

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 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

AUGUST FINANCIAL REPORT

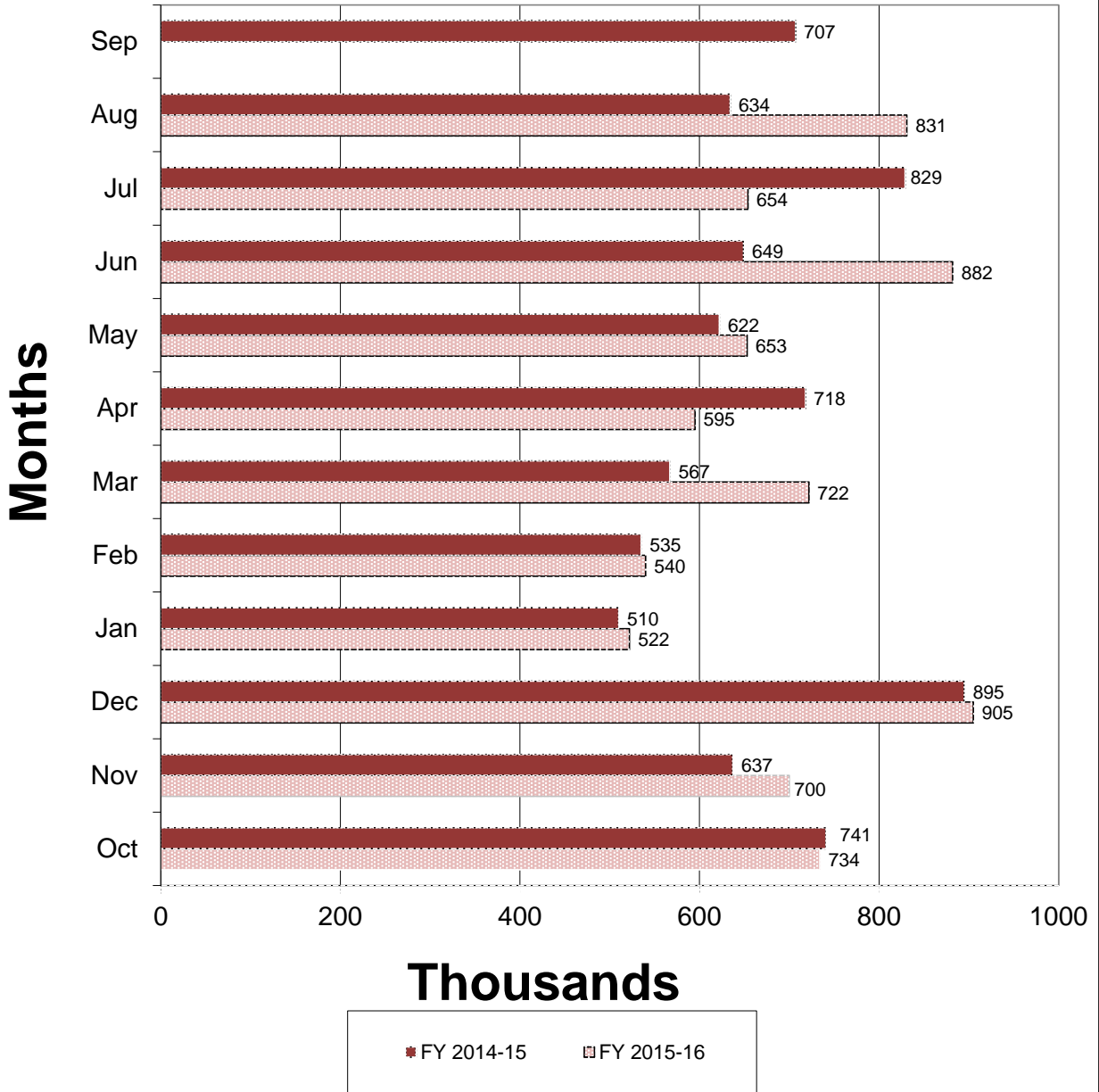
FISCAL YEAR 15 - 16

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Case Sales



	Fiscal Year to Date 10/15-08/16	Fiscal Year to Date 10/14-08/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	7,738,723	7,336,583	402,140	5.48%
Average Price Per Case Sold	\$155.75	\$153.29	\$2.46	1.60%

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	158,333,150	118,228,984
Subtotal	\$158,333,550	\$118,229,384
Liquor Inventory - At Current Cost	7,444,509	5,383,206
Prepaid Distribution Costs of Inventory	553,080	377,393
Other Assets		
Accounts Receivable	\$18,802,535	\$33,899,620
Returned Checks	214,276	227,672
Payroll Correction Clearing	0	0
Subtotal	19,016,811	34,127,292
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,756,348	0
TOTAL	\$188,104,298	\$158,117,275
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$6,287,097	\$1,459,553
Warrants Authorized/Not Issued	102,221,106	98,617,480
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	\$109,205,601	\$100,831,143
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)*	74,844,386	56,013,036
Current Period Ending Balance	60,600,485	56,888,775
TOTAL	\$188,104,298	\$158,117,275

*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
ELEVEN MONTHS ENDED AUGUST 31**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$1,205,297,279	\$1,124,649,854
Less: Discounts Allowed	204,846,680	191,109,583
PROCEEDS - SALE OF LIQUOR	\$1,000,450,599	\$933,540,271
Less: Cost of Goods Sold		
Beginning Inventory	\$4,816,213	\$7,938,850
Add: Purchases	733,011,404	679,227,608
Less: Ending Inventory	7,444,509	5,383,206
Cost of Goods Sold	\$730,383,108	\$681,783,252
GROSS REVENUE FROM SALE OF LIQUOR	\$270,067,491	\$251,757,019
OTHER REVENUE		
Miscellaneous Revenue	\$58,262	(\$462,101)
Non-Operating Revenue	0	0
Interest Revenue	250,073	68,441
TOTAL OTHER REVENUE	\$308,335	(\$393,660)
TOTAL REVENUE	\$270,375,826	\$251,363,359
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$528,884	\$444,423
Management Support	3,452,330	3,483,323
Licensing & Enforcement (1)	5,676,312	6,105,216
Distribution Cost Paid to Suppliers	58,042,304	55,041,441
Compensated Absences	0	0
Total MLCC Expenses	\$67,699,830	\$65,074,403
Other Agencies Expenses		
Attorney General	\$917,580	\$893,742
Auditor General	28,100	27,500
Bureau of Fire Services	450,444	848,664
Civil Service - Personnel	196,488	249,137
Administrative Hearings & Rules	1,874,900	62,062
Information Technology Services	5,706,135	3,495,019
MLCC Rent	6,357	575,525
LARA - Executive Direction	232,254	669,198
LARA - Administrative Offices	1,885,263	2,174,821
Total Other Agencies Expenses	\$11,297,521	\$8,995,668
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$78,997,351	\$74,070,071
NET INCOME (Not Including Taxes & Grants)	\$191,378,475	\$177,293,288
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$191,378,475	\$177,293,288
LARA - Transfers For Grant Not Related to MLCC	0	773,900
NET INCOME	\$191,378,475	\$176,519,388
RETAINED EARNINGS		
Transfers to General Fund - Cash	132,000,000	132,000,000
Current Year Increase or (Decrease)	\$59,378,475	\$44,519,388
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$45,134,574	\$45,395,127

Note:

(1) Includes the Revolving Fund Portion only.

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

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	270,375,826	251,363,359	19,012,467
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	\$256,131,925	\$252,239,098	\$3,892,827
ALLOCATION OF EQUITY			
Transferred to General Fund	\$132,000,000	\$132,000,000	\$0
MLCC Expenses	67,699,830	65,074,403	2,625,427
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	11,297,521	8,995,668	2,301,853
LARA Transfer Not Related to MLCC	0	773,900	(773,900)
Total Allocation of Equity	\$210,997,351	\$206,843,971	\$4,153,380
Ending Equity	\$45,134,574	\$45,395,127	(\$260,553)

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
ELEVEN MONTHS ENDED AUGUST 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$107,162,047	\$1,007,929,174	\$79,051,064	\$940,050,852	\$67,878,322
On Premise	22,121,381	196,667,733	16,773,093	184,027,447	12,640,286
Other	73,921	700,372	59,343	571,555	128,817
TOTAL GROSS SALES	<u>\$129,357,349</u>	<u>\$1,205,297,279</u>	<u>\$95,883,500</u>	<u>\$1,124,649,854</u>	<u>\$80,647,425</u>
Less: Discounts Allowed	21,982,066	204,846,680	16,285,440	191,109,583	13,737,097
PROCEEDS-SALE OF LIQUOR	<u>\$107,375,283</u>	<u>\$1,000,450,599</u>	<u>\$79,598,060</u>	<u>\$933,540,271</u>	<u>\$66,910,328</u>
Less: Cost of Goods Sold	78,070,011	730,383,108	57,703,513	681,783,252	48,599,856
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$29,305,272</u>	<u>\$270,067,491</u>	<u>\$21,894,547</u>	<u>\$251,757,019</u>	<u>\$18,310,472</u>
OTHER REVENUE					
Miscellaneous Revenue	\$7,928	\$58,262	(\$14,982)	(\$462,101)	\$520,363
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	250,073	0	68,441	181,632
TOTAL OTHER REVENUE	<u>\$7,928</u>	<u>\$308,335</u>	<u>(\$14,982)</u>	<u>(\$393,660)</u>	<u>\$701,995</u>
TOTAL REVENUE	<u>\$29,313,200</u>	<u>\$270,375,826</u>	<u>\$21,879,565</u>	<u>\$251,363,359</u>	<u>\$19,012,467</u>
Less: Distribution Cost Paid to Suppliers	6,231,931	58,042,304	4,733,918	55,041,441	3,000,863
INCOME FROM LIQUOR MERCHANDISING	<u>\$23,081,269</u>	<u>\$212,333,522</u>	<u>\$17,145,647</u>	<u>\$196,321,918</u>	<u>\$16,011,604</u>
MANAGEMENT EXPENSES					
Commission	\$52,870	\$528,884	\$46,888	\$444,423	\$84,461
Management Support(1)	339,236	3,458,686	300,752	3,599,703	(141,017)
Licensing & Enforcement(1)	975,774	11,273,789	1,027,780	12,440,319	(1,166,530)
LARA Services	(210,093)	2,117,517	604,430	3,617,919	(1,500,402)
Information Technology Services	(484,852)	5,706,135	182,138	3,495,019	2,211,116
Attorney General	0	917,580	0	893,742	23,838
Auditor General	28,100	28,100	27,500	27,500	600
Bureau of Fire Services	200,000	450,444	(213,327)	848,664	(398,220)
Civil Service - Personnel	0	196,488	0	249,137	(52,649)
Administrative Hearings & Rules	3,911	1,874,900	1,845	62,062	1,812,838
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>\$904,946</u>	<u>\$26,552,523</u>	<u>\$1,978,006</u>	<u>\$24,904,588</u>	<u>\$1,647,935</u>
INCOME FROM OPERATIONS	<u>\$22,176,323</u>	<u>\$185,780,999</u>	<u>\$15,167,641</u>	<u>\$171,417,330</u>	<u>\$14,363,669</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	20,641,513	208,204,899	17,065,632	193,356,779	14,848,120
TOTAL CURRENT EARNINGS & REVENUE	<u>\$42,817,836</u>	<u>\$393,985,898</u>	<u>\$32,233,273</u>	<u>\$364,774,109</u>	<u>\$29,211,789</u>
Number of Cases Sold	831,073	7,738,723	634,042	7,336,583	402,140
Number of Sales Days	25	242	20	238	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
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,574,300	\$31,534,334	\$28,808,143	\$2,726,191
Specific Tax, Liquor 4%	5,150,868	48,077,602	44,822,026	3,255,576
Excise Tax, Wine	1,097,509	10,689,167	8,874,084	1,815,083
Excise Tax, Mixed Spirit Drink	92,274	542,335	410,333	132,002
Sunday Sales Fees (7am-12pm)	19,870	1,601,780	1,451,389	150,391
Fines & Costs	80,926	475,757	560,410	(84,653)
Miscellaneous Revenue	37,480	244,077	187,443	56,634
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$10,053,227</u>	<u>\$93,165,052</u>	<u>\$85,113,828</u>	<u>\$8,051,224</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$55,731	\$9,141,033	\$9,013,942	\$127,091
41.5% To Licensing & Enforcement	42,052	5,316,153	5,230,428	85,725
3.5% To Alcoholism Prevention Programs	3,546	448,349	441,113	7,236
Additional Resort License Fees	1,400	196,600	141,550	55,050
Direct Shipper License Fees	2,050	114,887	103,035	11,852
License Transfer Fees	83,774	633,900	710,769	(76,869)
Sunday Sales Fees	1,852	1,671,111	1,647,370	23,741
License Permit Fees	2,010	66,451	54,240	12,211
Non-Retail License Fees-Wine Industry Council	14,310	763,669	714,060	49,609
Liquor Control Act Sales	60	1,008	1,845	(837)
Inspection Fees	33,540	330,173	303,231	26,942
Specific Tax, Liquor 4%-Tourism & Conv. Facility	5,197,093	48,256,650	45,030,785	3,225,865
Miscellaneous Revenue	0	22,261	28,557	(6,296)
TOTAL GENERAL FUND - RESTRICTED	<u>\$5,437,418</u>	<u>\$66,962,245</u>	<u>\$63,420,925</u>	<u>\$3,541,320</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$5,150,868	\$48,077,602	\$44,822,026	\$3,255,576
TOTAL SCHOOL AID FUND	<u>\$5,150,868</u>	<u>\$48,077,602</u>	<u>\$44,822,026</u>	<u>\$3,255,576</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$20,641,513</u>	<u>\$208,204,899</u>	<u>\$193,356,779</u>	<u>\$14,848,120</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	22,176,323	185,780,999	171,417,330	14,363,669
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$22,176,323</u>	<u>\$185,780,999</u>	<u>\$171,417,330</u>	<u>\$14,363,669</u>
TOTAL REVENUE COLLECTED	<u>\$42,817,836</u>	<u>\$393,985,898</u>	<u>\$364,774,109</u>	<u>\$29,211,789</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
ELEVEN MONTHS ENDED AUGUST 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	\$52,870	\$528,884	\$142,233	\$1,658,662	\$498,633	\$5,658,288	\$7,845,834	\$7,985,041
Longevity & Insurance	0	0	33,128	406,957	105,786	1,327,308	1,734,265	1,813,683
Retirement & FICA	0	0	97,795	1,127,767	278,159	3,172,043	4,299,810	4,663,612
Subtotal	\$52,870	\$528,884	\$273,156	\$3,193,386	\$882,578	\$10,157,639	\$13,879,909	\$14,462,336
Communications	\$0	\$0	\$2,009	\$20,927	\$11,166	\$133,233	\$154,160	\$162,603
Travel	0	0	2,300	31,763	16,812	192,841	224,604	230,953
Utilities	0	0	0	2,812	1,678	6,073	8,885	13,528
Contractual Services	0	0	22,294	114,782	5,798	242,458	357,240	484,305
Supplies & Materials	0	0	3,097	37,323	4,380	114,002	151,325	193,686
Equipment Replacement, Additions & Rentals	0	0	35,802	50,868	32,136	166,317	217,185	102,455
Miscellaneous	0	0	0	468	0	6,516	6,984	4,344
Subtotal	\$0	\$0	\$65,502	\$258,943	\$71,970	\$861,440	\$1,120,383	\$1,191,874
TOTAL MLCC APPROPRIATED EXPENSES	\$52,870	\$528,884	\$338,658	\$3,452,329	\$954,548	\$11,019,079	\$15,000,292	\$15,654,210
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$578	\$6,357	\$21,226	\$254,710	\$261,067	\$830,235
Other Operating Transfers Out(2)	0	0	0	0	0	0	11,291,164	9,194,043
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$578	\$6,357	\$21,226	\$254,710	\$11,552,231	\$10,024,278
GRAND TOTAL	\$52,870	\$528,884	\$339,236	\$3,458,686	\$975,774	\$11,273,789	\$26,552,523	\$25,678,488

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.