

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

June 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**

**JUNE FINANCIAL REPORT**

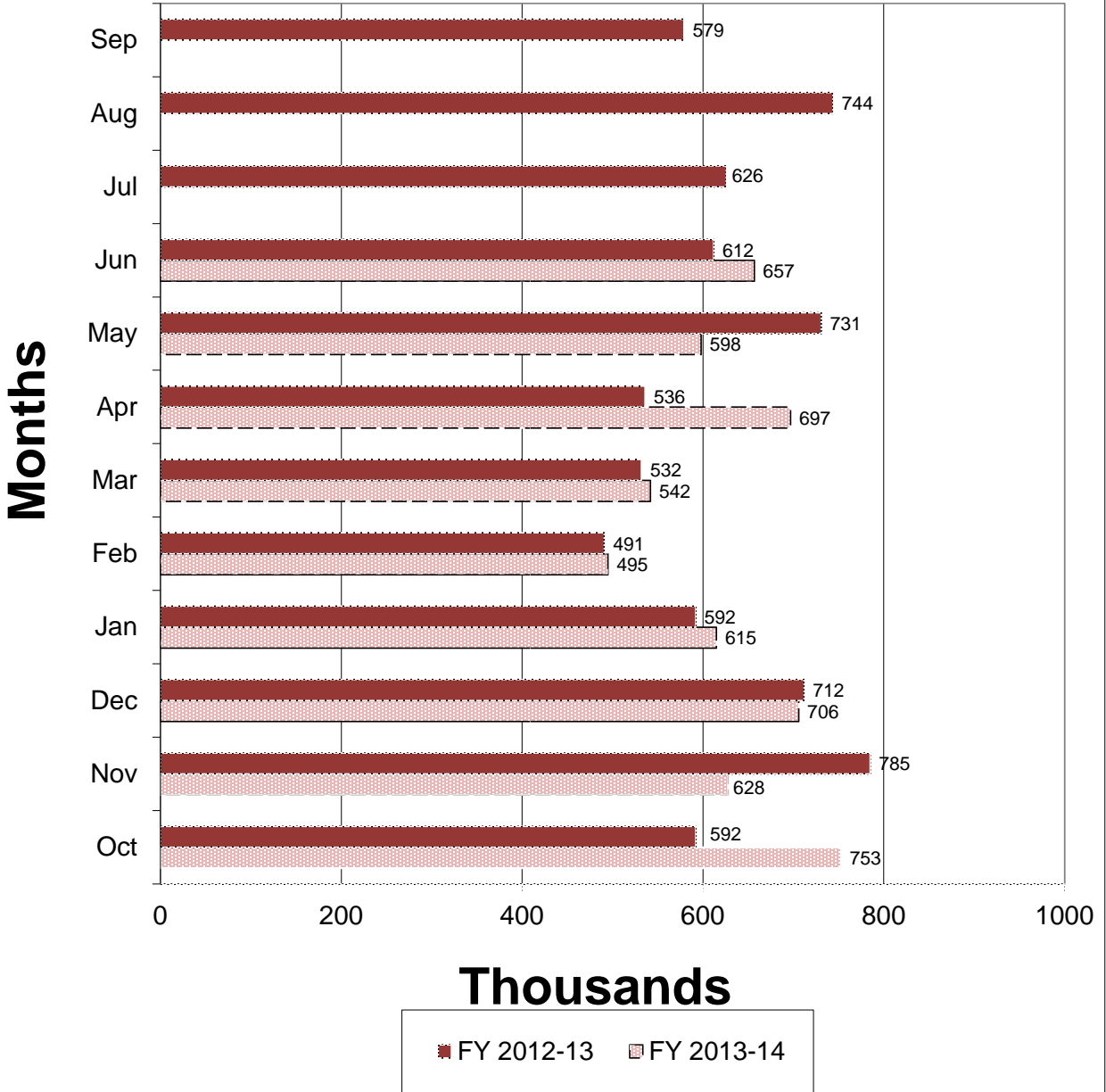
**FISCAL YEAR 13 - 14**

**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 10/13-06/14	Fiscal Year to Date 10/12-06/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,690,684	5,584,332	106,352	1.90%
Average Price Per Case Sold	\$149.14	\$145.50	\$3.64	2.50%

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

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	106,706,180	96,809,521
Subtotal	\$106,706,580	\$96,810,221
Liquor Inventory - At Current Cost	2,135,457	6,112,735
Prepaid Distribution Costs of Inventory	199,448	463,590
Other Assets		
Accounts Receivable	\$22,001,627	\$24,066,729
Returned Checks	279,020	238,455
Payroll Correction Clearing	0	0
Subtotal	22,280,647	24,305,184
<b>TOTAL ASSETS</b>	<b>\$131,322,132</b>	<b>\$127,691,730</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,574,834	\$989,734
Warrants Authorized/Not Issued	89,875,478	88,767,169
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	0
Current Compensated Absences	569,133	503,159
Total Current Liabilities	\$92,019,445	\$90,260,062
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$0	\$0
Long Term Compensated Absences	165,428	141,606
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)*	38,261,520	36,414,323
Current Period Ending Balance	39,137,259	37,290,062
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$131,322,132</b>	<b>\$127,691,730</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  
NINE MONTHS ENDED JUNE 30**

	2014	2013
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$848,729,206	\$812,514,633
Less: Discounts Allowed	144,226,586	138,109,343
<b>PROCEEDS - SALE OF LIQUOR</b>	\$704,502,620	\$674,405,290
Less: Cost of Goods Sold		
Beginning Inventory	\$7,214,158	\$5,550,617
Add: Purchases	509,359,930	492,983,023
Less: Ending Inventory	2,135,457	6,112,735
Cost of Goods Sold	\$514,438,631	\$492,420,905
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$190,063,989	\$181,984,385
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$129,213	\$74,722
Non-Operating Revenue	0	0
Interest Revenue	31,186	39,367
<b>TOTAL OTHER REVENUE</b>	\$160,399	\$114,089
<b>TOTAL REVENUE</b>	\$190,224,388	\$182,098,474
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$305,545	\$312,207
Management Support	2,746,486	2,223,486
Licensing & Enforcement (1)	4,707,243	4,159,965
Distribution Cost Paid to Suppliers	42,629,165	40,751,158
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$50,388,439	\$47,446,816
<b>Other Agencies Expenses</b>		
Attorney General	\$600,147	\$568,005
Auditor General	0	0
Bureau of Fire Services	1,819,849	2,192,275
Civil Service - Personnel	232,875	225,375
Administrative Hearings & Rules	83,596	0
Information Technology Services	3,425,402	4,012,692
MLCC Rent	445,897	426,432
LARA - Executive Direction	(22,819)	465,923
LARA - Administrative Offices	1,564,141	1,405,154
<b>Total Other Agencies Expenses</b>	\$8,149,088	\$9,295,856
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$58,537,527	\$56,742,672
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$131,686,861	\$125,355,802
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$131,686,861	\$125,355,802
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$130,912,961	\$124,581,902
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	108,000,000	99,000,000
Current Year Increase or (Decrease)	\$22,912,961	\$25,581,902
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$23,788,700	\$26,457,641

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	2014	2013	INCREASE (DECREASE)
<b>EQUITY AVAILABLE</b>			
Beginning Equity			
Current Earnings	\$875,739	\$875,739	\$0
Specific Tax, Liquor 1.85%	190,224,388	182,098,474	8,125,914
Total Equity Available	0	0	0
	\$191,100,127	\$182,974,213	\$8,125,914
 <b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund			
MLCC Expenses	\$108,000,000	\$99,000,000	\$9,000,000
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	50,388,439	47,446,816	2,941,623
LARA Transfer Not Related to MLCC	8,149,088	9,295,856	(1,146,768)
Total Allocation of Equity	773,900	773,900	0
Ending Equity	\$167,311,427	\$156,516,572	\$10,794,855
	\$23,788,700	\$26,457,641	(\$2,668,941)

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
NINE MONTHS ENDED JUNE 30**

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$82,740,398	\$707,670,913	\$75,288,771	\$672,383,668	\$35,287,245
On Premise	15,832,264	140,695,815	15,183,200	139,845,227	850,588
Other	35,802	362,478	31,275	285,738	76,740
<b>TOTAL GROSS SALES</b>	<b>\$98,608,464</b>	<b>\$848,729,206</b>	<b>\$90,503,246</b>	<b>\$812,514,633</b>	<b>\$36,214,573</b>
Less: Discounts Allowed	16,751,004	144,226,586	15,380,170	138,109,343	6,117,243
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$81,857,460</b>	<b>\$704,502,620</b>	<b>\$75,123,076</b>	<b>\$674,405,290</b>	<b>\$30,097,330</b>
Less: Cost of Goods Sold	59,825,787	514,438,631	54,882,455	492,420,905	22,017,726
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$22,031,673</b>	<b>\$190,063,989</b>	<b>\$20,240,621</b>	<b>\$181,984,385</b>	<b>\$8,079,604</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	\$10,007	\$129,213	\$73,944	\$74,722	\$54,491
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	31,186	0	39,367	(8,181)
<b>TOTAL OTHER REVENUE</b>	<b>\$10,007</b>	<b>\$160,399</b>	<b>\$73,944</b>	<b>\$114,089</b>	<b>\$46,310</b>
<b>TOTAL REVENUE</b>	<b>\$22,041,680</b>	<b>\$190,224,388</b>	<b>\$20,314,565</b>	<b>\$182,098,474</b>	<b>\$8,125,914</b>
Less: Distribution Cost Paid to Suppliers	4,867,515	42,629,165	4,590,667	40,751,158	1,878,007
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$17,174,165</b>	<b>\$147,595,223</b>	<b>\$15,723,898</b>	<b>\$141,347,316</b>	<b>\$6,247,907</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$35,893	\$305,545	\$25,232	\$312,207	(\$6,662)
Management Support(1)	670,812	2,837,393	274,374	2,313,844	523,549
Licensing & Enforcement(1)	770,919	9,663,096	1,045,575	9,612,021	51,075
LARA Services	720,380	2,315,222	240,715	2,644,977	(329,755)
Information Technology Services	462,203	3,425,402	1,390,116	4,012,692	(587,290)
Attorney General	0	600,147	0	568,005	32,142
Auditor General	0	0	0	0	0
Bureau of Fire Services	192,101	1,819,849	314,044	2,192,275	(372,426)
Civil Service - Personnel	0	232,875	0	225,375	7,500
Administrative Hearings & Rules	15,995	83,596	0	0	83,596
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>	<b>\$2,868,303</b>	<b>\$20,509,225</b>	<b>\$3,290,056</b>	<b>\$21,107,496</b>	<b>(\$598,271)</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$14,305,862</b>	<b>\$127,085,998</b>	<b>\$12,433,842</b>	<b>\$120,239,820</b>	<b>\$6,846,178</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	17,082,603	155,927,671	16,382,237	150,563,262	5,364,409
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$31,388,465</b>	<b>\$283,013,669</b>	<b>\$28,816,079</b>	<b>\$270,803,082</b>	<b>\$12,210,587</b>
Number of Cases Sold	656,580	5,690,684	611,543	5,584,332	106,352
Number of Sales Days	20	198	20	195	3

**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  
NINE MONTHS ENDED JUNE 30**

	<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	\$3,623,769	\$27,543,970	\$27,128,038	\$415,932
Specific Tax, Liquor 4%	3,920,699	33,830,640	32,416,550	1,414,090
Excise Tax, Wine	1,168,933	7,172,489	7,103,597	68,892
Excise Tax, Mixed Spirit Drink	50,401	247,477	332,161	(84,684)
Sunday Sales Fees (7am-12pm)	17,505	1,329,088	1,290,869	38,219
Fines & Costs	53,739	371,094	430,041	(58,947)
Miscellaneous Revenue	6,195	65,675	53,595	12,080
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$8,841,241</u>	<u>\$70,560,433</u>	<u>\$68,754,851</u>	<u>\$1,805,582</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$102,148	\$8,631,306	\$8,400,029	\$231,277
41.5% To Licensing & Enforcement	77,076	4,963,339	4,864,438	98,901
3.5% To Alcoholism Prevention Programs	6,500	418,594	409,858	8,736
Additional Resort License Fees	19,400	173,900	38,800	135,100
Direct Shipper License Fees	2,700	95,935	87,633	8,302
License Transfer Fees	60,931	486,978	559,324	(72,346)
Sunday Sales Fees	27,123	1,568,480	1,556,418	12,062
License Permit Fees	2,100	39,242	29,398	9,844
Non-Retail License Fees-Wine Industry Council	25,880	883,929	639,503	244,426
Liquor Control Act Sales	400	2,710	2,605	105
Inspection Fees	35,117	262,037	235,246	26,791
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,957,277	33,959,483	32,510,048	1,449,435
Miscellaneous Revenue	4,011	50,665	58,561	(7,896)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$4,320,663</u>	<u>\$51,536,598</u>	<u>\$49,391,861</u>	<u>\$2,144,737</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$3,920,699	\$33,830,640	\$32,416,550	\$1,414,090
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,920,699</u>	<u>\$33,830,640</u>	<u>\$32,416,550</u>	<u>\$1,414,090</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$17,082,603</u>	<u>\$155,927,671</u>	<u>\$150,563,262</u>	<u>\$5,364,409</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	14,305,862	127,085,998	120,239,820	6,846,178
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$14,305,862</u>	<u>\$127,085,998</u>	<u>\$120,239,820</u>	<u>\$6,846,178</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$31,388,465</u>	<u>\$283,013,669</u>	<u>\$270,803,082</u>	<u>\$12,210,587</u>

**Notes:**

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