

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 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

FEBRUARY FINANCIAL REPORT

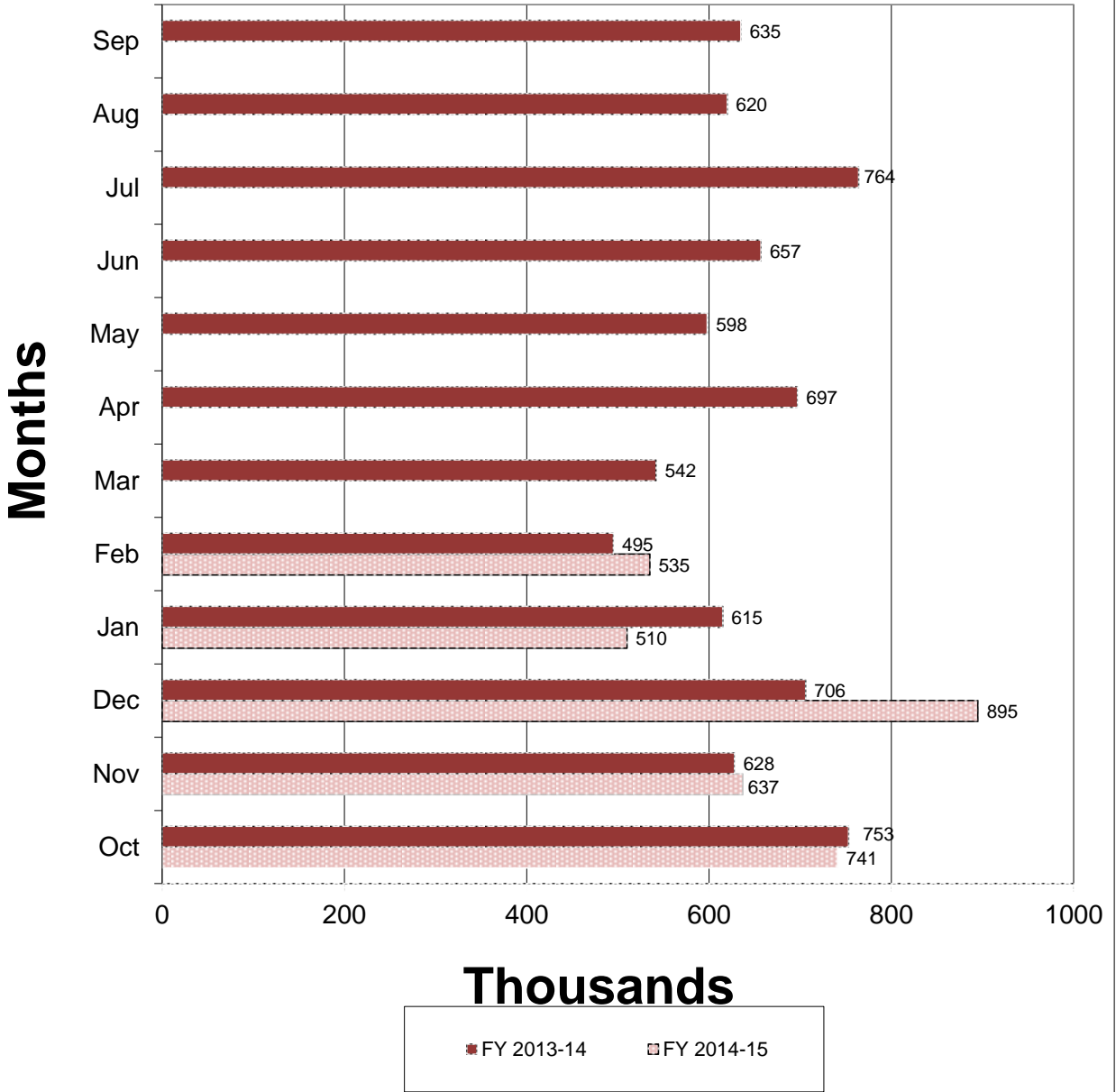
FISCAL YEAR 14 - 15

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 10/14-02/15	Fiscal Year to Date 10/13-02/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,318,483	3,196,767	121,716	3.81%
Average Price Per Case Sold	\$153.00	\$148.64	\$4.36	2.93%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
FEBRUARY 28**

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	80,821,632	65,841,357
Subtotal	\$80,822,032	\$65,842,057
Liquor Inventory - At Current Cost	311,195	6,498,905
Prepaid Distribution Costs of Inventory	(2,070)	487,185
Other Assets		
Accounts Receivable	\$23,243,511	\$24,102,078
Returned Checks	813,434	196,988
Payroll Correction Clearing	0	0
Subtotal	24,056,945	24,299,066
TOTAL ASSETS	\$105,188,102	\$97,127,213
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$913,230	\$1,779,065
Warrants Authorized/Not Issued	74,223,422	73,336,927
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	\$75,890,762	\$75,685,125
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)*	28,024,244	20,400,921
Current Period Ending Balance	28,899,983	21,276,660
TOTAL LIABILITIES & RETAINED EARNINGS	\$105,188,102	\$97,127,213

*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
FIVE MONTHS ENDED FEBRUARY 28**

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$507,730,631	\$475,174,855
Less: Discounts Allowed	86,272,946	80,748,967
PROCEEDS - SALE OF LIQUOR	\$421,457,685	\$394,425,888
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	300,878,673	287,282,296
Less: Ending Inventory	311,195	6,498,905
Cost of Goods Sold	\$308,506,328	\$287,997,549
GROSS REVENUE FROM SALE OF LIQUOR	\$112,951,357	\$106,428,339
OTHER REVENUE		
Miscellaneous Revenue	\$142,427	(\$7,015)
Non-Operating Revenue	0	0
Interest Revenue	14,739	15,533
TOTAL OTHER REVENUE	\$157,166	\$8,518
TOTAL REVENUE	\$113,108,523	\$106,436,857
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$169,997	\$168,004
Management Support	1,542,205	1,213,702
Licensing & Enforcement (1)	2,658,700	2,680,618
Distribution Cost Paid to Suppliers	24,946,872	23,981,435
Compensated Absences	0	0
Total MLCC Expenses	\$29,317,774	\$28,043,759
Other Agencies Expenses		
Attorney General	\$298,793	\$251,900
Auditor General	0	0
Bureau of Fire Services	511,163	1,172,698
Civil Service - Personnel	0	0
Administrative Hearings & Rules	29,865	0
Information Technology Services	2,164,373	3,328,404
MLCC Rent	261,602	247,720
LARA - Executive Direction	598,158	519,521
LARA - Administrative Offices	672,013	356,365
Total Other Agencies Expenses	\$4,535,967	\$5,876,608
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$33,853,741	\$33,920,367
NET INCOME (Not Including Taxes & Grants)	\$79,254,782	\$72,516,490
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$79,254,782	\$72,516,490
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$78,480,882	\$71,742,590
RETAINED EARNINGS		
Transfers to General Fund - Cash	60,000,000	60,000,000
Current Year Increase or (Decrease)	\$18,480,882	\$11,742,590
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$19,356,621	\$12,618,329

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
FEBRUARY 28**

	<u>2015</u>	<u>2014</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	113,108,523	106,436,857	6,671,666
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$113,984,262</u>	<u>\$107,312,596</u>	<u>\$6,671,666</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$60,000,000	\$60,000,000	\$0
MLCC Expenses	29,317,774	28,043,759	1,274,015
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	4,535,967	5,876,608	(1,340,641)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$94,627,641</u>	<u>\$94,694,267</u>	<u>(\$66,626)</u>
Ending Equity	<u>\$19,356,621</u>	<u>\$12,618,329</u>	<u>\$6,738,292</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FIVE MONTHS ENDED FEBRUARY 28**

	<u>2015 MONTH</u>	<u>YTD</u>	<u>2014 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$66,586,274	\$427,979,005	\$58,986,087	\$399,064,753	\$28,914,252
On Premise	14,356,755	79,589,167	13,538,738	75,890,637	3,698,530
Other	43,819	162,459	47,907	219,465	(57,006)
TOTAL GROSS SALES	<u>\$80,986,848</u>	<u>\$507,730,631</u>	<u>\$72,572,732</u>	<u>\$475,174,855</u>	<u>\$32,555,776</u>
Less: Discounts Allowed	13,769,316	86,272,946	12,330,328	80,748,967	5,523,979
PROCEEDS-SALE OF LIQUOR	<u>\$67,217,532</u>	<u>\$421,457,685</u>	<u>\$60,242,404</u>	<u>\$394,425,888</u>	<u>\$27,031,797</u>
Less: Cost of Goods Sold	51,040,698	308,506,328	44,529,253	287,997,549	20,508,779
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$16,176,834</u>	<u>\$112,951,357</u>	<u>\$15,713,151</u>	<u>\$106,428,339</u>	<u>\$6,523,018</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$10,565)	\$142,427	(\$4,009)	(\$7,015)	\$149,442
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	14,739	0	15,533	(794)
TOTAL OTHER REVENUE	<u>(\$10,565)</u>	<u>\$157,166</u>	<u>(\$4,009)</u>	<u>\$8,518</u>	<u>\$148,648</u>
TOTAL REVENUE	<u>\$16,166,269</u>	<u>\$113,108,523</u>	<u>\$15,709,142</u>	<u>\$106,436,857</u>	<u>\$6,671,666</u>
Less: Distribution Cost Paid to Suppliers	4,178,415	24,946,872	3,763,810	23,981,435	965,437
INCOME FROM LIQUOR MERCHANDISING	<u>\$11,987,854</u>	<u>\$88,161,651</u>	<u>\$11,945,332</u>	<u>\$82,455,422</u>	<u>\$5,706,229</u>
MANAGEMENT EXPENSES					
Commission	\$34,547	\$169,997	\$33,284	\$168,004	\$1,993
Management Support(1)	302,448	1,595,104	288,656	1,264,206	330,898
Licensing & Enforcement(1)	1,134,604	5,435,550	1,092,078	5,508,142	(72,592)
LARA Services	314,773	2,044,071	(133,443)	1,649,786	394,285
Information Technology Services	887,739	2,164,373	632,667	3,328,404	(1,164,031)
Attorney General	0	298,793	0	251,900	46,893
Auditor General	0	0	0	0	0
Bureau of Fire Services	4,926	511,163	234,691	1,172,698	(661,535)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	10,705	29,865	0	0	29,865
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>\$2,689,742</u>	<u>\$11,475,016</u>	<u>\$2,147,933</u>	<u>\$12,569,240</u>	<u>(\$1,094,224)</u>
INCOME FROM OPERATIONS	<u>\$9,298,112</u>	<u>\$76,686,635</u>	<u>\$9,797,399</u>	<u>\$69,886,182</u>	<u>\$6,800,453</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	12,054,252	78,266,991	12,622,068	75,548,098	2,718,893
TOTAL CURRENT EARNINGS & REVENUE	<u>\$21,352,364</u>	<u>\$154,953,626</u>	<u>\$22,419,467</u>	<u>\$145,434,280</u>	<u>\$9,519,346</u>
Number of Cases Sold	534,790	3,318,483	495,064	3,196,767	121,716
Number of Sales Days	20	108	20	109	(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
FIVE MONTHS ENDED FEBRUARY 28**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$1,211,097	\$12,302,281	\$13,996,167	(\$1,693,886)
Specific Tax, Liquor 4%	3,152,816	20,237,144	18,944,356	1,292,788
Excise Tax, Wine	833,981	3,750,068	3,530,152	219,916
Excise Tax, Mixed Spirit Drink	32,201	98,233	59,397	38,836
Sunday Sales Fees (7am-12pm)	11,358	65,555	55,044	10,511
Fines & Costs	56,978	175,645	154,816	20,829
Miscellaneous Revenue	13,631	45,837	34,357	11,480
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$5,312,062</u>	<u>\$36,674,763</u>	<u>\$36,774,289</u>	<u>(\$99,526)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$48,953	\$225,385	\$140,128	\$85,257
41.5% To Licensing & Enforcement	38,069	170,681	106,024	64,657
3.5% To Alcoholism Prevention Programs	3,210	14,394	8,941	5,453
Additional Resort License Fees	0	97,000	77,600	19,400
Direct Shipper License Fees	700	4,777	3,625	1,152
License Transfer Fees	53,671	288,311	240,012	48,299
Sunday Sales Fees	12,468	54,799	40,615	14,184
License Permit Fees	1,500	5,640	2,702	2,938
Non-Retail License Fees-Wine Industry Council	10,610	51,040	50,894	146
Liquor Control Act Sales	215	505	1,450	(945)
Inspection Fees	26,862	112,036	130,885	(18,849)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,392,705	20,320,169	19,010,900	1,309,269
Miscellaneous Revenue	411	10,347	15,677	(5,330)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,589,374</u>	<u>\$21,355,084</u>	<u>\$19,829,453</u>	<u>\$1,525,631</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,152,816	\$20,237,144	\$18,944,356	\$1,292,788
TOTAL SCHOOL AID FUND	<u>\$3,152,816</u>	<u>\$20,237,144</u>	<u>\$18,944,356</u>	<u>\$1,292,788</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$12,054,252</u>	<u>\$78,266,991</u>	<u>\$75,548,098</u>	<u>\$2,718,893</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	9,298,112	76,686,635	69,886,182	6,800,453
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$9,298,112</u>	<u>\$76,686,635</u>	<u>\$69,886,182</u>	<u>\$6,800,453</u>
TOTAL REVENUE COLLECTED	<u>\$21,352,364</u>	<u>\$154,953,626</u>	<u>\$145,434,280</u>	<u>\$9,519,346</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
FIVE MONTHS ENDED FEBRUARY 28**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2015	2014
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$34,547	\$169,997	\$142,125	\$712,782	\$541,627	\$2,596,457	\$3,479,236	\$3,291,597
Longevity & Insurance	0	0	35,833	214,830	111,839	663,747	878,577	912,167
Retirement & FICA	0	0	101,675	516,751	308,207	1,536,479	2,053,230	2,038,904
Subtotal	\$34,547	\$169,997	\$279,633	\$1,444,363	\$961,673	\$4,796,683	\$6,411,043	\$6,242,668
Communications	\$0	\$0	\$2,330	\$9,292	\$21,165	\$59,341	\$68,633	\$67,605
Travel	0	0	3,869	15,440	16,343	73,270	88,710	88,472
Utilities	0	0	30	1,119	0	237	1,356	821
Contractual Services	0	0	2,549	41,266	5,811	59,987	101,253	174,839
Supplies & Materials	0	0	2,257	23,910	6,645	39,638	63,548	93,243
Equipment Replacement, Additions & Rentals	0	0	1,200	6,814	60,000	70,336	77,150	24,983
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$12,235	\$97,841	\$109,964	\$302,809	\$400,650	\$449,963
TOTAL MLCC APPROPRIATED EXPENSES	\$34,547	\$169,997	\$291,868	\$1,542,204	\$1,071,637	\$5,099,492	\$6,811,693	\$6,692,631
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$52,900	\$62,967	\$336,058	\$388,958	\$247,721
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,048,265	6,402,788
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,580	\$52,900	\$62,967	\$336,058	\$5,437,223	\$6,650,509
GRAND TOTAL	\$34,547	\$169,997	\$302,448	\$1,595,104	\$1,134,604	\$5,435,550	\$12,248,916	\$13,343,140

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.