

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

April 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

APRIL FINANCIAL REPORT

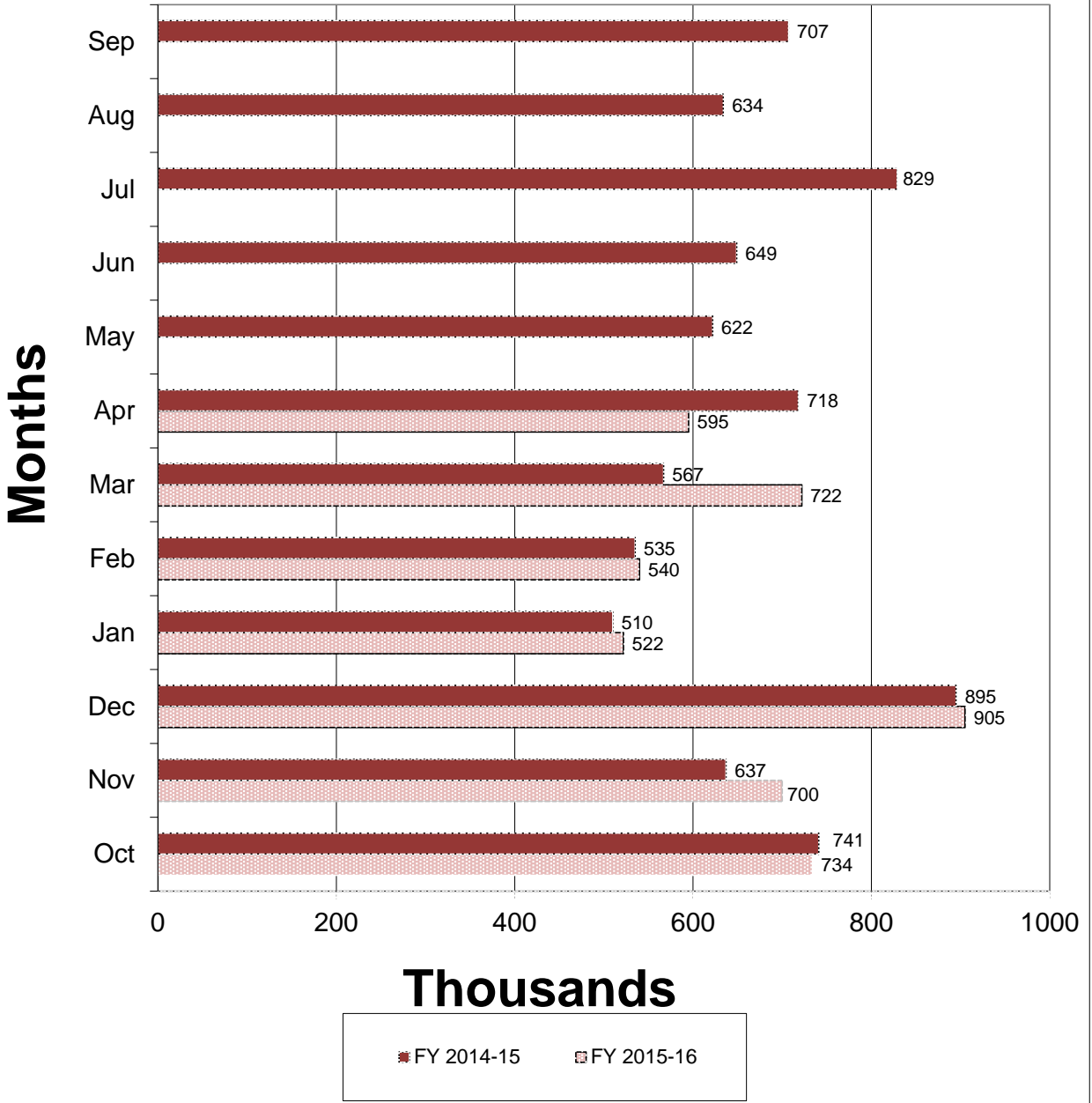
FISCAL YEAR 15 - 16

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

The Department of Licensing and Regulatory Affairs will not discriminate against any individual or group because of sex, religion, age, national origin, color, marital status, disability or political affiliation. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

Case Sales



	Fiscal Year to Date 10/15-04/16	Fiscal Year to Date 10/14-04/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,718,948	4,603,280	115,668	2.51%
Average Price Per Case Sold	\$155.84	\$153.29	\$2.55	1.66%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
APRIL 30**

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	126,143,855	104,026,979
Subtotal	\$126,144,255	\$104,027,379
Liquor Inventory - At Current Cost	4,238,335	3,474,072
Prepaid Distribution Costs of Inventory	290,438	242,850
Other Assets		
Accounts Receivable	\$6,729,978	\$22,645,924
Returned Checks	138,539	348,795
Payroll Correction Clearing	0	0
Subtotal	6,868,517	22,994,719
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$140,297,893	\$130,739,020
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,083,330	\$1,877,031
Warrants Authorized/Not Issued	89,494,956	86,043,392
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	\$92,275,684	\$88,674,533
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)*	43,967,898	40,791,391
Current Period Ending Balance	29,723,997	41,667,130
TOTAL	\$140,297,893	\$130,739,020

*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
SEVEN MONTHS ENDED APRIL 30**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$735,388,517	\$705,618,477
Less: Discounts Allowed	124,971,101	119,904,744
PROCEEDS - SALE OF LIQUOR	\$610,417,416	\$585,713,733
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	444,793,666	422,640,984
Less: Ending Inventory	4,238,335	3,474,072
Cost of Goods Sold	\$445,371,544	\$427,105,762
GROSS REVENUE FROM SALE OF LIQUOR	\$165,045,872	\$158,607,971
OTHER REVENUE		
Miscellaneous Revenue	\$8,751	(\$283,922)
Non-Operating Revenue	0	198
Interest Revenue	133,363	39,195
TOTAL OTHER REVENUE	\$142,114	(\$244,529)
TOTAL REVENUE	\$165,187,986	\$158,363,442
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$296,130	\$239,405
Management Support	2,114,559	2,171,891
Licensing & Enforcement (1)	3,444,950	3,836,149
Distribution Cost Paid to Suppliers	35,354,178	34,479,992
Compensated Absences	0	0
Total MLCC Expenses	\$41,209,817	\$40,727,437
<u>Other Agencies Expenses</u>		
Attorney General	\$577,143	\$597,798
Auditor General	0	0
Bureau of Fire Services	100,444	395,280
Civil Service - Personnel	196,488	249,137
Administrative Hearings & Rules	1,849,011	43,350
Information Technology Services	3,741,923	2,869,685
MLCC Rent	4,045	366,243
LARA - Executive Direction	(752,994)	(400,901)
LARA - Administrative Offices	1,402,161	1,041,219
Total Other Agencies Expenses		
Excluding Transfers Not Related to MLCC	\$7,118,221	\$5,161,811
TOTAL EXPENSES AND TRANSFERS	\$48,328,038	\$45,889,248
NET INCOME (Not Including Taxes & Grants)	\$116,859,948	\$112,474,194
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$116,859,948	\$112,474,194
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$116,859,948	\$111,700,294
RETAINED EARNINGS		
Transfers to General Fund - Cash	84,000,000	84,000,000
Current Year Increase or (Decrease)	\$32,859,948	\$27,700,294
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$18,616,047	\$28,576,033

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
APRIL 30**

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	165,187,986	158,363,442	6,824,544
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	\$150,944,085	\$159,239,181	(\$8,295,096)
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$84,000,000	\$84,000,000	\$0
MLCC Expenses	41,209,817	40,727,437	482,380
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,118,221	5,161,811	1,956,410
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	\$132,328,038	\$130,663,148	\$1,664,890
Ending Equity	\$18,616,047	\$28,576,033	(\$9,959,986)

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
SEVEN MONTHS ENDED APRIL 30**

	<u>2016 MONTH</u>	<u>YTD</u>	<u>2015 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$76,263,818	\$615,863,415	\$90,782,586	\$590,276,327	\$25,587,088
On Premise	16,324,343	119,113,489	19,365,442	115,004,567	4,108,922
Other	82,157	411,613	76,458	337,583	74,030
TOTAL GROSS SALES	<u>\$92,670,318</u>	<u>\$735,388,517</u>	<u>\$110,224,486</u>	<u>\$705,618,477</u>	<u>\$29,770,040</u>
Less: Discounts Allowed	15,758,979	124,971,101	18,732,188	119,904,744	5,066,357
PROCEEDS-SALE OF LIQUOR	<u>\$76,911,339</u>	<u>\$610,417,416</u>	<u>\$91,492,298</u>	<u>\$585,713,733</u>	<u>\$24,703,683</u>
Less: Cost of Goods Sold	55,862,785	445,371,544	66,202,802	427,105,762	18,265,782
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$21,048,554</u>	<u>\$165,045,872</u>	<u>\$25,289,496</u>	<u>\$158,607,971</u>	<u>\$6,437,901</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$6,622)	\$8,751	\$56,228	(\$283,922)	\$292,673
Non-Operating Revenue	0	0	198	198	(198)
Interest Revenue	98,752	133,363	24,456	39,195	94,168
TOTAL OTHER REVENUE	<u>\$92,130</u>	<u>\$142,114</u>	<u>\$80,882</u>	<u>(\$244,529)</u>	<u>\$386,643</u>
TOTAL REVENUE	<u>\$21,140,684</u>	<u>\$165,187,986</u>	<u>\$25,370,378</u>	<u>\$158,363,442</u>	<u>\$6,824,544</u>
Less: Distribution Cost Paid to Suppliers	4,431,930	35,354,178	5,343,015	34,479,992	874,186
INCOME FROM LIQUOR MERCHANDISING	<u>\$16,708,754</u>	<u>\$129,833,808</u>	<u>\$20,027,363</u>	<u>\$123,883,450</u>	<u>\$5,950,358</u>
MANAGEMENT EXPENSES					
Commission	\$50,094	\$296,130	\$34,418	\$239,405	\$56,725
Management Support(1)	308,891	2,118,604	325,962	2,245,949	(127,345)
Licensing & Enforcement(1)	1,145,116	6,860,420	1,247,619	7,733,754	(873,334)
LARA Services	(799,845)	649,167	(709,723)	1,414,218	(765,051)
Information Technology Services	886,969	3,741,923	(122,996)	2,869,685	872,238
Attorney General	292,554	577,143	299,005	597,798	(20,655)
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	100,444	170,870	395,280	(294,836)
Civil Service - Personnel	0	196,488	0	249,137	(52,649)
Administrative Hearings & Rules	6,387	1,849,011	3,337	43,350	1,805,661
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	<u>\$1,890,166</u>	<u>\$16,389,330</u>	<u>\$1,248,492</u>	<u>\$15,014,676</u>	<u>\$1,374,654</u>
INCOME FROM OPERATIONS	<u>\$14,818,588</u>	<u>\$113,444,478</u>	<u>\$18,778,871</u>	<u>\$108,868,774</u>	<u>\$4,575,704</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	24,200,487	130,648,988	23,726,163	122,190,124	8,458,864
TOTAL CURRENT EARNINGS & REVENUE	<u>\$39,019,075</u>	<u>\$244,093,466</u>	<u>\$42,505,034</u>	<u>\$231,058,898</u>	<u>\$13,034,568</u>
Number of Cases Sold	595,021	4,718,948	717,874	4,603,280	115,668
Number of Sales Days	20	152	25	153	(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
SEVEN MONTHS ENDED APRIL 30**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,094,229	\$17,409,213	\$14,477,546	\$2,931,667
Specific Tax, Liquor 4%	3,703,878	29,336,276	28,121,308	1,214,968
Excise Tax, Wine	999,074	6,269,811	4,541,460	1,728,351
Excise Tax, Mixed Spirit Drink	28,587	200,317	114,649	85,668
Sunday Sales Fees (7am-12pm)	701,138	1,440,865	1,355,451	85,414
Fines & Costs	49,566	241,970	290,964	(48,994)
Miscellaneous Revenue	2,377	27,690	81,223	(53,533)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,578,849</u>	<u>\$54,926,142</u>	<u>\$48,982,601</u>	<u>\$5,943,541</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$3,712,715	\$8,585,681	\$8,511,951	\$73,730
41.5% To Licensing & Enforcement	2,801,413	4,897,114	4,851,612	45,502
3.5% To Alcoholism Prevention Programs	236,264	413,009	409,172	3,837
Additional Resort License Fees	38,800	97,000	141,550	(44,550)
Direct Shipper License Fees	51,547	102,112	94,546	7,566
License Transfer Fees	59,157	378,996	436,071	(57,075)
Sunday Sales Fees	897,796	1,556,395	1,525,831	30,564
License Permit Fees	27,725	49,365	46,240	3,125
Non-Retail License Fees-Wine Industry Council	350,766	670,359	628,910	41,449
Liquor Control Act Sales	135	273	735	(462)
Inspection Fees	27,881	181,619	174,575	7,044
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,703,878	29,434,869	28,236,923	1,197,946
Miscellaneous Revenue	9,684	19,779	28,099	(8,320)
TOTAL GENERAL FUND - RESTRICTED	<u>\$11,917,761</u>	<u>\$46,386,571</u>	<u>\$45,086,215</u>	<u>\$1,300,356</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,703,877	\$29,336,275	\$28,121,308	\$1,214,967
TOTAL SCHOOL AID FUND	<u>\$3,703,877</u>	<u>\$29,336,275</u>	<u>\$28,121,308</u>	<u>\$1,214,967</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$24,200,487</u>	<u>\$130,648,988</u>	<u>\$122,190,124</u>	<u>\$8,458,864</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	14,818,588	113,444,478	108,868,774	4,575,704
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$14,818,588</u>	<u>\$113,444,478</u>	<u>\$108,868,774</u>	<u>\$4,575,704</u>
TOTAL REVENUE COLLECTED	<u>\$39,019,075</u>	<u>\$244,093,466</u>	<u>\$231,058,898</u>	<u>\$13,034,568</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
SEVEN MONTHS ENDED APRIL 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$50,094	\$296,130	\$144,441	\$1,020,661	\$504,363	\$3,365,892	\$4,682,683	\$4,853,350
Longevity & Insurance	0	0	32,308	258,510	109,223	838,628	1,097,138	1,171,842
Retirement & FICA	0	0	98,786	688,966	281,715	1,896,839	2,585,805	2,858,557
Subtotal	\$50,094	\$296,130	\$275,535	\$1,968,137	\$895,301	\$6,101,359	\$8,365,626	\$8,883,749
Communications	\$0	\$0	\$1,704	\$13,279	\$13,245	\$86,566	\$99,845	\$101,650
Travel	0	0	2,936	20,006	20,963	114,907	134,913	136,226
Utilities	0	0	278	2,019	1,095	1,190	3,209	12,344
Contractual Services	0	0	22,484	75,076	165,684	192,637	267,713	357,487
Supplies & Materials	0	0	4,509	24,773	24,437	63,075	87,848	115,994
Equipment Replacement, Additions & Rentals	0	0	867	10,801	3,166	125,088	135,889	75,609
Miscellaneous	0	0	0	468	0	5,792	6,260	0
Subtotal	\$0	\$0	\$32,778	\$146,422	\$228,590	\$589,255	\$735,677	\$799,310
TOTAL MLCC APPROPRIATED EXPENSES	\$50,094	\$296,130	\$308,313	\$2,114,559	\$1,123,891	\$6,690,614	\$9,101,303	\$9,683,059
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$578	\$4,045	\$21,225	\$169,806	\$173,851	\$536,049
Other Operating Transfers Out(2)	0	0	0	0	0	0	7,114,176	5,569,468
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$578	\$4,045	\$21,225	\$169,806	\$7,288,027	\$6,105,517
GRAND TOTAL	\$50,094	\$296,130	\$308,891	\$2,118,604	\$1,145,116	\$6,860,420	\$16,389,330	\$15,788,576

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.