

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 2016



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Shelly Edgerton, Director
Andrew J. Deloney, Chairman

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MICHIGAN LIQUOR CONTROL COMMISSION

FEBRUARY FINANCIAL REPORT

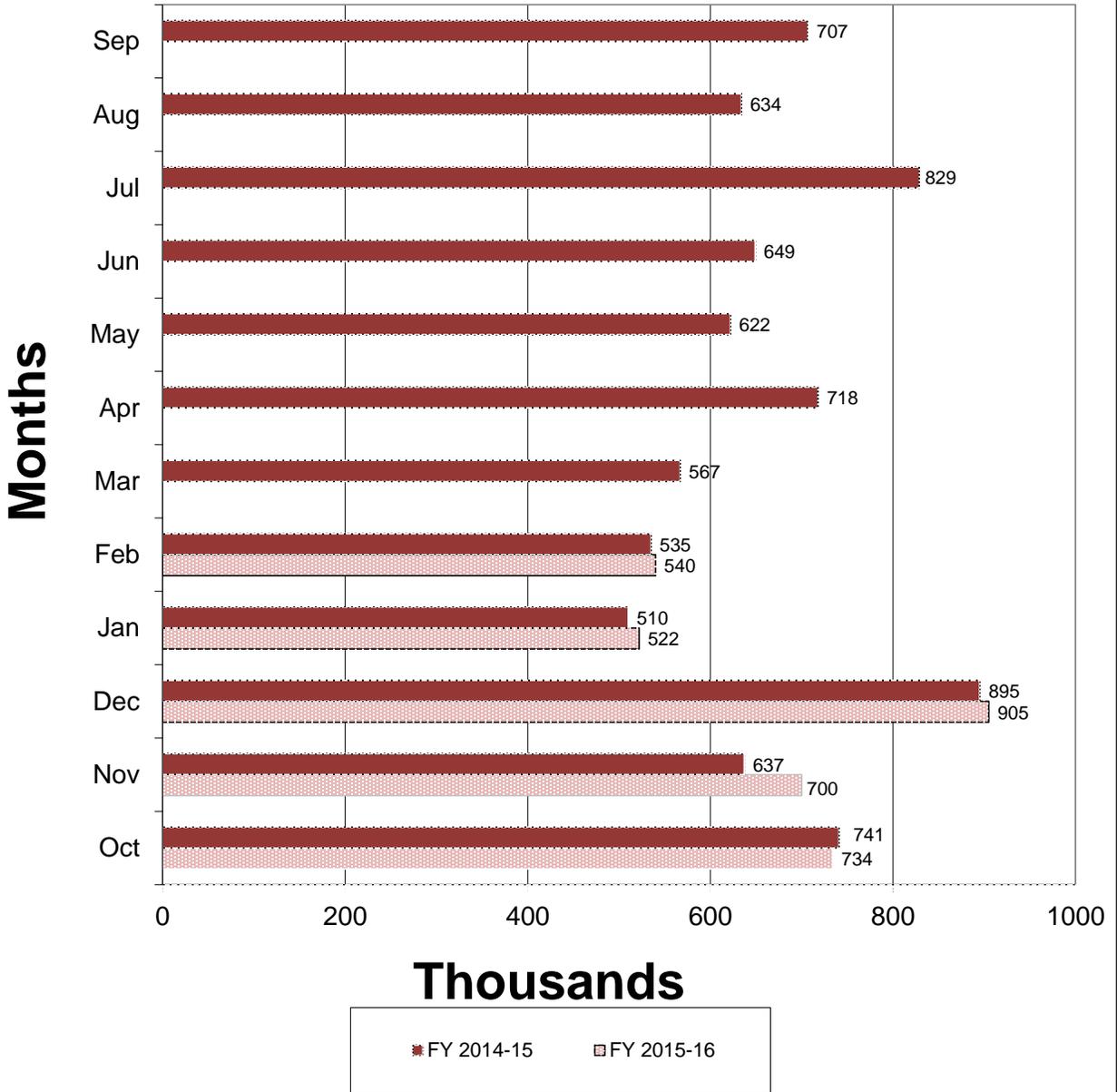
FISCAL YEAR 15 - 16

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Case Sales



	Fiscal Year to Date 10/15-02/16	Fiscal Year to Date 10/14-02/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,402,081	3,318,483	83,598	2.52%
Average Price Per Case Sold	\$155.67	\$153.00	\$2.67	1.75%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
FEBRUARY 29**

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	114,535,712	80,821,632
Subtotal	\$114,536,112	\$80,822,032
Liquor Inventory - At Current Cost	4,366,121	311,195
Prepaid Distribution Costs of Inventory	298,148	(2,070)
Other Assets		
Accounts Receivable	\$537,884	\$23,243,511
Returned Checks	165,680	813,434
Payroll Correction Clearing	0	0
Subtotal	703,564	24,056,945
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$122,660,293	\$105,188,102
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$867,670	\$913,230
Warrants Authorized/Not Issued	83,902,349	74,223,422
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	24,738	92,632
Current Compensated Absences	672,660	661,478
Total Current Liabilities	\$85,467,417	\$75,890,762
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$24,738
Non Current Portion-Net Pension Liability	\$15,999,403	0
Long Term Compensated Absences	422,224	372,619
Total Long Term Liabilities	16,421,627	397,357
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	1,876,585	0
RETAINED EARNINGS		
Beginning Balance October 1	(\$14,243,901)	\$875,739
Current Year Increase or (Decrease)*	33,138,565	28,024,244
Current Period Ending Balance	18,894,664	28,899,983
TOTAL	\$122,660,293	\$105,188,102

*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
FIVE MONTHS ENDED FEBRUARY 29**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$529,615,708	\$507,730,631
Less: Discounts Allowed	90,002,618	86,272,946
PROCEEDS - SALE OF LIQUOR	\$439,613,090	\$421,457,685
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	320,571,060	300,878,673
Less: Ending Inventory	4,366,121	311,195
Cost of Goods Sold	\$321,021,152	\$308,506,328
GROSS REVENUE FROM SALE OF LIQUOR	\$118,591,938	\$112,951,357
OTHER REVENUE		
Miscellaneous Revenue	(\$13,255)	\$142,427
Non-Operating Revenue	0	0
Interest Revenue	34,611	14,739
TOTAL OTHER REVENUE	\$21,356	\$157,166
TOTAL REVENUE	\$118,613,294	\$113,108,523
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$194,626	\$169,997
Management Support	1,499,241	1,542,205
Licensing & Enforcement (1)	2,405,075	2,658,700
Distribution Cost Paid to Suppliers	25,507,668	24,946,872
Compensated Absences	0	0
Total MLCC Expenses	\$29,606,610	\$29,317,774
Other Agencies Expenses		
Attorney General	\$284,589	\$298,793
Auditor General	0	0
Bureau of Fire Services	444	511,163
Civil Service - Personnel	0	0
Administrative Hearings & Rules	1,730,910	29,865
Information Technology Services	2,157,947	2,164,373
MLCC Rent	2,889	261,602
LARA - Executive Direction	423,448	598,158
LARA - Administrative Offices	1,201,909	672,013
Total Other Agencies Expenses	\$5,802,136	\$4,535,967
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$35,408,746	\$33,853,741
NET INCOME (Not Including Taxes & Grants)	\$83,204,548	\$79,254,782
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$83,204,548	\$79,254,782
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$83,204,548	\$78,480,882
RETAINED EARNINGS		
Transfers to General Fund - Cash	60,000,000	60,000,000
Current Year Increase or (Decrease)	\$23,204,548	\$18,480,882
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$8,960,647	\$19,356,621

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
FEBRUARY 29**

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	118,613,294	113,108,523	5,504,771
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$104,369,393</u>	<u>\$113,984,262</u>	<u>(\$9,614,869)</u>
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$60,000,000	\$60,000,000	\$0
MLCC Expenses	29,606,610	29,317,774	288,836
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,802,136	4,535,967	1,266,169
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	<u>\$95,408,746</u>	<u>\$94,627,641</u>	<u>\$781,105</u>
Ending Equity	<u>\$8,960,647</u>	<u>\$19,356,621</u>	<u>(\$10,395,974)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FIVE MONTHS ENDED FEBRUARY 29**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$67,397,471	\$447,204,495	\$66,586,274	\$427,979,005	\$19,225,490
On Premise	15,392,326	82,151,989	14,356,755	79,589,167	2,562,822
Other	100,973	259,224	43,819	162,459	96,765
TOTAL GROSS SALES	\$82,890,770	\$529,615,708	\$80,986,848	\$507,730,631	\$21,885,077
Less: Discounts Allowed	14,087,716	90,002,618	13,769,316	86,272,946	3,729,672
PROCEEDS-SALE OF LIQUOR	\$68,803,054	\$439,613,090	\$67,217,532	\$421,457,685	\$18,155,405
Less: Cost of Goods Sold	50,509,056	321,021,152	51,040,698	308,506,328	12,514,824
GROSS REVENUE FROM SALE OF LIQUOR	\$18,293,998	\$118,591,938	\$16,176,834	\$112,951,357	\$5,640,581
OTHER REVENUE					
Miscellaneous Revenue	(\$19,231)	(\$13,255)	(\$10,565)	\$142,427	(\$155,682)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	34,611	0	14,739	19,872
TOTAL OTHER REVENUE	(\$19,231)	\$21,356	(\$10,565)	\$157,166	(\$135,810)
TOTAL REVENUE	\$18,274,767	\$118,613,294	\$16,166,269	\$113,108,523	\$5,504,771
Less: Distribution Cost Paid to Suppliers	4,078,042	25,507,668	4,178,415	24,946,872	560,796
INCOME FROM LIQUOR MERCHANDISING	\$14,196,725	\$93,105,626	\$11,987,854	\$88,161,651	\$4,943,975
MANAGEMENT EXPENSES					
Commission	\$46,350	\$194,626	\$34,547	\$169,997	\$24,629
Management Support(1)	295,809	1,502,128	302,448	1,595,104	(92,976)
Licensing & Enforcement(1)	1,019,884	4,773,816	1,134,604	5,435,550	(661,734)
LARA Services	563,503	1,625,357	314,773	2,044,071	(418,714)
Information Technology Services	708,668	2,157,947	887,739	2,164,373	(6,426)
Attorney General	0	284,589	0	298,793	(14,204)
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	444	4,926	511,163	(510,719)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	458,680	1,730,910	10,705	29,865	1,701,045
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	773,900	(773,900)
Total Management Expenses	\$3,092,894	\$12,269,817	\$2,689,742	\$11,475,016	\$794,801
INCOME FROM OPERATIONS	\$11,103,831	\$80,835,809	\$9,298,112	\$76,686,635	\$4,149,174
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	13,287,552	83,019,745	12,054,252	78,266,991	4,752,754
TOTAL CURRENT EARNINGS & REVENUE	\$24,391,383	\$163,855,554	\$21,352,364	\$154,953,626	\$8,901,928
Number of Cases Sold	540,070	3,402,081	534,790	3,318,483	83,598
Number of Sales Days	20	107	20	108	(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
FIVE MONTHS ENDED FEBRUARY 29**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,282,517	\$11,811,003	\$12,302,281	(\$491,278)
Specific Tax, Liquor 4%	3,305,241	21,121,755	20,237,144	884,611
Excise Tax, Wine	756,039	4,467,192	3,750,068	717,124
Excise Tax, Mixed Spirit Drink	35,530	145,378	98,233	47,145
Sunday Sales Fees (7am-12pm)	14,428	65,077	65,555	(478)
Fines & Costs	56,011	119,161	175,645	(56,484)
Miscellaneous Revenue	18,005	12,979	45,837	(32,858)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$6,467,771</u>	<u>\$37,742,545</u>	<u>\$36,674,763</u>	<u>\$1,067,782</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$35,401	\$2,267,858	\$225,385	\$2,042,473
41.5% To Licensing & Enforcement	26,711	130,029	170,681	(40,652)
3.5% To Alcoholism Prevention Programs	2,253	10,966	14,394	(3,428)
Additional Resort License Fees	19,400	58,200	97,000	(38,800)
Direct Shipper License Fees	1,000	5,525	4,777	748
License Transfer Fees	57,524	249,607	288,311	(38,704)
Sunday Sales Fees	9,068	51,382	54,799	(3,417)
License Permit Fees	1,600	6,240	5,640	600
Non-Retail License Fees-Wine Industry Council	12,885	53,858	51,040	2,818
Liquor Control Act Sales	125	98	505	(407)
Inspection Fees	27,217	114,978	112,036	2,942
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,321,131	21,206,539	20,320,169	886,370
Miscellaneous Revenue	225	165	10,347	(10,182)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,514,540</u>	<u>\$24,155,445</u>	<u>\$21,355,084</u>	<u>\$2,800,361</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$3,305,241</u>	<u>\$21,121,755</u>	<u>\$20,237,144</u>	<u>\$884,611</u>
TOTAL SCHOOL AID FUND	<u>\$3,305,241</u>	<u>\$21,121,755</u>	<u>\$20,237,144</u>	<u>\$884,611</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$13,287,552</u>	<u>\$83,019,745</u>	<u>\$78,266,991</u>	<u>\$4,752,754</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	<u>11,103,831</u>	<u>80,835,809</u>	<u>76,686,635</u>	<u>4,149,174</u>
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$11,103,831</u>	<u>\$80,835,809</u>	<u>\$76,686,635</u>	<u>\$4,149,174</u>
TOTAL REVENUE COLLECTED	<u><u>\$24,391,383</u></u>	<u><u>\$163,855,554</u></u>	<u><u>\$154,953,626</u></u>	<u><u>\$8,901,928</u></u>

Note:

(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
FIVE MONTHS ENDED FEBRUARY 29**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$46,350	\$194,626	\$144,986	\$733,842	\$487,009	\$2,374,667	\$3,303,135	\$3,479,236
Longevity & Insurance	0	0	31,820	194,382	104,307	622,648	817,030	878,577
Retirement & FICA	0	0	98,903	492,554	272,064	1,343,072	1,835,626	2,053,230
Subtotal	\$46,350	\$194,626	\$275,709	\$1,420,778	\$863,380	\$4,340,387	\$5,955,791	\$6,411,043
Communications	\$0	\$0	\$1,308	\$9,647	\$5,123	\$58,709	\$68,356	\$68,633
Travel	0	0	3,163	13,698	19,108	80,186	93,884	88,710
Utilities	0	0	329	1,431	0	40	1,471	1,356
Contractual Services	0	0	9,072	26,470	5,449	21,899	48,369	101,253
Supplies & Materials	0	0	3,051	17,447	7,155	32,691	50,138	63,548
Equipment Replacement, Additions & Rentals	0	0	866	9,300	98,443	111,101	120,401	77,150
Miscellaneous	0	0	0	468	0	1,448	1,916	0
Subtotal	\$0	\$0	\$17,789	\$78,461	\$135,278	\$306,074	\$384,535	\$400,650
TOTAL MLCC APPROPRIATED EXPENSES	\$46,350	\$194,626	\$293,498	\$1,499,239	\$998,658	\$4,646,461	\$6,340,326	\$6,811,693
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$2,311	\$2,889	\$21,226	\$127,355	\$130,244	\$388,958
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,799,247	5,048,265
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$2,311	\$2,889	\$21,226	\$127,355	\$5,929,491	\$5,437,223
GRAND TOTAL	\$46,350	\$194,626	\$295,809	\$1,502,128	\$1,019,884	\$4,773,816	\$12,269,817	\$12,248,916

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.