

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

July 2017



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**

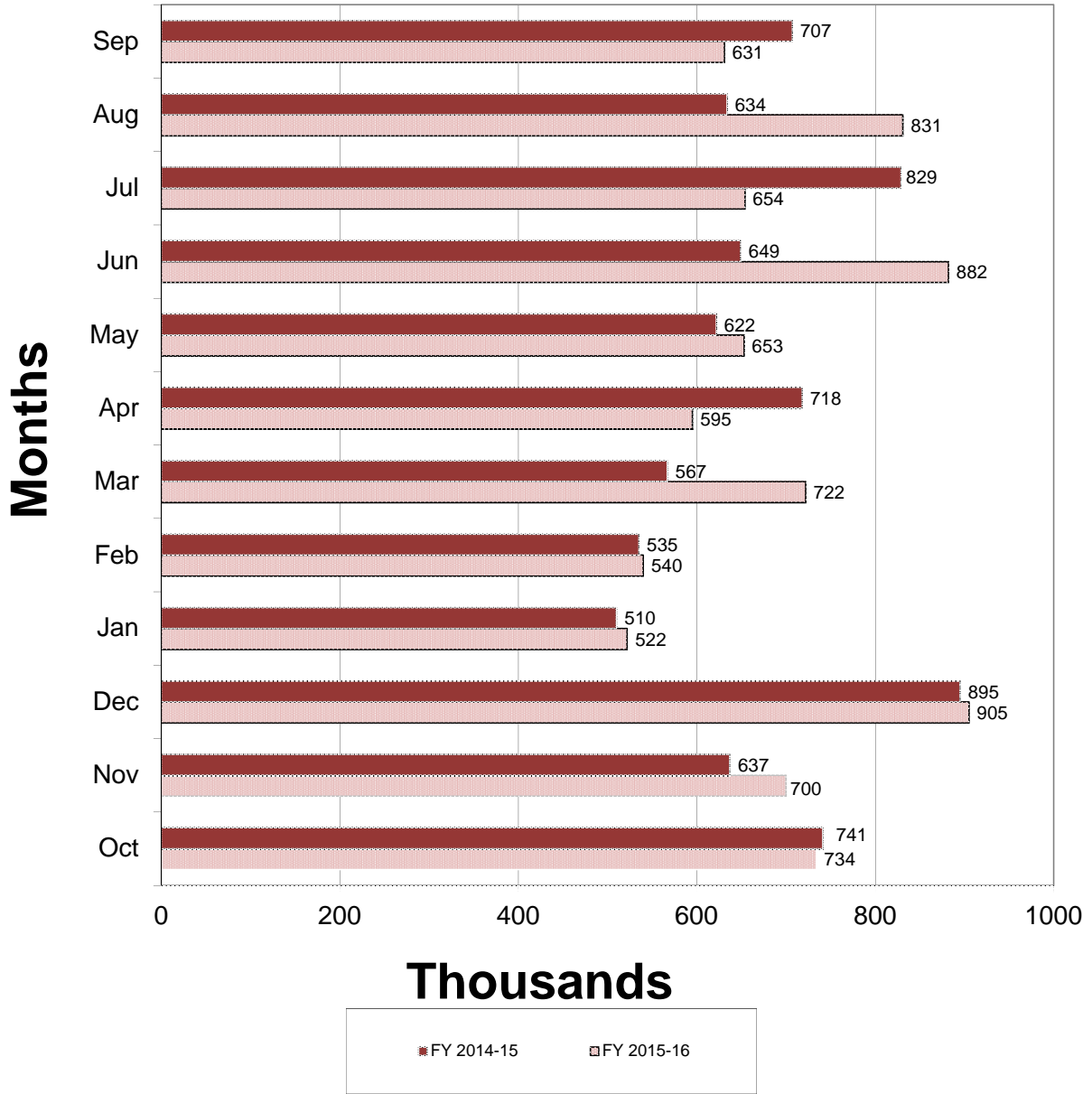
**FISCAL YEAR 16 - 17**

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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  
JULY 31**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	194,912,144	155,205,162
Subtotal	\$194,912,544	\$155,205,562
Liquor Inventory - At Current Cost	8,762,740	6,904,344
Prepaid Distribution Costs of Inventory	659,486	510,390
Other Assets		
Accounts Receivable	(\$3,719,780)	\$9,363,307
Returned Checks	271,910	133,653
Payroll Correction Clearing	0	0
Subtotal	(3,447,870)	9,496,960
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
<b>TOTAL</b>	<b>\$202,983,886</b>	<b>\$174,873,604</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$629,489	\$2,092,128
Warrants Authorized/Not Issued	112,188,682	107,097,752
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	0	24,738
Current Compensated Absences	639,401	672,660
Total Current Liabilities	\$113,457,572	\$109,887,278
<b>LONG TERM LIABILITIES</b>		
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
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	134,501	1,876,585
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	(\$20,854,600)	(\$14,243,901)
Current Year Increase or (Decrease)*	87,531,858	60,932,015
Current Period Ending Balance	66,677,258	46,688,114
<b>TOTAL</b>	<b>\$202,983,886</b>	<b>\$174,873,604</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**

	2017	2016
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$1,107,508,550	\$1,075,939,930
Less: Discounts Allowed	188,185,023	182,864,614
<b>PROCEEDS - SALE OF LIQUOR</b>	\$919,323,527	\$893,075,316
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	678,880,156	654,401,228
Less: Ending Inventory	8,762,740	6,904,344
Cost of Goods Sold	\$675,811,497	\$652,313,097
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$243,512,030	\$240,762,219
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	\$107,135	\$50,334
Non-Operating Revenue	0	0
Interest Revenue	549,784	250,073
<b>TOTAL OTHER REVENUE</b>	\$656,919	\$300,407
<b>TOTAL REVENUE</b>	\$244,168,949	\$241,062,626
<b>EXPENSES AND TRANSFERS</b>		
<u>MLCC Expenses</u>		
Commission	\$453,902	\$476,014
Management Support	3,291,710	3,113,671
Licensing & Enforcement (1)	5,331,066	5,182,254
Distribution Cost Paid to Suppliers	53,620,797	51,810,373
Compensated Absences	0	0
Total MLCC Expenses	\$62,697,475	\$60,582,312
<u>Other Agencies Expenses</u>		
Attorney General	\$921,642	\$917,580
Auditor General	0	0
Bureau of Fire Services	300,000	250,444
Civil Service - Personnel	206,313	196,488
Administrative Hearings & Rules	2,100,120	1,870,989
Information Technology Services	4,488,547	6,190,987
MLCC Rent	3,947	5,779
LARA - Executive Direction	(438,560)	509,862
LARA - Administrative Offices	1,924,092	1,817,748
Total Other Agencies Expenses	1,924,092	1,817,748
Excluding Transfers Not Related to MLCC	\$9,506,101	\$11,759,877
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$72,203,576	\$72,342,189
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$171,965,373	\$168,720,437
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$171,965,373	\$168,720,437
LARA - Transfers For Grant Not Related to MLCC	0	0
<b>NET INCOME</b>	\$171,965,373	\$168,720,437
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	108,000,000	120,000,000
Current Year Increase or (Decrease)	\$63,965,373	\$48,720,437
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
<b>RETAINED EARNINGS - ENDING</b>	\$43,110,773	\$34,476,536

**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>2017</u>	<u>2016</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	(\$20,854,600)	(\$14,243,901)	(\$6,610,699)
Current Earnings	244,168,949	241,062,626	3,106,323
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$223,314,349</u>	<u>\$226,818,725</u>	<u>(\$3,504,376)</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$108,000,000	\$120,000,000	(\$12,000,000)
MLCC Expenses	62,697,475	60,582,312	2,115,163
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	9,506,101	11,759,877	(2,253,776)
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$180,203,576</u>	<u>\$192,342,189</u>	<u>(\$12,138,613)</u>
Ending Equity	<u>\$43,110,773</u>	<u>\$34,476,536</u>	<u>\$8,634,237</u>

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

	2017 MONTH	YTD	2016 MONTH	YTD	YTD INCR./(DECR.)
<b>LIQUOR SALES</b>					
Off Premise	\$81,972,411	\$924,697,605	\$85,257,359	\$900,767,127	\$23,930,478
On Premise	18,269,400	182,124,569	16,782,997	174,546,352	7,578,217
Other	82,342	686,376	48,629	626,451	59,925
<b>TOTAL GROSS SALES</b>	<b>\$100,324,153</b>	<b>\$1,107,508,550</b>	<b>\$102,088,985</b>	<b>\$1,075,939,930</b>	<b>\$31,568,620</b>
Less: Discounts Allowed	17,032,520	188,185,023	17,352,003	182,864,614	5,320,409
<b>PROCEEDS-SALE OF LIQUOR</b>	<b>\$83,291,633</b>	<b>\$919,323,527</b>	<b>\$84,736,982</b>	<b>\$893,075,316</b>	<b>\$26,248,211</b>
Less: Cost of Goods Sold	65,038,196	675,811,497	61,937,937	652,313,097	23,498,400
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<b>\$18,253,437</b>	<b>\$243,512,030</b>	<b>\$22,799,045</b>	<b>\$240,762,219</b>	<b>\$2,749,811</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$33,547)	\$107,135	(\$14,112)	\$50,334	\$56,801
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	276,756	549,784	116,710	250,073	299,711
<b>TOTAL OTHER REVENUE</b>	<b>\$243,209</b>	<b>\$656,919</b>	<b>\$102,598</b>	<b>\$300,407</b>	<b>\$356,512</b>
<b>TOTAL REVENUE</b>	<b>\$18,496,646</b>	<b>\$244,168,949</b>	<b>\$22,901,643</b>	<b>\$241,062,626</b>	<b>\$3,106,323</b>
Less: Distribution Cost Paid to Suppliers	5,222,813	53,620,797	4,907,650	51,810,373	1,810,424
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<b>\$13,273,833</b>	<b>\$190,548,152</b>	<b>\$17,993,993</b>	<b>\$189,252,253</b>	<b>\$1,295,899</b>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$30,565	\$453,902	\$50,749	\$476,014	(\$22,112)
Management Support(1)	352,525	3,295,657	289,450	3,119,450	176,207
Licensing & Enforcement(1)	1,114,523	10,652,600	963,929	10,298,015	354,585
LARA Services	(379,943)	1,485,532	949,683	2,327,610	(842,078)
Information Technology Services	34,306	4,488,547	1,417,424	6,190,987	(1,702,440)
Attorney General	338,365	921,642	340,437	917,580	4,062
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	300,000	0	250,444	49,556
Civil Service - Personnel	0	206,313	0	196,488	9,825
Administrative Hearings & Rules	203,111	2,100,120	5,756	1,870,989	229,131
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
<b>Total Management Expenses</b>	<b>\$1,693,452</b>	<b>\$23,904,313</b>	<b>\$4,017,428</b>	<b>\$25,647,577</b>	<b>(\$1,743,264)</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$11,580,381</b>	<b>\$166,643,839</b>	<b>\$13,976,565</b>	<b>\$163,604,676</b>	<b>\$3,039,163</b>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	17,943,173	192,656,222	18,230,645	187,563,386	5,092,836
<b>TOTAL CURRENT EARNINGS &amp; REVENUE</b>	<b>\$29,523,554</b>	<b>\$359,300,061</b>	<b>\$32,207,210</b>	<b>\$351,168,062</b>	<b>\$8,131,999</b>
Number of Cases Sold	684,571	7,041,779	653,574	6,907,650	134,129
Number of Sales Days	20	215	20	217	(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**  
**TEN MONTHS ENDED JULY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$4,195,047	\$27,531,086	\$27,960,034	(\$428,948)
Specific Tax, Liquor 4%	4,007,618	44,178,285	42,926,734	1,251,551
Excise Tax, Wine	1,220,173	9,658,954	9,591,658	67,296
Excise Tax, Mixed Spirit Drink	119,735	492,186	450,061	42,125
Sunday Sales Fees (7am-12pm)	17,354	1,826,571	1,581,910	244,661
Fines & Costs	60,114	512,698	394,831	117,867
Miscellaneous Revenue	(30,323)	104,547	206,597	(102,050)
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$9,589,718</u>	<u>\$84,304,327</u>	<u>\$83,111,825</u>	<u>\$1,192,502</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$99,451	\$9,630,633	\$9,085,302	\$545,331
41.5% To Licensing & Enforcement	75,102	5,661,153	5,274,101	387,052
3.5% To Alcoholism Prevention Programs	6,328	479,220	444,803	34,417
Additional Resort License Fees	20,000	135,800	195,200	(59,400)
Direct Shipper License Fees	2,952	131,861	112,837	19,024
Liquor Enforcement and Licensing Wholesale Fees	300	600	0	600
License Transfer Fees	61,040	545,853	550,126	(4,273)
Sunday Sales Fees	23,653	1,732,245	1,669,259	62,986
License Permit Fees	1,800	75,130	64,441	10,689
Third Party Facilitator Fees	1,000	4,170	0	4,170
Non-Retail License Fees-Wine Industry Council	15,460	1,003,085	749,359	253,726
Liquor Control Act Sales	90	795	948	(153)
Inspection Fees	31,044	405,995	296,633	109,362
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,007,617	44,344,892	43,059,557	1,285,335
Miscellaneous Revenue	(0)	22,172	22,261	(89)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$4,345,837</u>	<u>\$64,173,604</u>	<u>\$61,524,827</u>	<u>\$2,648,777</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4%	\$4,007,618	\$44,178,291	\$42,926,734	\$1,251,557
<b>TOTAL SCHOOL AID FUND</b>	<u>\$4,007,618</u>	<u>\$44,178,291</u>	<u>\$42,926,734</u>	<u>\$1,251,557</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS</b>	<u>\$17,943,173</u>	<u>\$192,656,222</u>	<u>\$187,563,386</u>	<u>\$5,092,836</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	11,580,381	166,643,839	163,604,676	3,039,163
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$11,580,381</u>	<u>\$166,643,839</u>	<u>\$163,604,676</u>	<u>\$3,039,163</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$29,523,554</u>	<u>\$359,300,061</u>	<u>\$351,168,062</u>	<u>\$8,131,999</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	TOTAL
	(1)						2017	2016
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$30,565	\$453,902	\$178,705	\$1,598,367	\$511,047	\$5,388,848	\$7,441,117	\$7,152,098
Longevity & Insurance	0	0	31,323	367,745	110,011	1,224,321	1,592,066	1,595,351
Retirement & FICA	0	0	103,618	1,028,386	286,599	3,028,118	4,056,504	3,923,856
Subtotal	\$30,565	\$453,902	\$313,646	\$2,994,498	\$907,657	\$9,641,287	\$13,089,687	\$12,671,305
Communications	\$0	\$0	\$1,872	\$20,972	\$10,008	\$94,179	\$115,151	\$140,985
Travel	0	0	3,404	32,282	21,785	163,141	195,423	205,492
Utilities	0	0	889	3,078	33	9,137	12,215	7,207
Contractual Services	0	0	15,298	115,895	23,531	235,426	351,321	329,148
Supplies & Materials	0	0	3,740	26,973	8,967	116,317	143,290	143,848
Equipment Replacement, Additions & Rentals	0	0	13,281	98,012	121,316	158,625	256,637	149,247
Miscellaneous	0	0	0	0	(0)	1,003	1,003	6,984
Subtotal	\$0	\$0	\$38,484	\$297,212	\$185,639	\$777,828	\$1,075,040	\$982,911
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$30,565</b>	<b>\$453,902</b>	<b>\$352,129</b>	<b>\$3,291,710</b>	<b>\$1,093,296</b>	<b>\$10,419,115</b>	<b>\$14,164,727</b>	<b>\$13,654,216</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy	\$0	\$0	\$395	\$3,947	\$21,226	\$233,485	\$237,432	\$239,263
Other Operating Transfers Out(2)	0	0	0	0	0	0	9,502,154	11,754,098
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$395</b>	<b>\$3,947</b>	<b>\$21,226</b>	<b>\$233,485</b>	<b>\$9,739,586</b>	<b>\$11,993,361</b>
<b>GRAND TOTAL</b>	<b>\$30,565</b>	<b>\$453,902</b>	<b>\$352,524</b>	<b>\$3,295,657</b>	<b>\$1,114,522</b>	<b>\$10,652,600</b>	<b>\$23,904,313</b>	<b>\$25,647,577</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.