

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

January 2016



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

JANUARY FINANCIAL REPORT

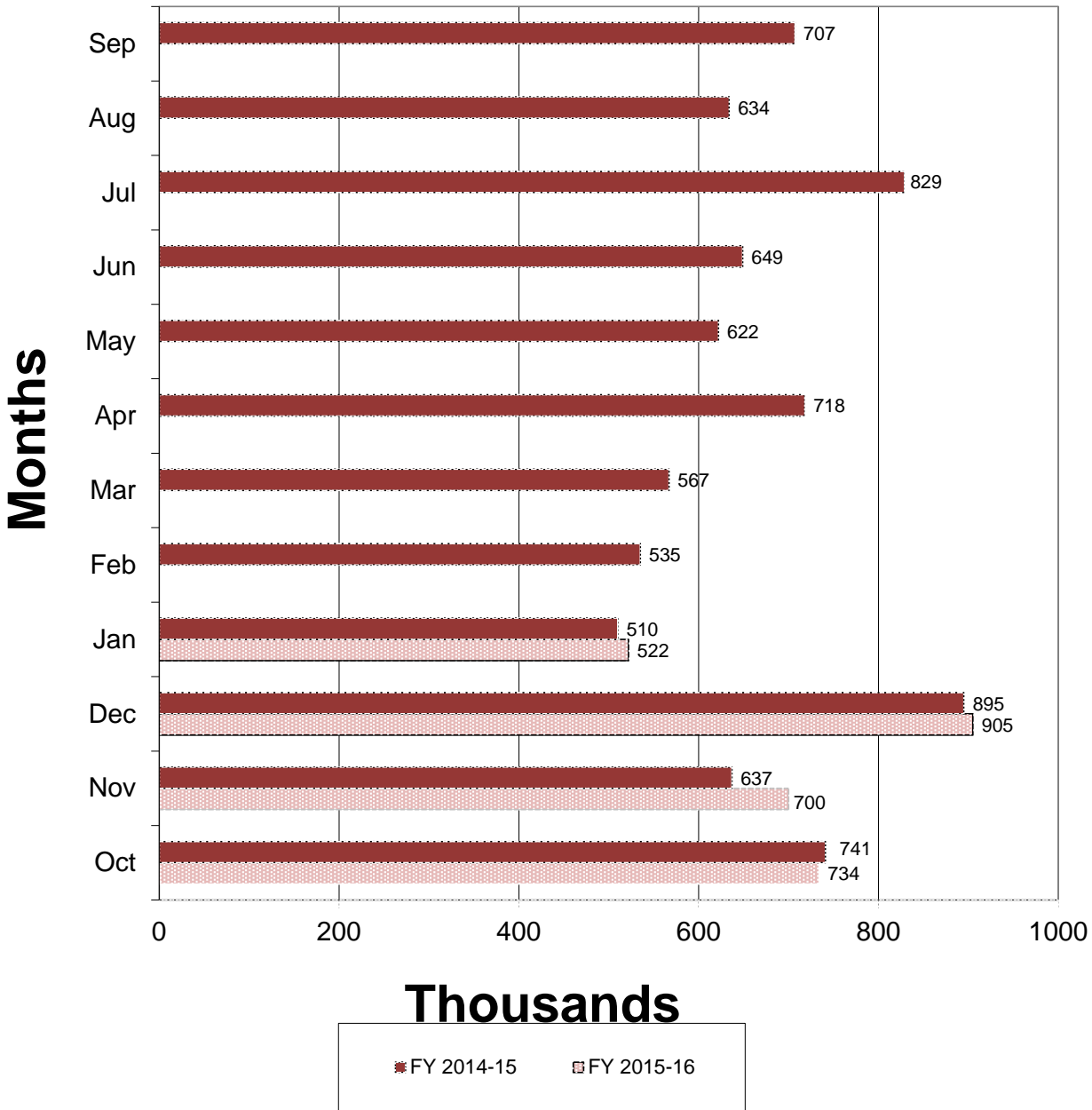
FISCAL YEAR 15 - 16

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Case Sales



	Fiscal Year to Date 10/15-01/16	Fiscal Year to Date 10/14-01/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,862,011	2,783,693	78,318	2.81%
Average Price Per Case Sold	\$156.09	\$153.30	\$2.79	1.82%

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	111,597,420	89,453,571
Subtotal	\$111,597,820	\$89,453,971
Liquor Inventory - At Current Cost	2,730,130	5,411,609
Prepaid Distribution Costs of Inventory	182,400	416,633
Other Assets		
Accounts Receivable	\$12,410,644	\$25,815,436
Returned Checks	203,593	856,392
Payroll Correction Clearing	0	0
Subtotal	12,614,237	26,671,828
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$129,880,935	\$121,954,041
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,435,407	\$3,222,486
Warrants Authorized/Not Issued	88,457,702	86,682,226
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	\$92,590,507	\$90,658,822
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)*	33,236,117	30,022,123
Current Period Ending Balance	18,992,216	30,897,862
TOTAL	\$129,880,935	\$121,954,041

*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
FOUR MONTHS ENDED JANUARY 31**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$446,724,938	\$426,743,783
Less: Discounts Allowed	75,914,902	72,503,630
PROCEEDS - SALE OF LIQUOR	\$370,810,036	\$354,240,153
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	268,426,013	254,938,389
Less: Ending Inventory	2,730,130	5,411,609
Cost of Goods Sold	\$270,512,096	\$257,465,630
GROSS REVENUE FROM SALE OF LIQUOR	\$100,297,940	\$96,774,523
OTHER REVENUE		
Miscellaneous Revenue	\$5,976	\$152,992
Non-Operating Revenue	0	0
Interest Revenue	34,611	14,739
TOTAL OTHER REVENUE	\$40,587	\$167,731
TOTAL REVENUE	\$100,338,527	\$96,942,254
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$148,276	\$135,450
Management Support	1,205,742	1,250,336
Licensing & Enforcement (1)	1,887,572	2,100,041
Distribution Cost Paid to Suppliers	21,429,626	20,768,457
Compensated Absences	0	0
Total MLCC Expenses	\$24,671,216	\$24,254,284
Other Agencies Expenses		
Attorney General	\$284,589	\$298,793
Auditor General	0	0
Bureau of Fire Services	444	506,237
Civil Service - Personnel	0	0
Administrative Hearings & Rules	1,272,230	19,160
Information Technology Services	1,449,279	1,276,634
MLCC Rent	578	209,282
LARA - Executive Direction	346,933	365,326
LARA - Administrative Offices	714,921	590,072
Total Other Agencies Expenses	\$4,068,974	\$3,265,504
TOTAL EXPENSES AND TRANSFERS	\$28,740,190	\$27,519,788
NET INCOME (Not Including Taxes & Grants)	\$71,598,337	\$69,422,466
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$71,598,337	\$69,422,466
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$71,598,337	\$68,648,566
RETAINED EARNINGS		
Transfers to General Fund - Cash	48,000,000	48,000,000
Current Year Increase or (Decrease)	\$23,598,337	\$20,648,566
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$9,354,436	\$21,524,305

Note:

(1) Includes the Revolving Fund Portion only.

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

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	100,338,527	96,942,254	3,396,273
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$86,094,626</u>	<u>\$97,817,993</u>	<u>(\$11,723,367)</u>
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$48,000,000	\$48,000,000	\$0
MLCC Expenses	24,671,216	24,254,284	416,932
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	4,068,974	3,265,504	803,470
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	<u>\$76,740,190</u>	<u>\$76,293,688</u>	<u>\$446,502</u>
Ending Equity	<u>\$9,354,436</u>	<u>\$21,524,305</u>	<u>(\$12,169,869)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FOUR MONTHS ENDED JANUARY 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$66,442,932	\$379,807,024	\$62,906,631	\$361,392,731	\$18,414,293
On Premise	14,215,030	66,759,663	14,147,826	65,232,412	1,527,251
Other	22,241	158,251	56,543	118,640	39,611
TOTAL GROSS SALES	\$80,680,203	\$446,724,938	\$77,111,000	\$426,743,783	\$19,981,155
Less: Discounts Allowed	13,712,914	75,914,902	13,096,042	72,503,630	3,411,272
PROCEEDS-SALE OF LIQUOR	\$66,967,289	\$370,810,036	\$64,014,958	\$354,240,153	\$16,569,883
Less: Cost of Goods Sold	52,407,608	270,512,096	41,338,794	257,465,630	13,046,466
GROSS REVENUE FROM SALE OF LIQUOR	\$14,559,681	\$100,297,940	\$22,676,164	\$96,774,523	\$3,523,417
OTHER REVENUE					
Miscellaneous Revenue	\$23,947	\$5,976	\$482	\$152,992	(\$147,016)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	34,611	34,611	14,739	14,739	19,872
TOTAL OTHER REVENUE	\$58,558	\$40,587	\$15,221	\$167,731	(\$127,144)
TOTAL REVENUE	\$14,618,239	\$100,338,527	\$22,691,385	\$96,942,254	\$3,396,273
Less: Distribution Cost Paid to Suppliers	4,170,098	21,429,626	3,385,804	20,768,457	661,169
INCOME FROM LIQUOR MERCHANDISING	\$10,448,141	\$78,908,901	\$19,305,581	\$76,173,797	\$2,735,104
MANAGEMENT EXPENSES					
Commission	\$36,753	\$148,276	\$33,926	\$135,450	\$12,826
Management Support(1)	324,543	1,206,319	322,755	1,292,656	(86,337)
Licensing & Enforcement(1)	933,184	3,753,932	1,058,870	4,300,946	(547,014)
LARA Services	281,419	1,061,854	136,259	1,729,298	(667,444)
Information Technology Services	943,090	1,449,279	423,004	1,276,634	172,645
Attorney General	284,589	284,589	298,793	298,793	(14,204)
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	444	179,676	506,237	(505,793)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	454,791	1,272,230	5,149	19,160	1,253,070
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	\$3,258,369	\$9,176,923	\$2,458,432	\$8,785,274	\$391,649
INCOME FROM OPERATIONS	\$7,189,772	\$69,731,978	\$16,847,149	\$67,388,523	\$2,343,455
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	14,970,442	69,732,193	13,425,295	66,212,739	3,519,454
TOTAL CURRENT EARNINGS & REVENUE	\$22,160,214	\$139,464,171	\$30,272,444	\$133,601,262	\$5,862,909
Number of Cases Sold	522,498	2,862,011	509,694	2,783,693	78,318
Number of Sales Days	20	87	20	88	(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
FOUR MONTHS ENDED JANUARY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,482,082	\$9,528,486	\$11,091,184	(\$1,562,698)
Specific Tax, Liquor 4%	3,202,293	17,816,514	17,084,328	732,186
Excise Tax, Wine	1,528,598	3,711,153	2,916,087	795,066
Excise Tax, Mixed Spirit Drink	49,938	109,848	66,032	43,816
Sunday Sales Fees (7am-12pm)	10,323	50,649	54,197	(3,548)
Fines & Costs	54,416	63,150	118,667	(55,517)
Miscellaneous Revenue	2,120	(5,026)	32,206	(37,232)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,329,770</u>	<u>\$31,274,774</u>	<u>\$31,362,701</u>	<u>(\$87,927)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$29,410	\$2,232,457	\$176,432	\$2,056,025
41.5% To Licensing & Enforcement	22,192	103,318	132,612	(29,294)
3.5% To Alcoholism Prevention Programs	1,871	8,713	11,184	(2,471)
Additional Resort License Fees	19,400	38,800	97,000	(58,200)
Direct Shipper License Fees	1,325	4,525	4,077	448
License Transfer Fees	51,421	192,083	234,640	(42,557)
Sunday Sales Fees	8,446	42,314	42,331	(17)
License Permit Fees	1,000	4,640	4,140	500
Non-Retail License Fees-Wine Industry Council	9,560	40,973	40,430	543
Liquor Control Act Sales	65	(27)	290	(317)
Inspection Fees	22,502	87,761	85,174	2,587
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,271,187	17,885,408	16,927,464	957,944
Miscellaneous Revenue	0	(60)	9,936	(9,996)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,438,379</u>	<u>\$20,640,905</u>	<u>\$17,765,710</u>	<u>\$2,875,195</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$3,202,293</u>	<u>\$17,816,514</u>	<u>\$17,084,328</u>	<u>\$732,186</u>
TOTAL SCHOOL AID FUND	<u>\$3,202,293</u>	<u>\$17,816,514</u>	<u>\$17,084,328</u>	<u>\$732,186</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,970,442</u>	<u>\$69,732,193</u>	<u>\$66,212,739</u>	<u>\$3,519,454</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	7,189,772	69,731,978	67,388,523	2,343,455
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$7,189,772</u>	<u>\$69,731,978</u>	<u>\$67,388,523</u>	<u>\$2,343,455</u>
TOTAL REVENUE COLLECTED	<u><u>\$22,160,214</u></u>	<u><u>\$139,464,171</u></u>	<u><u>\$133,601,262</u></u>	<u><u>\$5,862,909</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
FOUR MONTHS ENDED JANUARY 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	\$36,753	\$148,276	\$169,452	\$588,856	\$484,880	\$1,887,658	\$2,624,790	\$2,760,937
Longevity & Insurance	0	0	29,765	162,562	98,999	518,341	680,903	730,905
Retirement & FICA	0	0	102,205	393,651	268,900	1,071,008	1,464,659	1,643,348
Subtotal	\$36,753	\$148,276	\$301,422	\$1,145,069	\$852,779	\$3,477,007	\$4,770,352	\$5,135,190
Communications	\$0	\$0	\$3,682	\$8,339	\$24,913	\$53,586	\$61,925	\$45,138
Travel	0	0	2,273	10,535	19,499	61,078	71,613	68,498
Utilities	0	0	325	1,102	0	40	1,142	1,326
Contractual Services	0	0	12,025	17,398	3,595	16,450	33,848	92,893
Supplies & Materials	0	0	3,138	14,396	8,287	25,536	39,932	54,646
Equipment Replacement, Additions & Rentals	0	0	1,100	8,434	2,885	12,658	21,092	15,950
Miscellaneous	0	0	0	468	0	1,448	1,916	0
Subtotal	\$0	\$0	\$22,543	\$60,672	\$59,179	\$170,796	\$231,468	\$278,451
TOTAL MLCC APPROPRIATED EXPENSES	\$36,753	\$148,276	\$323,965	\$1,205,741	\$911,958	\$3,647,803	\$5,001,820	\$5,413,641
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$578	\$578	\$21,226	\$106,129	\$106,707	\$315,411
Other Operating Transfers Out(2)	0	0	0	0	0	0	4,068,396	3,830,122
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$578	\$578	\$21,226	\$106,129	\$4,175,103	\$4,145,533
GRAND TOTAL	\$36,753	\$148,276	\$324,543	\$1,206,319	\$933,184	\$3,753,932	\$9,176,923	\$9,559,174

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.