

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

November 2014



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

NOVEMBER FINANCIAL REPORT

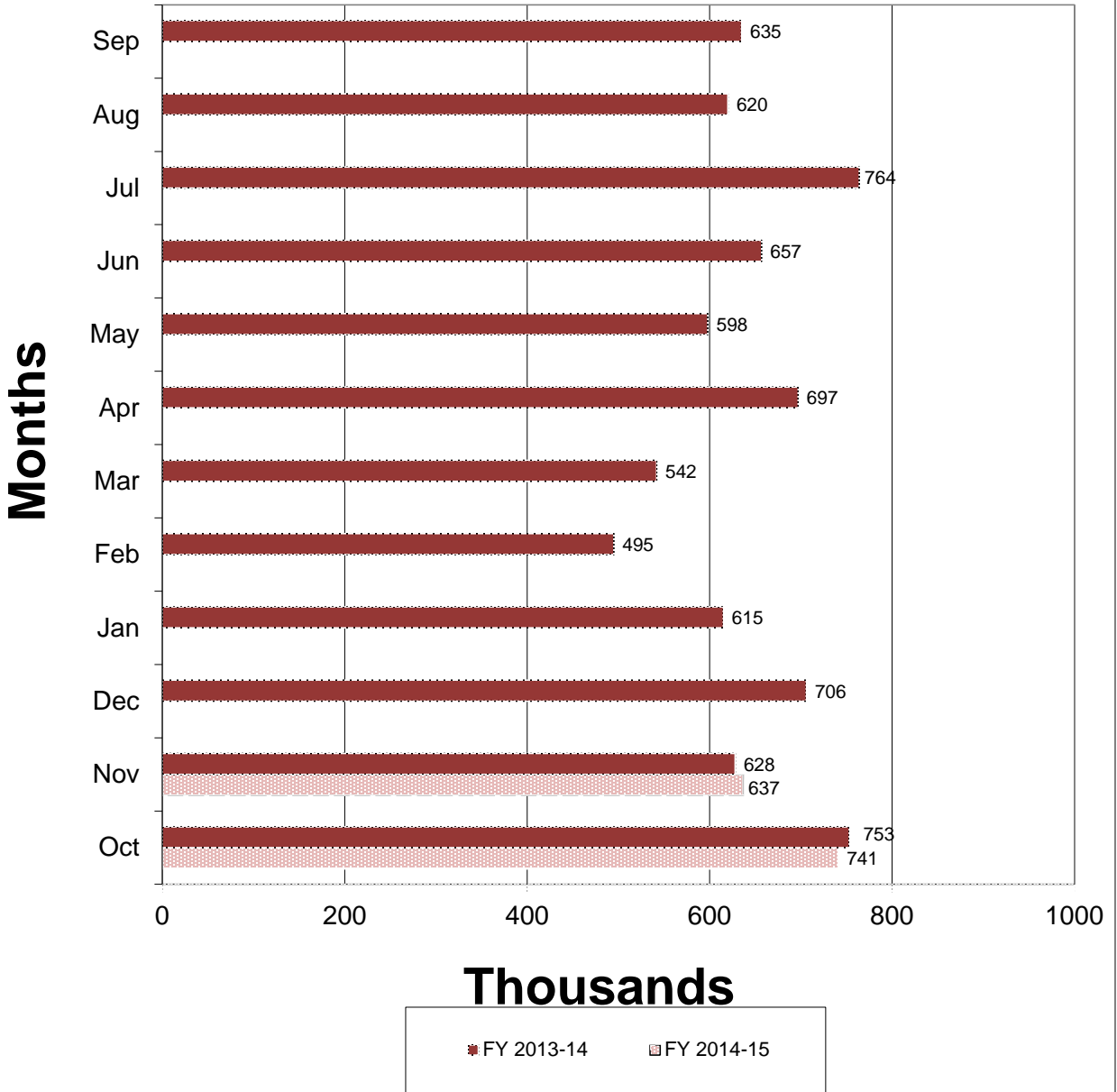
FISCAL YEAR 14 - 15

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Case Sales



	Fiscal Year to Date 10/14-11/14	Fiscal Year to Date 10/13-11/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	1,378,591	1,381,555	(2,964)	-0.21%
Average Price Per Case Sold	\$150.78	\$147.36	\$3.42	2.32%

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	85,650,407	75,969,096
Subtotal	\$85,650,807	\$75,969,796
Liquor Inventory - At Current Cost	11,990,904	5,017,025
Prepaid Distribution Costs of Inventory	915,615	349,058
Other Assets		
Accounts Receivable #	\$32,609,995	\$20,221,416
Returned Checks	411,838	191,125
Payroll Correction Clearing	0	0
Subtotal	33,021,833	20,412,541
TOTAL ASSETS	\$131,579,159	\$101,748,420
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,960,553	\$1,095,649
Warrants Authorized/Not Issued	101,149,691	92,826,452
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	\$104,864,354	\$94,491,234
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)* #	25,441,709	6,216,019
Current Period Ending Balance	26,317,448	7,091,758
TOTAL LIABILITIES & RETAINED EARNINGS	\$131,579,159	\$101,748,420

*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.

#These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE STATEMENT OF REVENUE, EXPENSES, & CHANGES IN RETAINED EARNINGS
TWO MONTHS ENDED NOVEMBER 30**

	2014	2013
REVENUE		
TOTAL GROSS SALES (2)	\$207,866,409	\$190,169,214
Less: Discounts Allowed (2)	35,317,750	32,315,046
 PROCEEDS - SALE OF LIQUOR	 \$172,548,659	 \$157,854,168
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	130,364,592	121,745,081
Less: Ending Inventory	11,990,904	5,017,025
Cost of Goods Sold	\$126,312,538	\$123,942,214
GROSS REVENUE FROM SALE OF LIQUOR	\$46,236,121	\$33,911,954
 OTHER REVENUE		
Miscellaneous Revenue	\$173,841	(\$2,811)
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	\$173,841	(\$2,811)
 TOTAL REVENUE	 \$46,409,962	 \$33,909,143
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$49,136	\$50,712
Management Support	480,217	314,643
Licensing & Enforcement (1)	816,167	844,529
Distribution Cost Paid to Suppliers	10,362,600	10,425,460
Compensated Absences	0	0
Total MLCC Expenses	\$11,708,120	\$11,635,344
 <u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	280,217	353,992
Civil Service - Personnel	0	0
Administrative Hearings & Rules	9,429	0
Information Technology Services	637,872	1,969,670
MLCC Rent	0	0
LARA - Executive Direction	312,817	274,395
LARA - Administrative Offices	36,319	86,693
Total Other Agencies Expenses	\$1,276,654	\$2,684,750
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$12,984,774	\$14,320,094
 NET INCOME (Not Including Taxes & Grants)	 \$33,425,188	 \$19,589,049
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$33,425,188	\$19,589,049
LARA - Transfers For Grant Not Related to MLCC	0	0
 NET INCOME (2)	 \$33,425,188	 \$19,589,049
RETAINED EARNINGS		
Transfers to General Fund - Cash	24,000,000	24,000,000
Current Year Increase or (Decrease) (2)	\$9,425,188	(\$4,410,951)
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$10,300,927	(\$3,535,212)

Note:

(1) Includes the Revolving Fund Portion only.

(2) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
NOVEMBER 30**

EQUITY AVAILABLE	2014	2013	INCREASE (DECREASE)
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings*	46,409,962	33,909,143	12,500,819
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available*	<u>\$47,285,701</u>	<u>\$34,784,882</u>	<u>\$12,500,819</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$24,000,000	\$24,000,000	\$0
MLCC Expenses	11,708,120	11,635,344	72,776
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	1,276,654	2,684,750	(1,408,096)
LARA Transfer Not Related to MLCC	0	0	0
Total Allocation of Equity	<u>\$36,984,774</u>	<u>\$38,320,094</u>	<u>(\$1,335,320)</u>
Ending Equity*	<u>\$10,300,927</u>	<u>(\$3,535,212)</u>	<u>\$13,836,139</u>

*These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TWO MONTHS ENDED NOVEMBER 30**

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$82,964,408	\$176,550,763	\$81,118,205	\$160,464,782	\$16,085,981
On Premise	13,710,789	31,281,525	12,106,104	29,628,364	1,653,161
Other	9,504	34,121	29,313	76,068	(41,947)
TOTAL GROSS SALES (3)	\$96,684,701	\$207,866,409	\$93,253,622	\$190,169,214	\$17,697,195
Less: Discounts Allowed (3)	16,428,771	35,317,750	15,847,514	32,315,046	3,002,704
PROCEEDS-SALE OF LIQUOR	\$80,255,930	\$172,548,659	\$77,406,108	\$157,854,168	\$14,694,491
Less: Cost of Goods Sold	58,403,891	126,312,538	58,441,612	123,942,214	2,370,324
GROSS REVENUE FROM SALE OF LIQUOR	\$21,852,039	\$46,236,121	\$18,964,496	\$33,911,954	\$12,324,167
OTHER REVENUE					
Miscellaneous Revenue	\$46,913	\$173,841	(\$16,467)	(\$2,811)	\$176,652
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	\$46,913	\$173,841	(\$16,467)	(\$2,811)	\$176,652
TOTAL REVENUE	\$21,898,952	\$46,409,962	\$18,948,029	\$33,909,143	\$12,500,819
Less: Distribution Cost Paid to Suppliers	4,754,632	10,362,600	4,679,002	10,425,460	(62,860)
INCOME FROM LIQUOR MERCHANDISING	\$17,144,320	\$36,047,362	\$14,269,027	\$23,483,683	\$12,563,679
MANAGEMENT EXPENSES					
Commission	\$35,085	\$49,136	\$34,974	\$50,712	(\$1,576)
Management Support(1)	353,132	480,216	278,088	314,643	165,573
Licensing & Enforcement(1)	1,151,496	1,629,024	1,213,070	1,726,562	(97,538)
LARA Services	249,301	349,136	294,034	361,088	(11,952)
Information Technology Services	637,872	637,872	1,952,946	1,969,670	(1,331,798)
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	188,587	280,217	249,103	353,992	(73,775)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	6,346	9,429	0	0	9,429
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	\$2,621,819	\$3,435,030	\$4,022,215	\$4,776,667	(\$1,341,637)
INCOME FROM OPERATIONS (3)	\$14,522,501	\$32,612,332	\$10,246,812	\$18,707,016	\$13,905,316
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds (3)	13,779,020	31,615,485	13,310,601	29,471,878	2,143,607
TOTAL CURRENT EARNINGS & REVENUE (3)	\$28,301,521	\$64,227,817	\$23,557,413	\$48,178,894	\$16,048,923
Number of Cases Sold	637,317	1,378,591	628,103	1,381,555	(2,964)
Number of Sales Days	20	43	20	44	(1)

Notes:

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

(2) Grants to Cities - Fire Protection.

(3) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED
TWO MONTHS ENDED NOVEMBER 30**

	<u>CURRENT MONTH</u>	<u>YTD 2014</u>	<u>YTD 2013</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$1,910,028	\$5,334,503	\$5,554,044	(\$219,541)
Specific Tax, Liquor 4% (2)	3,852,363	8,289,759	7,583,035	706,724
Excise Tax, Wine	45,241	936,269	753,971	182,298
Excise Tax, Mixed Spirit Drink	(8,886)	18,615	10,191	8,424
Sunday Sales Fees (7am-12pm)	12,835	32,287	18,880	13,407
Fines & Costs	58,794	(16,757)	13,940	(30,697)
Miscellaneous Revenue	1,345	10,088	29,757	(19,669)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$5,871,720</u>	<u>\$14,604,764</u>	<u>\$13,963,818</u>	<u>\$640,946</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$22,062	\$51,157	\$63,714	(\$12,557)
41.5% To Licensing & Enforcement	17,264	39,218	48,075	(8,857)
3.5% To Alcoholism Prevention Programs	1,456	3,307	4,054	(747)
Additional Resort License Fees	38,800	78,200	38,800	39,400
Direct Shipper License Fees	1,435	2,835	1,300	1,535
License Transfer Fees	62,509	147,091	73,985	73,106
Sunday Sales Fees	7,066	15,893	17,362	(1,469)
License Permit Fees	720	1,620	1,102	518
Non-Retail License Fees-Wine Industry Council	8,680	21,600	24,984	(3,384)
Liquor Control Act Sales	0	30	225	(195)
Inspection Fees	18,490	43,000	45,018	(2,018)
Specific Tax, Liquor 4%-Tourism & Conv. Facility (2)	3,873,575	8,310,971	7,599,947	711,024
Miscellaneous Revenue	2,880	6,040	6,459	(419)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,054,937</u>	<u>\$8,720,962</u>	<u>\$7,925,025</u>	<u>\$795,937</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4% (2)	\$3,852,363	\$8,289,759	\$7,583,035	\$706,724
TOTAL SCHOOL AID FUND	<u>\$3,852,363</u>	<u>\$8,289,759</u>	<u>\$7,583,035</u>	<u>\$706,724</u>
REVENUE COLLECTED FOR OTHER FUNDS (2)	<u>\$13,779,020</u>	<u>\$31,615,485</u>	<u>\$29,471,878</u>	<u>\$2,143,607</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	14,522,501	32,612,332	18,707,016	13,905,316
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$14,522,501</u>	<u>\$32,612,332</u>	<u>\$18,707,016</u>	<u>\$13,905,316</u>
TOTAL REVENUE COLLECTED	<u>\$28,301,521</u>	<u>\$64,227,817</u>	<u>\$48,178,894</u>	<u>\$16,048,923</u>

Notes:

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

(2) These amounts are low because approximately one-half of the spirit sales for the last week of November 2013 were not recorded until December 2013. This caused the 2013 profit to be low by \$11.1 million. The three 4% specific taxes are each low by \$535.7 thousand.

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT
TWO MONTHS ENDED NOVEMBER 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2014	TOTAL 2013
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$35,085	\$49,136	\$153,608	\$207,268	\$548,307	\$750,650	\$1,007,054	\$902,282
Longevity & Insurance	0	0	55,104	86,771	167,871	271,193	357,964	373,709
Retirement & FICA	0	0	116,497	156,001	352,150	472,195	628,196	648,831
Subtotal	\$35,085	\$49,136	\$325,209	\$450,040	\$1,068,328	\$1,494,038	\$1,993,214	\$1,924,822
Communications	\$0	\$0	\$3,432	\$3,432	\$17,576	\$18,245	\$21,677	\$17,052
Travel	0	0	4,011	4,011	17,058	17,558	21,569	22,213
Utilities	0	0	229	229	193	193	422	271
Contractual Services	0	0	3,417	4,661	6,694	12,280	16,941	72,775
Supplies & Materials	0	0	14,405	14,429	17,563	17,722	32,151	46,839
Equipment Replacement, Additions & Rentals	0	0	2,429	3,414	2,859	5,311	8,725	7,945
Miscellaneous	0	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$27,923	\$30,176	\$61,943	\$71,309	\$101,485	\$167,095
TOTAL MLCC APPROPRIATED EXPENSES	\$35,085	\$49,136	\$353,132	\$480,216	\$1,130,271	\$1,565,347	\$2,094,699	\$2,091,917
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$0	\$0	\$21,225	\$63,677	\$63,677	\$0
Other Operating Transfers Out(2)	0	0	0	0	0	0	1,276,654	2,684,750
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$0	\$0	\$21,225	\$63,677	\$1,340,331	\$2,684,750
GRAND TOTAL	\$35,085	\$49,136	\$353,132	\$480,216	\$1,151,496	\$1,629,024	\$3,435,030	\$4,776,667

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.