

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

August 2014



Michigan Department of Licensing and Regulatory Affairs (LARA)

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

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



**MICHIGAN LIQUOR CONTROL COMMISSION**

**AUGUST FINANCIAL REPORT**

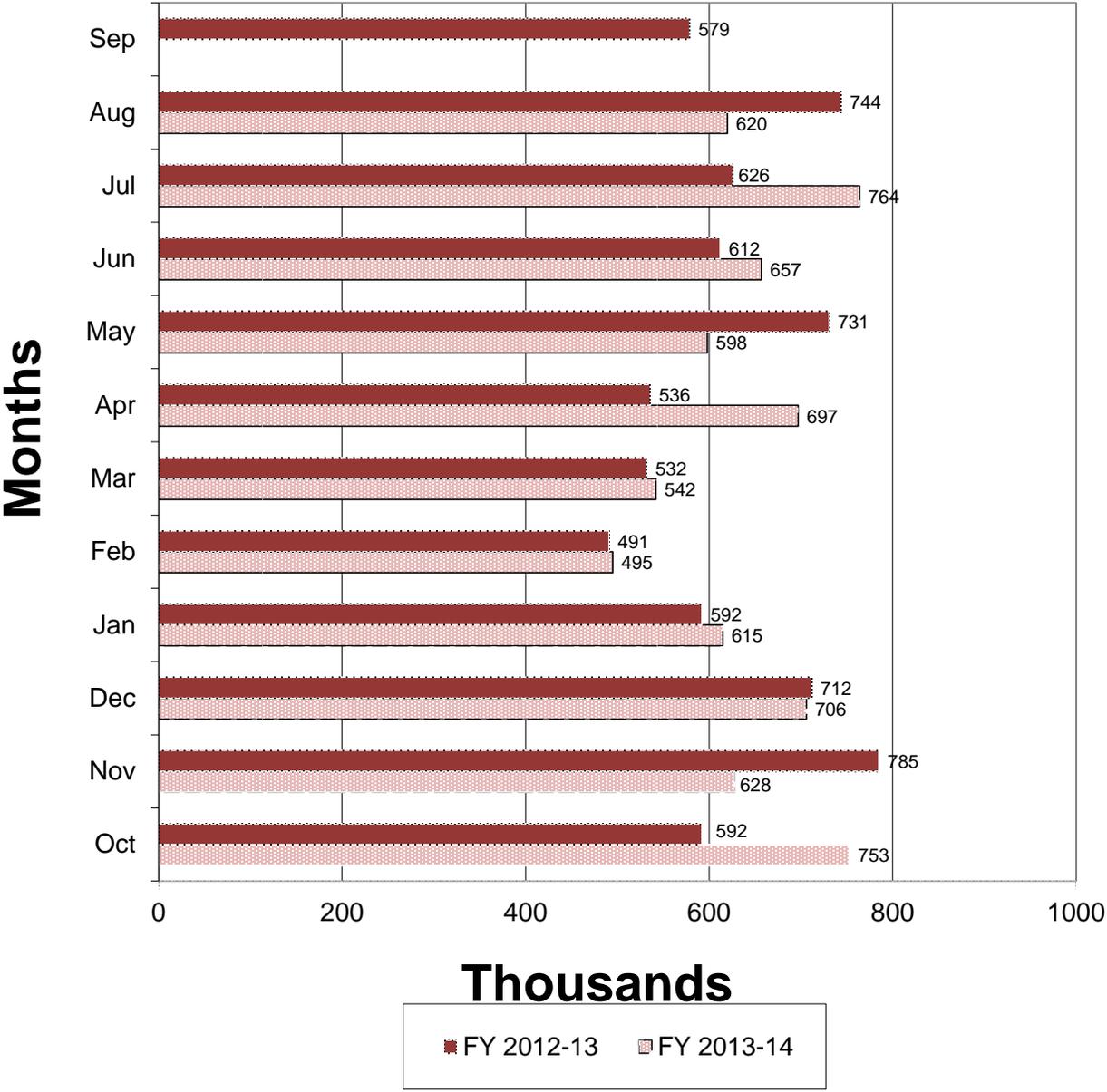
**FISCAL YEAR 13 - 14**

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# Case Sales



	Fiscal Year to Date 10/13-08/14	Fiscal Year to Date 10/12-08/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	7,074,395	6,954,054	120,341	1.73%
Average Price Per Case Sold	\$149.49	\$145.93	\$3.56	2.44%

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

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	<u>105,820,438</u>	<u>108,050,980</u>
Subtotal	\$105,820,838	\$108,051,680
Liquor Inventory - At Current Cost	8,449,439	5,720,642
Prepaid Distribution Costs of Inventory	649,448	428,078
Other Assets		
Accounts Receivable	\$28,996,551	\$23,808,819
Returned Checks	307,710	157,789
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>29,304,261</u>	<u>23,966,608</u>
<b>TOTAL ASSETS</b>	<b><u>\$144,223,986</u></b>	<b><u>\$138,167,008</u></b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,687,107	\$927,371
Warrants Authorized/Not Issued	91,875,879	87,219,429
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	<u>569,133</u>	<u>503,159</u>
Total Current Liabilities	\$94,132,119	\$88,649,959
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	<u>165,428</u>	<u>141,606</u>
Total Long Term Liabilities	165,428	141,606
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	<u>49,050,700</u>	<u>48,499,704</u>
Current Period Ending Balance	<u>49,926,439</u>	<u>49,375,443</u>
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b><u>\$144,223,986</u></b>	<b><u>\$138,167,008</u></b>

\*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  
ELEVEN MONTHS ENDED AUGUST 31**

	2014	2013
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$1,057,578,514	\$1,014,788,306
Less: Discounts Allowed	179,715,377	172,483,897
<b>PROCEEDS - SALE OF LIQUOR</b>	\$877,863,137	\$842,304,409
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	642,242,491	615,181,946
Less: Ending Inventory	8,449,439	5,720,642
Cost of Goods Sold	\$641,007,210	\$615,011,921
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$236,855,927	\$227,292,488
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$130,036	\$24,139
Non-Operating Revenue	0	0
Interest Revenue	46,585	59,316
<b>TOTAL OTHER REVENUE</b>	\$176,621	\$83,455
<b>TOTAL REVENUE</b>	\$237,032,548	\$227,375,943
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$389,510	\$395,780
Management Support	3,504,522	2,833,248
Licensing & Enforcement (1)	5,950,930	5,332,485
Distribution Cost Paid to Suppliers	53,077,444	51,023,836
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$62,922,406	\$59,585,349
<b>Other Agencies Expenses</b>		
Attorney General	\$898,763	\$833,729
Auditor General	69,441	14,500
Bureau of Fire Services	2,190,022	2,727,905
Civil Service - Personnel	232,875	225,375
Administrative Hearings & Rules	98,358	0
Information Technology Services	2,943,919	4,594,144
MLCC Rent	544,985	521,194
LARA - Executive Direction	67,000	(76,514)
LARA - Administrative Offices	2,022,692	1,761,086
<b>Total Other Agencies Expenses</b>	\$9,068,055	\$10,601,419
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$71,990,461	\$70,186,768
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$165,042,087	\$157,189,175
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$165,042,087	\$157,189,175
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$164,268,187	\$156,415,275
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	132,000,000	121,000,000
Current Year Increase or (Decrease)	\$32,268,187	\$35,415,275
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$33,143,926	\$36,291,014

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	2014	2013	INCREASE (DECREASE)
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	237,032,548	227,375,943	9,656,605
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$237,908,287</u>	<u>\$228,251,682</u>	<u>\$9,656,605</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$132,000,000	\$121,000,000	\$11,000,000
MLCC Expenses	62,922,406	59,585,349	3,337,057
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,068,055	10,601,419	(1,533,364)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$204,764,361</u>	<u>\$191,960,668</u>	<u>\$12,803,693</u>
Ending Equity	<u>\$33,143,926</u>	<u>\$36,291,014</u>	<u>(\$3,147,088)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
ELEVEN MONTHS ENDED AUGUST 31**

	<u>2014 MONTH</u>	<u>YTD</u>	<u>2013 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
<b>LIQUOR SALES</b>					
Off Premise	\$87,991,955	\$881,673,494	\$90,168,197	\$840,491,408	\$41,182,086
On Premise	17,759,973	175,468,368	19,035,457	173,915,516	1,552,852
Other	55,944	436,652	50,683	381,382	55,270
<b>TOTAL GROSS SALES (3)</b>	<u>\$105,807,872</u>	<u>\$1,057,578,514</u>	<u>\$109,254,337</u>	<u>\$1,014,788,306</u>	<u>\$42,790,208</u>
Less: Discounts Allowed (3)	17,982,555	179,715,377	18,566,173	172,483,897	7,231,480
<b>PROCEEDS-SALE OF LIQUOR</b>	<u>\$87,825,317</u>	<u>\$877,863,137</u>	<u>\$90,688,164</u>	<u>\$842,304,409</u>	<u>\$35,558,728</u>
Less: Cost of Goods Sold	56,672,976	641,007,210	66,197,150	615,011,921	25,995,289
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<u>\$31,152,341</u>	<u>\$236,855,927</u>	<u>\$24,491,014</u>	<u>\$227,292,488</u>	<u>\$9,563,439</u>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	\$21,466	\$130,036	\$2,179	\$24,139	\$105,897
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	46,585	0	59,316	(12,731)
<b>TOTAL OTHER REVENUE</b>	<u>\$21,466</u>	<u>\$176,621</u>	<u>\$2,179</u>	<u>\$83,455</u>	<u>\$93,166</u>
<b>TOTAL REVENUE</b>	<u>\$31,173,807</u>	<u>\$237,032,548</u>	<u>\$24,493,193</u>	<u>\$227,375,943</u>	<u>\$9,656,605</u>
Less: Distribution Cost Paid to Suppliers	4,684,133	53,077,444	5,585,605	51,023,836	2,053,608
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<u>\$26,489,674</u>	<u>\$183,955,104</u>	<u>\$18,907,588</u>	<u>\$176,352,107</u>	<u>\$7,602,997</u>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$35,976	\$389,510	\$50,098	\$395,780	(\$6,270)
Management Support(1)	341,550	3,615,631	372,750	2,943,687	671,944
Licensing & Enforcement(1)	1,000,309	12,180,549	1,568,607	12,262,212	(81,663)
LARA Services	254,771	2,863,592	(311,566)	2,458,472	405,120
Information Technology Services	(413,575)	2,943,919	258,400	4,594,144	(1,650,225)
Attorney General	0	898,763	0	833,729	65,034
Auditor General	69,441	69,441	0	14,500	54,941
Bureau of Fire Services	102,037	2,190,022	221,588	2,727,905	(537,883)
Civil Service - Personnel	0	232,875	0	225,375	7,500
Administrative Hearings & Rules	4,727	98,358	0	0	98,358
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	773,900	0	773,900	0
<b>Total Management Expenses</b>	<u>\$1,395,236</u>	<u>\$24,708,760</u>	<u>\$2,159,877</u>	<u>\$25,681,904</u>	<u>(\$973,144)</u>
<b>INCOME FROM OPERATIONS (3)</b>	<u>\$25,094,438</u>	<u>\$159,246,344</u>	<u>\$16,747,711</u>	<u>\$150,670,203</u>	<u>\$8,576,141</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds (3)	17,852,421	191,416,047	18,311,387	185,100,389	6,315,658
<b>TOTAL CURRENT EARNINGS &amp; REVENUE (3)</b>	<u>\$42,946,859</u>	<u>\$350,662,391</u>	<u>\$35,059,098</u>	<u>\$335,770,592</u>	<u>\$14,891,799</u>
Number of Cases Sold	619,776	7,074,395	744,085	6,954,054	120,341
Number of Sales Days	20	239	25	240	(1)

**Notes:**

(1) Total expenses per page 7 less any equipment purchases.

(2) Grants to Cities - Fire Protection.

(3) These monthly amounts are high because approximately one-half of the spirit sales for the last week of July 2014 were not recorded until August 2014. This caused the monthly profit and each of the three 4% specific taxes, for August 2014, to be high by \$10.7 million and \$516.2 thousand respectively.

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED  
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$3,038,604	\$34,596,234	\$34,660,612	(\$64,378)
Specific Tax, Liquor 4% (2)	4,217,048	42,151,087	40,485,884	1,665,203
Excise Tax, Wine	1,809,517	9,814,644	9,091,047	723,597
Excise Tax, Mixed Spirit Drink	66,668	405,062	463,859	(58,797)
Sunday Sales Fees (7am-12pm)	15,925	1,362,593	1,317,529	45,064
Fines & Costs	49,085	484,120	529,662	(45,542)
Miscellaneous Revenue	11,756	84,006	64,033	19,973
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$9,208,603</u>	<u>\$88,897,746</u>	<u>\$86,612,626</u>	<u>\$2,285,120</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$39,380	\$8,738,428	\$8,530,234	\$208,194
41.5% To Licensing & Enforcement	29,715	5,044,168	4,962,680	81,488
3.5% To Alcoholism Prevention Programs	2,506	425,411	418,147	7,264
Additional Resort License Fees	0	193,300	38,800	154,500
Direct Shipper License Fees	1,570	99,032	89,676	9,356
License Transfer Fees	53,219	598,324	700,521	(102,197)
Sunday Sales Fees	12,861	1,598,095	1,585,842	12,253
License Permit Fees	1,100	41,692	31,298	10,394
Non-Retail License Fees-Wine Industry Council	14,339	916,258	674,373	241,885
Liquor Control Act Sales	500	3,385	2,980	405
Inspection Fees	26,924	326,742	295,691	31,051
Specific Tax, Liquor 4%-Tourism & Conv. Facility (2)	4,241,583	42,324,299	40,605,751	1,718,548
Miscellaneous Revenue	3,073	58,080	65,886	(7,806)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$4,426,770</u>	<u>\$60,367,214</u>	<u>\$58,001,879</u>	<u>\$2,365,335</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4% (2)	<u>\$4,217,048</u>	<u>\$42,151,087</u>	<u>\$40,485,884</u>	<u>\$1,665,203</u>
<b>TOTAL SCHOOL AID FUND</b>	<u>\$4,217,048</u>	<u>\$42,151,087</u>	<u>\$40,485,884</u>	<u>\$1,665,203</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS (2)</b>	<u>\$17,852,421</u>	<u>\$191,416,047</u>	<u>\$185,100,389</u>	<u>\$6,315,658</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	<u>25,094,438</u>	<u>159,246,344</u>	<u>150,670,203</u>	<u>8,576,141</u>
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$25,094,438</u>	<u>\$159,246,344</u>	<u>\$150,670,203</u>	<u>\$8,576,141</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$42,946,859</u>	<u>\$350,662,391</u>	<u>\$335,770,592</u>	<u>\$14,891,799</u>

**Note:**

(1) Income From Operations after all operating expenses including General Fund portion of Licensing & Enforcement.

(2) These monthly amounts are high because approximately one-half of the spirit sales for the last week of July 2014 were not recorded until August 2014. This caused the monthly profit and each of the three 4% specific taxes, for August 2014, to be high by \$10.7 million and \$516.2 thousand respectively.

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT  
ELEVEN MONTHS ENDED AUGUST 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2014	2013
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$35,976	\$389,510	\$142,259	\$1,534,023	\$486,836	\$5,745,102	\$7,668,635	\$7,540,312
Longevity & Insurance	0	0	36,833	461,680	112,110	1,434,228	1,895,908	1,800,122
Retirement & FICA	0	0	101,576	1,164,644	286,071	3,436,884	4,601,528	4,349,707
Subtotal	\$35,976	\$389,510	\$280,668	\$3,160,347	\$885,017	\$10,616,214	\$14,166,071	\$13,690,141
Communications	\$0	\$0	\$13,473	\$33,860	\$14,030	\$147,507	\$181,367	\$137,731
Travel	0	0	4,378	38,237	21,906	196,638	234,875	229,821
Utilities	0	0	41	300	331	2,441	2,741	11,215
Contractual Services	0	0	13,129	129,476	29,470	519,315	648,791	529,287
Supplies & Materials	0	0	19,283	88,808	8,191	170,413	259,221	274,460
Equipment Replacement, Additions & Rentals	0	0	477	53,495	1,921	92,696	146,191	207,830
Miscellaneous	0	0	0	0	0	1,448	1,448	0
Subtotal	\$0	\$0	\$50,781	\$344,176	\$75,849	\$1,130,458	\$1,474,634	\$1,390,344
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$35,976</b>	<b>\$389,510</b>	<b>\$331,449</b>	<b>\$3,504,523</b>	<b>\$960,866</b>	<b>\$11,746,672</b>	<b>\$15,640,705</b>	<b>\$15,080,485</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy(2)	\$0	\$0	\$10,101	\$111,108	\$39,443	\$433,877	\$544,985	\$521,194
Other Operating Transfers Out(3)	0	0	0	0	0	0	9,296,970	10,854,125
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,101</b>	<b>\$111,108</b>	<b>\$39,443</b>	<b>\$433,877</b>	<b>\$9,841,955</b>	<b>\$11,375,319</b>
<b>GRAND TOTAL</b>	<b>\$35,976</b>	<b>\$389,510</b>	<b>\$341,550</b>	<b>\$3,615,631</b>	<b>\$1,000,309</b>	<b>\$12,180,549</b>	<b>\$25,482,660</b>	<b>\$26,455,804</b>

**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.