

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 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

MAY FINANCIAL REPORT

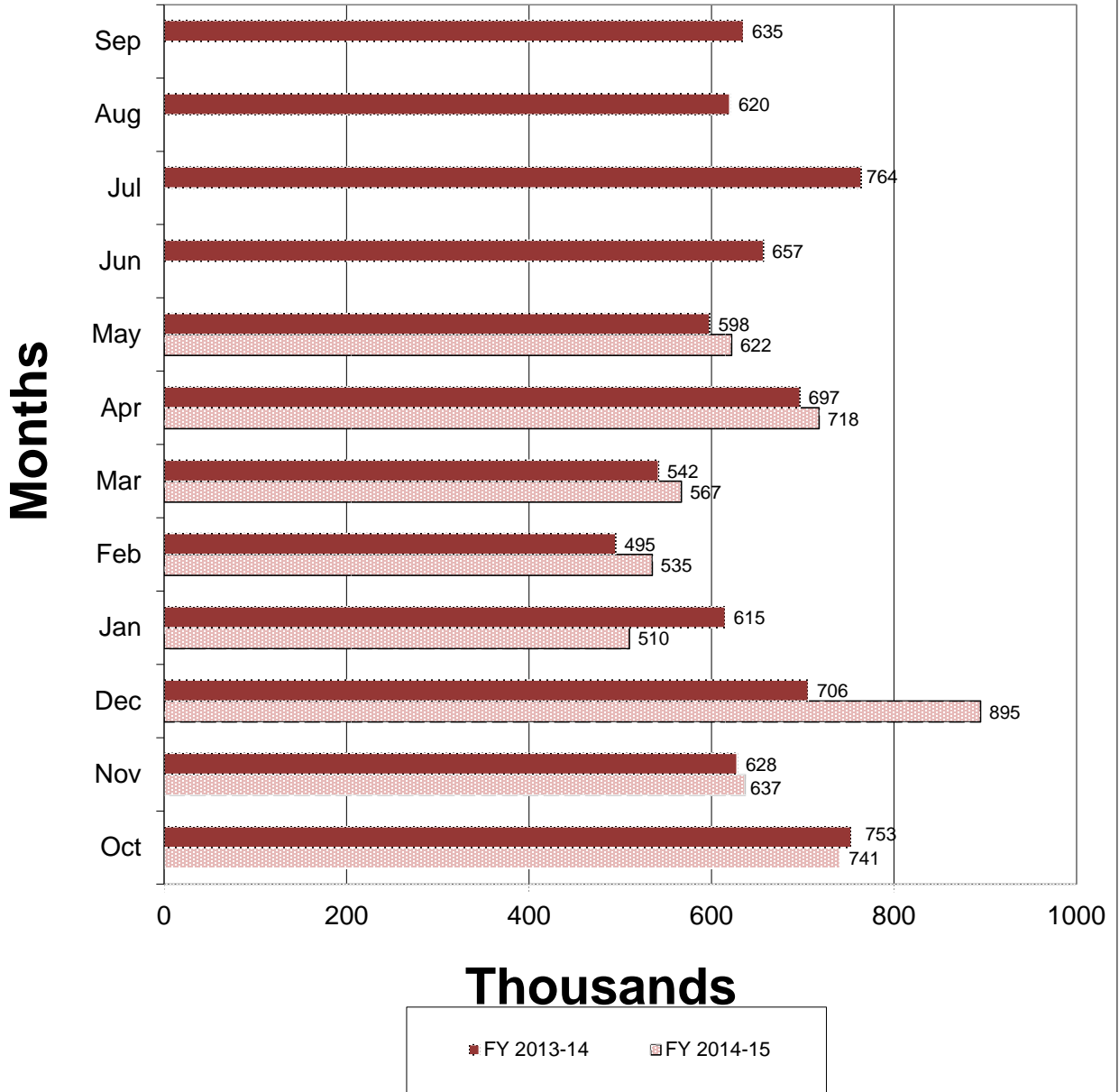
FISCAL YEAR 14 - 15

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Case Sales



	Fiscal Year to Date 10/14-05/15	Fiscal Year to Date 10/13-05/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,224,932	5,034,104	190,828	3.79%
Average Price Per Case Sold	\$153.28	\$149.01	\$4.27	2.87%

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	<u>113,686,592</u>	<u>84,873,183</u>
Subtotal	\$113,686,992	\$84,873,583
Liquor Inventory - At Current Cost	3,478,124	5,542,098
Prepaid Distribution Costs of Inventory	240,818	399,240
Other Assets		
Accounts Receivable	\$23,932,258	\$27,976,869
Returned Checks	362,717	261,318
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>24,294,975</u>	<u>28,238,187</u>
TOTAL ASSETS	<u>\$141,700,909</u>	<u>\$119,053,108</u>
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$432,721	\$998,953
Warrants Authorized/Not Issued	93,535,316	85,521,502
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	\$94,722,147	\$87,089,588
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>45,705,666</u>	<u>30,922,353</u>
Current Period Ending Balance	<u>46,581,405</u>	<u>31,798,092</u>
TOTAL LIABILITIES & RETAINED EARNINGS	<u>\$141,700,909</u>	<u>\$119,053,108</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
EIGHT MONTHS ENDED MAY 31**

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$800,885,346	\$750,120,742
Less: Discounts Allowed	136,093,642	127,475,582
PROCEEDS - SALE OF LIQUOR	\$664,791,704	\$622,645,160
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	481,220,708	452,940,784
Less: Ending Inventory	3,478,124	5,542,098
Cost of Goods Sold	\$485,681,434	\$454,612,844
GROSS REVENUE FROM SALE OF LIQUOR	\$179,110,270	\$168,032,316
OTHER REVENUE		
Miscellaneous Revenue	(\$274,365)	\$119,206
Non-Operating Revenue	198	0
Interest Revenue	39,195	31,186
TOTAL OTHER REVENUE	(\$234,972)	\$150,392
TOTAL REVENUE	\$178,875,298	\$168,182,708
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$277,940	\$269,652
Management Support	2,464,666	2,085,774
Licensing & Enforcement (1)	4,351,342	4,337,189
Distribution Cost Paid to Suppliers	39,190,915	37,761,650
Compensated Absences	0	0
Total MLCC Expenses	\$46,284,863	\$44,454,265
Other Agencies Expenses		
Attorney General	\$597,798	\$600,147
Auditor General	0	0
Bureau of Fire Services	569,844	1,627,748
Civil Service - Personnel	249,137	232,875
Administrative Hearings & Rules	48,755	67,601
Information Technology Services	3,016,187	2,963,199
MLCC Rent	418,564	396,353
LARA - Executive Direction	(146,477)	(272,770)
LARA - Administrative Offices	1,161,800	1,093,712
Total Other Agencies Expenses	\$5,915,608	\$6,708,865
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$52,200,471	\$51,163,130
NET INCOME (Not Including Taxes & Grants)	\$126,674,827	\$117,019,578
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$126,674,827	\$117,019,578
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$125,900,927	\$116,245,678
RETAINED EARNINGS		
Transfers to General Fund - Cash	96,000,000	96,000,000
Current Year Increase or (Decrease)	\$29,900,927	\$20,245,678
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$30,776,666	\$21,121,417

Note:

(1) Includes the Revolving Fund Portion only.

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

	2015	2014	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	178,875,298	168,182,708	10,692,590
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$179,751,037</u>	<u>\$169,058,447</u>	<u>\$10,692,590</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$96,000,000	\$96,000,000	\$0
MLCC Expenses	46,284,863	44,454,265	1,830,598
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,915,608	6,708,865	(793,257)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$148,974,371</u>	<u>\$147,937,030</u>	<u>\$1,037,341</u>
Ending Equity	<u>\$30,776,666</u>	<u>\$21,121,417</u>	<u>\$9,655,249</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
EIGHT MONTHS ENDED MAY 31**

	2015 MONTH	YTD	2014 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$79,523,335	\$669,799,662	\$74,135,734	\$624,930,515	\$44,869,147
On Premise	15,708,683	130,713,250	15,136,309	124,863,551	5,849,699
Other	34,851	372,434	24,339	326,676	45,758
TOTAL GROSS SALES	\$95,266,869	\$800,885,346	\$89,296,382	\$750,120,742	\$50,764,604
Less: Discounts Allowed	16,188,898	136,093,642	15,176,925	127,475,582	8,618,060
PROCEEDS-SALE OF LIQUOR	\$79,077,971	\$664,791,704	\$74,119,457	\$622,645,160	\$42,146,544
Less: Cost of Goods Sold	58,575,672	485,681,434	54,373,187	454,612,844	31,068,590
GROSS REVENUE FROM SALE OF LIQUOR	\$20,502,299	\$179,110,270	\$19,746,270	\$168,032,316	\$11,077,954
OTHER REVENUE					
Miscellaneous Revenue	\$9,557	(\$274,365)	\$92,188	\$119,206	(\$393,571)
Non-Operating Revenue	0	198	0	0	198
Interest Revenue	0	39,195	0	31,186	8,009
TOTAL OTHER REVENUE	\$9,557	(\$234,972)	\$92,188	\$150,392	(\$385,364)
TOTAL REVENUE	\$20,511,856	\$178,875,298	\$19,838,458	\$168,182,708	\$10,692,590
Less: Distribution Cost Paid to Suppliers	4,710,923	39,190,915	4,503,975	37,761,650	1,429,265
INCOME FROM LIQUOR MERCHANDISING	\$15,800,933	\$139,684,383	\$15,334,483	\$130,421,058	\$9,263,325
MANAGEMENT EXPENSES					
Commission	\$38,535	\$277,940	\$35,893	\$269,652	\$8,288
Management Support(1)	303,355	2,549,304	307,958	2,166,581	382,723
Licensing & Enforcement(1)	1,054,812	8,788,566	1,144,604	8,892,177	(103,611)
LARA Services	375,005	1,789,223	(743,989)	1,594,842	194,381
Information Technology Services	146,502	3,016,187	(75,872)	2,963,199	52,988
Attorney General	0	597,798	0	600,147	(2,349)
Auditor General	0	0	0	0	0
Bureau of Fire Services	174,564	569,844	200,272	1,627,748	(1,057,904)
Civil Service - Personnel	0	249,137	0	232,875	16,262
Administrative Hearings & Rules	5,405	48,755	9,137	67,601	(18,846)
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	\$2,098,178	\$17,112,854	\$878,003	\$17,640,922	(\$528,068)
INCOME FROM OPERATIONS	\$13,702,755	\$122,571,529	\$14,456,480	\$112,780,136	\$9,791,393
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	16,235,561	138,425,685	15,922,173	138,845,068	(419,383)
TOTAL CURRENT EARNINGS & REVENUE	\$29,938,316	\$260,997,214	\$30,378,653	\$251,625,204	\$9,372,010
Number of Cases Sold	621,652	5,224,932	598,098	5,034,104	190,828
Number of Sales Days	20	173	20	174	(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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,102,955	\$17,580,501	\$23,920,201	(\$6,339,700)
Specific Tax, Liquor 4%	3,794,501	31,915,809	29,909,941	2,005,868
Excise Tax, Wine	785,044	5,326,504	6,003,556	(677,052)
Excise Tax, Mixed Spirit Drink	77,017	191,666	197,076	(5,410)
Sunday Sales Fees (7am-12pm)	48,607	1,404,058	1,311,583	92,475
Fines & Costs	60,574	351,538	317,355	34,183
Miscellaneous Revenue	31,406	112,629	59,480	53,149
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$7,900,104</u>	<u>\$56,882,705</u>	<u>\$61,719,192</u>	<u>(\$4,836,487)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$291,597	\$8,803,548	\$8,529,158	\$274,390
41.5% To Licensing & Enforcement	220,023	5,071,635	4,886,263	185,372
3.5% To Alcoholism Prevention Programs	18,556	427,728	412,094	15,634
Additional Resort License Fees	0	141,550	154,500	(12,950)
Direct Shipper License Fees	3,708	98,254	93,235	5,019
License Transfer Fees	47,203	483,274	426,047	57,227
Sunday Sales Fees	68,330	1,594,161	1,541,357	52,804
License Permit Fees	3,200	49,440	37,142	12,298
Non-Retail License Fees-Wine Industry Council	39,825	668,735	858,049	(189,314)
Liquor Control Act Sales	445	1,180	2,310	(1,130)
Inspection Fees	31,070	205,645	226,920	(21,275)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,816,798	32,053,721	30,002,206	2,051,515
Miscellaneous Revenue	201	28,300	46,654	(18,354)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,540,956</u>	<u>\$49,627,171</u>	<u>\$47,215,935</u>	<u>\$2,411,236</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,794,501	\$31,915,809	\$29,909,941	\$2,005,868
TOTAL SCHOOL AID FUND	<u>\$3,794,501</u>	<u>\$31,915,809</u>	<u>\$29,909,941</u>	<u>\$2,005,868</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$16,235,561</u>	<u>\$138,425,685</u>	<u>\$138,845,068</u>	<u>(\$419,383)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	13,702,755	122,571,529	112,780,136	9,791,393
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$13,702,755</u>	<u>\$122,571,529</u>	<u>\$112,780,136</u>	<u>\$9,791,393</u>
TOTAL REVENUE COLLECTED	<u>\$29,938,316</u>	<u>\$260,997,214</u>	<u>\$251,625,204</u>	<u>\$9,372,010</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
EIGHT MONTHS ENDED MAY 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	\$38,535	\$277,940	\$137,037	\$1,141,951	\$507,827	\$4,116,858	\$5,536,749	\$5,319,707
Longevity & Insurance	0	0	33,552	319,707	110,721	996,408	1,316,115	1,366,890
Retirement & FICA	0	0	100,582	825,214	301,808	2,435,733	3,260,947	3,225,531
Subtotal	\$38,535	\$277,940	\$271,171	\$2,286,872	\$920,356	\$7,548,999	\$10,113,811	\$9,912,128
Communications	\$0	\$0	\$2,997	\$16,477	\$13,785	\$101,955	\$118,432	\$117,171
Travel	0	0	2,746	26,117	17,830	130,685	156,802	160,618
Utilities	0	0	212	12,274	0	282	12,556	1,749
Contractual Services	0	0	10,169	77,677	5,066	295,045	372,722	456,907
Supplies & Materials	0	0	4,380	35,363	29,965	114,976	150,339	200,583
Equipment Replacement, Additions & Rentals	0	0	1,100	9,885	4,843	71,667	81,552	81,453
Miscellaneous	0	0	0	0	0	0	0	1,448
Subtotal	\$0	\$0	\$21,604	\$177,793	\$71,489	\$714,610	\$892,403	\$1,019,929
TOTAL MLCC APPROPRIATED EXPENSES	\$38,535	\$277,940	\$292,775	\$2,464,665	\$991,845	\$8,263,609	\$11,006,214	\$10,932,057
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$84,639	\$62,967	\$524,957	\$609,596	\$396,353
Other Operating Transfers Out(2)	0	0	0	0	0	0	6,270,944	7,086,412
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,580	\$84,639	\$62,967	\$524,957	\$6,880,540	\$7,482,765
GRAND TOTAL	\$38,535	\$277,940	\$303,355	\$2,549,304	\$1,054,812	\$8,788,566	\$17,886,754	\$18,414,822

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.