

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

June 2017



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor
Shelly Edgerton, Director
Andrew J. Deloney, Chairman

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MICHIGAN LIQUOR CONTROL COMMISSION

JUNE FINANCIAL REPORT

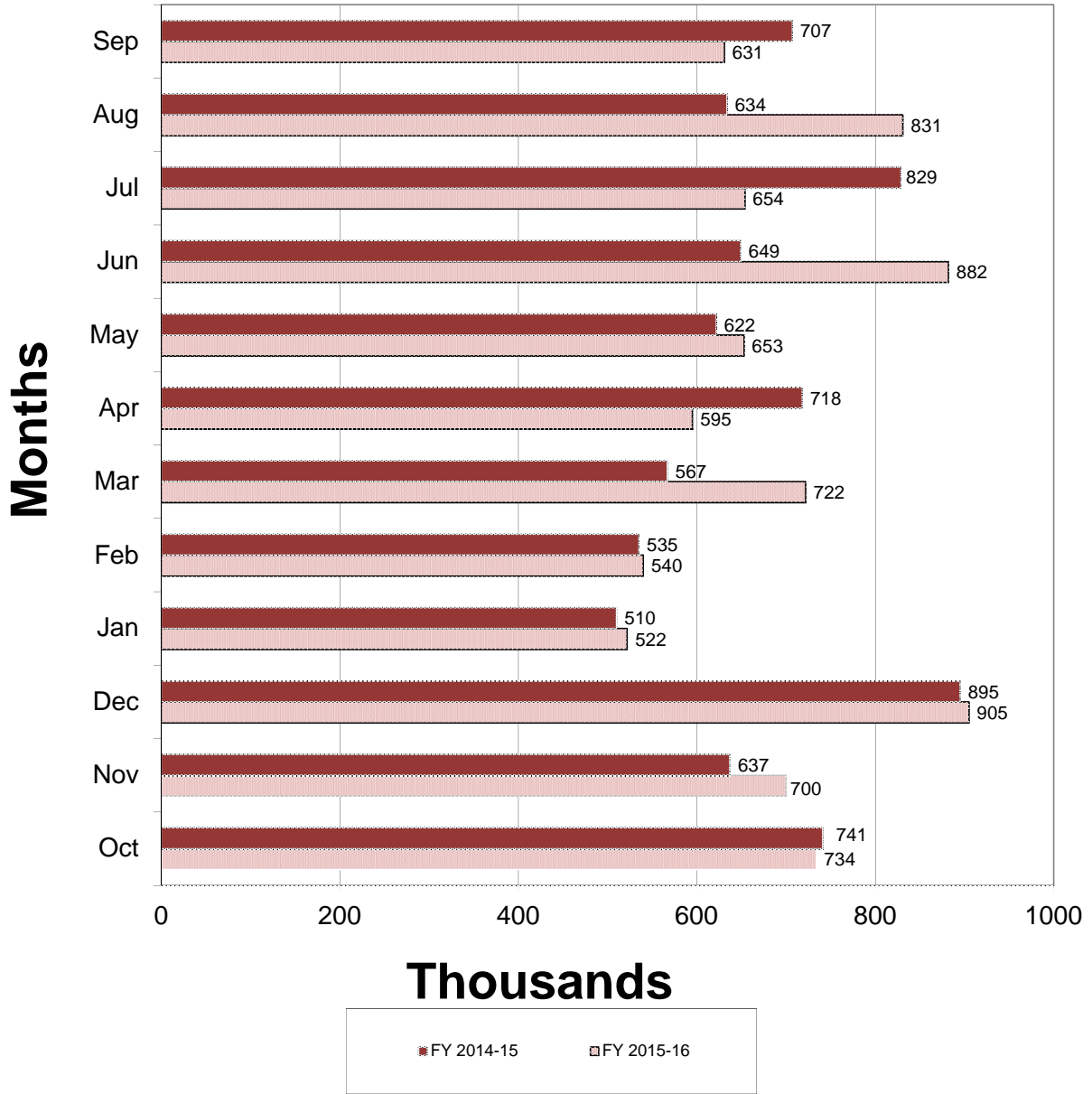
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/15-09/16	Fiscal Year to Date 10/14-09/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	8,370,191	8,043,595	326,596	4.06%
Average Price Per Case Sold	\$155.76	\$153.12	\$2.64	1.72%

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

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	170,577,954	155,153,551
Subtotal	\$170,578,354	\$155,153,951
Liquor Inventory - At Current Cost	8,157,339	6,528,910
Prepaid Distribution Costs of Inventory	601,656	485,228
Other Assets		
Accounts Receivable	\$5,218,016	\$17,816,656
Returned Checks	248,061	152,329
Payroll Correction Clearing	0	0
Subtotal	5,466,077	17,968,985
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$186,900,412	\$182,893,422
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$203,178	\$1,939,275
Warrants Authorized/Not Issued	114,945,743	109,448,264
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	24,738
Current Compensated Absences	639,402	672,660
Total Current Liabilities	\$115,788,323	\$112,084,937
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Non Current Portion-Net Pension Liability	\$16,636,344	15,999,403
Net OPEB Obligation	\$5,679,245	0
Long Term Compensated Absences	398,966	422,224
Total Long Term Liabilities	22,714,555	16,421,627
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	134,502	1,876,585
RETAINED EARNINGS		
Beginning Balance October 1	(\$20,854,600)	(\$14,243,901)
Current Year Increase or (Decrease)*	69,117,632	66,754,174
Current Period Ending Balance	48,263,032	52,510,273
TOTAL	\$186,900,412	\$182,893,422

*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
NINE MONTHS ENDED JUNE 30**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$1,007,184,397	\$973,850,945
Less: Discounts Allowed	171,152,503	165,512,611
PROCEEDS - SALE OF LIQUOR	\$836,031,894	\$808,338,334
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	613,236,559	592,087,857
Less: Ending Inventory	8,157,339	6,528,910
Cost of Goods Sold	\$610,773,301	\$590,375,160
GROSS REVENUE FROM SALE OF LIQUOR	\$225,258,593	\$217,963,174
OTHER REVENUE		
Miscellaneous Revenue	\$140,682	\$64,446
Non-Operating Revenue	0	0
Interest Revenue	273,028	133,363
TOTAL OTHER REVENUE	\$413,710	\$197,809
TOTAL REVENUE	\$225,672,303	\$218,160,983
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$423,337	\$425,265
Management Support	2,939,580	2,824,799
Licensing & Enforcement (1)	4,812,613	4,703,183
Distribution Cost Paid to Suppliers	48,397,984	46,902,723
Compensated Absences	0	0
Total MLCC Expenses	\$56,573,514	\$54,855,970
<u>Other Agencies Expenses</u>		
Attorney General	\$583,277	\$577,143
Auditor General	0	0
Bureau of Fire Services	300,000	250,444
Civil Service - Personnel	206,313	196,488
Administrative Hearings & Rules	1,897,009	1,865,233
Information Technology Services	4,454,241	4,773,563
MLCC Rent	3,552	5,201
LARA - Executive Direction	100,658	(197,081)
LARA - Administrative Offices	1,764,817	1,575,008
Total Other Agencies Expenses	1,764,817	1,575,008
Excluding Transfers Not Related to MLCC	\$9,309,867	\$9,045,999
TOTAL EXPENSES AND TRANSFERS	\$65,883,381	\$63,901,969
NET INCOME (Not Including Taxes & Grants)	\$159,788,922	\$154,259,014
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$159,788,922	\$154,259,014
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$159,788,922	\$154,259,014
RETAINED EARNINGS		
Transfers to General Fund - Cash	108,000,000	108,000,000
Current Year Increase or (Decrease)	\$51,788,922	\$46,259,014
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	\$30,934,322	\$32,015,113

Note:

(1) Includes the Revolving Fund Portion only.

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

	<u>2017</u>	<u>2016</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	(\$20,854,600)	(\$14,243,901)	(\$6,610,699)
Current Earnings	225,672,303	218,160,983	7,511,320
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$204,817,703</u>	<u>\$203,917,082</u>	<u>\$900,621</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$108,000,000	\$108,000,000	\$0
MLCC Expenses	56,573,514	54,855,970	1,717,544
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,309,867	9,045,999	263,868
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$173,883,381</u>	<u>\$171,901,969</u>	<u>\$1,981,412</u>
Ending Equity	<u>\$30,934,322</u>	<u>\$32,015,113</u>	<u>(\$1,080,791)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TEN MONTHS ENDED JUNE 30**

	<u>2017 MONTH</u>	<u>YTD</u>	<u>2016 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$121,642,804	\$842,725,194	\$115,824,414	\$815,509,768	\$27,215,426
On Premise	22,839,489	163,855,169	21,382,678	157,763,355	6,091,814
Other	79,339	604,034	104,296	577,822	26,212
TOTAL GROSS SALES	<u>\$144,561,632</u>	<u>\$1,007,184,397</u>	<u>\$137,311,388</u>	<u>\$973,850,945</u>	<u>\$33,333,452</u>
Less: Discounts Allowed	24,563,996	171,152,503	23,331,538	165,512,611	5,639,892
PROCEEDS-SALE OF LIQUOR	<u>\$119,997,636</u>	<u>\$836,031,894</u>	<u>\$113,979,850</u>	<u>\$808,338,334</u>	<u>\$27,693,560</u>
Less: Cost of Goods Sold	86,908,922	610,773,301	83,092,089	590,375,160	20,398,141
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$33,088,714</u>	<u>\$225,258,593</u>	<u>\$30,887,761</u>	<u>\$217,963,174</u>	<u>\$7,295,419</u>
OTHER REVENUE					
Miscellaneous Revenue	(\$44,809)	\$140,682	\$18,273	\$64,446	\$76,236
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	273,028	0	133,363	139,665
TOTAL OTHER REVENUE	<u>(\$44,809)</u>	<u>\$413,710</u>	<u>\$18,273</u>	<u>\$197,809</u>	<u>\$215,901</u>
TOTAL REVENUE	<u>\$33,043,905</u>	<u>\$225,672,303</u>	<u>\$30,906,034</u>	<u>\$218,160,983</u>	<u>\$7,511,320</u>
Less: Distribution Cost Paid to Suppliers	6,973,008	48,397,984	6,597,015	46,902,723	1,495,261
INCOME FROM LIQUOR MERCHANDISING	<u>\$26,070,897</u>	<u>\$177,274,319</u>	<u>\$24,309,019</u>	<u>\$171,258,260</u>	<u>\$6,016,059</u>
MANAGEMENT EXPENSES					
Commission	\$57,174	\$423,337	\$77,028	\$425,265	(\$1,928)
Management Support(1)	407,831	2,943,132	417,984	2,830,000	113,132
Licensing & Enforcement(1)	1,456,953	9,538,077	1,438,820	9,334,086	203,991
LARA Services	462,712	1,865,475	462,915	1,377,927	487,548
Information Technology Services	796,910	4,454,241	(582,834)	4,773,563	(319,322)
Attorney General	0	583,277	0	577,143	6,134
Auditor General	0	0	0	0	0
Bureau of Fire Services	100,000	300,000	90,000	250,444	49,556
Civil Service - Personnel	206,313	206,313	0	196,488	9,825
Administrative Hearings & Rules	4,767	1,897,009	10,390	1,865,233	31,776
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$3,492,660</u>	<u>\$22,210,861</u>	<u>\$1,914,303</u>	<u>\$21,630,149</u>	<u>\$580,712</u>
INCOME FROM OPERATIONS	<u>\$22,578,237</u>	<u>\$155,063,458</u>	<u>\$22,394,716</u>	<u>\$149,628,111</u>	<u>\$5,435,347</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	22,679,010	174,713,049	21,627,074	169,332,741	5,380,308
TOTAL CURRENT EARNINGS & REVENUE	<u>\$45,257,247</u>	<u>\$329,776,507</u>	<u>\$44,021,790</u>	<u>\$318,960,852</u>	<u>\$10,815,655</u>
Number of Cases Sold	905,642	6,357,208	881,957	6,254,076	103,132
Number of Sales Days	25	195	25	197	(2)

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
NINE MONTHS ENDED JUNE 30**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,647,125	\$23,336,039	\$23,726,963	(\$390,924)
Specific Tax, Liquor 4%	5,773,757	40,170,667	38,848,496	1,322,171
Excise Tax, Wine	1,115,637	8,438,781	8,422,107	16,674
Excise Tax, Mixed Spirit Drink	86,158	372,451	304,552	67,899
Sunday Sales Fees (7am-12pm)	22,362	1,809,217	1,554,544	254,673
Fines & Costs	59,642	452,584	341,730	110,854
Miscellaneous Revenue	16,806	134,870	133,081	1,789
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$10,721,487</u>	<u>\$74,714,609</u>	<u>\$73,331,473</u>	<u>\$1,383,136</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$135,183	\$9,531,182	\$9,000,384	\$530,798
41.5% To Licensing & Enforcement	102,001	5,586,051	5,210,027	376,024
3.5% To Alcoholism Prevention Programs	8,603	472,892	439,399	33,493
Additional Resort License Fees	0	115,800	195,200	(79,400)
Direct Shipper License Fees	2,500	128,909	110,887	18,022
Liquor Enforcement and Licensing Wholesale Fees	0	300	0	300
License Transfer Fees	62,746	484,813	498,188	(13,375)
Sunday Sales Fees	32,478	1,708,592	1,648,730	59,862
License Permit Fees	1,830	73,330	54,741	18,589
Third Party Facilitator Fees	1,000	3,170	0	3,170
Non-Retail License Fees-Wine Industry Council	25,075	987,625	734,074	253,551
Liquor Control Act Sales	60	705	628	77
Inspection Fees	38,022	374,951	257,778	117,173
Specific Tax, Liquor 4%-Tourism & Conv. Facility	5,773,757	40,337,275	38,981,319	1,355,956
Miscellaneous Revenue	512	22,172	21,417	755
TOTAL GENERAL FUND - RESTRICTED	<u>\$6,183,767</u>	<u>\$59,827,767</u>	<u>\$57,152,772</u>	<u>\$2,674,995</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$5,773,756	\$40,170,673	\$38,848,496	\$1,322,177
TOTAL SCHOOL AID FUND	<u>\$5,773,756</u>	<u>\$40,170,673</u>	<u>\$38,848,496</u>	<u>\$1,322,177</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$22,679,010</u>	<u>\$174,713,049</u>	<u>\$169,332,741</u>	<u>\$5,380,308</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	22,578,237	155,063,458	149,628,111	5,435,347
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$22,578,237</u>	<u>\$155,063,458</u>	<u>\$149,628,111</u>	<u>\$5,435,347</u>
TOTAL REVENUE COLLECTED	<u>\$45,257,247</u>	<u>\$329,776,507</u>	<u>\$318,960,852</u>	<u>\$10,815,655</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
NINE MONTHS ENDED JUNE 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2017	2016
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$57,174	\$423,337	\$192,366	\$1,419,662	\$774,139	\$4,877,801	\$6,720,800	\$6,467,735
Longevity & Insurance	0	0	45,745	336,422	165,847	1,114,310	1,450,731	1,456,640
Retirement & FICA	0	0	135,277	924,768	434,898	2,741,519	3,666,287	3,554,134
Subtotal	\$57,174	\$423,337	\$373,388	\$2,680,852	\$1,374,884	\$8,733,630	\$11,837,818	\$11,478,509
Communications	\$0	\$0	\$1,710	\$19,100	\$9,511	\$84,171	\$103,271	\$128,157
Travel	0	0	4,389	28,878	20,856	141,356	170,234	184,030
Utilities	0	0	36	2,189	0	9,104	11,293	5,990
Contractual Services	0	0	10,685	100,597	8,309	211,895	312,493	289,532
Supplies & Materials	0	0	2,081	23,233	14,161	107,350	130,583	134,896
Equipment Replacement, Additions & Rentals	0	0	15,148	84,731	7,727	37,309	122,040	143,794
Miscellaneous	0	0	0	0	279	1,003	1,003	6,984
Subtotal	\$0	\$0	\$34,049	\$258,728	\$60,843	\$592,188	\$850,917	\$893,383
TOTAL MLCC APPROPRIATED EXPENSES	\$57,174	\$423,337	\$407,437	\$2,939,580	\$1,435,727	\$9,325,818	\$12,688,735	\$12,371,892
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$394	\$3,552	\$21,226	\$212,259	\$215,811	\$217,459
Other Operating Transfers Out(2)	0	0	0	0	0	0	9,306,315	9,040,798
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$394	\$3,552	\$21,226	\$212,259	\$9,522,126	\$9,258,257
GRAND TOTAL	\$57,174	\$423,337	\$407,831	\$2,943,132	\$1,456,953	\$9,538,077	\$22,210,861	\$21,630,149

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.