

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

February 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

FEBRUARY FINANCIAL REPORT

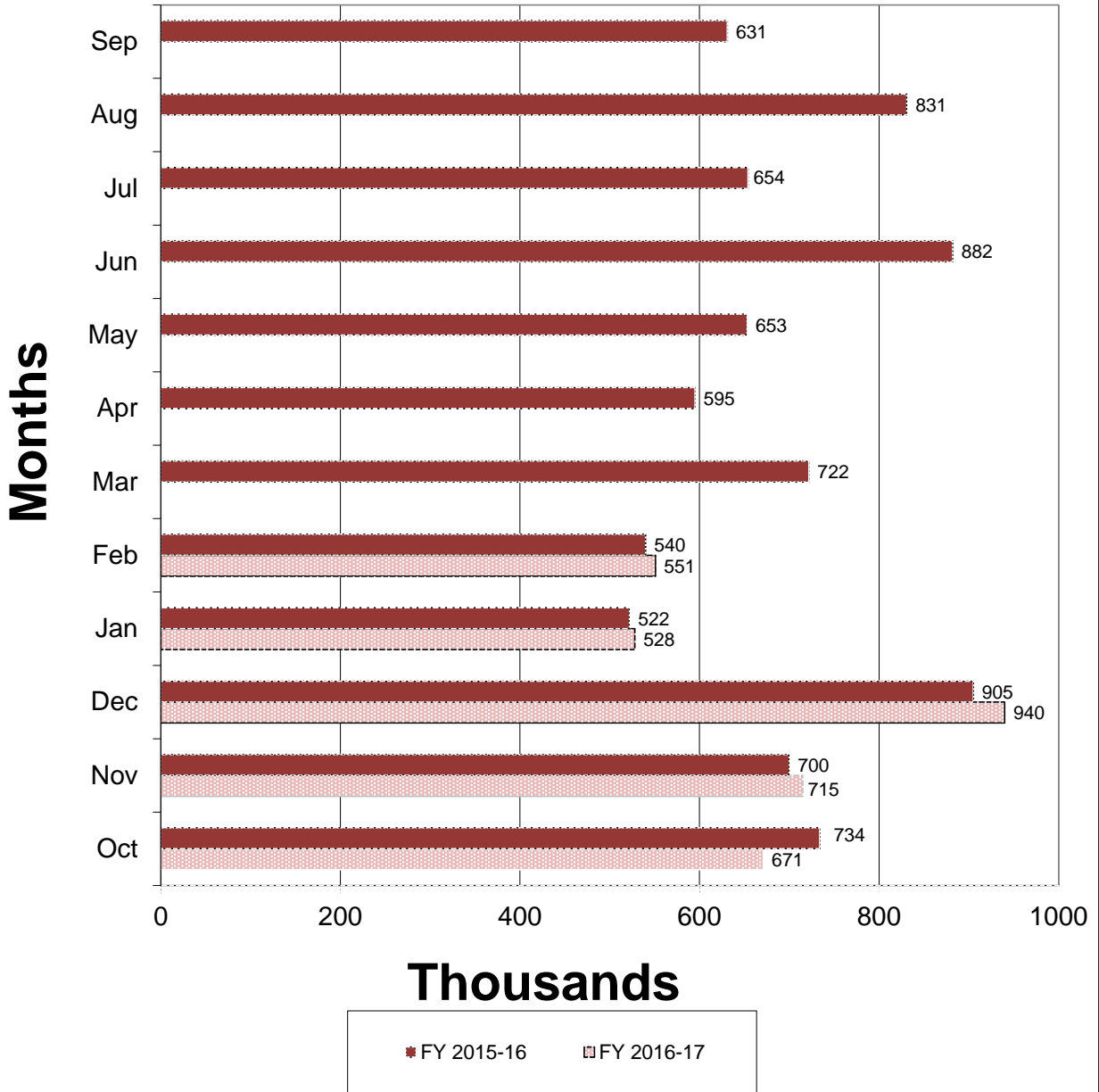
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/16-02/17	Fiscal Year to Date 10/15-02/16	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	3,404,799	3,402,081	2,718	0.08%
Average Price Per Case Sold	\$158.03	\$155.67	\$2.36	1.52%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
FEBRUARY 28**

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	94,001,194	114,535,712
Subtotal	\$94,001,594	\$114,536,112
Liquor Inventory - At Current Cost	17,665,738	4,366,121
Prepaid Distribution Costs of Inventory	1,396,023	298,148
Other Assets		
Accounts Receivable	(\$4,265,298)	\$537,884
Returned Checks	223,334	165,680
Payroll Correction Clearing	0	0
Subtotal	(4,041,964)	703,564
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$111,118,377	\$122,660,293
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$2,236,462	\$867,670
Warrants Authorized/Not Issued	70,935,063	83,902,349
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	\$73,810,926	\$85,467,417
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	40,992,239	33,138,565
	20,137,639	18,894,664
TOTAL	\$111,118,377	\$122,660,293

*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
FIVE MONTHS ENDED FEBRUARY 28**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$538,065,604	\$529,615,708
Less: Discounts Allowed	91,439,352	90,002,618
PROCEEDS - SALE OF LIQUOR	\$446,626,252	\$439,613,090
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	338,523,410	320,571,060
Less: Ending Inventory	17,665,738	4,366,121
Cost of Goods Sold	\$326,551,753	\$321,021,152
GROSS REVENUE FROM SALE OF LIQUOR	\$120,074,499	\$118,591,938
OTHER REVENUE		
Miscellaneous Revenue	\$25,596	(\$13,255)
Non-Operating Revenue	0	0
Interest Revenue	114,755	34,611
TOTAL OTHER REVENUE	\$140,351	\$21,356
TOTAL REVENUE	\$120,214,850	\$118,613,294
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$239,958	\$194,626
Management Support	1,491,502	1,499,241
Licensing & Enforcement (1)	2,454,712	2,405,075
Distribution Cost Paid to Suppliers	25,507,643	25,507,668
Compensated Absences	0	0
Total MLCC Expenses	\$29,693,815	\$29,606,610
Other Agencies Expenses		
Attorney General	\$291,893	\$284,589
Auditor General	0	0
Bureau of Fire Services	100,000	444
Civil Service - Personnel	0	0
Administrative Hearings & Rules	1,681,395	1,730,910
Information Technology Services	2,088,865	2,157,947
MLCC Rent	1,974	2,889
LARA - Executive Direction	430,037	423,448
LARA - Administrative Offices	778,971	1,201,909
Total Other Agencies Expenses	\$5,373,135	\$5,802,136
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$35,066,950	\$35,408,746
NET INCOME (Not Including Taxes & Grants)	\$85,147,900	\$83,204,548
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$85,147,900	\$83,204,548
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$85,147,900	\$83,204,548
RETAINED EARNINGS		
Transfers to General Fund - Cash	60,000,000	60,000,000
Current Year Increase or (Decrease)	25,147,900	23,204,548
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	\$4,293,300	\$8,960,647

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
FEBRUARY 28**

	2017	2016	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$20,854,600)	(\$14,243,901)	(\$6,610,699)
Current Earnings	120,214,850	118,613,294	1,601,556
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	\$99,360,250	\$104,369,393	(\$5,009,143)
 ALLOCATION OF EQUITY			
Transferred to General Fund	\$60,000,000	\$60,000,000	\$0
MLCC Expenses	29,693,815	29,606,610	87,205
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,373,135	5,802,136	(429,001)
LARA Transfer Not Related to MLCC	0	0	0
Total Allocation of Equity	\$95,066,950	\$95,408,746	(\$341,796)
Ending Equity	\$4,293,300	\$8,960,647	(\$4,667,347)

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FIVE MONTHS ENDED FEBRUARY 28**

	<u>2017 MONTH</u>	<u>YTD</u>	<u>2016 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$69,117,470	\$453,757,982	\$67,397,471	\$447,204,495	\$6,553,487
On Premise	15,626,697	83,939,376	15,392,326	82,151,989	1,787,387
Other	61,175	368,246	100,973	259,224	109,022
TOTAL GROSS SALES	<u>\$84,805,342</u>	<u>\$538,065,604</u>	<u>\$82,890,770</u>	<u>\$529,615,708</u>	<u>\$8,449,896</u>
Less: Discounts Allowed	14,409,873	91,439,352	14,087,716	90,002,618	1,436,734
PROCEEDS-SALE OF LIQUOR	<u>\$70,395,469</u>	<u>\$446,626,252</u>	<u>\$68,803,054</u>	<u>\$439,613,090</u>	<u>\$7,013,162</u>
Less: Cost of Goods Sold	43,333,508	326,551,753	50,509,056	321,021,152	5,530,601
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$27,061,961</u>	<u>\$120,074,499</u>	<u>\$18,293,998</u>	<u>\$118,591,938</u>	<u>\$1,482,561</u>
OTHER REVENUE					
Miscellaneous Revenue	\$1,627	\$25,596	(\$19,231)	(\$13,255)	\$38,851
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	114,755	0	34,611	80,144
TOTAL OTHER REVENUE	<u>\$1,627</u>	<u>\$140,351</u>	<u>(\$19,231)</u>	<u>\$21,356</u>	<u>\$118,995</u>
TOTAL REVENUE	<u>\$27,063,588</u>	<u>\$120,214,850</u>	<u>\$18,274,767</u>	<u>\$118,613,294</u>	<u>\$1,601,556</u>
Less: Distribution Cost Paid to Suppliers	3,462,334	25,507,643	4,078,042	25,507,668	(25)
INCOME FROM LIQUOR MERCHANDISING	<u>\$23,601,254</u>	<u>\$94,707,207</u>	<u>\$14,196,725</u>	<u>\$93,105,626</u>	<u>\$1,601,581</u>
MANAGEMENT EXPENSES					
Commission	\$56,121	\$239,958	\$46,350	\$194,626	\$45,332
Management Support(1)	322,799	1,493,475	295,809	1,502,128	(8,653)
Licensing & Enforcement(1)	1,033,463	4,869,811	1,019,884	4,773,816	95,995
LARA Services	(64,475)	1,209,008	563,503	1,625,357	(416,349)
Information Technology Services	286,303	2,088,865	708,668	2,157,947	(69,082)
Attorney General	0	291,893	0	284,589	7,304
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	100,000	0	444	99,556
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	2,199	1,681,395	458,680	1,730,910	(49,515)
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$1,636,410</u>	<u>\$11,974,405</u>	<u>\$3,092,894</u>	<u>\$12,269,817</u>	<u>(\$295,412)</u>
INCOME FROM OPERATIONS	<u>\$21,964,844</u>	<u>\$82,732,802</u>	<u>\$11,103,831</u>	<u>\$80,835,809</u>	<u>\$1,896,993</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	13,913,812	84,337,058	13,287,552	83,019,745	1,317,313
TOTAL CURRENT EARNINGS & REVENUE	<u>\$35,878,656</u>	<u>\$167,069,860</u>	<u>\$24,391,383</u>	<u>\$163,855,554</u>	<u>\$3,214,306</u>
Number of Cases Sold	551,288	3,404,799	540,070	3,402,081	2,718
Number of Sales Days	20	105	20	107	(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
FIVE MONTHS ENDED FEBRUARY 28**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$2,341,549	\$11,339,195	\$11,811,003	(\$471,808)
Specific Tax, Liquor 4%	3,384,614	21,465,121	21,121,755	343,366
Excise Tax, Wine	837,845	4,469,348	4,467,192	2,156
Excise Tax, Mixed Spirit Drink	40,296	161,173	145,378	15,795
Sunday Sales Fees (7am-12pm)	85,718	203,664	65,077	138,587
Fines & Costs	50,864	180,886	119,161	61,725
Miscellaneous Revenue	4,984	39,640	12,979	26,661
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$6,745,870</u>	<u>\$37,859,027</u>	<u>\$37,742,545</u>	<u>\$116,482</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$140,819	\$2,527,394	\$2,267,858	\$259,536
41.5% To Licensing & Enforcement	106,255	300,026	130,029	169,997
3.5% To Alcoholism Prevention Programs	8,961	25,295	10,966	14,329
Additional Resort License Fees	0	18,800	58,200	(39,400)
Direct Shipper License Fees	1,700	14,663	5,525	9,138
License Transfer Fees	52,278	239,580	249,607	(10,027)
Sunday Sales Fees	18,964	68,400	51,382	17,018
License Permit Fees	2,000	8,600	6,240	2,360
Non-Retail License Fees-Wine Industry Council	8,620	53,715	53,858	(143)
Liquor Control Act Sales	155	345	98	247
Inspection Fees	59,017	200,703	114,978	85,725
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,384,614	21,555,338	21,206,539	348,799
Miscellaneous Revenue	(55)	45	165	(120)
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,783,328</u>	<u>\$25,012,904</u>	<u>\$24,155,445</u>	<u>\$857,459</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,384,614	\$21,465,127	\$21,121,755	\$343,372
TOTAL SCHOOL AID FUND	<u>\$3,384,614</u>	<u>\$21,465,127</u>	<u>\$21,121,755</u>	<u>\$343,372</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$13,913,812</u>	<u>\$84,337,058</u>	<u>\$83,019,745</u>	<u>\$1,317,313</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	21,964,844	82,732,802	80,835,809	1,896,993
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$21,964,844</u>	<u>\$82,732,802</u>	<u>\$80,835,809</u>	<u>\$1,896,993</u>
TOTAL REVENUE COLLECTED	<u>\$35,878,656</u>	<u>\$167,069,860</u>	<u>\$163,855,554</u>	<u>\$3,214,306</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
FIVE MONTHS ENDED FEBRUARY 28**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2017	2016
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$56,121	\$239,958	\$140,484	\$699,667	\$567,043	\$2,528,559	\$3,468,184	\$3,303,135
Longevity & Insurance	0	0	33,708	195,541	107,341	618,788	814,329	817,030
Retirement & FICA	0	0	96,423	485,328	296,310	1,421,665	1,906,993	1,835,626
Subtotal	\$56,121	\$239,958	\$270,615	\$1,380,536	\$970,694	\$4,569,012	\$6,189,506	\$5,955,791
Communications	\$0	\$0	\$1,739	\$8,650	\$10,192	\$43,875	\$52,525	\$68,356
Travel	0	0	2,814	16,028	14,019	62,996	79,024	93,884
Utilities	0	0	684	1,639	2,388	5,376	7,015	1,471
Contractual Services	0	0	30,847	59,017	8,192	23,428	82,445	48,369
Supplies & Materials	0	0	1,801	6,909	4,465	24,819	31,728	50,138
Equipment Replacement, Additions & Rentals	0	0	13,904	18,722	2,287	12,226	30,948	120,401
Miscellaneous	0	0	0	0	0	724	724	1,916
Subtotal	\$0	\$0	\$51,789	\$110,965	\$41,543	\$173,444	\$284,409	\$384,535
TOTAL MLCC APPROPRIATED EXPENSES	\$56,121	\$239,958	\$322,404	\$1,491,501	\$1,012,237	\$4,742,456	\$6,473,915	\$6,340,326
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$395	\$1,974	\$21,226	\$127,355	\$129,329	\$130,244
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,371,161	5,799,247
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$395	\$1,974	\$21,226	\$127,355	\$5,500,490	\$5,929,491
GRAND TOTAL	\$56,121	\$239,958	\$322,799	\$1,493,475	\$1,033,463	\$4,869,811	\$11,974,405	\$12,269,817

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.