

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

August 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

AUGUST FINANCIAL REPORT

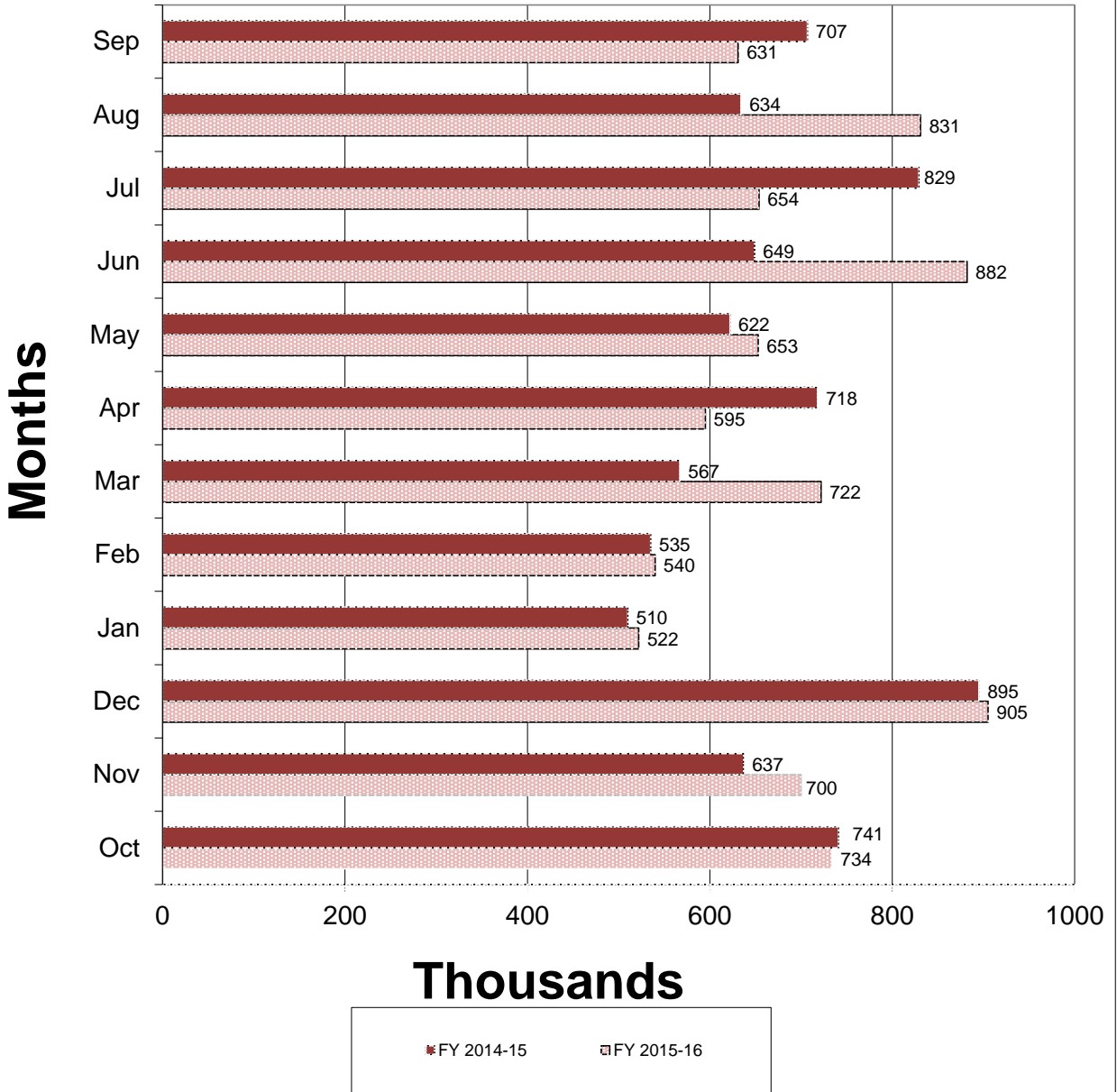
FISCAL YEAR 16 - 17

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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
AUGUST 30**

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	171,506,728	158,333,150
Subtotal	\$171,507,128	\$158,333,550
Liquor Inventory - At Current Cost	8,038,176	7,444,509
Prepaid Distribution Costs of Inventory	602,904	553,080
Other Assets		
Accounts Receivable	\$13,768,794	\$18,802,535
Returned Checks	236,615	214,276
Payroll Correction Clearing	0	0
Subtotal	14,005,409	19,016,811
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$196,250,603	\$188,104,298
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$1,990,211	\$6,287,097
Warrants Authorized/Not Issued	106,989,263	102,221,106
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	\$109,618,875	\$109,205,601
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)*	84,637,271	74,844,386
Current Period Ending Balance	63,782,671	60,600,485
TOTAL	\$196,250,603	\$188,104,298

*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**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$1,250,301,976	\$1,205,297,279
Less: Discounts Allowed	212,453,307	204,846,680
PROCEEDS - SALE OF LIQUOR	\$1,037,848,669	\$1,000,450,599
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	760,199,250	733,011,404
Less: Ending Inventory	8,038,176	7,444,509
Cost of Goods Sold	\$757,855,155	\$730,383,108
GROSS REVENUE FROM SALE OF LIQUOR	\$279,993,514	\$270,067,491
OTHER REVENUE		
Miscellaneous Revenue	\$141,827	\$58,262
Non-Operating Revenue	0	0
Interest Revenue	549,784	250,073
TOTAL OTHER REVENUE	\$691,611	\$308,335
TOTAL REVENUE	\$280,685,125	\$270,375,826
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$492,229	\$528,884
Management Support	3,657,394	3,452,330
Licensing & Enforcement (1)	5,827,999	5,676,312
Distribution Cost Paid to Suppliers	60,294,273	58,042,304
Compensated Absences	0	0
Total MLCC Expenses	\$70,271,895	\$67,699,830
Other Agencies Expenses		
Attorney General	\$921,642	\$917,580
Auditor General	0	28,100
Bureau of Fire Services	400,000	450,444
Civil Service - Personnel	206,313	196,488
Administrative Hearings & Rules	2,100,938	1,874,900
Information Technology Services	5,334,470	5,706,135
MLCC Rent	4,342	6,357
LARA - Executive Direction	(163,729)	232,254
LARA - Administrative Offices	2,174,884	1,885,263
Total Other Agencies Expenses	\$10,978,860	\$11,297,521
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$81,250,755	\$78,997,351
NET INCOME (Not Including Taxes & Grants)	\$199,434,370	\$191,378,475
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$199,434,370	\$191,378,475
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$199,434,370	\$191,378,475
RETAINED EARNINGS		
Transfers to General Fund - Cash	120,000,000	132,000,000
Current Year Increase or (Decrease)	\$79,434,370	\$59,378,475
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	\$58,579,770	\$45,134,574

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**

	2017	2016	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$20,854,600)	(\$14,243,901)	(\$6,610,699)
Current Earnings	280,685,125	270,375,826	10,309,299
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	<u>\$259,830,525</u>	<u>\$256,131,925</u>	<u>\$3,698,600</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$120,000,000	\$132,000,000	(\$12,000,000)
MLCC Expenses	70,271,895	67,699,830	2,572,065
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	10,978,860	11,297,521	(318,661)
LARA Transfer Not Related to MLCC	0	0	0
Total Allocation of Equity	<u>\$201,250,755</u>	<u>\$210,997,351</u>	<u>(\$9,746,596)</u>
Ending Equity	<u>\$58,579,770</u>	<u>\$45,134,574</u>	<u>\$13,445,196</u>

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

	<u>2017 MONTH</u>	<u>YTD</u>	<u>2016 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$119,837,205	\$1,044,534,810	\$107,162,047	\$1,007,929,174	\$36,605,636
On Premise	22,877,735	205,002,304	22,121,381	196,667,733	8,334,571
Other	78,486	764,862	73,921	700,372	64,490
TOTAL GROSS SALES	<u>\$142,793,426</u>	<u>\$1,250,301,976</u>	<u>\$129,357,349</u>	<u>\$1,205,297,279</u>	<u>\$45,004,697</u>
Less: Discounts Allowed	24,268,284	212,453,307	21,982,066	204,846,680	7,606,627
PROCEEDS-SALE OF LIQUOR	<u>\$118,525,142</u>	<u>\$1,037,848,669</u>	<u>\$107,375,283</u>	<u>\$1,000,450,599</u>	<u>\$37,398,070</u>
Less: Cost of Goods Sold	82,043,658	757,855,155	78,070,011	730,383,108	27,472,047
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$36,481,484</u>	<u>\$279,993,514</u>	<u>\$29,305,272</u>	<u>\$270,067,491</u>	<u>\$9,926,023</u>
OTHER REVENUE					
Miscellaneous Revenue	\$34,692	\$141,827	\$7,928	\$58,262	\$83,565
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	549,784	0	250,073	299,711
TOTAL OTHER REVENUE	<u>\$34,692</u>	<u>\$691,611</u>	<u>\$7,928</u>	<u>\$308,335</u>	<u>\$383,276</u>
TOTAL REVENUE	<u>\$36,516,176</u>	<u>\$280,685,125</u>	<u>\$29,313,200</u>	<u>\$270,375,826</u>	<u>\$10,309,299</u>
Less: Distribution Cost Paid to Suppliers	6,673,476	60,294,273	6,231,931	58,042,304	2,251,969
INCOME FROM LIQUOR MERCHANDISING	<u>\$29,842,700</u>	<u>\$220,390,852</u>	<u>\$23,081,269</u>	<u>\$212,333,522</u>	<u>\$8,057,330</u>
MANAGEMENT EXPENSES					
Commission	\$38,327	\$492,229	\$52,870	\$528,884	(\$36,655)
Management Support(1)	366,078	3,661,735	339,236	3,458,686	203,049
Licensing & Enforcement(1)	980,887	11,633,487	975,774	11,273,789	359,698
LARA Services	525,623	2,011,155	(210,093)	2,117,517	(106,362)
Information Technology Services	845,923	5,334,470	(484,852)	5,706,135	(371,665)
Attorney General	0	921,642	0	917,580	4,062
Auditor General	0	0	28,100	28,100	(28,100)
Bureau of Fire Services	100,000	400,000	200,000	450,444	(50,444)
Civil Service - Personnel	0	206,313	0	196,488	9,825
Administrative Hearings & Rules	818	2,100,938	3,911	1,874,900	226,038
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$2,857,656</u>	<u>\$26,761,969</u>	<u>\$904,946</u>	<u>\$26,552,523</u>	<u>\$209,446</u>
INCOME FROM OPERATIONS	<u>\$26,985,044</u>	<u>\$193,628,883</u>	<u>\$22,176,323</u>	<u>\$185,780,999</u>	<u>\$7,847,884</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	22,129,677	214,785,899	20,641,513	208,204,899	6,581,000
TOTAL CURRENT EARNINGS & REVENUE	<u>\$49,114,721</u>	<u>\$408,414,782</u>	<u>\$42,817,836</u>	<u>\$393,985,898</u>	<u>\$14,428,884</u>
Number of Cases Sold	853,133	7,894,912	831,073	7,738,723	156,189
Number of Sales Days	25	240	25	242	(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
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,400,539	\$30,931,625	\$31,534,334	(\$602,709)
Specific Tax, Liquor 4%	5,684,349	49,862,634	48,077,602	1,785,032
Excise Tax, Wine	1,165,952	10,824,906	10,689,167	135,739
Excise Tax, Mixed Spirit Drink	130,420	622,606	542,335	80,271
Sunday Sales Fees (7am-12pm)	12,771	1,839,342	1,601,780	237,562
Fines & Costs	89,400	602,098	475,757	126,341
Miscellaneous Revenue	(22,290)	82,257	244,077	(161,820)
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$10,461,141</u>	<u>\$94,765,468</u>	<u>\$93,165,052</u>	<u>\$1,600,416</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$58,235	\$9,688,868	\$9,141,033	\$547,835
41.5% To Licensing & Enforcement	43,942	5,705,095	5,316,153	388,942
3.5% To Alcoholism Prevention Programs	3,706	482,926	448,349	34,577
Additional Resort License Fees	0	135,800	196,600	(60,800)
Direct Shipper License Fees	1,900	133,761	114,887	18,874
Liquor Enforcement and Licensing Wholesale Fees	100	700	0	700
License Transfer Fees	58,170	604,023	633,900	(29,877)
Sunday Sales Fees	13,160	1,745,405	1,671,111	74,294
License Permit Fees	2,370	77,500	66,451	11,049
Third Party Facilitator Fees	1,000	5,170	0	5,170
Non-Retail License Fees-Wine Industry Council	21,925	1,025,010	763,669	261,341
Liquor Control Act Sales	285	1,080	1,008	72
Inspection Fees	32,044	438,039	330,173	107,866
Specific Tax, Liquor 4%-Tourism & Conv. Facility	5,747,381	50,092,273	48,256,650	1,835,623
Miscellaneous Revenue	(31)	22,141	22,261	(120)
TOTAL GENERAL FUND - RESTRICTED	<u>\$5,984,187</u>	<u>\$70,157,791</u>	<u>\$66,962,245</u>	<u>\$3,195,546</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$5,684,349	\$49,862,640	\$48,077,602	\$1,785,038
TOTAL SCHOOL AID FUND	<u>\$5,684,349</u>	<u>\$49,862,640</u>	<u>\$48,077,602</u>	<u>\$1,785,038</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$22,129,677</u>	<u>\$214,785,899</u>	<u>\$208,204,899</u>	<u>\$6,581,000</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	26,985,044	193,628,883	185,780,999	7,847,884
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$26,985,044</u>	<u>\$193,628,883</u>	<u>\$185,780,999</u>	<u>\$7,847,884</u>
TOTAL REVENUE COLLECTED	<u>\$49,114,721</u>	<u>\$408,414,782</u>	<u>\$393,985,898</u>	<u>\$14,428,884</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 2017	TOTAL 2016
	(1)		Current Month	YTD	Current Month	YTD	Current Month	YTD
	Current Month	YTD						
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$38,327	\$492,229	\$208,075	\$1,806,442	\$509,941	\$5,898,789	\$8,197,460	\$7,845,834
Longevity & Insurance	0	0	28,529	396,274	111,503	1,335,824	1,732,098	1,734,265
Retirement & FICA	0	0	102,232	1,130,618	286,452	3,314,570	4,445,188	4,299,810
Subtotal	\$38,327	\$492,229	\$338,836	\$3,333,334	\$907,896	\$10,549,183	\$14,374,746	\$13,879,909
Communications	\$0	\$0	\$1,902	\$22,874	\$10,551	\$104,730	\$127,604	\$154,160
Travel	0	0	3,081	35,363	20,765	183,906	219,269	224,604
Utilities	0	0	41	3,119	1,932	11,069	14,188	8,885
Contractual Services	0	0	9,953	125,848	8,078	243,504	369,352	357,240
Supplies & Materials	0	0	2,321	29,294	6,259	122,576	151,870	151,325
Equipment Replacement, Additions & Rentals	0	0	9,550	107,562	3,610	162,235	269,797	217,185
Miscellaneous	0	0	0	0	397	1,400	1,400	6,984
Subtotal	\$0	\$0	\$26,848	\$324,060	\$51,592	\$829,420	\$1,153,480	\$1,120,383
TOTAL MLCC APPROPRIATED EXPENSES	\$38,327	\$492,229	\$365,684	\$3,657,394	\$959,488	\$11,378,603	\$15,528,226	\$15,000,292
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$395	\$4,342	\$21,399	\$254,884	\$259,226	\$261,067
Other Operating Transfers Out(2)	0	0	0	0	0	0	10,974,517	11,291,164
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$395	\$4,342	\$21,399	\$254,884	\$11,233,743	\$11,552,231
GRAND TOTAL	\$38,327	\$492,229	\$366,079	\$3,661,736	\$980,887	\$11,633,487	\$26,761,969	\$26,552,523

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.