

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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

MARCH FINANCIAL REPORT

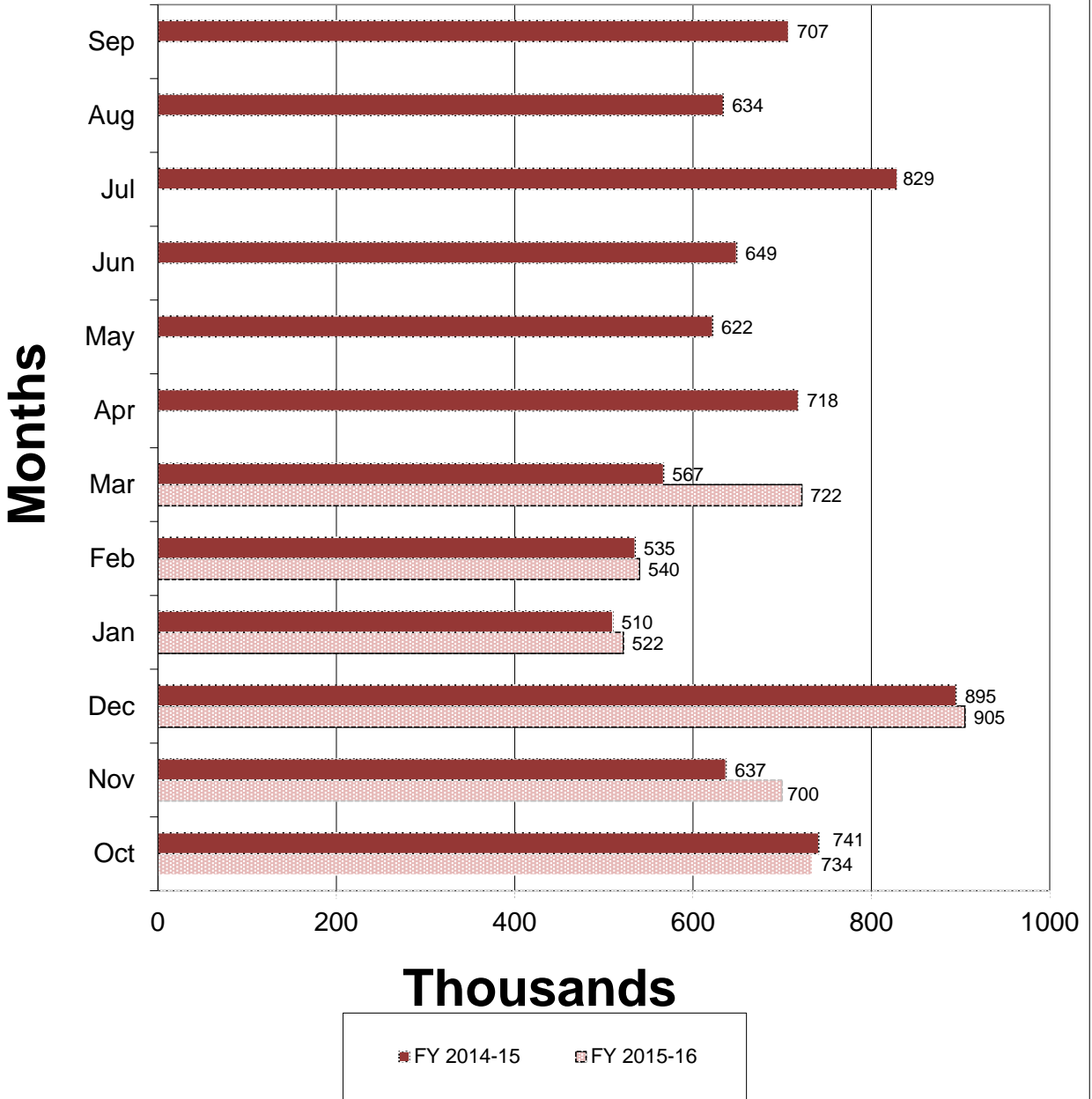
FISCAL YEAR 15 - 16

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 10/15-03/16	Fiscal Year to Date 10/14-03/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,123,927	3,885,406	238,521	6.14%
Average Price Per Case Sold	\$155.85	\$153.24	\$2.61	1.70%

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	120,942,666	95,045,973
Subtotal	\$120,943,066	\$95,046,373
Liquor Inventory - At Current Cost	3,864,359	3,048,229
Prepaid Distribution Costs of Inventory	259,658	213,330
Other Assets		
Accounts Receivable	\$9,918,355	\$11,301,318
Returned Checks	149,271	338,920
Payroll Correction Clearing	0	0
Subtotal	10,067,626	11,640,238
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$137,891,057	\$109,948,170
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,774,784	\$3,040,440
Warrants Authorized/Not Issued	88,362,380	74,008,458
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	\$90,834,562	\$77,803,008
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)*	43,002,184	30,872,066
Current Period Ending Balance	28,758,283	31,747,805
TOTAL	\$137,891,057	\$109,948,170

*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
SIX MONTHS ENDED MARCH 31**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$642,718,199	\$595,393,991
Less: Discounts Allowed	109,212,122	101,172,556
PROCEEDS - SALE OF LIQUOR	\$533,506,077	\$494,221,435
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	388,556,905	356,012,339
Less: Ending Inventory	3,864,359	3,048,229
Cost of Goods Sold	\$389,508,759	\$360,902,960
GROSS REVENUE FROM SALE OF LIQUOR	\$143,997,318	\$133,318,475
OTHER REVENUE		
Miscellaneous Revenue	\$15,373	(\$340,150)
Non-Operating Revenue	0	0
Interest Revenue	34,611	14,739
TOTAL OTHER REVENUE	\$49,984	(\$325,411)
TOTAL REVENUE	\$144,047,302	\$132,993,064
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$246,036	\$204,987
Management Support	1,806,245	1,856,505
Licensing & Enforcement (1)	2,881,483	3,173,631
Distribution Cost Paid to Suppliers	30,922,248	29,136,977
Compensated Absences	0	0
Total MLCC Expenses	\$35,856,012	\$34,372,100
<u>Other Agencies Expenses</u>		
Attorney General	\$284,589	\$298,793
Auditor General	0	0
Bureau of Fire Services	100,444	224,410
Civil Service - Personnel	196,488	249,137
Administrative Hearings & Rules	1,842,624	40,013
Information Technology Services	2,854,954	2,992,681
MLCC Rent	3,467	313,923
LARA - Executive Direction	63,876	575,490
LARA - Administrative Offices	1,385,136	774,551
Total Other Agencies Expenses	\$6,731,578	\$5,468,998
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$42,587,590	\$39,841,098
NET INCOME (Not Including Taxes & Grants)	\$101,459,712	\$93,151,966
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$101,459,712	\$93,151,966
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$101,459,712	\$92,378,066
RETAINED EARNINGS		
Transfers to General Fund - Cash	72,000,000	72,000,000
Current Year Increase or (Decrease)	\$29,459,712	\$20,378,066
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$15,215,811	\$21,253,805

Note:

(1) Includes the Revolving Fund Portion only.

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

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	144,047,302	132,993,064	11,054,238
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$129,803,401</u>	<u>\$133,868,803</u>	<u>(\$4,065,402)</u>
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$72,000,000	\$72,000,000	\$0
MLCC Expenses	35,856,012	34,372,100	1,483,912
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,731,578	5,468,998	1,262,580
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	<u>\$114,587,590</u>	<u>\$112,614,998</u>	<u>\$1,972,592</u>
Ending Equity	<u>\$15,215,811</u>	<u>\$21,253,805</u>	<u>(\$6,037,994)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
SIX MONTHS ENDED MARCH 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$92,395,102	\$539,599,597	\$71,514,736	\$499,493,741	\$40,105,856
On Premise	20,637,157	102,789,146	16,049,958	95,639,125	7,150,021
Other	70,232	329,456	98,666	261,125	68,331
TOTAL GROSS SALES	\$113,102,491	\$642,718,199	\$87,663,360	\$595,393,991	\$47,324,208
Less: Discounts Allowed	19,209,504	109,212,122	14,899,610	101,172,556	8,039,566
PROCEEDS-SALE OF LIQUOR	\$93,892,987	\$533,506,077	\$72,763,750	\$494,221,435	\$39,284,642
Less: Cost of Goods Sold	68,487,607	389,508,759	52,396,632	360,902,960	28,605,799
GROSS REVENUE FROM SALE OF LIQUOR	\$25,405,380	\$143,997,318	\$20,367,118	\$133,318,475	\$10,678,843
OTHER REVENUE					
Miscellaneous Revenue	\$28,628	\$15,373	(\$482,577)	(\$340,150)	\$355,523
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	34,611	0	14,739	19,872
TOTAL OTHER REVENUE	\$28,628	\$49,984	(\$482,577)	(\$325,411)	\$375,395
TOTAL REVENUE	\$25,434,008	\$144,047,302	\$19,884,541	\$132,993,064	\$11,054,238
Less: Distribution Cost Paid to Suppliers	5,414,580	30,922,248	4,190,105	29,136,977	1,785,271
INCOME FROM LIQUOR MERCHANDISING	\$20,019,428	\$113,125,054	\$15,694,436	\$103,856,087	\$9,268,967
MANAGEMENT EXPENSES					
Commission	\$51,410	\$246,036	\$34,990	\$204,987	\$41,049
Management Support(1)	307,585	1,809,713	324,883	1,919,987	(110,274)
Licensing & Enforcement(1)	941,488	5,715,304	1,050,585	6,486,135	(770,831)
LARA Services	(176,345)	1,449,012	79,870	2,123,941	(674,929)
Information Technology Services	697,007	2,854,954	828,308	2,992,681	(137,727)
Attorney General	0	284,589	0	298,793	(14,204)
Auditor General	0	0	0	0	0
Bureau of Fire Services	100,000	100,444	(286,753)	224,410	(123,966)
Civil Service - Personnel	196,488	196,488	249,137	249,137	(52,649)
Administrative Hearings & Rules	111,714	1,842,624	10,148	40,013	1,802,611
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	\$2,229,347	\$14,499,164	\$2,291,168	\$13,766,184	\$732,980
INCOME FROM OPERATIONS	\$17,790,081	\$98,625,890	\$13,403,268	\$90,089,903	\$8,535,987
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	23,428,756	106,448,501	20,196,970	98,463,961	7,984,540
TOTAL CURRENT EARNINGS & REVENUE	\$41,218,837	\$205,074,391	\$33,600,238	\$188,553,864	\$16,520,527
Number of Cases Sold	721,846	4,123,927	566,923	3,885,406	238,521
Number of Sales Days	25	132	20	128	4

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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,503,981	\$14,314,984	\$12,025,940	\$2,289,044
Specific Tax, Liquor 4%	4,510,643	25,632,398	23,730,264	1,902,134
Excise Tax, Wine	803,545	5,270,737	4,340,597	930,140
Excise Tax, Mixed Spirit Drink	26,352	171,730	97,001	74,729
Sunday Sales Fees (7am-12pm)	674,650	739,727	755,972	(16,245)
Fines & Costs	73,243	192,404	239,319	(46,915)
Miscellaneous Revenue	12,334	25,313	74,264	(48,951)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,604,748</u>	<u>\$46,347,293</u>	<u>\$41,263,357</u>	<u>\$5,083,936</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,605,108	\$4,872,966	\$5,238,885	(\$365,919)
41.5% To Licensing & Enforcement	1,965,672	2,095,701	2,381,934	(286,233)
3.5% To Alcoholism Prevention Programs	165,779	176,745	200,886	(24,141)
Additional Resort License Fees	0	58,200	116,400	(58,200)
Direct Shipper License Fees	45,040	50,565	51,477	(912)
License Transfer Fees	70,232	319,839	371,399	(51,560)
Sunday Sales Fees	607,217	658,599	745,036	(86,437)
License Permit Fees	15,400	21,640	22,840	(1,200)
Non-Retail License Fees-Wine Industry Council	265,735	319,593	346,205	(26,612)
Liquor Control Act Sales	40	138	625	(487)
Inspection Fees	38,760	153,738	143,831	9,907
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,524,452	25,730,991	23,829,310	1,901,681
Miscellaneous Revenue	9,930	10,095	21,512	(11,417)
TOTAL GENERAL FUND - RESTRICTED	<u>\$10,313,365</u>	<u>\$34,468,810</u>	<u>\$33,470,340</u>	<u>\$998,470</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,510,643	\$25,632,398	\$23,730,264	\$1,902,134
TOTAL SCHOOL AID FUND	<u>\$4,510,643</u>	<u>\$25,632,398</u>	<u>\$23,730,264</u>	<u>\$1,902,134</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$23,428,756</u>	<u>\$106,448,501</u>	<u>\$98,463,961</u>	<u>\$7,984,540</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	17,790,081	98,625,890	90,089,903	8,535,987
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$17,790,081</u>	<u>\$98,625,890</u>	<u>\$90,089,903</u>	<u>\$8,535,987</u>
TOTAL REVENUE COLLECTED	<u>\$41,218,837</u>	<u>\$205,074,391</u>	<u>\$188,553,864</u>	<u>\$16,520,527</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
SIX MONTHS ENDED MARCH 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	\$51,410	\$246,036	\$142,378	\$876,220	\$486,862	\$2,861,529	\$3,983,785	\$4,162,646
Longevity & Insurance	0	0	31,820	226,202	106,757	729,405	955,607	1,026,155
Retirement & FICA	0	0	97,626	590,180	272,052	1,615,124	2,205,304	2,453,703
Subtotal	\$51,410	\$246,036	\$271,824	\$1,692,602	\$865,671	\$5,206,058	\$7,144,696	\$7,642,504
Communications	\$0	\$0	\$1,928	\$11,575	\$14,612	\$73,321	\$84,896	\$84,381
Travel	0	0	3,372	17,070	13,758	93,944	111,014	115,205
Utilities	0	0	310	1,741	55	95	1,836	11,689
Contractual Services	0	0	26,122	52,592	5,054	26,953	79,545	119,323
Supplies & Materials	0	0	2,817	20,264	5,947	38,638	58,902	89,424
Equipment Replacement, Additions & Rentals	0	0	634	9,934	10,821	121,922	131,856	86,079
Miscellaneous	0	0	0	468	4,344	5,792	6,260	0
Subtotal	\$0	\$0	\$35,183	\$113,644	\$54,591	\$360,665	\$474,309	\$506,101
TOTAL MLCC APPROPRIATED EXPENSES	\$51,410	\$246,036	\$307,007	\$1,806,246	\$920,262	\$5,566,723	\$7,619,005	\$8,148,605
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$578	\$3,467	\$21,226	\$148,581	\$152,048	\$462,504
Other Operating Transfers Out(2)	0	0	0	0	0	0	6,728,111	5,928,975
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$578	\$3,467	\$21,226	\$148,581	\$6,880,159	\$6,391,479
GRAND TOTAL	\$51,410	\$246,036	\$307,585	\$1,809,713	\$941,488	\$5,715,304	\$14,499,164	\$14,540,084

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.