

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

December 2016



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

DECEMBER FINANCIAL REPORT

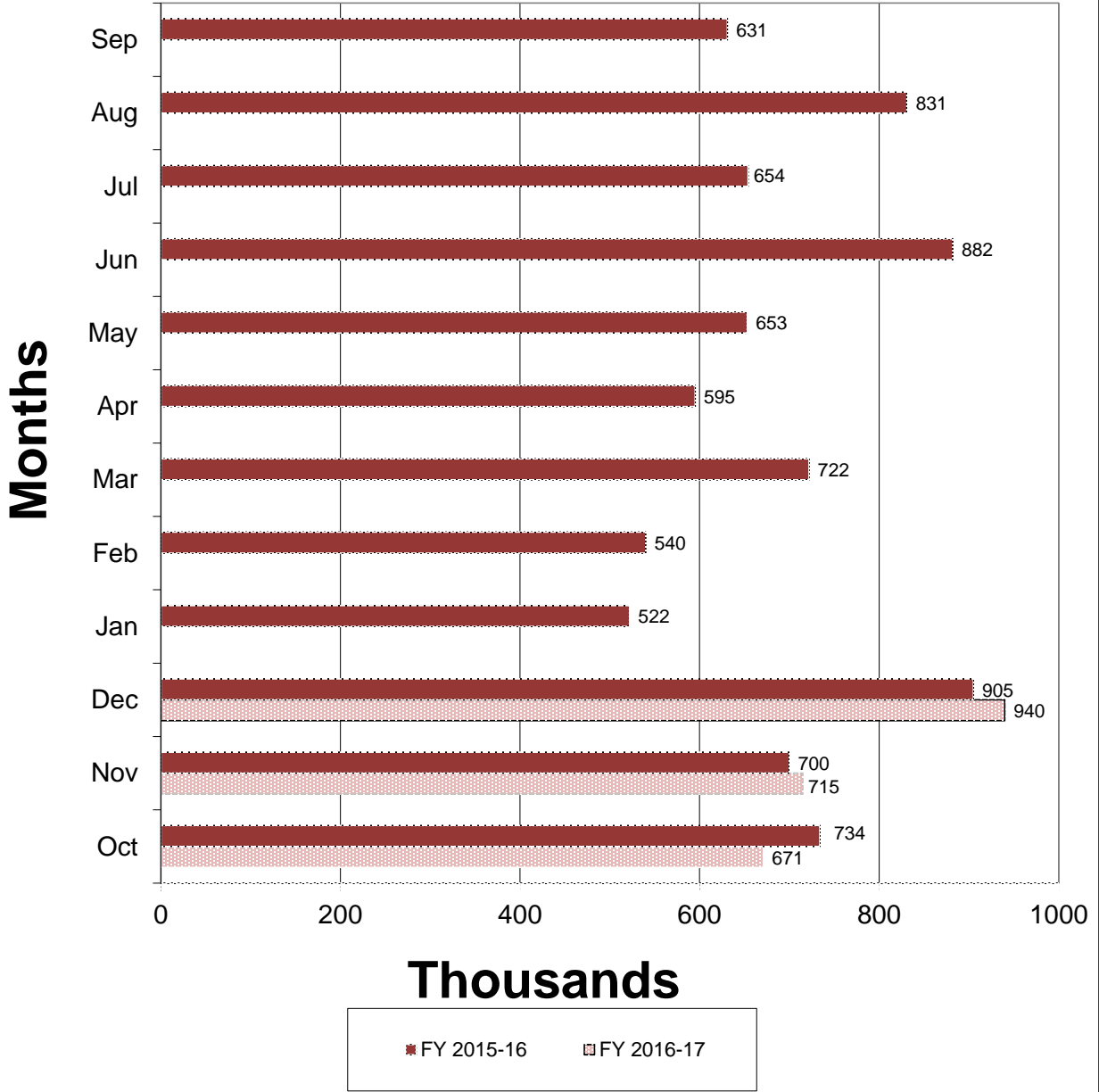
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/16-12/16	Fiscal Year to Date 10/15-12/15	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,325,615	2,339,513	(13,898)	-0.59%
Average Price Per Case Sold	\$159.12	\$156.46	\$2.66	1.70%

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	133,900,881	128,198,811
Subtotal	\$133,901,281	\$128,199,211
Liquor Inventory - At Current Cost	8,359,253	6,511,411
Prepaid Distribution Costs of Inventory	655,523	452,235
Other Assets		
Accounts Receivable	\$10,189,125	\$25,033,239
Returned Checks	242,661	225,544
Payroll Correction Clearing	0	0
Subtotal	10,431,786	25,258,783
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$155,444,829	\$163,177,988
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$842,040	\$3,857,707
Warrants Authorized/Not Issued	120,343,424	109,033,860
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	\$121,824,865	\$113,588,965
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	37,304,752	45,534,712
	16,450,152	31,290,811
TOTAL	\$155,444,829	\$163,177,988

*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
THREE MONTHS ENDED DECEMBER 31**

	2016	2015
REVENUE		
TOTAL GROSS SALES	\$370,058,934	\$366,044,735
Less: Discounts Allowed	62,893,843	62,201,988
PROCEEDS - SALE OF LIQUOR	\$307,165,091	\$303,842,747
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	236,722,313	219,799,686
Less: Ending Inventory	8,359,253	6,511,411
Cost of Goods Sold	\$234,057,141	\$218,104,488
GROSS REVENUE FROM SALE OF LIQUOR	\$73,107,950	\$85,738,259
OTHER REVENUE		
Miscellaneous Revenue	\$13,082	(\$17,971)
Non-Operating Revenue	0	0
Interest Revenue	0	0
TOTAL OTHER REVENUE	\$13,082	(\$17,971)
TOTAL REVENUE	\$73,121,032	\$85,720,288
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$132,853	\$111,523
Management Support	867,137	881,776
Licensing & Enforcement (1)	1,456,303	1,415,439
Distribution Cost Paid to Suppliers	18,159,634	17,259,528
Compensated Absences	0	0
Total MLCC Expenses	\$20,615,927	\$19,668,266
Other Agencies Expenses		
Attorney General	\$0	\$0
Auditor General	0	0
Bureau of Fire Services	100,000	444
Civil Service - Personnel	0	0
Administrative Hearings & Rules	1,476,202	817,439
Information Technology Services	660,438	506,189
MLCC Rent	1,184	0
LARA - Executive Direction	476,033	342,947
LARA - Administrative Offices	655,467	437,488
Total Other Agencies Expenses	\$3,369,324	\$2,104,507
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$23,985,251	\$21,772,773
NET INCOME (Not Including Taxes & Grants)	\$49,135,781	\$63,947,515
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$49,135,781	\$63,947,515
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$49,135,781	\$63,947,515
RETAINED EARNINGS		
Transfers to General Fund - Cash	36,000,000	36,000,000
Current Year Increase or (Decrease)	\$13,135,781	\$27,947,515
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	(\$7,718,819)	\$13,703,614

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
DECEMBER 31**

	<u>2016</u>	<u>2015</u>	<u>INCREASE (DECREASE)</u>
EQUITY AVAILABLE			
Beginning Equity	(\$20,854,600)	(\$14,243,901)	(\$6,610,699)
Current Earnings	73,121,032	85,720,288	(12,599,256)
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$52,266,432</u>	<u>\$71,476,387</u>	<u>(\$19,209,955)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$36,000,000	\$36,000,000	\$0
MLCC Expenses	20,615,927	19,668,266	947,661
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	3,369,324	2,104,507	1,264,817
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$59,985,251</u>	<u>\$57,772,773</u>	<u>\$2,212,478</u>
Ending Equity	<u>(\$7,718,819)</u>	<u>\$13,703,614</u>	<u>(\$21,422,433)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31**

	2016 MONTH	YTD	2015 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$132,805,469	\$316,499,570	\$126,621,243	\$313,364,092	\$3,135,478
On Premise	21,160,626	53,327,202	20,172,725	52,544,633	782,569
Other	104,002	232,162	49,973	136,010	96,152
TOTAL GROSS SALES	\$154,070,097	\$370,058,934	\$146,843,941	\$366,044,735	\$4,014,199
Less: Discounts Allowed	26,198,335	62,893,843	24,965,448	62,201,988	691,855
PROCEEDS-SALE OF LIQUOR	\$127,871,762	\$307,165,091	\$121,878,493	\$303,842,747	\$3,322,344
Less: Cost of Goods Sold	92,325,839	234,057,141	85,149,577	218,104,488	15,952,653
GROSS REVENUE FROM SALE OF LIQUOR	\$35,545,923	\$73,107,950	\$36,728,916	\$85,738,259	(\$12,630,309)
OTHER REVENUE					
Miscellaneous Revenue	(\$19,284)	\$13,082	(\$15,433)	(\$17,971)	\$31,053
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	0	0	0	0
TOTAL OTHER REVENUE	(\$19,284)	\$13,082	(\$15,433)	(\$17,971)	\$31,053
TOTAL REVENUE	\$35,526,639	\$73,121,032	\$36,713,483	\$85,720,288	(\$12,599,256)
Less: Distribution Cost Paid to Suppliers	6,905,512	18,159,634	6,511,066	17,259,528	900,106
INCOME FROM LIQUOR MERCHANDISING	\$28,621,127	\$54,961,398	\$30,202,417	\$68,460,760	(\$13,499,362)
MANAGEMENT EXPENSES					
Commission	\$78,069	\$132,853	\$64,428	\$111,523	\$21,330
Management Support(1)	421,830	868,320	443,989	881,776	(13,456)
Licensing & Enforcement(1)	1,390,413	2,899,084	1,355,873	2,820,748	78,336
LARA Services	363,039	1,131,500	91,059	780,435	351,065
Information Technology Services	562,417	660,438	440,784	506,189	154,249
Attorney General	0	0	0	0	0
Auditor General	0	0	0	0	0
Bureau of Fire Services	100,000	100,000	0	444	99,556
Civil Service - Personnel	0	0	0	0	0
Administrative Hearings & Rules	601,498	1,476,202	507,644	817,439	658,763
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	\$3,517,266	\$7,268,397	\$2,903,777	\$5,918,554	\$1,349,843
INCOME FROM OPERATIONS	\$25,103,861	\$47,693,001	\$27,298,640	\$62,542,206	(\$14,849,205)
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	23,100,042	55,357,036	21,774,293	54,761,751	595,285
TOTAL CURRENT EARNINGS & REVENUE	\$48,203,903	\$103,050,037	\$49,072,933	\$117,303,957	(\$14,253,920)
Number of Cases Sold	939,911	2,325,615	905,324	2,339,513	(13,898)
Number of Sales Days	25	65	25	67	(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
THREE MONTHS ENDED DECEMBER 31**

	<u>CURRENT MONTH</u>	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,107,264	\$5,836,468	\$6,046,404	(\$209,936)
Specific Tax, Liquor 4%	6,158,085	14,771,724	14,614,221	157,503
Excise Tax, Wine	1,184,339	2,239,951	2,182,555	57,396
Excise Tax, Mixed Spirit Drink	38,852	75,113	59,910	15,203
Sunday Sales Fees (7am-12pm)	8,193	36,618	40,326	(3,708)
Fines & Costs	67,550	80,589	8,734	71,855
Miscellaneous Revenue	14,739	24,687	(7,146)	31,833
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$10,579,022</u>	<u>\$23,065,150</u>	<u>\$22,945,004</u>	<u>\$120,146</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$48,713	\$2,278,539	\$2,203,047	\$75,492
41.5% To Licensing & Enforcement	36,755	112,252	81,126	31,126
3.5% To Alcoholism Prevention Programs	3,100	9,459	6,842	2,617
Additional Resort License Fees	19,400	(600)	19,400	(20,000)
Direct Shipper License Fees	3,200	9,950	3,200	6,750
License Transfer Fees	41,893	141,583	140,662	921
Sunday Sales Fees	15,124	40,697	33,868	6,829
License Permit Fees	200	2,100	3,640	(1,540)
Non-Retail License Fees-Wine Industry Council	10,140	34,875	31,413	3,462
Liquor Control Act Sales	105	160	(92)	252
Inspection Fees	26,213	78,378	65,259	13,119
Specific Tax, Liquor 4%-Tourism & Conv. Facility	6,158,086	14,812,663	14,614,221	198,442
Miscellaneous Revenue	0	100	(60)	160
TOTAL GENERAL FUND - RESTRICTED	<u>\$6,362,929</u>	<u>\$17,520,156</u>	<u>\$17,202,526</u>	<u>\$317,630</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$6,158,091	\$14,771,730	\$14,614,221	\$157,509
TOTAL SCHOOL AID FUND	<u>\$6,158,091</u>	<u>\$14,771,730</u>	<u>\$14,614,221</u>	<u>\$157,509</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$23,100,042</u>	<u>\$55,357,036</u>	<u>\$54,761,751</u>	<u>\$595,285</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	25,103,861	47,693,001	62,542,206	(14,849,205)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$25,103,861</u>	<u>\$47,693,001</u>	<u>\$62,542,206</u>	<u>(\$14,849,205)</u>
TOTAL REVENUE COLLECTED	<u>\$48,203,903</u>	<u>\$103,050,037</u>	<u>\$117,303,957</u>	<u>(\$14,253,920)</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
THREE MONTHS ENDED DECEMBER 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL 2016	TOTAL 2015
	(1)							
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
MLCC APPROPRIATED EXPENSES								
Salaries & Wages	\$78,069	\$132,853	\$212,203	\$420,393	\$743,023	\$1,466,460	\$2,019,706	\$1,933,705
Longevity & Insurance	0	0	51,405	128,127	163,083	400,641	528,768	552,139
Retirement & FICA	0	0	145,073	293,432	416,351	847,638	1,141,070	1,093,554
Subtotal	\$78,069	\$132,853	\$408,681	\$841,952	\$1,322,457	\$2,714,739	\$3,689,544	\$3,579,398
Communications	\$0	\$0	\$3,196	\$5,126	\$12,912	\$24,070	\$29,196	\$33,330
Travel	0	0	3,634	8,612	19,523	38,118	46,730	49,841
Utilities	0	0	339	763	1,235	2,547	3,310	817
Contractual Services	0	0	2,634	4,740	4,103	12,038	16,778	18,228
Supplies & Materials	0	0	1,299	3,338	6,348	14,294	17,632	28,507
Equipment Replacement, Additions & Rentals	0	0	863	2,605	2,609	7,651	10,256	17,107
Miscellaneous	0	0	0	0	0	724	724	1,916
Subtotal	\$0	\$0	\$11,965	\$25,184	\$46,730	\$99,442	\$124,626	\$149,746
TOTAL MLCC APPROPRIATED EXPENSES	\$78,069	\$132,853	\$420,646	\$867,136	\$1,369,187	\$2,814,181	\$3,814,170	\$3,729,144
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$1,184	\$1,184	\$21,226	\$84,903	\$86,087	\$84,903
Other Operating Transfers Out(2)	0	0	0	0	0	0	3,368,140	2,104,507
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$1,184	\$1,184	\$21,226	\$84,903	\$3,454,227	\$2,189,410
GRAND TOTAL	\$78,069	\$132,853	\$421,830	\$868,320	\$1,390,413	\$2,899,084	\$7,268,397	\$5,918,554

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.