

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

July 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**

**JULY FINANCIAL REPORT**

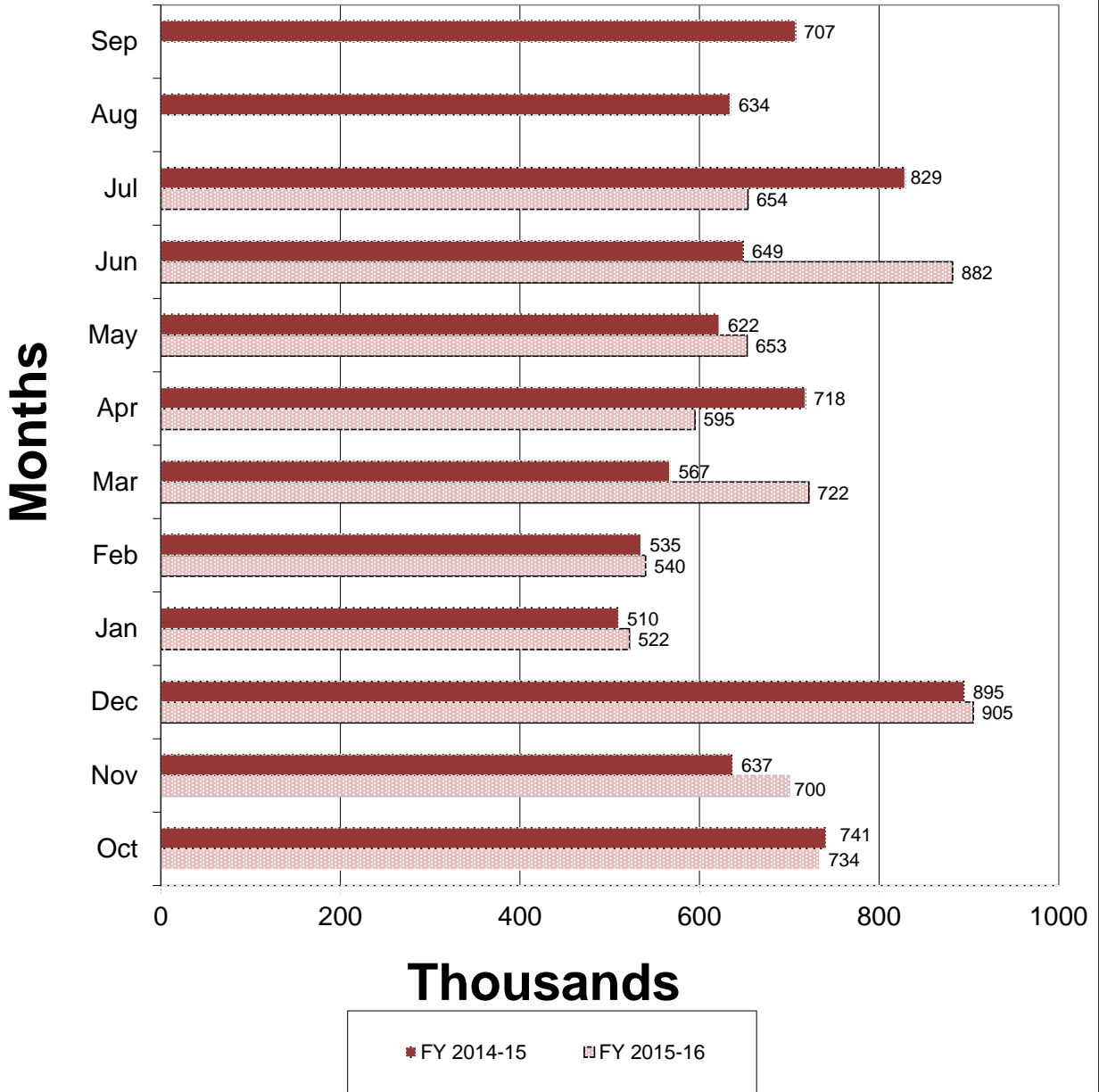
**FISCAL YEAR 15 - 16**

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## Case Sales



	Fiscal Year to Date 10/15-07/16	Fiscal Year to Date 10/14-07/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	6,907,650	6,702,541	205,109	3.06%
Average Price Per Case Sold	\$155.76	\$153.49	\$2.27	1.48%

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

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	155,205,162	126,578,167
Subtotal	\$155,205,562	\$126,578,567
Liquor Inventory - At Current Cost	6,904,344	4,410,304
Prepaid Distribution Costs of Inventory	510,390	308,483
Other Assets		
Accounts Receivable	\$9,363,307	\$32,643,155
Returned Checks	133,653	185,405
Payroll Correction Clearing	0	0
Subtotal	9,496,960	32,828,560
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	2,756,348	0
<b>TOTAL</b>	<b>\$174,873,604</b>	<b>\$164,125,914</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$2,092,128	\$2,959,921
Warrants Authorized/Not Issued	107,097,752	102,931,537
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	\$109,887,278	\$106,645,568
<b>LONG TERM LIABILITIES</b>		
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
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	1,876,585	0
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	(\$14,243,901)	\$875,739
Current Year Increase or (Decrease)*	60,932,015	56,207,250
Current Period Ending Balance	46,688,114	57,082,989
<b>TOTAL</b>	<b>\$174,873,604</b>	<b>\$164,125,914</b>

\*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  
TEN MONTHS ENDED JULY 31**

	2016	2015
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$1,075,939,930	\$1,028,766,354
Less: Discounts Allowed	182,864,614	174,824,143
<b>PROCEEDS - SALE OF LIQUOR</b>	<b>\$893,075,316</b>	<b>\$853,942,211</b>
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	654,401,228	620,551,193
Less: Ending Inventory	6,904,344	4,410,304
Cost of Goods Sold	<b>\$652,313,097</b>	<b>\$624,079,739</b>
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$240,762,219</b>	<b>\$229,862,472</b>
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$50,334	(\$447,119)
Non-Operating Revenue	0	0
Interest Revenue	250,073	68,441
<b>TOTAL OTHER REVENUE</b>	<b>\$300,407</b>	<b>(\$378,678)</b>
<b>TOTAL REVENUE</b>	<b>\$241,062,626</b>	<b>\$229,483,794</b>
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$476,014	\$397,535
Management Support	3,113,671	3,193,153
Licensing & Enforcement (1)	5,182,254	5,602,456
Distribution Cost Paid to Suppliers	51,810,373	50,307,523
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	<b>\$60,582,312</b>	<b>\$59,500,667</b>
<b>Other Agencies Expenses</b>		
Attorney General	\$917,580	\$893,742
Auditor General	0	0
Bureau of Fire Services	250,444	1,061,991
Civil Service - Personnel	196,488	249,137
Administrative Hearings & Rules	1,870,989	60,217
Information Technology Services	6,190,987	3,312,881
MLCC Rent	5,779	523,205
LARA - Executive Direction	509,862	729,924
LARA - Administrative Offices	1,817,748	1,509,665
<b>Total Other Agencies Expenses</b>	<b>\$11,759,877</b>	<b>\$8,340,762</b>
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	<b>\$72,342,189</b>	<b>\$67,841,429</b>
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$168,720,437	\$161,642,365
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	<b>\$168,720,437</b>	<b>\$161,642,365</b>
LARA - Transfers For Grant Not Related to MLCC	0	773,900
<b>NET INCOME</b>	<b>\$168,720,437</b>	<b>\$160,868,465</b>
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	120,000,000	120,000,000
Current Year Increase or (Decrease)	\$48,720,437	\$40,868,465
Retained Earnings - Beginning	(14,243,901)	875,739
<b>RETAINED EARNINGS - ENDING</b>	<b>\$34,476,536</b>	<b>\$41,744,204</b>

**Note:**

(1) Includes the Revolving Fund Portion only.

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

	<u>2016</u>	<u>2015</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	241,062,626	229,483,794	11,578,832
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$226,818,725</u>	<u>\$230,359,533</u>	<u>(\$3,540,808)</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$120,000,000	\$120,000,000	\$0
MLCC Expenses	60,582,312	59,500,667	1,081,645
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	11,759,877	8,340,762	3,419,115
LARA Transfer Not Related to MLCC	<u>0</u>	<u>773,900</u>	<u>(773,900)</u>
Total Allocation of Equity	<u>\$192,342,189</u>	<u>\$188,615,329</u>	<u>\$3,726,860</u>
Ending Equity	<u>\$34,476,536</u>	<u>\$41,744,204</u>	<u>(\$7,267,668)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
TEN MONTHS ENDED JULY 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$85,257,359	\$900,767,127	\$108,165,599	\$860,999,788	\$39,767,339
On Premise	16,782,997	174,546,352	20,017,758	167,254,354	7,291,998
Other	48,629	626,451	83,821	512,212	114,239
<b>TOTAL GROSS SALES</b>	<b>\$102,088,985</b>	<b>\$1,075,939,930</b>	<b>\$128,267,178</b>	<b>\$1,028,766,354</b>	<b>\$47,173,576</b>
Less: Discounts Allowed	17,352,003	182,864,614	21,798,261	174,824,143	8,040,471
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$84,736,982</b>	<b>\$893,075,316</b>	<b>\$106,468,917</b>	<b>\$853,942,211</b>	<b>\$39,133,105</b>
Less: Cost of Goods Sold	61,937,937	652,313,097	78,247,334	624,079,739	28,233,358
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$22,799,045</b>	<b>\$240,762,219</b>	<b>\$28,221,583</b>	<b>\$229,862,472</b>	<b>\$10,899,747</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$14,112)	\$50,334	(\$171,989)	(\$447,119)	\$497,453
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	116,710	250,073	29,246	68,441	181,632
<b>TOTAL OTHER REVENUE</b>	<b>\$102,598</b>	<b>\$300,407</b>	<b>(\$142,743)</b>	<b>(\$378,678)</b>	<b>\$679,085</b>
<b>TOTAL REVENUE</b>	<b>\$22,901,643</b>	<b>\$241,062,626</b>	<b>\$28,078,840</b>	<b>\$229,483,794</b>	<b>\$11,578,832</b>
Less: Distribution Cost Paid to Suppliers	4,907,650	51,810,373	6,275,827	50,307,523	1,502,850
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$17,993,993</b>	<b>\$189,252,253</b>	<b>\$21,803,013</b>	<b>\$179,176,271</b>	<b>\$10,075,982</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$50,749	\$476,014	\$69,856	\$397,535	\$78,479
Management Support(1)	289,450	3,119,450	452,517	3,298,951	(179,501)
Licensing & Enforcement(1)	963,929	10,298,015	1,552,038	11,412,539	(1,114,524)
LARA Services	949,683	2,327,610	834,348	3,013,489	(685,879)
Information Technology Services	1,417,424	6,190,987	649,873	3,312,881	2,878,106
Attorney General	340,437	917,580	295,944	893,742	23,838
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	250,444	260,163	1,061,991	(811,547)
Civil Service - Personnel	0	196,488	0	249,137	(52,649)
Administrative Hearings & Rules	5,756	1,870,989	6,664	60,217	1,810,772
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	773,900	(773,900)
<b>Total Management Expenses</b>	<b>\$4,017,428</b>	<b>\$25,647,577</b>	<b>\$4,121,403</b>	<b>\$22,926,582</b>	<b>\$2,720,995</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$13,976,565</b>	<b>\$163,604,676</b>	<b>\$17,681,610</b>	<b>\$156,249,689</b>	<b>\$7,354,987</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	18,230,645	187,563,386	20,805,564	176,291,147	11,272,239
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$32,207,210</b>	<b>\$351,168,062</b>	<b>\$38,487,174</b>	<b>\$332,540,836</b>	<b>\$18,627,226</b>
Number of Cases Sold	653,574	6,907,650	828,919	6,702,541	205,109
Number of Sales Days	20	217	25	218	(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  
TEN MONTHS ENDED JULY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$4,233,071	\$27,960,034	\$24,997,207	\$2,962,827
Specific Tax, Liquor 4%	4,078,238	42,926,734	40,998,448	1,928,286
Excise Tax, Wine	1,169,551	9,591,658	7,457,518	2,134,140
Excise Tax, Mixed Spirit Drink	145,509	450,061	325,584	124,477
Sunday Sales Fees (7am-12pm)	27,366	1,581,910	1,437,022	144,888
Fines & Costs	53,101	394,831	507,773	(112,942)
Miscellaneous Revenue	73,516	206,597	196,862	9,735
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$9,780,352</u>	<u>\$83,111,825</u>	<u>\$75,920,414</u>	<u>\$7,191,411</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$84,918	\$9,085,302	\$8,970,290	\$115,012
41.5% To Licensing & Enforcement	64,074	5,274,101	5,197,491	76,610
3.5% To Alcoholism Prevention Programs	5,404	444,803	438,335	6,468
Additional Resort License Fees	0	195,200	161,550	33,650
Direct Shipper License Fees	1,950	112,837	102,035	10,802
License Transfer Fees	51,938	550,126	624,832	(74,706)
Sunday Sales Fees	20,529	1,669,259	1,633,736	35,523
License Permit Fees	9,700	64,441	52,340	12,101
Non-Retail License Fees-Wine Industry Council	15,285	749,359	701,340	48,019
Liquor Control Act Sales	320	948	1,735	(787)
Inspection Fees	38,855	296,633	276,170	20,463
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,078,238	43,059,557	41,183,771	1,875,786
Miscellaneous Revenue	844	22,261	28,660	(6,399)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$4,372,055</u>	<u>\$61,524,827</u>	<u>\$59,372,285</u>	<u>\$2,152,542</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$4,078,238	\$42,926,734	\$40,998,448	\$1,928,286
<b>TOTAL SCHOOL AID FUND</b>	<u>\$4,078,238</u>	<u>\$42,926,734</u>	<u>\$40,998,448</u>	<u>\$1,928,286</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$18,230,645</u>	<u>\$187,563,386</u>	<u>\$176,291,147</u>	<u>\$11,272,239</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	13,976,565	163,604,676	156,249,689	7,354,987
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$13,976,565</u>	<u>\$163,604,676</u>	<u>\$156,249,689</u>	<u>\$7,354,987</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$32,207,210</u>	<u>\$351,168,062</u>	<u>\$332,540,836</u>	<u>\$18,627,226</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  
TEN MONTHS ENDED JULY 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$50,749	\$476,014	\$139,042	\$1,516,429	\$494,572	\$5,159,655	\$7,152,098	\$7,287,369
Longevity & Insurance	0	0	32,584	373,829	106,127	1,221,522	1,595,351	1,670,853
Retirement & FICA	0	0	95,984	1,029,972	273,738	2,893,884	3,923,856	4,262,182
Subtotal	\$50,749	\$476,014	\$267,610	\$2,920,230	\$874,437	\$9,275,061	\$12,671,305	\$13,220,404
Communications	\$0	\$0	\$1,540	\$18,918	\$11,288	\$122,067	\$140,985	\$147,792
Travel	0	0	2,630	29,463	18,832	176,029	205,492	209,653
Utilities	0	0	294	2,812	923	4,395	7,207	13,176
Contractual Services	0	0	12,018	92,488	27,598	236,660	329,148	468,836
Supplies & Materials	0	0	2,066	34,226	6,886	109,622	143,848	189,770
Equipment Replacement, Additions & Rentals	0	0	2,714	15,066	2,739	134,181	149,247	98,361
Miscellaneous	0	0	0	468	0	6,516	6,984	4,344
Subtotal	\$0	\$0	\$21,262	\$193,441	\$68,266	\$789,470	\$982,911	\$1,131,932
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$50,749</b>	<b>\$476,014</b>	<b>\$288,872</b>	<b>\$3,113,671</b>	<b>\$942,703</b>	<b>\$10,064,531</b>	<b>\$13,654,216</b>	<b>\$14,352,336</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy	\$0	\$0	\$578	\$5,779	\$21,226	\$233,484	\$239,263	\$756,689
Other Operating Transfers Out(2)	0	0	0	0	0	0	11,754,098	8,591,457
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$578</b>	<b>\$5,779</b>	<b>\$21,226</b>	<b>\$233,484</b>	<b>\$11,993,361</b>	<b>\$9,348,146</b>
<b>GRAND TOTAL</b>	<b>\$50,749</b>	<b>\$476,014</b>	<b>\$289,450</b>	<b>\$3,119,450</b>	<b>\$963,929</b>	<b>\$10,298,015</b>	<b>\$25,647,577</b>	<b>\$23,700,482</b>

**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.