

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

March 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

MARCH FINANCIAL REPORT

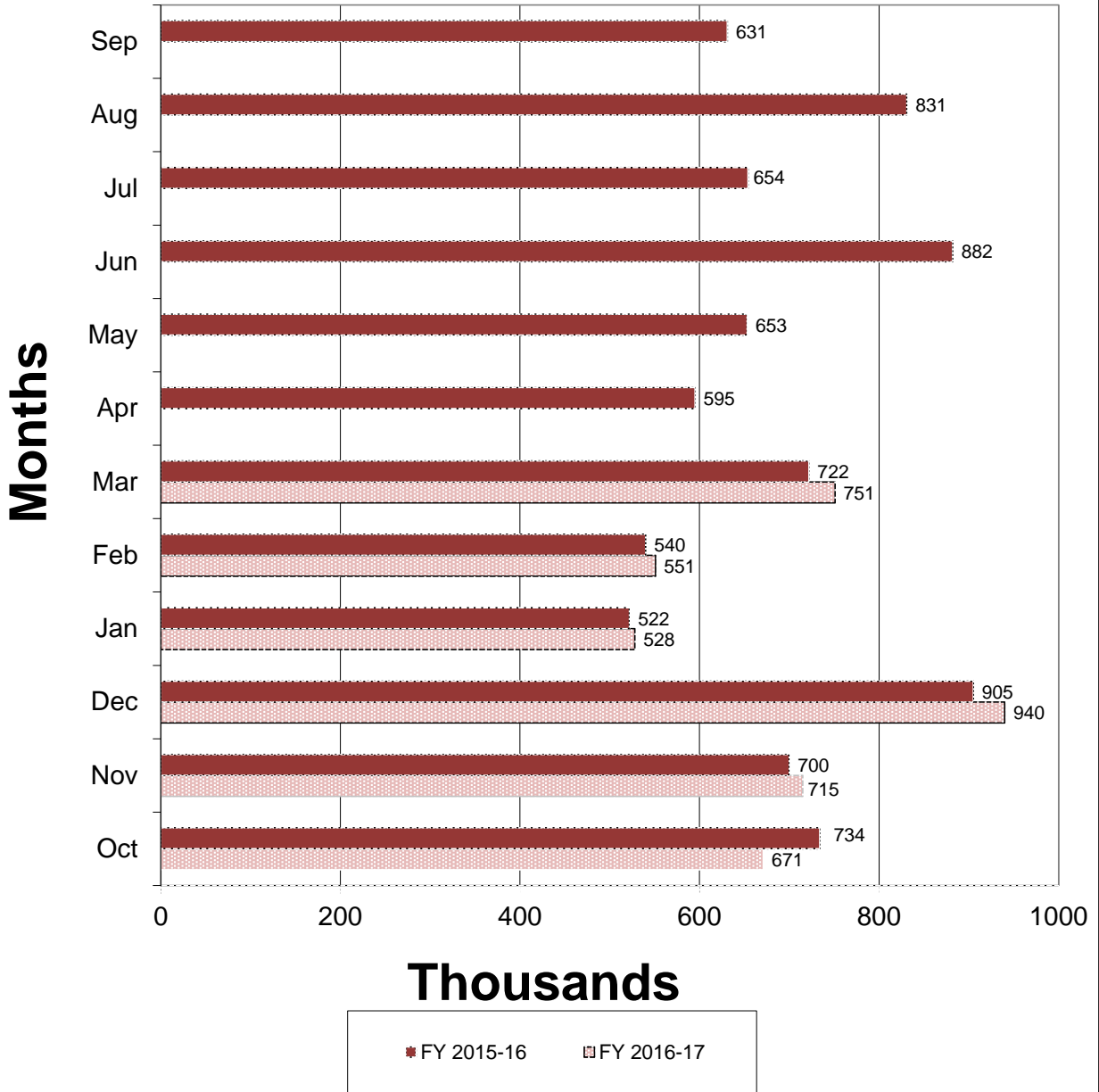
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/16-03/17	Fiscal Year to Date 10/15-03/16	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	4,155,346	4,123,927	31,419	0.76%
Average Price Per Case Sold	\$158.21	\$155.85	\$2.36	1.51%

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

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	115,122,666	120,942,666
Subtotal	\$115,123,066	\$120,943,066
Liquor Inventory - At Current Cost	7,946,114	3,864,359
Prepaid Distribution Costs of Inventory	577,592	259,658
Other Assets		
Accounts Receivable	\$5,218,721	\$9,918,355
Returned Checks	205,361	149,271
Payroll Correction Clearing	0	0
Subtotal	5,424,082	10,067,626
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	<u>\$131,167,840</u>	<u>\$137,891,057</u>
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$381,246	\$1,774,784
Warrants Authorized/Not Issued	81,213,421	88,362,380
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	\$82,234,068	\$90,834,562
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Non Current Portion-Net Pension Liability	16,636,344	15,999,403
Long Term Compensated Absences	5,679,245	0
Total Long Term Liabilities	398,966	422,224
	17,035,310	16,421,627
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	134,502	1,876,585
RETAINED EARNINGS		
Beginning Balance October 1		
Current Year Increase or (Decrease)*	(\$20,854,600)	(\$14,243,901)
Current Period Ending Balance	52,618,560	43,002,184
TOTAL	<u>31,763,960</u>	<u>28,758,283</u>
	<u>\$131,167,840</u>	<u>\$137,891,057</u>

*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**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$657,399,582	\$642,718,199
Less: Discounts Allowed	111,716,449	109,212,122
PROCEEDS - SALE OF LIQUOR	\$545,683,133	\$533,506,077
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	400,032,268	388,556,905
Less: Ending Inventory	7,946,114	3,864,359
Cost of Goods Sold	\$397,780,235	\$389,508,759
GROSS REVENUE FROM SALE OF LIQUOR	\$147,902,898	\$143,997,318
OTHER REVENUE		
Miscellaneous Revenue	\$66,287	\$15,373
Non-Operating Revenue	0	0
Interest Revenue	114,755	34,611
TOTAL OTHER REVENUE	\$181,042	\$49,984
TOTAL REVENUE	\$148,083,940	\$144,047,302
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$286,189	\$246,036
Management Support	1,921,548	1,806,245
Licensing & Enforcement (1)	2,950,507	2,881,483
Distribution Cost Paid to Suppliers	31,262,130	30,922,248
Compensated Absences	0	0
Total MLCC Expenses	\$36,420,374	\$35,856,012
Other Agencies Expenses		
Attorney General	\$291,893	\$284,589
Auditor General	0	0
Bureau of Fire Services	200,000	100,444
Civil Service - Personnel	0	196,488
Administrative Hearings & Rules	1,683,324	1,842,624
Information Technology Services	2,786,348	2,854,954
MLCC Rent	2,368	3,467
LARA - Executive Direction	617,819	63,876
LARA - Administrative Offices	1,379,401	1,385,136
Total Other Agencies Expenses	\$6,961,153	\$6,731,578
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$43,381,527	\$42,587,590
NET INCOME (Not Including Taxes & Grants)	\$104,702,413	\$101,459,712
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$104,702,413	\$101,459,712
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$104,702,413	\$101,459,712
RETAINED EARNINGS		
Transfers to General Fund - Cash	72,000,000	72,000,000
Current Year Increase or (Decrease)	\$32,702,413	\$29,459,712
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	\$11,847,813	\$15,215,811

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**

	<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	148,083,940	144,047,302	4,036,638
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$127,229,340</u>	<u>\$129,803,401</u>	<u>(\$2,574,061)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$72,000,000	\$72,000,000	\$0
MLCC Expenses	36,420,374	35,856,012	564,362
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	6,961,153	6,731,578	229,575
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$115,381,527</u>	<u>\$114,587,590</u>	<u>\$793,937</u>
Ending Equity	<u>\$11,847,813</u>	<u>\$15,215,811</u>	<u>(\$3,367,998)</u>

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

	<u>2017 MONTH</u>	<u>YTD</u>	<u>2016 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$97,270,164	\$551,028,146	\$92,395,102	\$539,599,597	\$11,428,549
On Premise	22,009,009	105,948,385	20,637,157	102,789,146	3,159,239
Other	54,805	423,051	70,232	329,456	93,595
TOTAL GROSS SALES	<u>\$119,333,978</u>	<u>\$657,399,582</u>	<u>\$113,102,491</u>	<u>\$642,718,199</u>	<u>\$14,681,383</u>
Less: Discounts Allowed	20,277,097	111,716,449	19,209,504	109,212,122	2,504,327
PROCEEDS-SALE OF LIQUOR	<u>\$99,056,881</u>	<u>\$545,683,133</u>	<u>\$93,892,987</u>	<u>\$533,506,077</u>	<u>\$12,177,056</u>
Less: Cost of Goods Sold	71,228,482	397,780,235	68,487,607	389,508,759	8,271,476
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$27,828,399</u>	<u>\$147,902,898</u>	<u>\$25,405,380</u>	<u>\$143,997,318</u>	<u>\$3,905,580</u>
OTHER REVENUE					
Miscellaneous Revenue	\$40,691	\$66,287	\$28,628	\$15,373	\$50,914
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	114,755	0	34,611	80,144
TOTAL OTHER REVENUE	<u>\$40,691</u>	<u>\$181,042</u>	<u>\$28,628</u>	<u>\$49,984</u>	<u>\$131,058</u>
TOTAL REVENUE	<u>\$27,869,090</u>	<u>\$148,083,940</u>	<u>\$25,434,008</u>	<u>\$144,047,302</u>	<u>\$4,036,638</u>
Less: Distribution Cost Paid to Suppliers	5,754,487	31,262,130	5,414,580	30,922,248	339,882
INCOME FROM LIQUOR MERCHANDISING	<u>\$22,114,603</u>	<u>\$116,821,810</u>	<u>\$20,019,428</u>	<u>\$113,125,054</u>	<u>\$3,696,756</u>
MANAGEMENT EXPENSES					
Commission	\$46,231	\$286,189	\$51,410	\$246,036	\$40,153
Management Support(1)	430,442	1,923,917	307,585	1,809,713	114,204
Licensing & Enforcement(1)	978,588	5,848,399	941,488	5,715,304	133,095
LARA Services	788,212	1,997,220	(176,345)	1,449,012	548,208
Information Technology Services	697,483	2,786,348	697,007	2,854,954	(68,606)
Attorney General	0	291,893	0	284,589	7,304
Auditor General	0	0	0	0	0
Bureau of Fire Services	100,000	200,000	100,000	100,444	99,556
Civil Service - Personnel	0	0	196,488	196,488	(196,488)
Administrative Hearings & Rules	1,929	1,683,324	111,714	1,842,624	(159,300)
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$3,042,885</u>	<u>\$15,017,290</u>	<u>\$2,229,347</u>	<u>\$14,499,164</u>	<u>\$518,126</u>
INCOME FROM OPERATIONS	<u>\$19,071,718</u>	<u>\$101,804,520</u>	<u>\$17,790,081</u>	<u>\$98,625,890</u>	<u>\$3,178,630</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	21,005,064	105,342,122	23,428,756	106,448,501	(1,106,379)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$40,076,782</u>	<u>\$207,146,642</u>	<u>\$41,218,837</u>	<u>\$205,074,391</u>	<u>\$2,072,251</u>
Number of Cases Sold	750,547	4,155,346	721,846	4,123,927	31,419
Number of Sales Days	25	130	25	132	(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
SIX MONTHS ENDED MARCH 31**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,458,147	\$13,797,342	\$14,314,984	(\$517,642)
Specific Tax, Liquor 4%	4,752,674	26,217,795	25,632,398	585,397
Excise Tax, Wine	878,206	5,347,554	5,270,737	76,817
Excise Tax, Mixed Spirit Drink	43,759	204,932	171,730	33,202
Sunday Sales Fees (7am-12pm)	349,220	552,884	739,727	(186,843)
Fines & Costs	79,220	260,106	192,404	67,702
Miscellaneous Revenue	8,638	48,278	25,313	22,965
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,569,864</u>	<u>\$46,428,891</u>	<u>\$46,347,293</u>	<u>\$81,598</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$1,194,431	\$3,721,825	\$4,872,966	(\$1,151,141)
41.5% To Licensing & Enforcement	902,601	1,202,627	2,095,701	(893,074)
3.5% To Alcoholism Prevention Programs	77,911	103,206	176,745	(73,539)
Additional Resort License Fees	19,400	38,200	58,200	(20,000)
Direct Shipper License Fees	35,800	50,463	50,565	(102)
License Transfer Fees	57,176	296,756	319,839	(23,083)
Sunday Sales Fees	273,869	342,269	658,599	(316,330)
License Permit Fees	10,700	19,300	21,640	(2,340)
Non-Retail License Fees-Wine Industry Council	255,720	309,435	319,593	(10,158)
Liquor Control Act Sales	15	360	138	222
Inspection Fees	65,640	266,343	153,738	112,605
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,785,705	26,341,043	25,730,991	610,052
Miscellaneous Revenue	3,558	3,603	10,095	(6,492)
TOTAL GENERAL FUND - RESTRICTED	<u>\$7,682,526</u>	<u>\$32,695,430</u>	<u>\$34,468,810</u>	<u>(\$1,773,380)</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,752,674	\$26,217,801	\$25,632,398	\$585,403
TOTAL SCHOOL AID FUND	<u>\$4,752,674</u>	<u>\$26,217,801</u>	<u>\$25,632,398</u>	<u>\$585,403</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$21,005,064</u>	<u>\$105,342,122</u>	<u>\$106,448,501</u>	<u>(\$1,106,379)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	19,071,718	101,804,520	98,625,890	3,178,630
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$19,071,718</u>	<u>\$101,804,520</u>	<u>\$98,625,890</u>	<u>\$3,178,630</u>
TOTAL REVENUE COLLECTED	<u>\$40,076,782</u>	<u>\$207,146,642</u>	<u>\$205,074,391</u>	<u>\$2,072,251</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 2017	TOTAL 2016
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$46,231	\$286,189	\$243,815	\$943,482	\$507,857	\$3,036,416	\$4,266,087	\$3,983,785
Longevity & Insurance	0	0	33,158	228,699	109,201	727,989	956,688	955,607
Retirement & FICA	0	0	114,624	599,952	285,225	1,706,890	2,306,842	2,205,304
Subtotal	\$46,231	\$286,189	\$391,597	\$1,772,133	\$902,283	\$5,471,295	\$7,529,617	\$7,144,696
Communications	\$0	\$0	\$3,943	\$12,593	\$9,662	\$53,537	\$66,130	\$84,896
Travel	0	0	2,484	18,512	16,631	79,627	98,139	111,014
Utilities	0	0	142	1,781	1,411	6,787	8,568	1,836
Contractual Services	0	0	2,814	61,831	5,302	28,730	90,561	79,545
Supplies & Materials	0	0	5,581	12,490	9,883	34,702	47,192	58,902
Equipment Replacement, Additions & Rentals	0	0	23,487	42,209	12,189	24,415	66,624	131,856
Miscellaneous	0	0	0	0	0	724	724	6,260
Subtotal	\$0	\$0	\$38,451	\$149,416	\$55,078	\$228,522	\$377,938	\$474,309
TOTAL MLCC APPROPRIATED EXPENSES	\$46,231	\$286,189	\$430,048	\$1,921,549	\$957,361	\$5,699,817	\$7,907,555	\$7,619,005
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$394	\$2,368	\$21,227	\$148,582	\$150,950	\$152,048
Other Operating Transfers Out(2)	0	0	0	0	0	0	6,958,785	6,728,111
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$394	\$2,368	\$21,227	\$148,582	\$7,109,735	\$6,880,159
GRAND TOTAL	\$46,231	\$286,189	\$430,442	\$1,923,917	\$978,588	\$5,848,399	\$15,017,290	\$14,499,164

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.