

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

December 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**

**DECEMBER FINANCIAL REPORT**

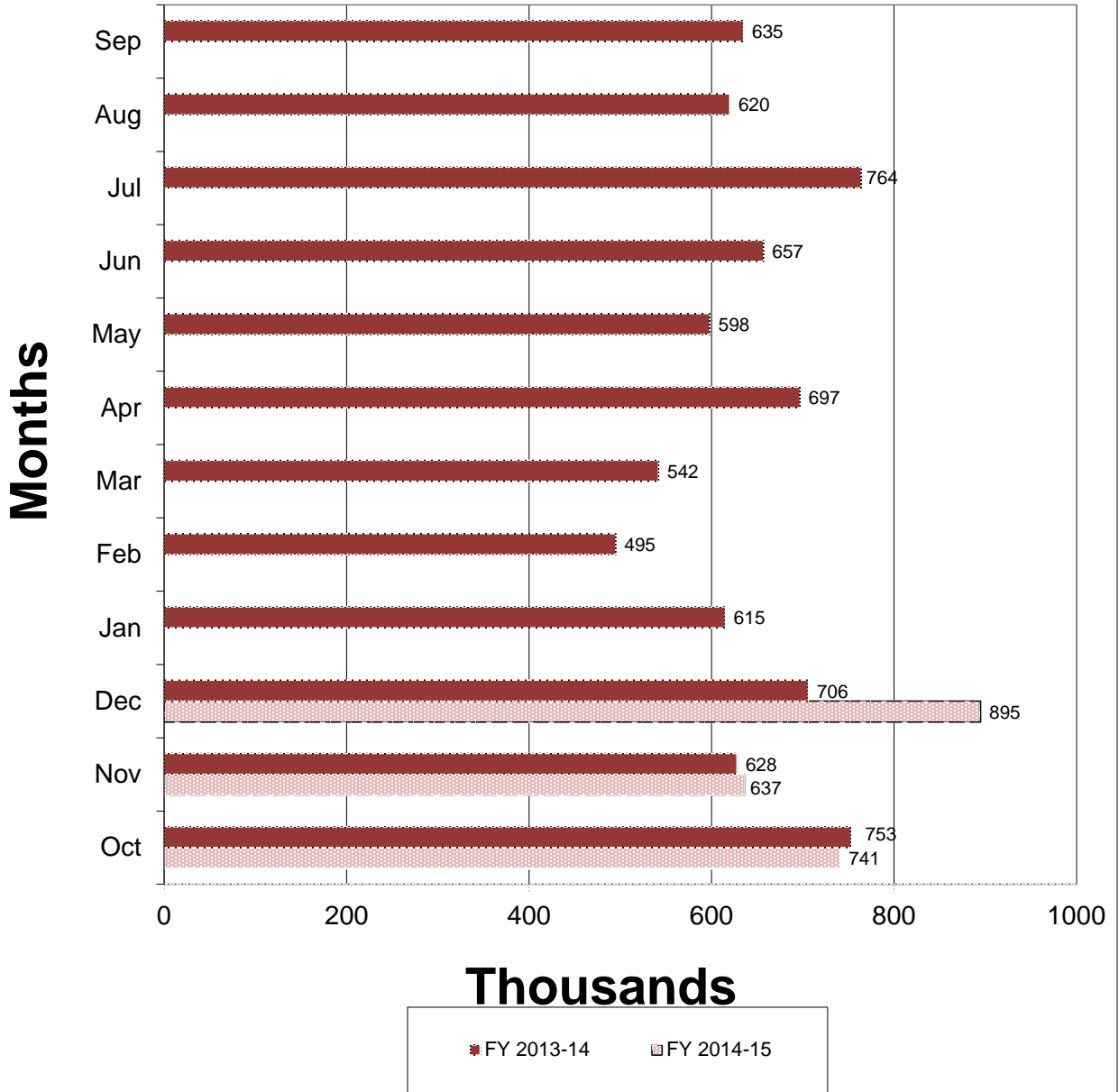
**FISCAL YEAR 14 - 15**

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## Case Sales



	Fiscal Year to Date 10/14-12/14	Fiscal Year to Date 10/13-12/13	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,273,999	2,087,174	186,825	8.95%
Average Price Per Case Sold	\$153.75	\$149.60	\$4.15	2.77%

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

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$700
Cash-State Treasurer Common Cash Fund*	52,444,983	48,295,503
Subtotal	\$52,445,383	\$48,296,203
Liquor Inventory - At Current Cost	1,925,311	6,269,235
Prepaid Distribution Costs of Inventory	129,398	477,953
Other Assets		
Accounts Receivable	\$81,959,960	\$64,688,032
Returned Checks	364,861	231,778
Payroll Correction Clearing	0	0
Subtotal	82,324,821	64,919,810
<b>TOTAL ASSETS</b>	<b>\$136,824,913</b>	<b>\$119,963,201</b>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$3,260,201	\$2,322,596
Warrants Authorized/Not Issued	99,272,567	80,718,883
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	\$103,286,878	\$83,610,612
<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)*	32,264,939	35,311,422
Current Period Ending Balance	33,140,678	36,187,161
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$136,824,913</b>	<b>\$119,963,201</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  
THREE MONTHS ENDED DECEMBER 31**

	2014	2013
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$349,632,783	\$312,239,191
Less: Discounts Allowed	59,407,588	53,061,921
<b>PROCEEDS - SALE OF LIQUOR</b>	\$290,225,195	\$259,177,270
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	210,113,297	182,967,324
Less: Ending Inventory	1,925,311	6,269,235
Cost of Goods Sold	\$216,126,836	\$183,912,247
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$74,098,359	\$75,265,023
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$152,510	(\$15,302)
Non-Operating Revenue	0	0
Interest Revenue	0	0
<b>TOTAL OTHER REVENUE</b>	\$152,510	(\$15,302)
<b>TOTAL REVENUE</b>	\$74,250,869	\$75,249,721
<b>EXPENSES AND TRANSFERS</b>		
<u>MLCC Expenses</u>		
Commission	\$101,524	\$85,685
Management Support	938,162	550,793
Licensing & Enforcement (1)	1,580,797	1,367,524
Distribution Cost Paid to Suppliers	17,382,653	15,234,483
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$20,003,136	\$17,238,485
<u>Other Agencies Expenses</u>		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	326,561	588,217
Civil Service - Personnel	0	0
Administrative Hearings & Rules	14,011	0
Information Technology Services	853,630	2,216,295
MLCC Rent	156,961	148,632
LARA - Executive Direction	507,811	455,044
LARA - Administrative Offices	311,328	325,878
<b>Total Other Agencies Expenses</b>	\$2,170,302	\$3,734,066
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$22,173,438	\$20,972,551
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$52,077,431	\$54,277,170
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$52,077,431	\$54,277,170
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$51,303,531	\$53,503,270
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	36,000,000	36,000,000
Current Year Increase or (Decrease)	\$15,303,531	\$17,503,270
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$16,179,270	\$18,379,009

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	2014	2013	INCREASE (DECREASE)
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	74,250,869	75,249,721	(998,852)
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$75,126,608</u>	<u>\$76,125,460</u>	<u>(\$998,852)</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$36,000,000	\$36,000,000	\$0
MLCC Expenses	20,003,136	17,238,485	2,764,651
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	2,170,302	3,734,066	(1,563,764)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$58,947,338</u>	<u>\$57,746,451</u>	<u>\$1,200,887</u>
Ending Equity	<u>\$16,179,270</u>	<u>\$18,379,009</u>	<u>(\$2,199,739)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
THREE MONTHS ENDED DECEMBER 31**

	2014 MONTH	YTD	2013 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$121,935,337	\$298,486,100	\$104,851,899	\$265,316,681	\$33,169,419
On Premise	19,803,061	51,084,586	17,160,477	46,788,841	4,295,745
Other	27,976	62,097	57,601	133,669	(71,572)
<b>TOTAL GROSS SALES (3)</b>	<b>\$141,766,374</b>	<b>\$349,632,783</b>	<b>\$122,069,977</b>	<b>\$312,239,191</b>	<b>\$37,393,592</b>
Less: Discounts Allowed (3)	24,089,838	59,407,588	20,746,875	53,061,921	6,345,667
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$117,676,536</b>	<b>\$290,225,195</b>	<b>\$101,323,102</b>	<b>\$259,177,270</b>	<b>\$31,047,925</b>
Less: Cost of Goods Sold	89,814,298	216,126,836	59,970,033	183,912,247	32,214,589
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$27,862,238</b>	<b>\$74,098,359</b>	<b>\$41,353,069</b>	<b>\$75,265,023</b>	<b>(\$1,166,664)</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$21,331)	\$152,510	(\$12,491)	(\$15,302)	\$167,812
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
<b>TOTAL OTHER REVENUE</b>	<b>(\$21,331)</b>	<b>\$152,510</b>	<b>(\$12,491)</b>	<b>(\$15,302)</b>	<b>\$167,812</b>
<b>TOTAL REVENUE</b>	<b>\$27,840,907</b>	<b>\$74,250,869</b>	<b>\$41,340,578</b>	<b>\$75,249,721</b>	<b>(\$998,852)</b>
Less: Distribution Cost Paid to Suppliers	7,020,053	17,382,653	4,809,023	15,234,483	2,148,170
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$20,820,854</b>	<b>\$56,868,216</b>	<b>\$36,531,555</b>	<b>\$60,015,238</b>	<b>(\$3,147,022)</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$52,388	\$101,524	\$34,973	\$85,685	\$15,839
Management Support(1)	489,685	969,901	266,451	581,094	388,807
Licensing & Enforcement(1)	1,613,052	3,242,076	1,141,483	2,868,045	374,031
LARA Services	1,243,903	1,593,039	1,193,734	1,554,822	38,217
Information Technology Services	215,758	853,630	246,625	2,216,295	(1,362,665)
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	46,344	326,561	234,225	588,217	(261,656)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	4,582	14,011	0	0	14,011
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	773,900	773,900	773,900	773,900	0
<b>Total Management Expenses</b>	<b>\$2,891,812</b>	<b>\$6,326,842</b>	<b>\$2,343,591</b>	<b>\$7,120,258</b>	<b>(\$793,416)</b>
<b>INCOME FROM OPERATIONS (3)</b>	<b>\$17,929,042</b>	<b>\$50,541,374</b>	<b>\$34,187,964</b>	<b>\$52,894,980</b>	<b>(\$2,353,606)</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds (3)	21,171,959	52,787,444	18,889,756	48,361,634	4,425,810
<b>TOTAL CURRENT EARNINGS &amp; REVENUE (3)</b>	<b>\$39,101,001</b>	<b>\$103,328,818</b>	<b>\$53,077,720</b>	<b>\$101,256,614</b>	<b>\$2,072,204</b>
Number of Cases Sold	895,408	2,273,999	705,619	2,087,174	186,825
Number of Sales Days	25	68	20	64	4

**Notes:**

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

(2) Grants to Cities - Fire Protection.

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

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED  
THREE MONTHS ENDED DECEMBER 31**

	<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	\$2,700,220	\$8,034,723	\$8,657,661	(\$622,938)
Specific Tax, Liquor 4% (2)	5,649,790	13,939,549	12,455,895	1,483,654
Excise Tax, Wine	1,164,275	2,100,544	1,684,398	416,146
Excise Tax, Mixed Spirit Drink	20,833	39,448	14,054	25,394
Sunday Sales Fees (7am-12pm)	8,840	41,127	31,032	10,095
Fines & Costs	71,743	54,986	58,859	(3,873)
Miscellaneous Revenue	6,668	16,756	19,679	(2,923)
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$9,622,369</u>	<u>\$24,227,133</u>	<u>\$22,921,578</u>	<u>\$1,305,555</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$78,016	\$129,173	\$101,244	\$27,929
41.5% To Licensing & Enforcement	58,867	98,085	76,393	21,692
3.5% To Alcoholism Prevention Programs	4,965	8,272	6,443	1,829
Additional Resort License Fees	18,800	97,000	58,200	38,800
Direct Shipper License Fees	700	3,535	1,800	1,735
License Transfer Fees	21,922	169,013	115,044	53,969
Sunday Sales Fees	10,530	26,423	23,813	2,610
License Permit Fees	1,580	3,200	1,402	1,798
Non-Retail License Fees-Wine Industry Council	11,300	32,900	36,399	(3,499)
Liquor Control Act Sales	55	85	400	(315)
Inspection Fees	21,089	64,089	80,913	(16,824)
Specific Tax, Liquor 4%-Tourism & Conv. Facility (2)	5,669,306	13,980,277	12,472,808	1,507,469
Miscellaneous Revenue	2,670	8,710	9,302	(592)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$5,899,800</u>	<u>\$14,620,762</u>	<u>\$12,984,161</u>	<u>\$1,636,601</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4% (2)	<u>\$5,649,790</u>	<u>\$13,939,549</u>	<u>\$12,455,895</u>	<u>\$1,483,654</u>
<b>TOTAL SCHOOL AID FUND</b>	<u>\$5,649,790</u>	<u>\$13,939,549</u>	<u>\$12,455,895</u>	<u>\$1,483,654</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS (2)</b>	<u>\$21,171,959</u>	<u>\$52,787,444</u>	<u>\$48,361,634</u>	<u>\$4,425,810</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	<u>17,929,042</u>	<u>50,541,374</u>	<u>52,894,980</u>	<u>(2,353,606)</u>
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$17,929,042</u>	<u>\$50,541,374</u>	<u>\$52,894,980</u>	<u>(\$2,353,606)</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$39,101,001</u>	<u>\$103,328,818</u>	<u>\$101,256,614</u>	<u>\$2,072,204</u>

**Notes:**

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

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



**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT  
THREE MONTHS ENDED DECEMBER 31**

	<b>COMMISSION</b>		<b>MANAGEMENT SUPPORT</b>		<b>LICENSING &amp; ENFORCEMENT</b>		<b>TOTAL 2014</b>	<b>TOTAL 2013</b>
	<b>(1)</b>							
	<b>Current Month</b>	<b>YTD</b>	<b>Current Month</b>	<b>YTD</b>	<b>Current Month</b>	<b>YTD</b>		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$52,388	\$101,524	\$217,883	\$425,151	\$794,647	\$1,545,297	\$2,071,972	\$1,568,884
Longevity & Insurance	0	0	55,448	142,219	169,200	440,393	582,612	527,308
Retirement & FICA	0	0	155,556	311,557	455,965	928,160	1,239,717	1,043,638
<b>Subtotal</b>	<b>\$52,388</b>	<b>\$101,524</b>	<b>\$428,887</b>	<b>\$878,927</b>	<b>\$1,419,812</b>	<b>\$2,913,850</b>	<b>\$3,894,301</b>	<b>\$3,139,830</b>
Communications	\$0	\$0	\$2,054	\$5,486	\$13,663	\$31,908	\$37,394	\$34,491
Travel	0	0	4,491	8,502	19,658	37,216	45,718	43,844
Utilities	0	0	54	283	44	237	520	510
Contractual Services	0	0	18,995	23,656	4,127	16,407	40,063	101,008
Supplies & Materials	0	0	2,364	16,793	6,708	24,430	41,223	54,934
Equipment Replacement, Additions & Rentals	0	0	1,100	4,514	2,592	7,903	12,417	11,575
Miscellaneous	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,058</b>	<b>\$59,234</b>	<b>\$46,792</b>	<b>\$118,101</b>	<b>\$177,335</b>	<b>\$246,362</b>
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$52,388</b>	<b>\$101,524</b>	<b>\$457,945</b>	<b>\$938,161</b>	<b>\$1,466,604</b>	<b>\$3,031,951</b>	<b>\$4,071,636</b>	<b>\$3,386,192</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy	\$0	\$0	\$31,740	\$31,740	\$146,448	\$210,125	\$241,865	\$148,632
Other Operating Transfers Out(2)	0	0	0	0	0	0	2,787,241	4,359,334
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,740</b>	<b>\$31,740</b>	<b>\$146,448</b>	<b>\$210,125</b>	<b>\$3,029,106</b>	<b>\$4,507,966</b>
<b>GRAND TOTAL</b>	<b>\$52,388</b>	<b>\$101,524</b>	<b>\$489,685</b>	<b>\$969,901</b>	<b>\$1,613,052</b>	<b>\$3,242,076</b>	<b>\$7,100,742</b>	<b>\$7,894,158</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.