

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

FINANCIAL REPORT

January 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

JANUARY FINANCIAL REPORT

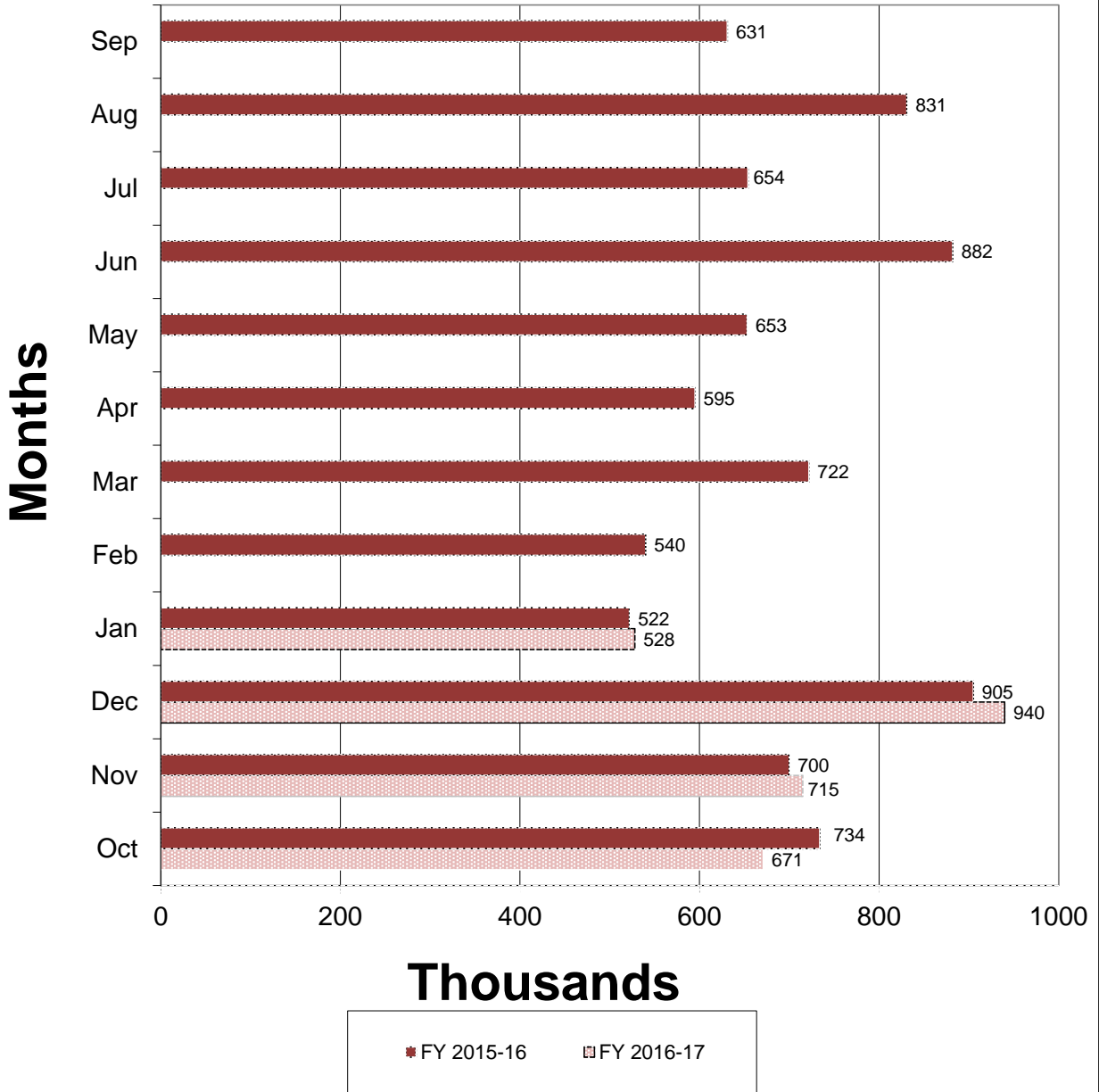
FISCAL YEAR 16 - 17

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Case Sales



	Fiscal Year to Date 10/16-01/17	Fiscal Year to Date 10/15-01/16	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	2,853,511	2,862,011	(8,500)	-0.30%
Average Price Per Case Sold	\$158.84	\$156.09	\$2.75	1.76%

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

	2017	2016
ASSETS		
CURRENT ASSETS		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	97,861,688	111,597,420
Subtotal	\$97,862,088	\$111,597,820
Liquor Inventory - At Current Cost	9,017,889	2,730,130
Prepaid Distribution Costs of Inventory	687,810	182,400
Other Assets		
Accounts Receivable	\$3,034,046	\$12,410,644
Returned Checks	253,876	203,593
Payroll Correction Clearing	0	0
Subtotal	3,287,922	12,614,237
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	2,096,986	2,756,348
TOTAL	\$112,952,695	\$129,880,935
LIABILITIES		
CURRENT LIABILITIES		
Warrants Outstanding	\$4,526,128	\$3,435,407
Warrants Authorized/Not Issued	74,974,141	88,457,702
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	\$80,139,670	\$92,590,507
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	36,497,813	33,236,117
	15,643,213	18,992,216
TOTAL	\$112,952,695	\$129,880,935

*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
FOUR MONTHS ENDED JANUARY 31**

	2017	2016
REVENUE		
TOTAL GROSS SALES	\$453,260,262	\$446,724,938
Less: Discounts Allowed	77,029,479	75,914,902
PROCEEDS - SALE OF LIQUOR	\$376,230,783	\$370,810,036
Less: Cost of Goods Sold		
Beginning Inventory	\$5,694,081	\$4,816,213
Add: Purchases	286,542,053	268,426,013
Less: Ending Inventory	9,017,889	2,730,130
Cost of Goods Sold	\$283,218,245	\$270,512,096
GROSS REVENUE FROM SALE OF LIQUOR	\$93,012,538	\$100,297,940
OTHER REVENUE		
Miscellaneous Revenue	\$23,969	\$5,976
Non-Operating Revenue	0	0
Interest Revenue	114,755	34,611
TOTAL OTHER REVENUE	\$138,724	\$40,587
TOTAL REVENUE	\$93,151,262	\$100,338,527
EXPENSES AND TRANSFERS		
MLCC Expenses		
Commission	\$183,837	\$148,276
Management Support	1,169,098	1,205,742
Licensing & Enforcement (1)	1,930,570	1,887,572
Distribution Cost Paid to Suppliers	22,045,309	21,429,626
Compensated Absences	0	0
Total MLCC Expenses	\$25,328,814	\$24,671,216
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	1,679,196	1,272,230
Information Technology Services	1,802,562	1,449,279
MLCC Rent	1,579	578
LARA - Executive Direction	535,079	346,933
LARA - Administrative Offices	738,404	714,921
Total Other Agencies Expenses	\$5,148,713	\$4,068,974
Excluding Transfers Not Related to MLCC		
TOTAL EXPENSES AND TRANSFERS	\$30,477,527	\$28,740,190
NET INCOME (Not Including Taxes & Grants)	\$62,673,735	\$71,598,337
Add: Specific Tax, Liquor 1.85%	0	0
NET REVENUE (Before Unrelated Expenses)	\$62,673,735	\$71,598,337
LARA - Transfers For Grant Not Related to MLCC	0	0
NET INCOME	\$62,673,735	\$71,598,337
RETAINED EARNINGS		
Transfers to General Fund - Cash	48,000,000	48,000,000
Current Year Increase or (Decrease)	\$14,673,735	\$23,598,337
Retained Earnings - Beginning	(20,854,600)	(14,243,901)
RETAINED EARNINGS - ENDING	(\$6,180,865)	\$9,354,436

Note:

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION
LIQUOR PURCHASE REVOLVING FUND
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS
JANUARY 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	93,151,262	100,338,527	(7,187,265)
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$72,296,662</u>	<u>\$86,094,626</u>	<u>(\$13,797,964)</u>
ALLOCATION OF EQUITY			
Transferred to General Fund	\$48,000,000	\$48,000,000	\$0
MLCC Expenses	25,328,814	24,671,216	657,598
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	5,148,713	4,068,974	1,079,739
LARA Transfer Not Related to MLCC	<u>0</u>	<u>0</u>	<u>0</u>
Total Allocation of Equity	<u>\$78,477,527</u>	<u>\$76,740,190</u>	<u>\$1,737,337</u>
Ending Equity	<u>(\$6,180,865)</u>	<u>\$9,354,436</u>	<u>(\$15,535,301)</u>

**MICHIGAN LIQUOR CONTROL COMMISSION
ALL FUNDS
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS
FOUR MONTHS ENDED JANUARY 31**

	2017 MONTH	YTD	2016 MONTH	YTD	YTD INCR./(DECR.)
LIQUOR SALES					
Off Premise	\$68,140,942	\$384,640,512	\$66,442,932	\$379,807,024	\$4,833,488
On Premise	14,985,477	68,312,679	14,215,030	66,759,663	1,553,016
Other	74,909	307,071	22,241	158,251	148,820
TOTAL GROSS SALES	\$83,201,328	\$453,260,262	\$80,680,203	\$446,724,938	\$6,535,324
Less: Discounts Allowed	14,135,636	77,029,479	13,712,914	75,914,902	1,114,577
PROCEEDS-SALE OF LIQUOR	\$69,065,692	\$376,230,783	\$66,967,289	\$370,810,036	\$5,420,747
Less: Cost of Goods Sold	49,161,104	283,218,245	52,407,608	270,512,096	12,706,149
GROSS REVENUE FROM SALE OF LIQUOR	\$19,904,588	\$93,012,538	\$14,559,681	\$100,297,940	(\$7,285,402)
OTHER REVENUE					
Miscellaneous Revenue	\$10,887	\$23,969	\$23,947	\$5,976	\$17,993
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	114,755	114,755	34,611	34,611	80,144
TOTAL OTHER REVENUE	\$125,642	\$138,724	\$58,558	\$40,587	\$98,137
TOTAL REVENUE	\$20,030,230	\$93,151,262	\$14,618,239	\$100,338,527	(\$7,187,265)
Less: Distribution Cost Paid to Suppliers	3,885,675	22,045,309	4,170,098	21,429,626	615,683
INCOME FROM LIQUOR MERCHANDISING	\$16,144,555	\$71,105,953	\$10,448,141	\$78,908,901	(\$7,802,948)
MANAGEMENT EXPENSES					
Commission	\$50,984	\$183,837	\$36,753	\$148,276	\$35,561
Management Support(1)	302,356	1,170,676	324,543	1,206,319	(35,643)
Licensing & Enforcement(1)	937,264	3,836,348	933,184	3,753,932	82,416
LARA Services	141,983	1,273,483	281,419	1,061,854	211,629
Information Technology Services	1,142,124	1,802,562	943,090	1,449,279	353,283
Attorney General	291,893	291,893	284,589	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	202,994	1,679,196	454,791	1,272,230	406,966
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	0	0	0	0
Total Management Expenses	\$3,069,598	\$10,337,995	\$3,258,369	\$9,176,923	\$1,161,072
INCOME FROM OPERATIONS	\$13,074,957	\$60,767,958	\$7,189,772	\$69,731,978	(\$8,964,020)
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds	15,066,210	70,423,246	14,970,442	69,732,193	691,053
TOTAL CURRENT EARNINGS & REVENUE	\$28,141,167	\$131,191,204	\$22,160,214	\$139,464,171	(\$8,272,967)
Number of Cases Sold	527,896	2,853,511	522,498	2,862,011	(8,500)
Number of Sales Days	20	85	20	87	(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
FOUR MONTHS ENDED JANUARY 31**

	<u>CURRENT MONTH</u>	<u>YTD 2017</u>	<u>YTD 2016</u>	<u>INCREASE (DECREASE)</u>
GENERAL FUND - GENERAL PURPOSE				
Excise Tax, Beer	\$3,161,178	\$8,997,646	\$9,528,486	(\$530,840)
Specific Tax, Liquor 4%	3,308,783	18,080,507	17,816,514	263,993
Excise Tax, Wine	1,391,552	3,631,503	3,711,153	(79,650)
Excise Tax, Mixed Spirit Drink	45,764	120,877	109,848	11,029
Sunday Sales Fees (7am-12pm)	81,328	117,946	50,649	67,297
Fines & Costs	49,433	130,022	63,150	66,872
Miscellaneous Revenue	9,969	34,656	(5,026)	39,682
TOTAL GENERAL FUND - GENERAL PURPOSE:	<u>\$8,048,007</u>	<u>\$31,113,157</u>	<u>\$31,274,774</u>	<u>(\$161,617)</u>
GENERAL FUND - RESTRICTED				
RETAIL LICENSE FEES:				
55% To Local Governments	\$108,036	\$2,386,575	\$2,232,457	\$154,118
41.5% To Licensing & Enforcement	81,519	193,771	103,318	90,453
3.5% To Alcoholism Prevention Programs	6,875	16,334	8,713	7,621
Additional Resort License Fees	19,400	18,800	38,800	(20,000)
Direct Shipper License Fees	3,013	12,963	4,525	8,438
License Transfer Fees	45,719	187,302	192,083	(4,781)
Sunday Sales Fees	8,739	49,436	42,314	7,122
License Permit Fees	4,500	6,600	4,640	1,960
Non-Retail License Fees-Wine Industry Council	10,220	45,095	40,973	4,122
Liquor Control Act Sales	30	190	(27)	217
Inspection Fees	63,308	141,686	87,761	53,925
Specific Tax, Liquor 4%-Tourism & Conv. Facility	3,358,061	18,170,724	17,885,408	285,316
Miscellaneous Revenue	0	100	(60)	160
TOTAL GENERAL FUND - RESTRICTED	<u>\$3,709,420</u>	<u>\$21,229,576</u>	<u>\$20,640,905</u>	<u>\$588,671</u>
SCHOOL AID FUND				
Specific Tax, Liquor 4%	\$3,308,783	\$18,080,513	\$17,816,514	\$263,999
TOTAL SCHOOL AID FUND	<u>\$3,308,783</u>	<u>\$18,080,513</u>	<u>\$17,816,514</u>	<u>\$263,999</u>
REVENUE COLLECTED FOR OTHER FUNDS	<u>\$15,066,210</u>	<u>\$70,423,246</u>	<u>\$69,732,193</u>	<u>\$691,053</u>
LIQUOR PURCHASE REVOLVING FUND				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)	13,074,957	60,767,958	69,731,978	(8,964,020)
LIQUOR PURCHASE REVOLVING FUND REVENUE	<u>\$13,074,957</u>	<u>\$60,767,958</u>	<u>\$69,731,978</u>	<u>(\$8,964,020)</u>
TOTAL REVENUE COLLECTED	<u>\$28,141,167</u>	<u>\$131,191,204</u>	<u>\$139,464,171</u>	<u>(\$8,272,967)</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
FOUR MONTHS ENDED JANUARY 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	\$50,984	\$183,837	\$138,790	\$559,183	\$495,056	\$1,961,516	\$2,704,536	\$2,624,790
Longevity & Insurance	0	0	33,706	161,833	110,806	511,447	673,280	680,903
Retirement & FICA	0	0	95,473	388,905	277,717	1,125,355	1,514,260	1,464,659
Subtotal	\$50,984	\$183,837	\$267,969	\$1,109,921	\$883,579	\$3,598,318	\$4,892,076	\$4,770,352
Communications	\$0	\$0	\$1,785	\$6,911	\$9,613	\$33,683	\$40,594	\$61,925
Travel	0	0	4,602	13,214	10,859	48,977	62,191	71,613
Utilities	0	0	192	955	441	2,988	3,943	1,142
Contractual Services	0	0	23,430	28,170	3,198	15,236	43,406	33,848
Supplies & Materials	0	0	1,770	5,108	6,060	20,354	25,462	39,932
Equipment Replacement, Additions & Rentals	0	0	2,213	4,818	2,288	9,939	14,757	21,092
Miscellaneous	0	0	0	0	0	724	724	1,916
Subtotal	\$0	\$0	\$33,992	\$59,176	\$32,459	\$131,901	\$191,077	\$231,468
TOTAL MLCC APPROPRIATED EXPENSES	\$50,984	\$183,837	\$301,961	\$1,169,097	\$916,038	\$3,730,219	\$5,083,153	\$5,001,820
OPERATING TRANSFERS OUT & OTHER EXPENSES								
Rent and Building Occupancy	\$0	\$0	\$395	\$1,579	\$21,226	\$106,129	\$107,708	\$106,707
Other Operating Transfers Out(2)	0	0	0	0	0	0	5,147,134	4,068,396
TOTAL OPERATING TRANSFERS OUT & OTHER EXPENSES	\$0	\$0	\$395	\$1,579	\$21,226	\$106,129	\$5,254,842	\$4,175,103
GRAND TOTAL	\$50,984	\$183,837	\$302,356	\$1,170,676	\$937,264	\$3,836,348	\$10,337,995	\$9,176,923

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.