

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

May 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

MAY FINANCIAL REPORT

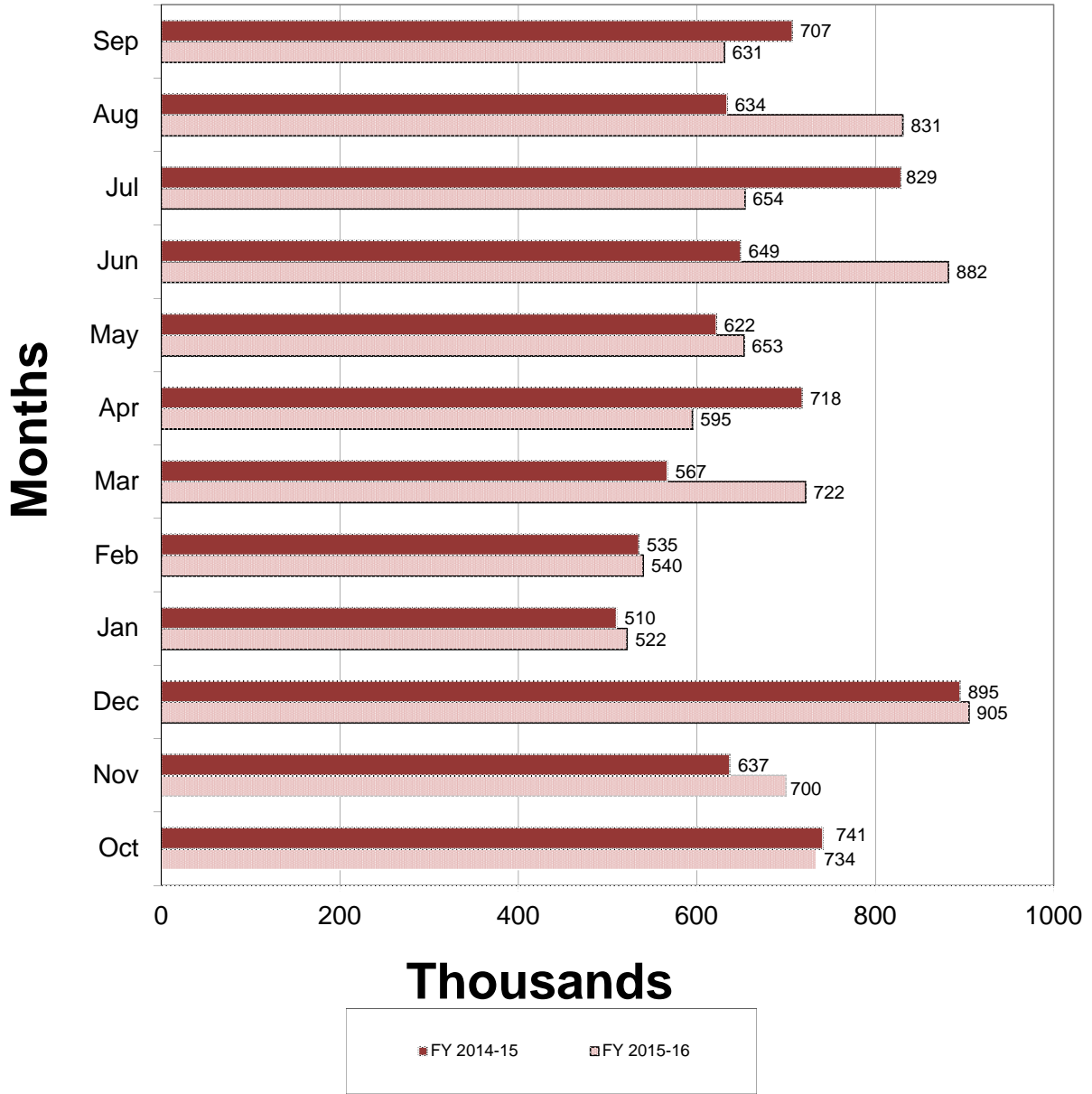
FISCAL YEAR 16 - 17

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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
MAY 31**

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	139,084,488	131,554,925
Subtotal	\$139,084,888	\$131,555,325
Liquor Inventory - At Current Cost	7,554,113	5,414,955
Prepaid Distribution Costs of Inventory	556,590	390,660
Other Assets		
Accounts Receivable	(\$4,911,930)	(\$890,457)
Returned Checks	244,833	151,720
Payroll Correction Clearing	0	0
Subtotal	(4,667,098)	(738,737)
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$144,625,479	\$139,378,551
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$608,759	\$3,197,992
Warrants Authorized/Not Issued	88,198,537	84,158,694
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	\$89,446,697	\$88,054,084
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	422,224
Long Term Compensated Absences	398,966	0
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)*	53,184,325	47,270,156
Current Period Ending Balance	32,329,725	33,026,255
TOTAL	\$144,625,479	\$139,378,551

*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
EIGHT MONTHS ENDED MAY 31**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$862,622,765	\$836,539,557
Less: Discounts Allowed	146,588,507	142,181,073
PROCEEDS - SALE OF LIQUOR	\$716,034,258	\$694,358,484
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	525,724,411	507,881,813
Less: Ending Inventory	7,554,113	5,414,955
Cost of Goods Sold	\$523,864,379	\$507,283,071
GROSS REVENUE FROM SALE OF LIQUOR	\$192,169,879	\$187,075,413
OTHER REVENUE		
Miscellaneous Revenue	\$185,491	\$46,173
Non-Operating Revenue	0	0
Interest Revenue	273,028	133,363
TOTAL OTHER REVENUE	\$458,519	\$179,536
TOTAL REVENUE	\$192,628,398	\$187,254,949
EXPENSES AND TRANSFERS		
<u>MLCC Expenses</u>		
Commission	\$366,163	\$348,237
Management Support	2,532,143	2,407,393
Licensing & Enforcement (1)	4,069,019	3,969,456
Distribution Cost Paid to Suppliers	41,424,976	40,305,708
Compensated Absences	0	0
Total MLCC Expenses	\$48,392,301	\$47,030,794
<u>Other Agencies Expenses</u>		
Attorney General	\$583,277	\$577,143
Auditor General	0	0
Bureau of Fire Services	200,000	160,444
Civil Service - Personnel	0	196,488
Administrative Hearings & Rules	1,892,242	1,854,843
Information Technology Services	3,657,331	5,356,397
MLCC Rent	3,158	4,623
LARA - Executive Direction	(217,740)	(556,131)
LARA - Administrative Offices	1,620,503	1,471,143
Total Other Agencies Expenses	1,620,503	1,471,143
Excluding Transfers Not Related to MLCC	\$7,738,771	\$9,064,950
TOTAL EXPENSES AND TRANSFERS	\$56,131,072	\$56,095,744
NET INCOME (Not Including Taxes & Grants)	\$136,497,326	\$131,159,205
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$136,497,326	\$131,159,205
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$136,497,326	\$131,159,205
RETAINED EARNINGS		
Transfers to General Fund - Cash	96,000,000	96,000,000
Current Year Increase or (Decrease)	\$40,497,326	\$35,159,205
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	\$19,642,726	\$20,915,304

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
MAY 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	192,628,398	187,254,949	5,373,449
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$171,773,798</u>	<u>\$173,011,048</u>	<u>(\$1,237,250)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$96,000,000	\$96,000,000	\$0
MLCC Expenses	48,392,301	47,030,794	1,361,507
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	7,738,771	9,064,950	(1,326,179)
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$152,131,072</u>	<u>\$152,095,744</u>	<u>\$35,328</u>
Ending Equity	<u>\$19,642,726</u>	<u>\$20,915,304</u>	<u>(\$1,272,578)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
EIGHT MONTHS ENDED MAY 31**

	<u>2017 MONTH</u>	<u>YTD</u>	<u>2016 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
LIQUOR SALES					
Off Premise	\$87,607,055	\$721,082,390	\$83,821,939	\$699,685,354	\$21,397,036
On Premise	18,215,349	141,015,680	17,267,188	136,380,677	4,635,003
Other	45,108	524,695	61,913	473,526	51,169
TOTAL GROSS SALES	<u>\$105,867,512</u>	<u>\$862,622,765</u>	<u>\$101,151,040</u>	<u>\$836,539,557</u>	<u>\$26,083,208</u>
Less: Discounts Allowed	17,987,066	146,588,507	17,209,972	142,181,073	4,407,434
PROCEEDS-SALE OF LIQUOR	<u>\$87,880,446</u>	<u>\$716,034,258</u>	<u>\$83,941,068</u>	<u>\$694,358,484</u>	<u>\$21,675,774</u>
Less: Cost of Goods Sold	65,274,973	523,864,379	61,911,527	507,283,071	16,581,308
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$22,605,473</u>	<u>\$192,169,879</u>	<u>\$22,029,541</u>	<u>\$187,075,413</u>	<u>\$5,094,466</u>
OTHER REVENUE					
Miscellaneous Revenue	\$66,173	\$185,491	\$37,422	\$46,173	\$139,318
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	273,028	0	133,363	139,665
TOTAL OTHER REVENUE	<u>\$66,173</u>	<u>\$458,519</u>	<u>\$37,422</u>	<u>\$179,536</u>	<u>\$278,983</u>
TOTAL REVENUE	<u>\$22,671,646</u>	<u>\$192,628,398</u>	<u>\$22,066,963</u>	<u>\$187,254,949</u>	<u>\$5,373,449</u>
Less: Distribution Cost Paid to Suppliers	5,311,393	41,424,976	4,951,530	40,305,708	1,119,268
INCOME FROM LIQUOR MERCHANDISING	<u>\$17,360,253</u>	<u>\$151,203,422</u>	<u>\$17,115,433</u>	<u>\$146,949,241</u>	<u>\$4,254,181</u>
MANAGEMENT EXPENSES					
Commission	\$37,803	\$366,163	\$52,107	\$348,237	\$17,926
Management Support(1)	279,256	2,535,301	293,412	2,412,016	123,285
Licensing & Enforcement(1)	1,142,818	8,081,124	1,034,846	7,895,266	185,858
LARA Services	333,846	1,402,763	265,845	915,012	487,751
Information Technology Services	(313,266)	3,657,331	1,614,474	5,356,397	(1,699,066)
Attorney General	0	583,277	0	577,143	6,134
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	200,000	60,000	160,444	39,556
Civil Service - Personnel	0	0	0	196,488	(196,488)
Administrative Hearings & Rules	4,425	1,892,242	5,832	1,854,843	37,399
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$1,484,882</u>	<u>\$18,718,201</u>	<u>\$3,326,516</u>	<u>\$19,715,846</u>	<u>(\$997,645)</u>
INCOME FROM OPERATIONS	<u>\$15,875,371</u>	<u>\$132,485,221</u>	<u>\$13,788,917</u>	<u>\$127,233,395</u>	<u>\$5,251,826</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	18,093,934	152,034,039	17,056,679	147,705,667	4,328,372
TOTAL CURRENT EARNINGS & REVENUE	<u>\$33,969,305</u>	<u>\$284,519,260</u>	<u>\$30,845,596</u>	<u>\$274,939,062</u>	<u>\$9,580,198</u>
Number of Cases Sold	668,905	5,451,566	653,171	5,372,119	79,447
Number of Sales Days	20	170	20	172	(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
EIGHT MONTHS ENDED MAY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,045,718	\$19,688,914	\$20,391,610	(\$702,696)
Specific Tax, Liquor 4%	4,219,737	34,396,910	33,367,334	1,029,576
Excise Tax, Wine	971,654	7,323,144	7,219,790	103,354
Excise Tax, Mixed Spirit Drink	41,468	286,293	229,054	57,239
Sunday Sales Fees (7am-12pm)	77,938	1,786,855	1,500,504	286,351
Fines & Costs	60,767	392,942	303,736	89,206
Miscellaneous Revenue	58,082	118,064	31,109	86,955
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,475,364</u>	<u>\$63,993,122</u>	<u>\$63,043,137</u>	<u>\$949,985</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$448,809	\$9,395,999	\$8,895,546	\$500,453
41.5% To Licensing & Enforcement	338,648	5,484,050	5,130,921	353,129
3.5% To Alcoholism Prevention Programs	28,560	464,289	432,728	31,561
Additional Resort License Fees	38,800	115,800	136,400	(20,600)
Direct Shipper License Fees	9,600	126,409	109,187	17,222
Liquor Enforcement and Licensing Wholesale Fees	0	300	0	300
License Transfer Fees	52,051	422,067	447,085	(25,018)
Sunday Sales Fees	101,602	1,676,114	1,631,015	45,099
License Permit Fees	5,400	71,500	53,241	18,259
Third Party Facilitator Fees	2,170	2,170	0	2,170
Non-Retail License Fees-Wine Industry Council	91,435	962,550	717,804	244,746
Liquor Control Act Sales	145	645	518	127
Inspection Fees	38,500	336,929	219,263	117,666
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,239,598	34,563,518	33,500,156	1,063,362
Miscellaneous Revenue	3,514	21,660	21,332	328
TOTAL GENERAL FUND - RESTRICTED	<u>\$5,398,832</u>	<u>\$53,644,000</u>	<u>\$51,295,196</u>	<u>\$2,348,805</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,219,738	\$34,396,917	\$33,367,334	\$1,029,583
TOTAL SCHOOL AID FUND	<u>\$4,219,738</u>	<u>\$34,396,917</u>	<u>\$33,367,334</u>	<u>\$1,029,583</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$18,093,934</u>	<u>\$152,034,039</u>	<u>\$147,705,667</u>	<u>\$4,328,373</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	15,875,371	132,485,221	127,233,395	5,251,826
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$15,875,371</u>	<u>\$132,485,221</u>	<u>\$127,233,395</u>	<u>\$5,251,826</u>
TOTAL REVENUE COLLECTED	<u>\$33,969,305</u>	<u>\$284,519,260</u>	<u>\$274,939,062</u>	<u>\$9,580,198</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
EIGHT MONTHS ENDED MAY 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	\$37,803	\$366,163	\$127,820	\$1,227,296	\$544,563	\$4,103,662	\$5,697,121	\$5,413,718
Longevity & Insurance	0	0	30,489	290,677	109,499	948,463	1,239,140	1,241,838
Retirement & FICA	0	0	89,949	789,491	305,979	2,306,621	3,096,112	2,982,722
Subtotal	\$37,803	\$366,163	\$248,258	\$2,307,464	\$960,041	\$7,358,746	\$10,032,373	\$9,638,278
Communications	\$0	\$0	\$2,103	\$17,390	\$11,141	\$74,660	\$92,050	\$113,454
Travel	0	0	3,299	24,489	19,014	120,500	144,989	159,007
Utilities	0	0	372	2,153	2,317	9,104	11,257	4,675
Contractual Services	0	0	7,071	89,912	97,742	203,586	293,498	278,545
Supplies & Materials	0	0	4,476	21,152	28,894	93,189	114,341	118,401
Equipment Replacement, Additions & Rentals	0	0	13,282	69,583	2,443	29,582	99,165	140,520
Miscellaneous	0	0	0	0	0	724	724	6,984
Subtotal	\$0	\$0	\$30,603	\$224,679	\$161,551	\$531,345	\$756,024	\$821,586
TOTAL MLCC APPROPRIATED EXPENSES	\$37,803	\$366,163	\$278,861	\$2,532,143	\$1,121,592	\$7,890,091	\$10,788,397	\$10,459,864
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$395	\$3,158	\$21,226	\$191,033	\$194,191	\$195,655
Other Operating Transfers Out(2)	0	0	0	0	0	0	7,735,613	9,060,327
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$395	\$3,158	\$21,226	\$191,033	\$7,929,804	\$9,255,982
GRAND TOTAL	\$37,803	\$366,163	\$279,256	\$2,535,301	\$1,142,818	\$8,081,124	\$18,718,201	\$19,715,846

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.