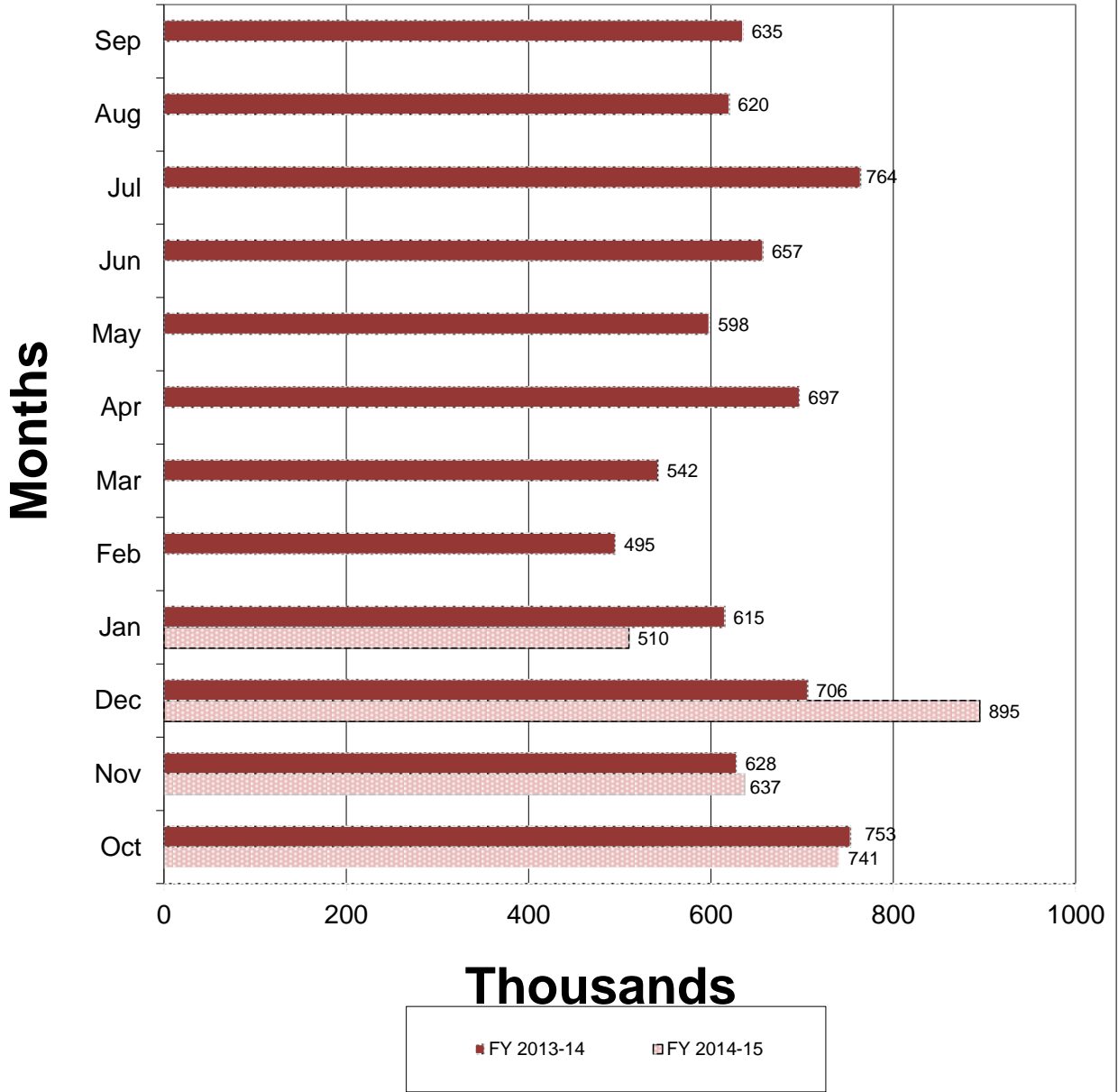
FISCAL YEAR 14 - 15

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Case Sales



	Fiscal Year to Date 10/14-01/15	Fiscal Year to Date 10/13-01/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,783,693	2,701,703	81,990	3.03%
Average Price Per Case Sold	\$153.30	\$149.02	\$4.28	2.87%

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	89,453,571	67,944,921
Subtotal	\$89,453,971	\$67,945,621
Liquor Inventory - At Current Cost	5,411,609	6,882,434
Prepaid Distribution Costs of Inventory	416,633	519,990
Other Assets		
Accounts Receivable	\$25,815,436	\$31,525,271
Returned Checks	856,392	262,232
Payroll Correction Clearing	0	0
Subtotal	26,671,828	31,787,503
TOTAL ASSETS	\$121,954,041	\$107,135,548
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,222,486	\$1,620,272
Warrants Authorized/Not Issued	86,682,226	80,024,459
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	92,632	0
Current Compensated Absences	661,478	569,133
Total Current Liabilities	\$90,658,822	\$82,213,864
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$24,738	\$0
Long Term Compensated Absences	372,619	165,428
Total Long Term Liabilities	397,357	165,428
RETAINED EARNINGS		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	30,022,123	23,880,517
Current Period Ending Balance	30,897,862	24,756,256
TOTAL LIABILITIES & RETAINED EARNINGS	\$121,954,041	\$107,135,548

*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
FOUR MONTHS ENDED JANUARY 31**

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$426,743,783	\$402,602,123
Less: Discounts Allowed	72,503,630	68,418,639
PROCEEDS - SALE OF LIQUOR	\$354,240,153	\$334,183,484
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	254,938,389	243,136,572
Less: Ending Inventory	5,411,609	6,882,434
Cost of Goods Sold	\$257,465,630	\$243,468,296
GROSS REVENUE FROM SALE OF LIQUOR	\$96,774,523	\$90,715,188
OTHER REVENUE		
Miscellaneous Revenue	\$152,992	(\$3,006)
Non-Operating Revenue	0	0
Interest Revenue	14,739	15,533
TOTAL OTHER REVENUE	\$167,731	\$12,527
TOTAL REVENUE	\$96,942,254	\$90,727,715
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$135,450	\$134,720
Management Support	1,250,336	935,148
Licensing & Enforcement (1)	2,100,041	2,142,856
Distribution Cost Paid to Suppliers	20,768,457	20,217,625
Compensated Absences	0	0
Total MLCC Expenses	\$24,254,284	\$23,430,349
<u>Other Agencies Expenses</u>		
Attorney General	\$298,793	\$251,900
Auditor General	0	0
Bureau of Fire Services	506,237	938,007
Civil Service - Personnel	0	0
Administrative Hearings & Rules	19,160	0
Information Technology Services	1,276,634	2,695,737
MLCC Rent	209,282	198,176
LARA - Executive Direction	365,326	560,145
LARA - Administrative Offices	590,072	449,184
Total Other Agencies Expenses	\$3,265,504	\$5,093,149
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$27,519,788	\$28,523,498
NET INCOME (Not Including Taxes & Grants)	\$69,422,466	\$62,204,217
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$69,422,466	\$62,204,217
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$68,648,566	\$61,430,317
RETAINED EARNINGS		
Transfers to General Fund - Cash	48,000,000	48,000,000
Current Year Increase or (Decrease)	\$20,648,566	\$13,430,317
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$21,524,305	\$14,306,056

Note:

(1) Includes the Revolving Fund Portion only.

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

	2015	2014	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	96,942,254	90,727,715	6,214,539
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$97,817,993</u>	<u>\$91,603,454</u>	<u>\$6,214,539</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$48,000,000	\$48,000,000	\$0
MLCC Expenses	24,254,284	23,430,349	823,935
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	3,265,504	5,093,149	(1,827,645)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$76,293,688</u>	<u>\$77,297,398</u>	<u>(\$1,003,710)</u>
Ending Equity	<u>\$21,524,305</u>	<u>\$14,306,056</u>	<u>\$7,218,249</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FOUR MONTHS ENDED JANUARY 31**

	2015 MONTH	YTD	2014 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$62,906,631	\$361,392,731	\$74,761,985	\$340,078,666	\$21,314,065
On Premise	14,147,826	65,232,412	15,563,058	62,351,899	2,880,513
Other	56,543	118,640	37,889	171,558	(52,918)
TOTAL GROSS SALES	\$77,111,000	\$426,743,783	\$90,362,932	\$402,602,123	\$24,141,660
Less: Discounts Allowed	13,096,042	72,503,630	15,356,718	68,418,639	4,084,991
PROCEEDS-SALE OF LIQUOR	\$64,014,958	\$354,240,153	\$75,006,214	\$334,183,484	\$20,056,669
Less: Cost of Goods Sold	41,338,794	257,465,630	59,556,049	243,468,296	13,997,334
GROSS REVENUE FROM SALE OF LIQUOR	\$22,676,164	\$96,774,523	\$15,450,165	\$90,715,188	\$6,059,335
OTHER REVENUE					
Miscellaneous Revenue	\$482	\$152,992	\$12,296	(\$3,006)	\$155,998
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	14,739	14,739	15,533	15,533	(794)
TOTAL OTHER REVENUE	\$15,221	\$167,731	\$27,829	\$12,527	\$155,204
TOTAL REVENUE	\$22,691,385	\$96,942,254	\$15,477,994	\$90,727,715	\$6,214,539
Less: Distribution Cost Paid to Suppliers	3,385,804	20,768,457	4,983,142	20,217,625	550,832
INCOME FROM LIQUOR MERCHANDISING	\$19,305,581	\$76,173,797	\$10,494,852	\$70,510,090	\$5,663,707
MANAGEMENT EXPENSES					
Commission	\$33,926	\$135,450	\$49,035	\$134,720	\$730
Management Support(1)	322,755	1,292,656	394,456	975,550	317,106
Licensing & Enforcement(1)	1,058,870	4,300,946	1,548,019	4,416,064	(115,118)
LARA Services	136,259	1,729,298	228,407	1,783,229	(53,931)
Information Technology Services	423,004	1,276,634	479,442	2,695,737	(1,419,103)
Attorney General	298,793	298,793	251,900	251,900	46,893
Auditor General	0	0	0	0	0
Bureau of Fire Services	179,676	506,237	349,790	938,007	(431,770)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	5,149	19,160	0	0	19,160
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	\$2,458,432	\$8,785,274	\$3,301,049	\$10,421,307	(\$1,636,033)
INCOME FROM OPERATIONS	\$16,847,149	\$67,388,523	\$7,193,803	\$60,088,783	\$7,299,740
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	13,425,295	66,212,739	14,564,396	62,926,030	3,286,709
TOTAL CURRENT EARNINGS & REVENUE	\$30,272,444	\$133,601,262	\$21,758,199	\$123,014,813	\$10,586,449
Number of Cases Sold	509,694	2,783,693	614,529	2,701,703	81,990
Number of Sales Days	20	88	25	89	(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
FOUR MONTHS ENDED JANUARY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,056,461	\$11,091,184	\$11,629,477	(\$538,293)
Specific Tax, Liquor 4%	3,144,779	17,084,328	16,064,299	1,020,029
Excise Tax, Wine	815,543	2,916,087	2,253,094	662,993
Excise Tax, Mixed Spirit Drink	26,584	66,032	23,012	43,020
Sunday Sales Fees (7am-12pm)	13,070	54,197	40,646	13,551
Fines & Costs	63,681	118,667	108,173	10,494
Miscellaneous Revenue	15,450	32,206	24,931	7,275
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,135,568</u>	<u>\$31,362,701</u>	<u>\$30,143,632</u>	<u>\$1,219,069</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$47,259	\$176,432	\$114,103	\$62,329
41.5% To Licensing & Enforcement	34,527	132,612	86,386	46,226
3.5% To Alcoholism Prevention Programs	2,912	11,184	7,285	3,899
Additional Resort License Fees	0	97,000	58,200	38,800
Direct Shipper License Fees	542	4,077	2,625	1,452
License Transfer Fees	65,627	234,640	176,085	58,555
Sunday Sales Fees	15,908	42,331	31,648	10,683
License Permit Fees	940	4,140	1,902	2,238
Non-Retail License Fees-Wine Industry Council	7,530	40,430	43,204	(2,774)
Liquor Control Act Sales	205	290	670	(380)
Inspection Fees	21,085	85,174	102,778	(17,604)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	2,947,187	16,927,464	16,081,211	846,253
Miscellaneous Revenue	1,226	9,936	12,002	(2,066)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,144,948</u>	<u>\$17,765,710</u>	<u>\$16,718,099</u>	<u>\$1,047,611</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,144,779	\$17,084,328	\$16,064,299	\$1,020,029
TOTAL SCHOOL AID FUND	<u>\$3,144,779</u>	<u>\$17,084,328</u>	<u>\$16,064,299</u>	<u>\$1,020,029</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$13,425,295</u>	<u>\$66,212,739</u>	<u>\$62,926,030</u>	<u>\$3,286,709</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	16,847,149	67,388,523	60,088,783	7,299,740
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$16,847,149</u>	<u>\$67,388,523</u>	<u>\$60,088,783</u>	<u>\$7,299,740</u>
TOTAL REVENUE COLLECTED	<u>\$30,272,444</u>	<u>\$133,601,262</u>	<u>\$123,014,813</u>	<u>\$10,586,449</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
FOUR MONTHS ENDED JANUARY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2015	2014
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$33,926	\$135,450	\$145,506	\$570,657	\$509,533	\$2,054,830	\$2,760,937	\$2,576,956
Longevity & Insurance	0	0	36,778	178,997	111,515	551,908	730,905	759,407
Retirement & FICA	0	0	103,519	415,076	300,112	1,228,272	1,643,348	1,632,786
Subtotal	\$33,926	\$135,450	\$285,803	\$1,164,730	\$921,160	\$3,835,010	\$5,135,190	\$4,969,149
Communications	\$0	\$0	\$1,476	\$6,962	\$6,268	\$38,176	\$45,138	\$51,473
Travel	0	0	3,069	11,571	19,711	56,927	68,498	68,047
Utilities	0	0	806	1,089	0	237	1,326	786
Contractual Services	0	0	15,061	38,717	37,769	54,176	92,893	147,375
Supplies & Materials	0	0	4,860	21,653	8,563	32,993	54,646	76,710
Equipment Replacement, Additions & Rentals	0	0	1,100	5,614	2,433	10,336	15,950	14,618
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$26,372	\$85,606	\$74,744	\$192,845	\$278,451	\$359,009
TOTAL MLCC APPROPRIATED EXPENSES	\$33,926	\$135,450	\$312,175	\$1,250,336	\$995,904	\$4,027,855	\$5,413,641	\$5,328,158
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$42,320	\$62,966	\$273,091	\$315,411	\$198,176
Other Operating Transfers Out(2)	0	0	0	0	0	0	3,830,122	5,668,873
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,580	\$42,320	\$62,966	\$273,091	\$4,145,533	\$5,867,049
GRAND TOTAL	\$33,926	\$135,450	\$322,755	\$1,292,656	\$1,058,870	\$4,300,946	\$9,559,174	\$11,195,207

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.