

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

November 2016



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

NOVEMBER FINANCIAL REPORT

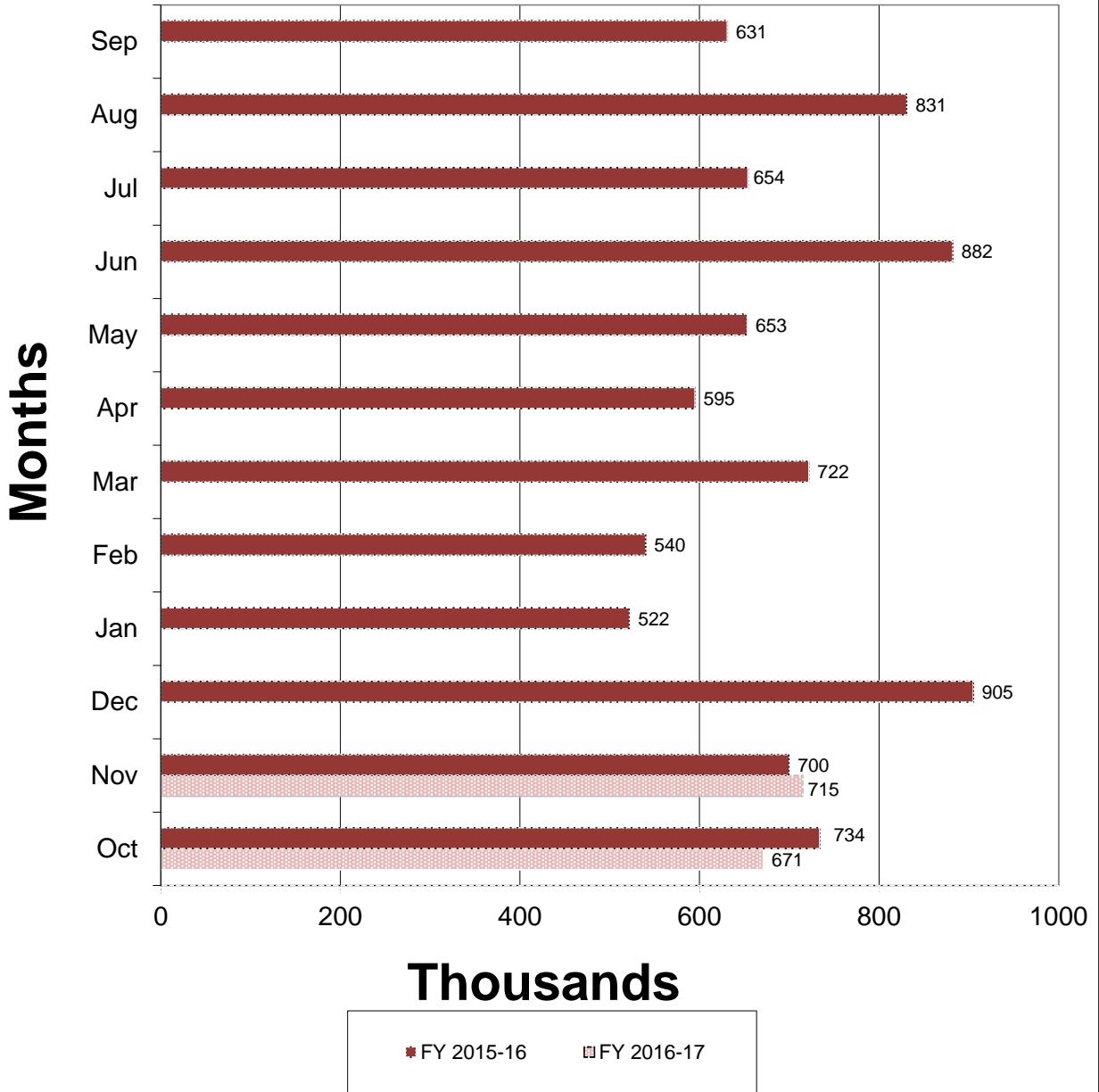
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/16-11/16	Fiscal Year to Date 10/15-11/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	1,385,704	1,434,189	(48,485)	-3.38%
Average Price Per Case Sold	\$155.87	\$152.84	\$3.03	1.98%

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED COMPARATIVE BALANCE SHEET
NOVEMBER 30**

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	112,748,165	110,866,658
Subtotal	\$112,748,565	\$110,867,058
Liquor Inventory - At Current Cost	5,694,081	5,651,444
Prepaid Distribution Costs of Inventory	398,114	398,100
Other Assets		
Accounts Receivable	(\$7,457,097)	\$19,769,633
Returned Checks	270,442	189,269
Payroll Correction Clearing	0	0
Subtotal	(7,186,655)	19,958,902
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	0
TOTAL	\$113,751,091	\$136,875,504
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$4,046,710	\$3,765,270
Warrants Authorized/Not Issued	93,351,741	106,229,054
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	\$98,037,852	\$110,691,722
LONG TERM LIABILITIES		
Amount Due to Other Funds	\$0	\$0
Non Current Portion-Net Pension Liability	16,636,344	0
Long Term Compensated Absences	0	
Total Long Term Liabilities	398,966	422,224
	17,035,310	422,224
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	134,502	0
RETAINED EARNINGS		
Beginning Balance October 1		\$875,739
Current Year Increase or (Decrease)*	(\$14,243,901)	24,885,819
Current Period Ending Balance	12,787,328	25,761,558
	(1,456,573)	
TOTAL	\$113,751,091	\$136,875,504

*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
TWO MONTHS ENDED NOVEMBER 30**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$215,988,837	\$219,200,794
Less: Discounts Allowed	36,695,508	37,236,540
PROCEEDS - SALE OF LIQUOR	\$179,293,329	\$181,964,254
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	141,731,302	133,790,142
Less: Ending Inventory	5,694,081	5,651,444
Cost of Goods Sold	\$141,731,302	\$132,954,911
GROSS REVENUE FROM SALE OF LIQUOR	\$37,562,027	\$49,009,343
OTHER REVENUE		
Miscellaneous Revenue	\$32,366	(\$2,538)
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	\$32,366	(\$2,538)
TOTAL REVENUE	\$37,594,393	\$49,006,805
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$54,784	\$47,095
Management Support	446,490	437,787
Licensing & Enforcement (1)	747,215	725,046
Distribution Cost Paid to Suppliers	11,254,122	10,748,462
Compensated Absences	0	0
Total MLCC Expenses	\$12,502,611	\$11,958,390
Other Agencies Expenses		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	0	444
Civil Service - Personnel	0	0
Administrative Hearings & Rules	874,704	309,795
Information Technology Services	98,021	65,405
MLCC Rent	0	0
LARA - Executive Direction	349,392	374,528
LARA - Administrative Offices	419,069	314,848
Total Other Agencies Expenses	\$1,741,186	\$1,065,020
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$14,243,797	\$13,023,410
NET INCOME (Not Including Taxes & Grants)	\$23,350,596	\$35,983,395
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$23,350,596	\$35,983,395
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$23,350,596	\$35,983,395
RETAINED EARNINGS		
Transfers to General Fund - Cash	24,000,000	24,000,000
Current Year Increase or (Decrease)	(\$649,404)	\$11,983,395
Retained Earnings - Beginning	(14,243,901)	875,739
RETAINED EARNINGS - ENDING	\$14,893,305	\$12,859,134

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
NOVEMBER 30**

	2016	2015	INCREASE (DECREASE)
EQUITY AVAILABLE			
Beginning Equity	(\$14,243,901)	\$875,739	(\$15,119,640)
Current Earnings	37,594,393	49,006,805	(11,412,412)
Specific Tax, Liquor 1.85%	0	0	0
Total Equity Available	\$23,350,492	\$49,882,544	(\$26,532,052)
ALLOCATION OF EQUITY			
Transferred to General Fund	\$24,000,000	\$24,000,000	\$0
MLCC Expenses	12,502,611	11,958,390	544,221
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	1,741,186	1,065,020	676,166
LARA Transfer Not Related to MLCC	0	0	0
Total Allocation of Equity	\$38,243,797	\$37,023,410	\$1,220,387
Ending Equity	(\$14,893,305)	\$12,859,134	(\$27,752,439)

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
TWO MONTHS ENDED NOVEMBER 30**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$95,908,013	\$183,694,101	\$92,666,913	\$186,742,849	(\$3,048,748)
On Premise	16,067,829	32,166,576	15,190,713	32,371,908	(205,332)
Other	85,229	128,160	38,761	86,037	42,123
TOTAL GROSS SALES	<u>\$112,061,071</u>	<u>\$215,988,837</u>	<u>\$107,896,387</u>	<u>\$219,200,794</u>	<u>(\$3,211,957)</u>
Less: Discounts Allowed	19,039,246	36,695,508	18,328,871	37,236,540	(541,032)
PROCEEDS-SALE OF LIQUOR	<u>\$93,021,825</u>	<u>\$179,293,329</u>	<u>\$89,567,516</u>	<u>\$181,964,254</u>	<u>(\$2,670,925)</u>
Less: Cost of Goods Sold	69,316,836	141,731,302	67,256,013	132,954,911	8,776,391
GROSS REVENUE FROM SALE OF LIQUOR	<u>\$23,704,989</u>	<u>\$37,562,027</u>	<u>\$22,311,503</u>	<u>\$49,009,343</u>	<u>(\$11,447,316)</u>
OTHER REVENUE					
Miscellaneous Revenue	\$24,363	\$32,366	(\$1,907)	(\$2,538)	\$34,904
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	<u>\$24,363</u>	<u>\$32,366</u>	<u>(\$1,907)</u>	<u>(\$2,538)</u>	<u>\$34,904</u>
TOTAL REVENUE	<u>\$23,729,352</u>	<u>\$37,594,393</u>	<u>\$22,309,596</u>	<u>\$49,006,805</u>	<u>(\$11,412,412)</u>
Less: Distribution Cost Paid to Suppliers	5,471,502	11,254,122	5,416,712	10,748,462	505,660
INCOME FROM LIQUOR MERCHANDISING	<u>\$18,257,850</u>	<u>\$26,340,271</u>	<u>\$16,892,884</u>	<u>\$38,258,343</u>	<u>(\$11,918,072)</u>
MANAGEMENT EXPENSES					
Commission	\$43,627	\$54,784	\$34,880	\$47,095	\$7,689
Management Support(1)	358,784	446,490	321,654	437,787	8,703
Licensing & Enforcement(1)	1,179,939	1,508,671	1,042,588	1,464,875	43,796
LARA Services	686,333	768,461	569,647	689,376	79,085
Information Technology Services	98,021	98,021	65,405	65,405	32,616
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	0	0	0	444	(444)
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	801,864	874,704	305,400	309,795	564,909
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	<u>\$3,168,568</u>	<u>\$3,751,131</u>	<u>\$2,339,574</u>	<u>\$3,014,777</u>	<u>\$736,354</u>
INCOME FROM OPERATIONS	<u>\$15,089,282</u>	<u>\$22,589,140</u>	<u>\$14,553,310</u>	<u>\$35,243,566</u>	<u>(\$12,654,426)</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	14,975,205	32,256,994	14,768,981	32,987,458	(730,464)
TOTAL CURRENT EARNINGS & REVENUE	<u>\$30,064,487</u>	<u>\$54,846,134</u>	<u>\$29,322,291</u>	<u>\$68,231,024</u>	<u>(\$13,384,890)</u>
Number of Cases Sold	714,681	1,385,704	699,696	1,434,189	(48,485)
Number of Sales Days	20	40	20	42	(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
TWO MONTHS ENDED NOVEMBER 30**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	(\$677,668)	\$2,729,204	\$3,204,307	(\$475,103)
Specific Tax, Liquor 4%	4,468,950	8,613,639	8,742,094	(128,455)
Excise Tax, Wine	(30,046)	1,055,612	1,083,560	(27,948)
Excise Tax, Mixed Spirit Drink	(10,617)	36,261	34,171	2,090
Sunday Sales Fees (7am-12pm)	14,577	28,425	30,584	(2,159)
Fines & Costs	(54,311)	13,039	(39,207)	52,246
Miscellaneous Revenue	7,015	9,948	(32,521)	42,469
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$3,717,900</u>	<u>\$12,486,128</u>	<u>\$13,022,988</u>	<u>(\$536,860)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$2,157,405	\$2,229,826	\$2,186,886	\$42,940
41.5% To Licensing & Enforcement	20,852	75,497	68,931	6,566
3.5% To Alcoholism Prevention Programs	1,750	6,359	5,813	546
Additional Resort License Fees	19,400	(20,000)	19,400	(39,400)
Direct Shipper License Fees	2,550	6,750	2,500	4,250
License Transfer Fees	49,972	99,690	99,213	477
Sunday Sales Fees	10,387	25,573	26,628	(1,055)
License Permit Fees	300	1,900	2,540	(640)
Non-Retail License Fees-Wine Industry Council	8,960	24,735	24,068	667
Liquor Control Act Sales	55	55	(332)	387
Inspection Fees	26,000	52,165	44,736	7,429
Specific Tax, Liquor 4%-Tourism & Conv. Facility	4,490,624	8,654,577	8,742,094	(87,517)
Miscellaneous Revenue	100	100	(101)	201
TOTAL GENERAL FUND - RESTRICTED	<u>\$6,788,355</u>	<u>\$11,157,227</u>	<u>\$11,222,376</u>	<u>(\$65,149)</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$4,468,950	\$8,613,639	\$8,742,094	(\$128,455)
TOTAL SCHOOL AID FUND	<u>\$4,468,950</u>	<u>\$8,613,639</u>	<u>\$8,742,094</u>	<u>(\$128,455)</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$14,975,205</u>	<u>\$32,256,994</u>	<u>\$32,987,458</u>	<u>(\$730,464)</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	15,089,282	22,589,140	35,243,566	(12,654,426)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$15,089,282</u>	<u>\$22,589,140</u>	<u>\$35,243,566</u>	<u>(\$12,654,426)</u>
TOTAL REVENUE COLLECTED	<u>\$30,064,487</u>	<u>\$54,846,134</u>	<u>\$68,231,024</u>	<u>(\$13,384,890)</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
TWO MONTHS ENDED NOVEMBER 30**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$43,627	\$54,784	\$172,439	\$208,190	\$598,056	\$723,437	\$986,411	\$922,371
Longevity & Insurance	0	0	51,274	76,722	157,075	237,558	314,280	337,046
Retirement & FICA	0	0	123,794	148,359	361,119	431,287	579,646	545,692
Subtotal	\$43,627	\$54,784	\$347,507	\$433,271	\$1,116,250	\$1,392,282	\$1,880,337	\$1,805,109
Communications	\$0	\$0	\$1,930	\$1,930	\$10,523	\$11,158	\$13,088	\$17,024
Travel	0	0	4,978	4,978	18,297	18,595	23,573	23,819
Utilities	0	0	219	424	1,300	1,312	1,736	481
Contractual Services	0	0	1,007	2,106	3,419	7,935	10,041	9,915
Supplies & Materials	0	0	2,241	2,039	6,404	7,946	9,985	18,580
Equipment Replacement, Additions & Rentals	0	0	902	1,742	2,521	5,042	6,784	9,236
Miscellaneous	0	0	0	0	0	724	724	1,916
Subtotal	\$0	\$0	\$11,277	\$13,219	\$42,464	\$52,712	\$65,931	\$80,971
TOTAL MLCC APPROPRIATED EXPENSES	\$43,627	\$54,784	\$358,784	\$446,490	\$1,158,714	\$1,444,994	\$1,946,268	\$1,886,080
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$0	\$0	\$21,225	\$63,677	\$63,677	\$63,677
Other Operating Transfers Out(2)	0	0	0	0	0	0	1,741,186	1,065,020
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$0	\$0	\$21,225	\$63,677	\$1,804,863	\$1,128,697
GRAND TOTAL	\$43,627	\$54,784	\$358,784	\$446,490	\$1,179,939	\$1,508,671	\$3,751,131	\$3,014,777

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.