

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 2016



Michigan Department of Licensing and Regulatory Affairs (LARA)

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

<http://www.michigan.gov/lcc>



MICHIGAN LIQUOR CONTROL COMMISSION

MAY FINANCIAL REPORT

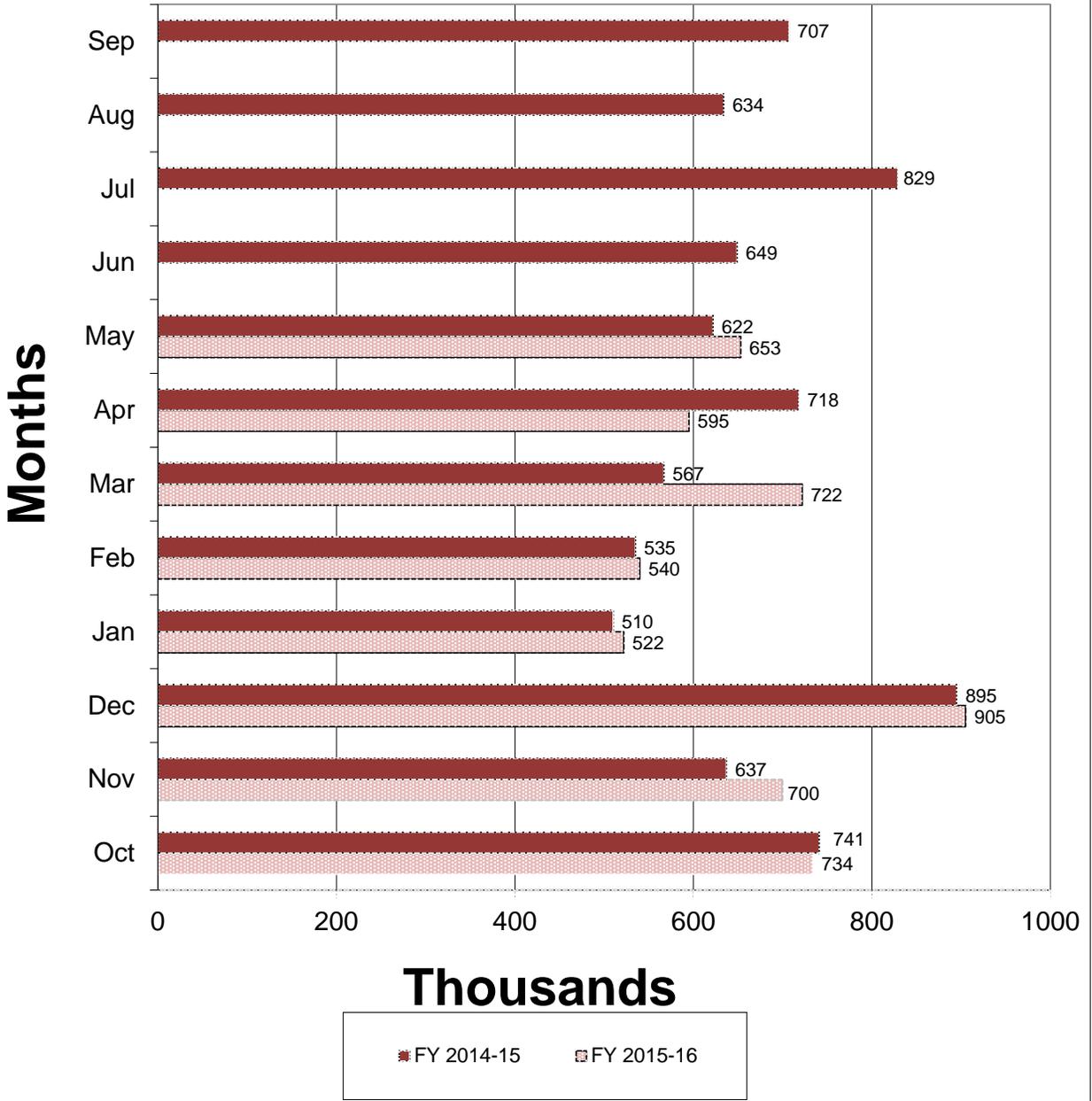
FISCAL YEAR 15 - 16

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 10/15-05/16	Fiscal Year to Date 10/14-05/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	5,372,119	5,224,932	147,187	2.82%
Average Price Per Case Sold	\$155.72	\$153.28	\$2.44	1.59%

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	<u>131,554,925</u>	<u>113,686,592</u>
Subtotal	\$131,555,325	\$113,686,992
Liquor Inventory - At Current Cost	5,414,955	3,478,124
Prepaid Distribution Costs of Inventory	390,660	240,818
Other Assets		
Accounts Receivable	(\$890,457)	\$23,932,258
Returned Checks	151,720	362,717
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	(738,737)	24,294,975
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>2,756,348</u>	<u>0</u>
TOTAL	<u>\$139,378,551</u>	<u>\$141,700,909</u>
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,197,992	\$432,721
Warrants Authorized/Not Issued	84,158,694	93,535,316
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	24,738	92,632
Current Compensated Absences	<u>672,660</u>	<u>661,478</u>
Total Current Liabilities	\$88,054,084	\$94,722,147
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	<u>422,224</u>	<u>372,619</u>
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)*	<u>47,270,156</u>	<u>45,705,666</u>
Current Period Ending Balance	33,026,255	46,581,405
TOTAL	<u>\$139,378,551</u>	<u>\$141,700,909</u>

*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
EIGHT MONTHS ENDED MAY 31**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$836,539,557	\$800,885,346
Less: Discounts Allowed	142,181,073	136,093,642
PROCEEDS - SALE OF LIQUOR	\$694,358,484	\$664,791,704
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	507,881,813	481,220,708
Less: Ending Inventory	5,414,955	3,478,124
Cost of Goods Sold	\$507,283,071	\$485,681,434
GROSS REVENUE FROM SALE OF LIQUOR	\$187,075,413	\$179,110,270
OTHER REVENUE		
Miscellaneous Revenue	\$46,173	(\$274,365)
Non-Operating Revenue	0	198
Interest Revenue	133,363	39,195
TOTAL OTHER REVENUE	\$179,536	(\$234,972)
TOTAL REVENUE	\$187,254,949	\$178,875,298
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$348,237	\$277,940
Management Support	2,407,393	2,464,666
Licensing & Enforcement (1)	3,969,456	4,351,342
Distribution Cost Paid to Suppliers	40,305,708	39,190,915
Compensated Absences	0	0
Total MLCC Expenses	\$47,030,794	\$46,284,863
<u>Other Agencies Expenses</u>		
Attorney General	\$577,143	\$597,798
Auditor General	0	0
Bureau of Fire Services	160,444	569,844
Civil Service - Personnel	196,488	249,137
Administrative Hearings & Rules	1,854,843	48,755
Information Technology Services	5,356,397	3,016,187
MLCC Rent	4,623	418,564
LARA - Executive Direction	(556,131)	(146,477)
LARA - Administrative Offices	1,471,143	1,161,800
Total Other Agencies Expenses		
Excluding Transfers Not Related to MLCC	\$9,064,950	\$5,915,608
TOTAL EXPENSES AND TRANSFERS	\$56,095,744	\$52,200,471
NET INCOME (Not Including Taxes & Grants)	\$131,159,205	\$126,674,827
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$131,159,205	\$126,674,827
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$131,159,205	\$125,900,927
RETAINED EARNINGS		
Transfers to General Fund - Cash	96,000,000	96,000,000
Current Year Increase or (Decrease)	\$35,159,205	\$29,900,927
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$20,915,304	\$30,776,666

Note:

(1) Includes the Revolving Fund Portion only.

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

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	187,254,949	178,875,298	8,379,651
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$173,011,048</u>	<u>\$179,751,037</u>	<u>(\$6,739,989)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$96,000,000	\$96,000,000	\$0
MLCC Expenses	47,030,794	46,284,863	745,931
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,064,950	5,915,608	3,149,342
LARA Transfer Not Related to MLCC	<u>0</u>	<u>773,900</u>	<u>(773,900)</u>
Total Allocation of Equity	<u>\$152,095,744</u>	<u>\$148,974,371</u>	<u>\$3,121,373</u>
Ending Equity	<u>\$20,915,304</u>	<u>\$30,776,666</u>	<u>(\$9,861,362)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
EIGHT MONTHS ENDED MAY 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$83,821,939	\$699,685,354	\$79,523,335	\$669,799,662	\$29,885,692
On Premise	17,267,188	136,380,677	15,708,683	130,713,250	5,667,427
Other	61,913	473,526	34,851	372,434	101,092
TOTAL GROSS SALES	\$101,151,040	\$836,539,557	\$95,266,869	\$800,885,346	\$35,654,211
Less: Discounts Allowed	17,209,972	142,181,073	16,188,898	136,093,642	6,087,431
PROCEEDS-SALE OF LIQUOR	\$83,941,068	\$694,358,484	\$79,077,971	\$664,791,704	\$29,566,780
Less: Cost of Goods Sold	61,911,527	507,283,071	58,575,672	485,681,434	21,601,637
GROSS REVENUE FROM SALE OF LIQUOR	\$22,029,541	\$187,075,413	\$20,502,299	\$179,110,270	\$7,965,143
OTHER REVENUE					
Miscellaneous Revenue	\$37,422	\$46,173	\$9,557	(\$274,365)	\$320,538
Non-Operating Revenue	0	0	0	198	(198)
Interest Revenue	0	133,363	0	39,195	94,168
TOTAL OTHER REVENUE	\$37,422	\$179,536	\$9,557	(\$234,972)	\$414,508
TOTAL REVENUE	\$22,066,963	\$187,254,949	\$20,511,856	\$178,875,298	\$8,379,651
Less: Distribution Cost Paid to Suppliers	4,951,530	40,305,708	4,710,923	39,190,915	1,114,793
INCOME FROM LIQUOR MERCHANDISING	\$17,115,433	\$146,949,241	\$15,800,933	\$139,684,383	\$7,264,858
MANAGEMENT EXPENSES					
Commission	\$52,107	\$348,237	\$38,535	\$277,940	\$70,297
Management Support(1)	293,412	2,412,016	303,355	2,549,304	(137,288)
Licensing & Enforcement(1)	1,034,846	7,895,266	1,054,812	8,788,566	(893,300)
LARA Services	265,845	915,012	375,005	1,789,223	(874,211)
Information Technology Services	1,614,474	5,356,397	146,502	3,016,187	2,340,210
Attorney General	0	577,143	0	597,798	(20,655)
Auditor General	0	0	0	0	0
Bureau of Fire Services	60,000	160,444	174,564	569,844	(409,400)
Civil Service - Personnel	0	196,488	0	249,137	(52,649)
Administrative Hearings & Rules	5,832	1,854,843	5,405	48,755	1,806,088
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	\$3,326,516	\$19,715,846	\$2,098,178	\$17,112,854	\$2,602,992
INCOME FROM OPERATIONS	\$13,788,917	\$127,233,395	\$13,702,755	\$122,571,529	\$4,661,866
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	17,056,679	147,705,667	16,235,561	138,425,685	9,279,982
TOTAL CURRENT EARNINGS & REVENUE	\$30,845,596	\$274,939,062	\$29,938,316	\$260,997,214	\$13,941,848
Number of Cases Sold	653,171	5,372,119	621,652	5,224,932	147,187
Number of Sales Days	20	172	20	173	(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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,982,397	\$20,391,610	\$17,580,501	\$2,811,109
Specific Tax, Liquor 4%	4,031,058	33,367,334	31,915,809	1,451,525
Excise Tax, Wine	949,979	7,219,790	5,326,504	1,893,286
Excise Tax, Mixed Spirit Drink	28,737	229,054	191,666	37,388
Sunday Sales Fees (7am-12pm)	59,639	1,500,504	1,404,058	96,446
Fines & Costs	61,766	303,736	351,538	(47,802)
Miscellaneous Revenue	3,419	31,109	112,629	(81,520)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,116,995</u>	<u>\$63,043,137</u>	<u>\$56,882,705</u>	<u>\$6,160,432</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$309,865	\$8,895,546	\$8,803,548	\$91,998
41.5% To Licensing & Enforcement	233,807	5,130,921	5,071,635	59,286
3.5% To Alcoholism Prevention Programs	19,719	432,728	427,728	5,000
Additional Resort License Fees	39,400	136,400	141,550	(5,150)
Direct Shipper License Fees	7,075	109,187	98,254	10,933
License Transfer Fees	68,089	447,085	483,274	(36,189)
Sunday Sales Fees	74,620	1,631,015	1,594,161	36,854
License Permit Fees	3,876	53,241	49,440	3,801
Non-Retail License Fees-Wine Industry Council	47,445	717,804	668,735	49,069
Liquor Control Act Sales	245	518	1,180	(662)
Inspection Fees	37,644	219,263	205,645	13,618
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,065,287	33,500,156	32,053,721	1,446,435
Miscellaneous Revenue	1,553	21,332	28,300	(6,968)
TOTAL GENERAL FUND - RESTRICTED	<u>\$4,908,625</u>	<u>\$51,295,196</u>	<u>\$49,627,171</u>	<u>\$1,668,025</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,031,059	\$33,367,334	\$31,915,809	\$1,451,525
TOTAL SCHOOL AID FUND	<u>\$4,031,059</u>	<u>\$33,367,334</u>	<u>\$31,915,809</u>	<u>\$1,451,525</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$17,056,679</u>	<u>\$147,705,667</u>	<u>\$138,425,685</u>	<u>\$9,279,982</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	13,788,917	127,233,395	122,571,529	4,661,866
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$13,788,917</u>	<u>\$127,233,395</u>	<u>\$122,571,529</u>	<u>\$4,661,866</u>
TOTAL REVENUE COLLECTED	<u>\$30,845,596</u>	<u>\$274,939,062</u>	<u>\$260,997,214</u>	<u>\$13,941,848</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
EIGHT MONTHS ENDED MAY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$52,107	\$348,237	\$145,706	\$1,166,367	\$533,222	\$3,899,114	\$5,413,718	\$5,536,749
Longevity & Insurance	0	0	33,344	291,854	111,356	949,984	1,241,838	1,316,115
Retirement & FICA	0	0	99,583	788,549	297,334	2,194,173	2,982,722	3,260,947
Subtotal	\$52,107	\$348,237	\$278,633	\$2,246,770	\$941,912	\$7,043,271	\$9,638,278	\$10,113,811
Communications	\$0	\$0	\$1,714	\$14,993	\$11,895	\$98,461	\$113,454	\$118,432
Travel	0	0	3,747	23,753	20,347	135,254	159,007	156,802
Utilities	0	0	201	2,220	1,265	2,455	4,675	12,556
Contractual Services	0	0	2,774	77,850	8,058	200,695	278,545	372,722
Supplies & Materials	0	0	4,899	29,672	25,654	88,729	118,401	150,339
Equipment Replacement, Additions & Rentals	0	0	866	11,667	3,765	128,853	140,520	81,552
Miscellaneous	0	0	0	468	724	6,516	6,984	0
Subtotal	\$0	\$0	\$14,201	\$160,623	\$71,708	\$660,963	\$821,586	\$892,403
TOTAL MLCC APPROPRIATED EXPENSES	\$52,107	\$348,237	\$292,834	\$2,407,393	\$1,013,620	\$7,704,234	\$10,459,864	\$11,006,214
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$578	\$4,623	\$21,226	\$191,032	\$195,655	\$609,596
Other Operating Transfers Out(2)	0	0	0	0	0	0	9,060,327	6,270,944
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$578	\$4,623	\$21,226	\$191,032	\$9,255,982	\$6,880,540
GRAND TOTAL	\$52,107	\$348,237	\$293,412	\$2,412,016	\$1,034,846	\$7,895,266	\$19,715,846	\$17,886,754

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.