

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

December 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

DECEMBER FINANCIAL REPORT

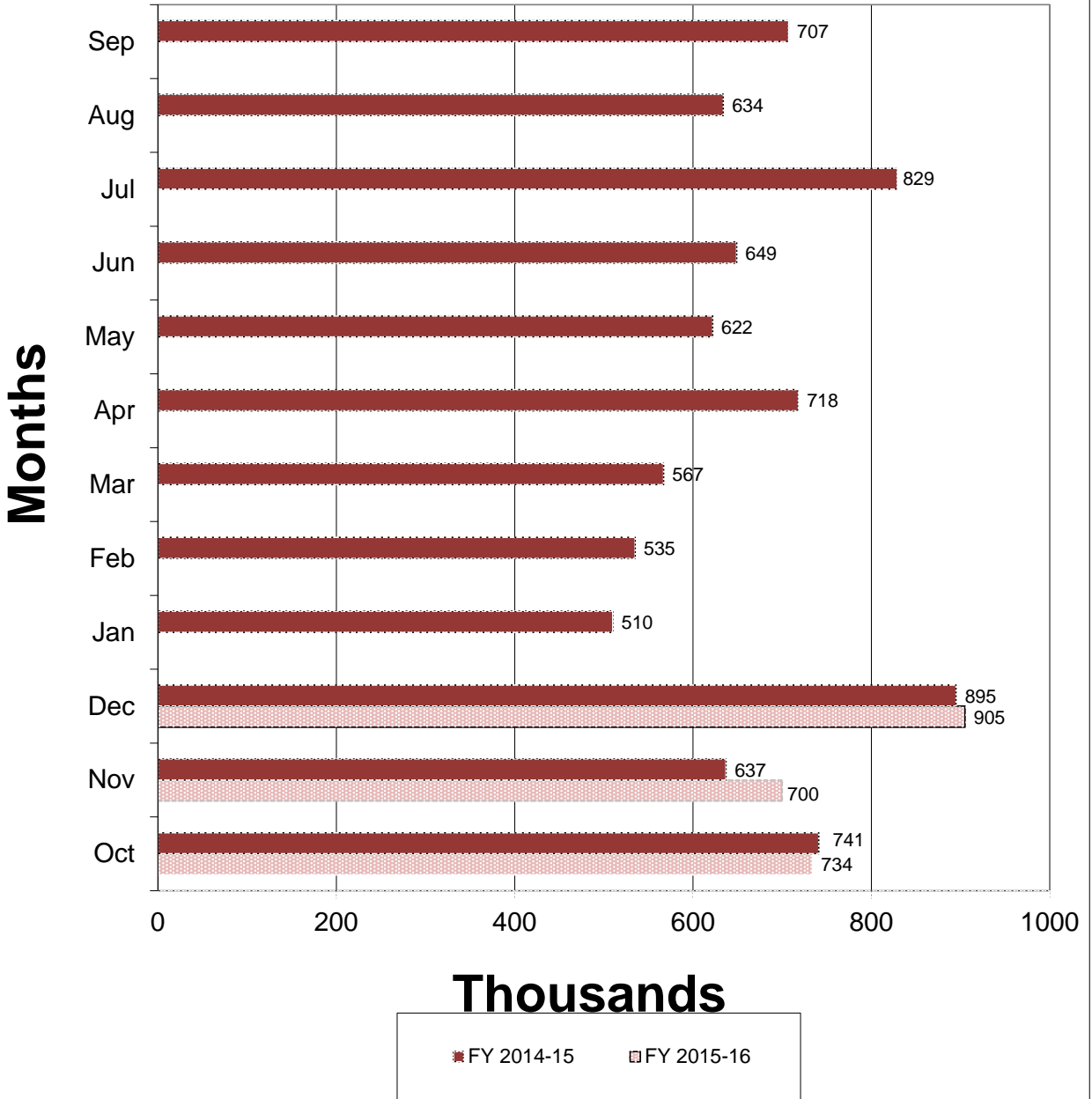
FISCAL YEAR 15 - 16

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Case Sales



	Fiscal Year to Date 10/15-12/15	Fiscal Year to Date 10/14-12/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,339,513	2,273,999	65,514	2.88%
Average Price Per Case Sold	\$156.46	\$153.75	\$2.71	1.76%

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	128,198,811	52,444,983
Subtotal	\$128,199,211	\$52,445,383
Liquor Inventory - At Current Cost	6,511,411	1,925,311
Prepaid Distribution Costs of Inventory	452,235	129,398
Other Assets		
Accounts Receivable	\$25,033,239	\$81,959,960
Returned Checks	225,544	364,861
Payroll Correction Clearing	0	0
Subtotal	25,258,783	82,324,821
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$163,177,988	\$136,824,913
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$3,857,707	\$3,260,201
Warrants Authorized/Not Issued	109,033,860	99,272,567
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	\$113,588,965	\$103,286,878
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)*	45,534,712	32,264,939
Current Period Ending Balance	31,290,811	33,140,678
TOTAL	\$163,177,988	\$136,824,913

*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**

	2015	2014
REVENUE		
TOTAL GROSS SALES	\$366,044,735	\$349,632,783
Less: Discounts Allowed	62,201,988	59,407,588
PROCEEDS - SALE OF LIQUOR	\$303,842,747	\$290,225,195
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	219,799,686	210,113,297
Less: Ending Inventory	6,511,411	1,925,311
Cost of Goods Sold	\$218,104,488	\$216,126,836
GROSS REVENUE FROM SALE OF LIQUOR	\$85,738,259	\$74,098,359
OTHER REVENUE		
Miscellaneous Revenue	(\$17,971)	\$152,510
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	(\$17,971)	\$152,510
TOTAL REVENUE	\$85,720,288	\$74,250,869
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$111,523	\$101,524
Management Support	881,776	938,162
Licensing & Enforcement (1)	1,415,439	1,580,797
Distribution Cost Paid to Suppliers	17,259,528	17,382,653
Compensated Absences	0	0
Total MLCC Expenses	\$19,668,266	\$20,003,136
Other Agencies Expenses		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	444	326,561
Civil Service - Personnel	0	0
Administrative Hearings & Rules	817,439	14,011
Information Technology Services	506,189	853,630
MLCC Rent	0	156,961
LARA - Executive Direction	342,947	507,811
LARA - Administrative Offices	437,488	311,328
Total Other Agencies Expenses	\$2,104,507	\$2,170,302
TOTAL EXPENSES AND TRANSFERS	\$21,772,773	\$22,173,438
NET INCOME (Not Including Taxes & Grants)	\$63,947,515	\$52,077,431
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$63,947,515	\$52,077,431
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$63,947,515	\$51,303,531
RETAINED EARNINGS		
Transfers to General Fund - Cash	36,000,000	36,000,000
Current Year Increase or (Decrease)	\$27,947,515	\$15,303,531
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$13,703,614	\$16,179,270

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**

	2015	2014	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	85,720,288	74,250,869	11,469,419
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	\$71,476,387	\$75,126,608	(\$3,650,221)
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$36,000,000	\$36,000,000	\$0
MLCC Expenses	19,668,266	20,003,136	(334,870)
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	2,104,507	2,170,302	(65,795)
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	\$57,772,773	\$58,947,338	(\$1,174,565)
Ending Equity	\$13,703,614	\$16,179,270	(\$2,475,656)

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

	2015 MONTH	YTD	2014 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$126,621,243	\$313,364,092	\$121,935,337	\$298,486,100	\$14,877,992
On Premise	20,172,725	52,544,633	19,803,061	51,084,586	1,460,047
Other	49,973	136,010	27,976	62,097	73,913
TOTAL GROSS SALES	\$146,843,941	\$366,044,735	\$141,766,374	\$349,632,783	\$16,411,952
Less: Discounts Allowed	24,965,448	62,201,988	24,089,838	59,407,588	2,794,400
PROCEEDS-SALE OF LIQUOR	\$121,878,493	\$303,842,747	\$117,676,536	\$290,225,195	\$13,617,552
Less: Cost of Goods Sold	85,149,577	218,104,488	89,814,298	216,126,836	1,977,652
GROSS REVENUE FROM SALE OF LIQUOR	\$36,728,916	\$85,738,259	\$27,862,238	\$74,098,359	\$11,639,900
OTHER REVENUE					
Miscellaneous Revenue	(\$15,433)	(\$17,971)	(\$21,331)	\$152,510	(\$170,481)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	(\$15,433)	(\$17,971)	(\$21,331)	\$152,510	(\$170,481)
TOTAL REVENUE	\$36,713,483	\$85,720,288	\$27,840,907	\$74,250,869	\$11,469,419
Less: Distribution Cost Paid to Suppliers	6,511,066	17,259,528	7,020,053	17,382,653	(123,125)
INCOME FROM LIQUOR MERCHANDISING	\$30,202,417	\$68,460,760	\$20,820,854	\$56,868,216	\$11,592,544
MANAGEMENT EXPENSES					
Commission	\$64,428	\$111,523	\$52,388	\$101,524	\$9,999
Management Support(1)	443,989	881,776	489,685	969,901	(88,125)
Licensing & Enforcement(1)	1,355,873	2,820,748	1,613,052	3,242,076	(421,328)
LARA Services	91,059	780,435	1,243,903	1,593,039	(812,604)
Information Technology Services	440,784	506,189	215,758	853,630	(347,441)
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	444	46,344	326,561	(326,117)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	507,644	817,439	4,582	14,011	803,428
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	773,900	773,900	(773,900)
Total Management Expenses	\$2,903,777	\$5,918,554	\$2,891,812	\$6,326,842	(\$408,288)
INCOME FROM OPERATIONS	\$27,298,640	\$62,542,206	\$17,929,042	\$50,541,374	\$12,000,832
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	21,774,293	54,761,751	21,171,959	52,787,444	1,974,307
TOTAL CURRENT EARNINGS & REVENUE	\$49,072,933	\$117,303,957	\$39,101,001	\$103,328,818	\$13,975,139
Number of Cases Sold	905,324	2,339,513	895,408	2,273,999	65,514
Number of Sales Days	25	67	25	68	(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
THREE MONTHS ENDED DECEMBER 31**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,842,097	\$6,046,404	\$8,034,723	(\$1,988,319)
Specific Tax, Liquor 4%	5,872,127	14,614,221	13,939,549	674,672
Excise Tax, Wine	1,098,995	2,182,555	2,100,544	82,011
Excise Tax, Mixed Spirit Drink	25,739	59,910	39,448	20,462
Sunday Sales Fees (7am-12pm)	9,742	40,326	41,127	(801)
Fines & Costs	47,941	8,734	54,986	(46,252)
Miscellaneous Revenue	25,375	(7,146)	16,756	(23,902)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$9,922,016</u>	<u>\$22,945,004</u>	<u>\$24,227,133</u>	<u>(\$1,282,129)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$16,161	\$2,203,047	\$129,173	\$2,073,874
41.5% To Licensing & Enforcement	12,195	81,126	98,085	(16,959)
3.5% To Alcoholism Prevention Programs	1,029	6,842	8,272	(1,430)
Additional Resort License Fees	0	19,400	97,000	(77,600)
Direct Shipper License Fees	700	3,200	3,535	(335)
License Transfer Fees	41,449	140,662	169,013	(28,351)
Sunday Sales Fees	7,240	33,868	26,423	7,445
License Permit Fees	1,100	3,640	3,200	440
Non-Retail License Fees-Wine Industry Council	7,345	31,413	32,900	(1,487)
Liquor Control Act Sales	240	(92)	85	(177)
Inspection Fees	20,523	65,259	64,089	1,170
Specific Tax, Liquor 4%-Tourism & Conv. Facility	5,872,127	14,614,221	13,980,277	633,944
Miscellaneous Revenue	41	(60)	8,710	(8,770)
TOTAL GENERAL FUND - RESTRICTED	<u>\$5,980,150</u>	<u>\$17,202,526</u>	<u>\$14,620,762</u>	<u>\$2,581,764</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	<u>\$5,872,127</u>	<u>\$14,614,221</u>	<u>\$13,939,549</u>	<u>\$674,672</u>
TOTAL SCHOOL AID FUND	<u>\$5,872,127</u>	<u>\$14,614,221</u>	<u>\$13,939,549</u>	<u>\$674,672</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$21,774,293</u>	<u>\$54,761,751</u>	<u>\$52,787,444</u>	<u>\$1,974,307</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	<u>27,298,640</u>	<u>62,542,206</u>	<u>50,541,374</u>	<u>12,000,832</u>
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$27,298,640</u>	<u>\$62,542,206</u>	<u>\$50,541,374</u>	<u>\$12,000,832</u>
TOTAL REVENUE COLLECTED	<u><u>\$49,072,933</u></u>	<u><u>\$117,303,957</u></u>	<u><u>\$103,328,818</u></u>	<u><u>\$13,975,139</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
THREE MONTHS ENDED DECEMBER 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2015	TOTAL 2014
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$64,428	\$111,523	\$224,848	\$419,404	\$722,058	\$1,402,778	\$1,933,705	\$2,071,972
Longevity & Insurance	0	0	52,182	132,797	162,911	419,342	552,139	582,612
Retirement & FICA	0	0	148,874	291,446	398,988	802,108	1,093,554	1,239,717
Subtotal	\$64,428	\$111,523	\$425,904	\$843,647	\$1,283,957	\$2,624,228	\$3,579,398	\$3,894,301
Communications	\$0	\$0	\$2,281	\$4,657	\$14,025	\$28,673	\$33,330	\$37,394
Travel	0	0	4,858	8,262	21,164	41,579	49,841	45,718
Utilities	0	0	296	777	40	40	817	520
Contractual Services	0	0	3,286	5,373	5,027	12,855	18,228	40,063
Supplies & Materials	0	0	2,230	11,258	7,697	17,249	28,507	41,223
Equipment Replacement, Additions & Rentals	0	0	5,134	7,334	2,737	9,773	17,107	12,417
Miscellaneous	0	0	0	468	0	1,448	1,916	0
Subtotal	\$0	\$0	\$18,085	\$38,129	\$50,690	\$111,617	\$149,746	\$177,335
TOTAL MLCC APPROPRIATED EXPENSES	\$64,428	\$111,523	\$443,989	\$881,776	\$1,334,647	\$2,735,845	\$3,729,144	\$4,071,636
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$0	\$0	\$21,226	\$84,903	\$84,903	\$241,865
Other Operating Transfers Out(2)	0	0	0	0	0	0	2,104,507	2,787,241
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$0	\$0	\$21,226	\$84,903	\$2,189,410	\$3,029,106
GRAND TOTAL	\$64,428	\$111,523	\$443,989	\$881,776	\$1,355,873	\$2,820,748	\$5,918,554	\$7,100,742

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.