

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

June 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

JUNE FINANCIAL REPORT

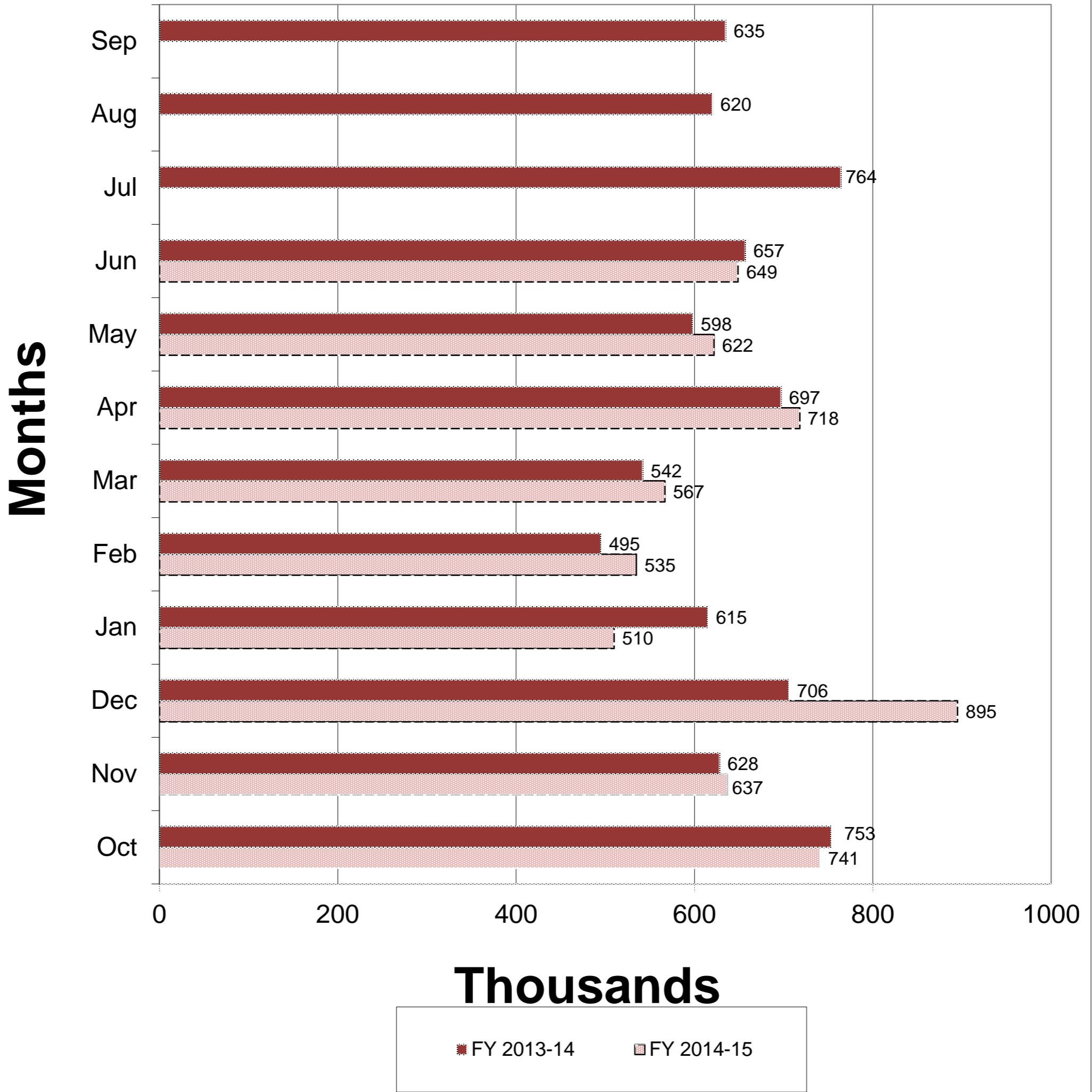
FISCAL YEAR 14 - 15

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

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Case Sales



	Fiscal Year to Date 10/14-06/15	Fiscal Year to Date 10/13-06/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,873,622	5,690,684	182,938	3.21%
Average Price Per Case Sold	\$153.31	\$149.14	\$4.17	2.80%

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	116,585,372	106,706,180
Subtotal	\$116,585,772	\$106,706,580
Liquor Inventory - At Current Cost	4,092,222	2,135,457
Prepaid Distribution Costs of Inventory	278,618	199,448
Other Assets		
Accounts Receivable	\$12,208,384	\$22,001,627
Returned Checks	375,845	279,020
Payroll Correction Clearing	0	0
Subtotal	12,584,229	22,280,647
TOTAL ASSETS	\$133,540,841	\$131,322,132
LIABILITIES & RETAINED EARNINGS		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,599,500	\$1,574,834
Warrants Authorized/Not Issued	81,581,397	89,875,478
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	\$85,935,007	\$92,019,445
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)*	46,332,738	38,261,520
Current Period Ending Balance	47,208,477	39,137,259
TOTAL LIABILITIES & RETAINED EARNINGS	\$133,540,841	\$131,322,132

*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

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$900,499,176	\$848,729,206
Less: Discounts Allowed	153,025,882	144,226,586
PROCEEDS - SALE OF LIQUOR	\$747,473,294	\$704,502,620
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	541,985,777	509,359,930
Less: Ending Inventory	4,092,222	2,135,457
Cost of Goods Sold	\$545,832,405	\$514,438,631
GROSS REVENUE FROM SALE OF LIQUOR	\$201,640,889	\$190,063,989
OTHER REVENUE		
Miscellaneous Revenue	(\$275,130)	\$129,213
Non-Operating Revenue	0	0
Interest Revenue	39,195	31,186
TOTAL OTHER REVENUE	(\$235,935)	\$160,399
TOTAL REVENUE	\$201,404,954	\$190,224,388
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$327,679	\$305,545
Management Support	2,751,215	2,746,486
Licensing & Enforcement (1)	4,876,714	4,707,243
Distribution Cost Paid to Suppliers	44,031,696	42,629,165
Compensated Absences	0	0
Total MLCC Expenses	\$51,987,304	\$50,388,439
Other Agencies Expenses		
Attorney General	\$597,798	\$600,147
Auditor General	0	0
Bureau of Fire Services	801,828	1,819,849
Civil Service - Personnel	249,137	232,875
Administrative Hearings & Rules	53,553	83,596
Information Technology Services	2,663,008	3,425,402
MLCC Rent	470,884	445,897
LARA - Executive Direction	142,853	(22,819)
LARA - Administrative Offices	1,262,388	1,564,141
Total Other Agencies Expenses	\$6,241,449	\$8,149,088
TOTAL EXPENSES AND TRANSFERS	\$58,228,753	\$58,537,527
NET INCOME (Not Including Taxes & Grants)	\$143,176,201	\$131,686,861
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$143,176,201	\$131,686,861
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
NET INCOME	\$142,402,301	\$130,912,961
RETAINED EARNINGS		
Transfers to General Fund - Cash	108,000,000	108,000,000
Current Year Increase or (Decrease)	\$34,402,301	\$22,912,961
Retained Earnings - Beginning	875,739	875,739
RETAINED EARNINGS - ENDING	\$35,278,040	\$23,788,700

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**

	<u>2015</u>	<u>2014</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	201,404,954	190,224,388	11,180,566
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$202,280,693</u>	<u>\$191,100,127</u>	<u>\$11,180,566</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$108,000,000	\$108,000,000	\$0
MLCC Expenses	51,987,304	50,388,439	1,598,865
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,241,449	8,149,088	(1,907,639)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$167,002,653</u>	<u>\$167,311,427</u>	<u>(\$308,774)</u>
Ending Equity	<u>\$35,278,040</u>	<u>\$23,788,700</u>	<u>\$11,489,340</u>

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

	<u>2015 MONTH</u>	<u>YTD</u>	<u>2014 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$83,034,527	\$752,834,189	\$82,740,398	\$707,670,913	\$45,163,276
On Premise	16,523,346	147,236,596	15,832,264	140,695,815	6,540,781
Other	55,957	428,391	35,802	362,478	65,913
TOTAL GROSS SALES	<u>\$99,613,830</u>	<u>\$900,499,176</u>	<u>\$98,608,464</u>	<u>\$848,729,206</u>	<u>\$51,769,970</u>
Less: Discounts Allowed	16,932,240	153,025,882	16,751,004	144,226,586	8,799,296
PROCEEDS-SALE OF LIQUOR	<u>\$82,681,590</u>	<u>\$747,473,294</u>	<u>\$81,857,460</u>	<u>\$704,502,620</u>	<u>\$42,970,674</u>
Less: Cost of Goods Sold	60,150,971	545,832,405	59,825,787	514,438,631	31,393,774
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$22,530,619</u>	<u>\$201,640,889</u>	<u>\$22,031,673</u>	<u>\$190,063,989</u>	<u>\$11,576,900</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$765)	(\$275,130)	\$10,007	\$129,213	(\$404,343)
Non-Operating Revenue	(198)	0	0	0	0
Interest Revenue	0	39,195	0	31,186	8,009
TOTAL OTHER REVENUE	<u>(\$963)</u>	<u>(\$235,935)</u>	<u>\$10,007</u>	<u>\$160,399</u>	<u>(\$396,334)</u>
TOTAL REVENUE	<u>\$22,529,656</u>	<u>\$201,404,954</u>	<u>\$22,041,680</u>	<u>\$190,224,388</u>	<u>\$11,180,566</u>
Less: Distribution Cost Paid to Suppliers	4,840,781	44,031,696	4,867,515	42,629,165	1,402,531
INCOME FROM LIQUOR MERCHANDISING	<u>\$17,688,875</u>	<u>\$157,373,258</u>	<u>\$17,174,165</u>	<u>\$147,595,223</u>	<u>\$9,778,035</u>
MANAGEMENT EXPENSES					
Commission	\$49,739	\$327,679	\$35,893	\$305,545	\$22,134
Management Support(1)	297,130	2,846,434	670,812	2,837,393	9,041
Licensing & Enforcement(1)	1,071,935	9,860,501	770,919	9,663,096	197,405
LARA Services	389,918	2,179,141	720,380	2,315,222	(136,081)
Information Technology Services	(353,179)	2,663,008	462,203	3,425,402	(762,394)
Attorney General	0	597,798	0	600,147	(2,349)
Auditor General	0	0	0	0	0
Bureau of Fire Services	231,984	801,828	192,101	1,819,849	(1,018,021)
Civil Service - Personnel	0	249,137	0	232,875	16,262
Administrative Hearings & Rules	4,798	53,553	15,995	83,596	(30,043)
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>\$1,692,325</u>	<u>\$18,805,179</u>	<u>\$2,868,303</u>	<u>\$20,509,225</u>	<u>(\$1,704,046)</u>
INCOME FROM OPERATIONS	<u>\$15,996,550</u>	<u>\$138,568,079</u>	<u>\$14,305,862</u>	<u>\$127,085,998</u>	<u>\$11,482,081</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	17,059,898	155,485,583	17,082,603	155,927,671	(442,088)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$33,056,448</u>	<u>\$294,053,662</u>	<u>\$31,388,465</u>	<u>\$283,013,669</u>	<u>\$11,039,993</u>
Number of Cases Sold	648,690	5,873,622	656,580	5,690,684	182,938
Number of Sales Days	20	193	20	194	(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
NINE MONTHS ENDED JUNE 30**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,619,312	\$21,199,813	\$27,543,970	(\$6,344,157)
Specific Tax, Liquor 4%	3,972,677	35,888,486	33,830,640	2,057,846
Excise Tax, Wine	934,455	6,260,959	7,172,489	(911,530)
Excise Tax, Mixed Spirit Drink	52,040	243,706	247,477	(3,771)
Sunday Sales Fees (7am-12pm)	18,197	1,422,255	1,329,088	93,167
Fines & Costs	88,208	439,746	371,094	68,652
Miscellaneous Revenue	49,142	161,771	65,675	96,096
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,734,031</u>	<u>\$65,616,736</u>	<u>\$70,560,433</u>	<u>(\$4,943,697)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$90,986	\$8,894,534	\$8,631,306	\$263,228
41.5% To Licensing & Enforcement	68,653	5,140,288	4,963,339	176,949
3.5% To Alcoholism Prevention Programs	5,790	433,518	418,594	14,924
Additional Resort License Fees	20,000	161,550	173,900	(12,350)
Direct Shipper License Fees	1,900	100,154	95,935	4,219
License Transfer Fees	90,705	573,979	486,978	87,001
Sunday Sales Fees	22,060	1,616,221	1,568,480	47,741
License Permit Fees	1,900	51,340	39,242	12,098
Non-Retail License Fees-Wine Industry Council	21,130	689,865	883,929	(194,064)
Liquor Control Act Sales	410	1,590	2,710	(1,120)
Inspection Fees	38,320	243,965	262,037	(18,072)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,991,053	36,044,774	33,959,483	2,085,291
Miscellaneous Revenue	283	28,583	50,665	(22,082)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,353,190</u>	<u>\$53,980,361</u>	<u>\$51,536,598</u>	<u>\$2,443,763</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,972,677	\$35,888,486	\$33,830,640	\$2,057,846
TOTAL SCHOOL AID FUND	<u>\$3,972,677</u>	<u>\$35,888,486</u>	<u>\$33,830,640</u>	<u>\$2,057,846</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$17,059,898</u>	<u>\$155,485,583</u>	<u>\$155,927,671</u>	<u>(\$442,088)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	15,996,550	138,568,079	127,085,998	11,482,081
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$15,996,550</u>	<u>\$138,568,079</u>	<u>\$127,085,998</u>	<u>\$11,482,081</u>
TOTAL REVENUE COLLECTED	<u>\$33,056,448</u>	<u>\$294,053,662</u>	<u>\$283,013,669</u>	<u>\$11,039,993</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
NINE MONTHS ENDED JUNE 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2015	TOTAL 2014
	(1)		Current Month	YTD	Current Month	YTD		
	Current Month	YTD						
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$49,739	\$327,679	\$141,458	\$1,283,409	\$523,057	\$4,639,915	\$6,251,003	\$6,016,799
Longevity & Insurance	0	0	32,933	352,640	109,308	1,105,716	1,458,356	1,520,527
Retirement & FICA	0	0	99,331	924,545	302,982	2,738,715	3,663,260	3,632,964
Subtotal	\$49,739	\$327,679	\$273,722	\$2,560,594	\$935,347	\$8,484,346	\$11,372,619	\$11,170,290
Communications	\$0	\$0	\$2,025	\$18,502	\$12,323	\$114,278	\$132,780	\$136,415
Travel	0	0	5,084	31,201	20,528	151,213	182,414	186,052
Utilities	0	0	254	12,528	41	323	12,851	2,055
Contractual Services	0	0	787	78,464	9,410	304,455	382,919	505,183
Supplies & Materials	0	0	3,578	38,941	15,089	130,065	169,006	219,047
Equipment Replacement, Additions & Rentals	0	0	1,100	10,985	11,887	83,554	94,539	139,647
Miscellaneous	0	0	0	0	4,344	4,344	4,344	1,448
Subtotal	\$0	\$0	\$12,828	\$190,621	\$73,622	\$788,232	\$978,853	\$1,189,847
TOTAL MLCC APPROPRIATED EXPENSES	\$49,739	\$327,679	\$286,550	\$2,751,215	\$1,008,969	\$9,272,578	\$12,351,472	\$12,360,137
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$95,219	\$62,966	\$587,923	\$683,142	\$445,897
Other Operating Transfers Out(2)	0	0	0	0	0	0	6,544,465	8,477,091
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$10,580	\$95,219	\$62,966	\$587,923	\$7,227,607	\$8,922,988
GRAND TOTAL	\$49,739	\$327,679	\$297,130	\$2,846,434	\$1,071,935	\$9,860,501	\$19,579,079	\$21,283,125

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.