

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

March 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**

**MARCH FINANCIAL REPORT**

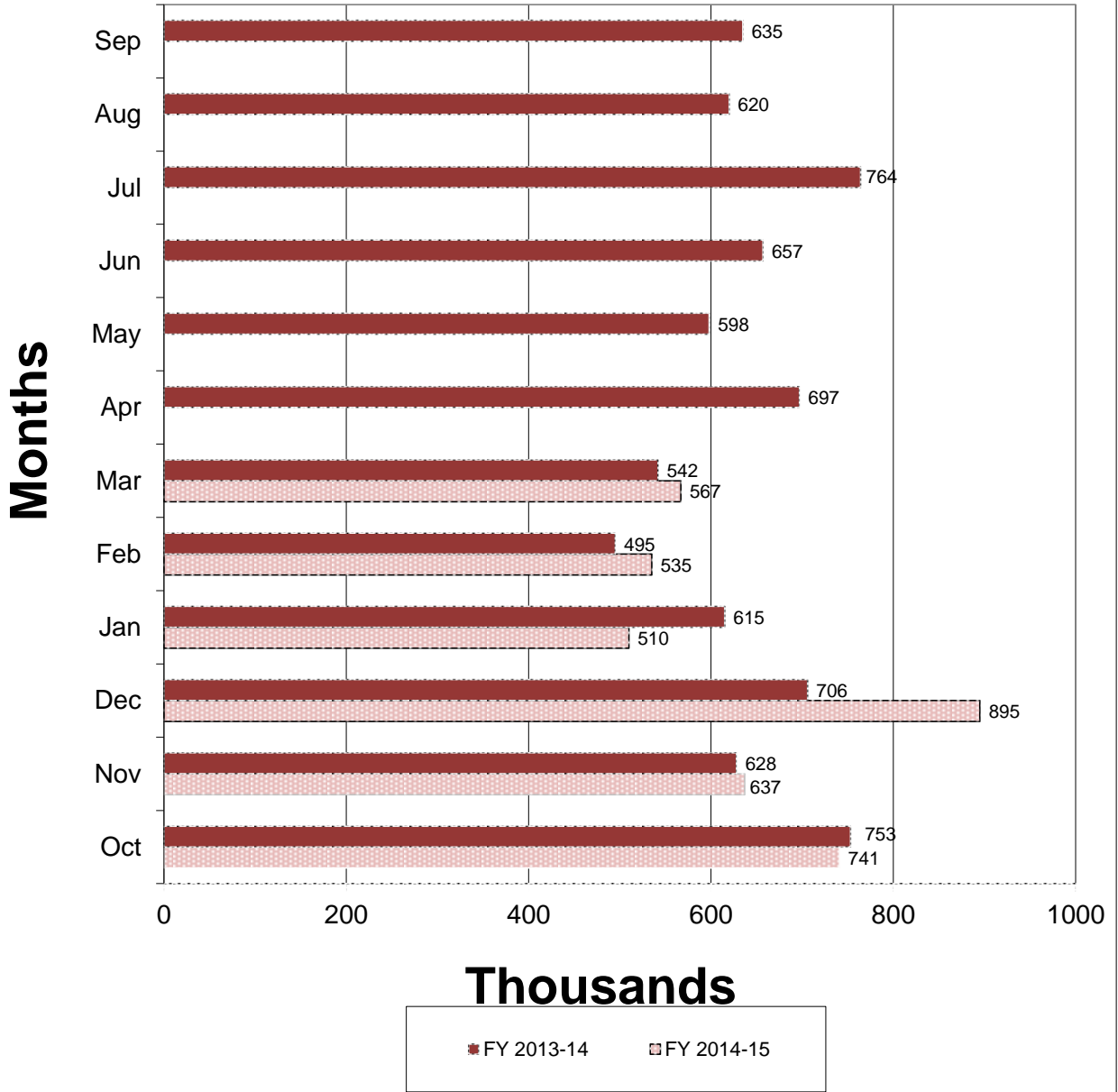
**FISCAL YEAR 14 - 15**

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## Case Sales



	Fiscal Year to Date 10/14-03/15	Fiscal Year to Date 10/13-03/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,885,406	3,739,238	146,168	3.91%
Average Price Per Case Sold	\$153.24	\$148.88	\$4.36	2.93%

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

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	95,045,973	74,165,741
Subtotal	\$95,046,373	\$74,166,441
Liquor Inventory - At Current Cost	3,048,229	6,518,644
Prepaid Distribution Costs of Inventory	213,330	488,468
Other Assets		
Accounts Receivable	\$11,301,318	\$21,960,421
Returned Checks	338,920	138,843
Payroll Correction Clearing	0	0
Subtotal	11,640,238	22,099,264
<b>TOTAL ASSETS</b>	<b>\$109,948,170</b>	<b>\$103,272,817</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$3,040,440	\$1,121,297
Warrants Authorized/Not Issued	74,008,458	78,733,210
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	\$77,803,008	\$80,423,640
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$24,738	\$0
Long Term Compensated Absences	372,619	165,428
Total Long Term Liabilities	397,357	165,428
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	30,872,066	21,808,010
Current Period Ending Balance	31,747,805	22,683,749
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$109,948,170</b>	<b>\$103,272,817</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**  
**SIX MONTHS ENDED MARCH 31**

	2015	2014
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$595,393,991	\$556,697,061
Less: Discounts Allowed	101,172,556	94,604,325
<b>PROCEEDS - SALE OF LIQUOR</b>	\$494,221,435	\$462,092,736
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	356,012,339	336,784,018
Less: Ending Inventory	3,048,229	6,518,644
Cost of Goods Sold	\$360,902,960	\$337,479,532
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$133,318,475	\$124,613,204
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	(\$340,150)	\$23,993
Non-Operating Revenue	0	0
Interest Revenue	14,739	15,533
<b>TOTAL OTHER REVENUE</b>	(\$325,411)	\$39,526
<b>TOTAL REVENUE</b>	\$132,993,064	\$124,652,730
<b>EXPENSES AND TRANSFERS</b>		
<u>MLCC Expenses</u>		
Commission	\$204,987	\$203,924
Management Support	1,856,505	1,470,071
Licensing & Enforcement (1)	3,173,631	3,222,665
Distribution Cost Paid to Suppliers	29,136,977	28,055,037
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$34,372,100	\$32,951,697
<u>Other Agencies Expenses</u>		
Attorney General	\$298,793	\$251,900
Auditor General	0	0
Bureau of Fire Services	224,410	1,325,761
Civil Service - Personnel	249,137	0
Administrative Hearings & Rules	40,013	0
Information Technology Services	2,992,681	4,285,451
MLCC Rent	313,923	297,265
LARA - Executive Direction	575,490	251,481
LARA - Administrative Offices	774,551	460,006
<b>Total Other Agencies Expenses</b>	\$5,468,998	\$6,871,864
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$39,841,098	\$39,823,561
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$93,151,966	\$84,829,169
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$93,151,966	\$84,829,169
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$92,378,066	\$84,055,269
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	72,000,000	72,000,000
Current Year Increase or (Decrease)	\$20,378,066	\$12,055,269
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$21,253,805	\$12,931,008

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	<u>2015</u>	<u>2014</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	132,993,064	124,652,730	8,340,334
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$133,868,803</u>	<u>\$125,528,469</u>	<u>\$8,340,334</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$72,000,000	\$72,000,000	\$0
MLCC Expenses	34,372,100	32,951,697	1,420,403
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,468,998	6,871,864	(1,402,866)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$112,614,998</u>	<u>\$112,597,461</u>	<u>\$17,537</u>
Ending Equity	<u>\$21,253,805</u>	<u>\$12,931,008</u>	<u>\$8,322,797</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
SIX MONTHS ENDED MARCH 31**

	<u>2015 MONTH</u>	<u>YTD</u>	<u>2014 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
<b>LIQUOR SALES</b>					
Off Premise	\$71,514,736	\$499,493,741	\$65,772,558	\$464,837,311	\$34,656,430
On Premise	16,049,958	95,639,125	15,710,961	91,601,598	4,037,527
Other	98,666	261,125	38,687	258,152	2,973
<b>TOTAL GROSS SALES</b>	<u>\$87,663,360</u>	<u>\$595,393,991</u>	<u>\$81,522,206</u>	<u>\$556,697,061</u>	<u>\$38,696,930</u>
Less: Discounts Allowed	14,899,610	101,172,556	13,855,358	94,604,325	6,568,231
<b>PROCEEDS-SALE OF LIQUOR</b>	<u>\$72,763,750</u>	<u>\$494,221,435</u>	<u>\$67,666,848</u>	<u>\$462,092,736</u>	<u>\$32,128,699</u>
Less: Cost of Goods Sold	52,396,632	360,902,960	49,481,983	337,479,532	23,423,428
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<u>\$20,367,118</u>	<u>\$133,318,475</u>	<u>\$18,184,865</u>	<u>\$124,613,204</u>	<u>\$8,705,271</u>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$482,577)	(\$340,150)	\$31,008	\$23,993	(\$364,143)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	14,739	0	15,533	(794)
<b>TOTAL OTHER REVENUE</b>	<u>(\$482,577)</u>	<u>(\$325,411)</u>	<u>\$31,008</u>	<u>\$39,526</u>	<u>(\$364,937)</u>
<b>TOTAL REVENUE</b>	<u>\$19,884,541</u>	<u>\$132,993,064</u>	<u>\$18,215,873</u>	<u>\$124,652,730</u>	<u>\$8,340,334</u>
Less: Distribution Cost Paid to Suppliers	4,190,105	29,136,977	4,073,602	28,055,037	1,081,940
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<u>\$15,694,436</u>	<u>\$103,856,087</u>	<u>\$14,142,271</u>	<u>\$96,597,693</u>	<u>\$7,258,394</u>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$34,990	\$204,987	\$35,920	\$203,924	\$1,063
Management Support(1)	324,883	1,919,987	266,469	1,530,675	389,312
Licensing & Enforcement(1)	1,050,585	6,486,135	1,100,286	6,608,428	(122,293)
LARA Services	79,870	2,123,941	(164,399)	1,485,387	638,554
Information Technology Services	828,308	2,992,681	957,047	4,285,451	(1,292,770)
Attorney General	0	298,793	0	251,900	46,893
Auditor General	0	0	0	0	0
Bureau of Fire Services	(286,753)	224,410	153,063	1,325,761	(1,101,351)
Civil Service - Personnel	249,137	249,137	0	0	249,137
Administrative Hearings & Rules	10,148	40,013	0	0	40,013
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>\$2,291,168</u>	<u>\$13,766,184</u>	<u>\$2,348,386</u>	<u>\$14,917,626</u>	<u>(\$1,151,442)</u>
<b>INCOME FROM OPERATIONS</b>	<u>\$13,403,268</u>	<u>\$90,089,903</u>	<u>\$11,793,885</u>	<u>\$81,680,067</u>	<u>\$8,409,836</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	20,196,970	98,463,961	22,641,677	98,189,775	274,186
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<u>\$33,600,238</u>	<u>\$188,553,864</u>	<u>\$34,435,562</u>	<u>\$179,869,842</u>	<u>\$8,684,022</u>
Number of Cases Sold	566,923	3,885,406	542,471	3,739,238	146,168
Number of Sales Days	20	128	20	129	(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  
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	(\$276,341)	\$12,025,940	\$16,954,443	(\$4,928,503)
Specific Tax, Liquor 4%	3,493,120	23,730,264	22,194,783	1,535,481
Excise Tax, Wine	590,529	4,340,597	4,525,168	(184,571)
Excise Tax, Mixed Spirit Drink	(1,232)	97,001	105,927	(8,926)
Sunday Sales Fees (7am-12pm)	690,417	755,972	708,206	47,766
Fines & Costs	63,674	239,319	202,298	37,021
Miscellaneous Revenue	28,427	74,264	44,819	29,445
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$4,588,594</u>	<u>\$41,263,357</u>	<u>\$44,735,644</u>	<u>(\$3,472,287)</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$5,013,500	\$5,238,885	\$4,954,215	\$284,670
41.5% To Licensing & Enforcement	2,211,253	2,381,934	2,188,806	193,128
3.5% To Alcoholism Prevention Programs	186,492	200,886	184,598	16,288
Additional Resort License Fees	19,400	116,400	77,600	38,800
Direct Shipper License Fees	46,700	51,477	49,625	1,852
License Transfer Fees	83,088	371,399	295,085	76,314
Sunday Sales Fees	690,237	745,036	687,515	57,521
License Permit Fees	17,200	22,840	16,672	6,168
Non-Retail License Fees-Wine Industry Council	295,165	346,205	339,404	6,801
Liquor Control Act Sales	120	625	1,930	(1,305)
Inspection Fees	31,795	143,831	158,860	(15,029)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,509,141	23,829,310	22,273,552	1,555,758
Miscellaneous Revenue	11,165	21,512	31,486	(9,974)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$12,115,256</u>	<u>\$33,470,340</u>	<u>\$31,259,348</u>	<u>\$2,210,992</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$3,493,120	\$23,730,264	\$22,194,783	\$1,535,481
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,493,120</u>	<u>\$23,730,264</u>	<u>\$22,194,783</u>	<u>\$1,535,481</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$20,196,970</u>	<u>\$98,463,961</u>	<u>\$98,189,775</u>	<u>\$274,186</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	13,403,268	90,089,903	81,680,067	8,409,836
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$13,403,268</u>	<u>\$90,089,903</u>	<u>\$81,680,067</u>	<u>\$8,409,836</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$33,600,238</u>	<u>\$188,553,864</u>	<u>\$179,869,842</u>	<u>\$8,684,022</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  
SIX MONTHS ENDED MARCH 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2015	2014
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$34,990	\$204,987	\$143,748	\$856,530	\$504,672	\$3,101,129	\$4,162,646	\$3,967,953
Longevity & Insurance	0	0	36,522	251,352	111,056	774,803	1,026,155	1,064,197
Retirement & FICA	0	0	102,635	619,386	297,838	1,834,317	2,453,703	2,433,352
Subtotal	\$34,990	\$204,987	\$282,905	\$1,727,268	\$913,566	\$5,710,249	\$7,642,504	\$7,465,502
Communications	\$0	\$0	\$2,032	\$11,324	\$13,716	\$73,057	\$84,381	\$83,145
Travel	0	0	4,158	19,598	22,337	95,607	115,205	111,226
Utilities	0	0	10,288	11,407	45	282	11,689	1,255
Contractual Services	0	0	10,700	51,966	7,370	67,357	119,323	228,406
Supplies & Materials	0	0	3,120	27,030	22,756	62,394	89,424	122,672
Equipment Replacement, Additions & Rentals	0	0	1,100	7,914	7,829	78,165	86,079	32,109
Miscellaneous	0	0	0	0	0	0	0	1,448
Subtotal	\$0	\$0	\$31,398	\$129,239	\$74,053	\$376,862	\$506,101	\$580,261
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$34,990</b>	<b>\$204,987</b>	<b>\$314,303</b>	<b>\$1,856,507</b>	<b>\$987,619</b>	<b>\$6,087,111</b>	<b>\$8,148,605</b>	<b>\$8,045,763</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$63,480	\$62,966	\$399,024	\$462,504	\$297,264
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,928,975	7,348,499
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,580</b>	<b>\$63,480</b>	<b>\$62,966</b>	<b>\$399,024</b>	<b>\$6,391,479</b>	<b>\$7,645,763</b>
<b>GRAND TOTAL</b>	<b>\$34,990</b>	<b>\$204,987</b>	<b>\$324,883</b>	<b>\$1,919,987</b>	<b>\$1,050,585</b>	<b>\$6,486,135</b>	<b>\$14,540,084</b>	<b>\$15,691,526</b>

**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.