

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, APRIL 25, 2018

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman
Mike Negra, Board Member
Michael Newsome, Board Member
Charlie Mooney, Executive Director
John Stark, Board Secretary

[Office of Chief Counsel](#)
[Bureau of Licensing](#)
[Bureau of Human Resources](#)
[Bureau of Accounting & Purchasing](#)

[Office of Retail Operations](#)
[Bureau of Product Selection](#)
[Financial Report](#)
[Other Issues](#)

PUBLIC MEETING – 11:00 A.M

Board Secretary, John K. Stark indicated that a quorum of the Board was present and Chairman Holden called the meeting to order.

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag

OLD BUSINESS..... *Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the April 4, 2018 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve previous Board Minutes.

PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment on the printed agenda items.

NEW BUSINESS

From the Office of Chief Counsel *Rodrigo Diaz, Chief Counsel*

(1) **BOROUGH OF STATE COLLEGE** Municipal Petition for
Case No. 18-NE-03 Exemption from the Statute
Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve the Exemption from April 25, 2018 to April 25, 2023.

Note: Board Minutes are not officially approved until all required signatures are affixed.

- (2) **CITY OF HARRISBURG** Municipal Petition for
Case No. 18-NE-04 Exemption from the Statute
Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve the Exemption from April 25, 2018 to January 1, 2020.

- (3) **Transferor: Salvatierra, Inc.** Application for Conversion of
626 Philadelphia Street Suspension to Fine
Indiana, Pennsylvania 15701-3904
Restaurant Liquor License No. R-14432
LID 46850

Transferee: Off the Rocks, LLC
626 Philadelphia Street
Indiana, Pennsylvania 15701-3904
Restaurant Liquor License No. R-14432
LID 90422

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Conversion of Suspension to a Fine of \$3,000.00.

- (4) **Taphouse 23, LLC** Appeal of Adjudication and
226 East 4th Street Order of Administrative Law
Bridgeport, Pennsylvania 19405-1802 Judge
Restaurant Liquor License No. R-11387
LID 63350
Citation No. 16-0924

Michelle Fox, Executive Deputy Chief Counsel, was asked to explain this proposed action.

Ms. Fox outlined the appeal stating that the Licensee, Taphouse 23, LLC, was charged with loud music on two dates. Following a hearing the Administrative Law Judge (ALJ) sustained the charge and imposed a \$350.00 fine. Taphouse 23, LLC then filed a timely appeal.

On appeal the Licensee says the ALJ's decision was not supported by substantial evidence. The Licensee says its principal denied knowing the music was leaving the Licensee's premises and that no police complained about it.

However, the evidence showed that a Bureau of Liquor Control Enforcement (BLCE) officer went into the Licensee's premises and saw the DJ playing music thru two loudspeakers. The music could be heard 500 feet from the Licensee's property line.

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Three days later, the same thing happen, only music could be heard 350 feet away from the Licensee's property line. The ALJ found Bureau witnesses to be more credible than the Licensee's witnesses.

Ms. Fox stated that the Board has no authority to overturn credibility determinations. Therefore, Chief Counsel's Office recommends affirming the ALJ's decision. The fine has been paid by the Licensee.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Affirm the ALJ.

(5) **Taphouse 23, LLC** Appeal of Adjudication and
226 East 4th Street Order of Administrative Law
Bridgeport, Pennsylvania 19405-1802 Judge
Restaurant Liquor License No. R-11387
LID 63350
Citation No. 16-1293

Michelle Fox, Executive Deputy Chief Counsel, was asked to explain this proposed action.

Ms. Fox continued with this Licensee's, Taphouse 23, LLC, citations stating that about a month later, this same Licensee was charged with more loud music violations on seven different occasions and also for noisy and disorderly operations on eight occasions. Following a hearing the Administrative Law Judge (ALJ) sustained both charges and fined the Licensee \$400 and \$500 (an aggregated fine of \$900). Licensee filed a timely appeal.

Licensee raised the same argument as before, that the ALJ's decision was not supported by substantial evidence because the Licensee did not know the music could be heard on any of the dates and no one complained.

However, evidence showed that the Bureau of Liquor Control Enforcement (BLCE) officer heard amplified music 200 feet away on one occasion and 1000 feet away on another occasion. Other witnesses heard music on other days.

Again, the ALJ found Bureau witnesses more credible than the Licensee's witnesses.

Ms. Fox stated that Chief Counsel's Office recommends affirming the ALJ's decision.

Board Member Negra asked if the music was live music or if it was being played by a DJ. Ms. Fox answered that the music that the BLCE officer heard was played by a DJ.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Affirm the ALJ.

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(6) **4004 Spruce Street Corporation**
4004 -04 Spruce Street
Philadelphia, Pennsylvania 19104-4117
Restaurant Liquor License No. R-13584
LID 52236
Citation No. 17-0460

Appeal of Adjudication and
Order of Administrative Law
Judge

Michelle Fox, Executive Deputy Chief Counsel, was asked to explain this proposed action.

Ms. Fox explained that the Licensee, 4004 Spruce Street Corporation, was cited for two violations: sales to minors and allowing minors to frequent. At the hearing, the frequenting charge was dropped. The Administrative Law Judge (ALJ) sustained the sales to minors charge, and issued a three day suspension. This was the third violation in four years. Licensee filed a timely appeal, saying that the ALJ's decision was not supported by substantial evidence.

However, evidence showed that one minor bought a ticket to a catered event and took a prepared mixed drink from the bar without being questioned as to her age. The other minor drank an alcoholic drink that was served at her table. Thus, both minors clearly obtained alcohol from the Licensee.

The Licensee says it has a policy prohibiting minors from ever getting alcohol, so it did not happen. And even if it did happen, the Licensee did not furnish it since the minors snuck into the catered event.

Licensee's argument is, in essence, it is not our fault minors got alcohol because we did not know they were there. However, licensees are strictly liable whether they knew or should have known that a minor went in and obtained alcohol. It is the Licensee's responsibility.

Chief Counsel's Office recommends affirming the decision of the ALJ. The suspension has not been served by the Licensee.

Board Member Negra asked about the parents of the minors. Ms. Fox replied that she did not know. She stated that the minors were both girls, 19 and 20 years old.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Affirm the ALJ.

(7) **Return of Liquor to the Board**

Final-form Regulation

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Rod Diaz explained that the proposed regulation incorporated changes from several sources including Doug Hitz, Carl Jolly and others internally.

Board Decision: Unanimously agreed (3-0 vote) to Affirm the ALJ.

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*From the Bureau of Licensing Tisha Albert, Director of Regulatory Affairs
Barbara Peifer, Director, Bureau of Licensing*

- (1) **Giant Food Stores, LLC** “Intermunicipal” Double
R-15361 (LID No. 87603) Case No. 18-9009 Transfer & Requests for Interior
466 2nd Street Pike Connections with Another
Upper Southampton Township Business & to Conduct Another
Southampton, Bucks County Business on the Licensed
Premises – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve transfer and requests for interior connections with another business and to conduct another business on the licensed premises.

- (2) **Philly Premier Group, LLC** Double Transfer - Restaurant
R-1456 (LID No. 89978) Case No. 18-9004
2825-35 Cottman Avenue, Units #1 & #3
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve transfer.

- (3) **S C Boys, Inc.** Request to Conduct Another
R-19789 (LID No. 72050) Business on the Licensed
139 South Allen Street Premises - Restaurant
State College, Centre County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve requests to conduct another business on the licensed premises.

- (4) **SPH Success, Inc.** Person-to-Person Transfer &
R-4103 (LID No. 89949) Request for Dual Employment –
4655 Frankford Avenue Restaurant
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve person-to-person transfer and request for dual employment.

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- (5) **Sam Glaweah Foundation, Inc.** Double Transfer - Club
C-2796 (LID No. 84267) Case No. 18-9007
3217 Willits Road, Unit C
Philadelphia, Philadelphia County
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (3-0 vote) to approve transfer.
- (6) **Turkey Hill, LP** “Intermunicipal” Double
t/a Turkey Hill Minit Market #250 Transfer & Request for Interior
R-17961 (LID No. 90184) Case No. 18-9010 Connections with Another
800 Alter Street Business - Restaurant
Hazleton, Luzerne County
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (3-0 vote) approve transfer and request for Interior Connections with another business.
- (7) **1313 Bar, LLC** Renewal – District 5
R-19643 (LID No. 67104) Case No. 2017-67104
1313 Kennedy Avenue
Duquesne, Allegheny County **HOLD – 2/28/18 SESSION**
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Chairman Holden asked if there was anyone present from 1313 Bar, LLC. There was no reply.
- Board Decision:** Unanimously agreed (3-0 vote) to refuse renewal.
- (8) **5207 Ho, Inc.** Conditional Licensing
R-2227 (LID No. 63073) Case No. 2016-63073 Agreement
5207-09-11 Frankford Avenue Renewal – District 10
Philadelphia, Philadelphia County **HOLD – 3/14/18 SESSION**
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (3-0 vote) to approve renewal with new Conditional Licensing Agreement.

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- (9) **BCLT, Inc.** Renewal – District 5
t/a Ace’s & Deuce’s
R-10019 (LID No. 49876) Case No. 2017-49876 **HOLD – 2/28/18 SESSION**
1400 Fifth Avenue
Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Chairman Holden asked if there was anyone present from BCLT, Inc. There was no reply.

Board Decision: Unanimously agreed (3-0 vote) to refuse renewal.

- (10) **Boonie’s Sports Bar, Inc.** Renewal – District 7
R-13906 (LID No. 50828) Case No. 2017-50828
122 Diamond Street
Titusville, Crawford County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold for an Amended Conditional Licensing Agreement

- (11) **Shooters Grill & Bar, LLC** Conditional Licensing Agreement
R-7202 (LID No. 65854) Case No. 2017-65854 Renewal – District 7
14 North Main Street
Port Allegany, McKean County **HOLD – 2/28/18 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with Conditional Licensing Agreement.

- (12) **Trattoria San Domenico, Inc.** Renewal – District 11
t/a Trattoria Giuseppe Bella di Notte Banquet Hall
R-18668 (LID No. 86029) Case No. 2017-86029
4794-99 West Chester Pike, Store No. A1, A2 & A3
Edgmont Township
Newtown Square, Delaware County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with Existing Conditional Licensing Agreement.

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*From the Bureau of Human Resources Jason Lutcavage, Director of Administration
Jennifer Haas, Director, Bureau of Human Resources*

Personnel Actions

There are 18 personnel actions presented for consideration.

- (1) **Desire Albright – Affirm Removal**
- (2) **Yazmeen Brown – Affirm Removal**
- (3) **Sandra Cameron – Removal**
- (4) **Roxane Carter – Affirm Removal**
- (5) **Jesse Evans – Affirm Removal**
- (6) **Ashley Foley – Removal**
- (7) **Mae Gordy-Baker – Affirm Removal**
- (8) **Kalina Guadalupe – Removal**
- (9) **Michael Herd – Affirm Removal**
- (10) **Tamika Laws – Removal**
- (11) **Shiniece Lynch – Affirm Removal**
- (12) **Cody McAndrew – Removal**
- (13) **Joshua Nelson – Affirm Removal**
- (14) **William Ostermeyer – Removal**
- (15) **Tajhi Spivey - Removal**
- (16) **Basil Tabb – Affirm Removal**
- (17) **Isabella Tratthen – Affirm Removal**
- (18) **Raechelle Wells – Removal**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all Personnel Actions.

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*From the Bureau of Accounting & Purchasing Oren Bachman, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing
Mike Freeman, Director, Bureau of Financial Management & Analysis*

Procurement Actions:

- (1) **Point of Service (POS) Production Support and Enhancement Consulting Services Renewal** – To continue support, maintenance, and enhancement consulting services for PLCB’s specific Oracle POS and cash register environments.

Procured via PO 63013714 Option Year Two (2) to RFP Contract 20143025 – VENDOR: **SkillNet Solutions, Inc.** – TERM: One (1) year for the period 5/18/2018 through 5/17/2019 – **\$1,404,000.00 estimated cost** which represents same cost as last year. Last year PLCB requested and received a discount from SkillNet that is reflected again this year.

- (2) **Cisco Wireless Controller Software and Maintenance** – Software licenses and maintenance for three years for Cisco Wireless Controllers. These appliances are required to manage wireless network devices in retail stores, NWOB, and provide additional licensing capacity to add wireless networking to regional offices of the PLCB.

Procured via DGS Statewide Contract #4400011887 – VENDOR: **ePlus** – TERM: Three (3) years – **\$149,710.00 estimated cost.** This cost represents a \$10,000.00 savings due to signing up for three years maintenance rather than one year.

- (3) **Microsoft Premier Support Renewal** – Provide support to deploy, manage, and support our on-premise and cloud based Microsoft services including professional services to support existing implementations and assistance with changes to the environments.

Procured via DGS Statewide Contract #440000452 – VENDOR: **Microsoft Corp.** – TERM: One (1) year – **\$360,717.00 estimated cost** which represents a 3.61% decrease over last year’s cost of \$374,230.00.

- (4) **Retail Merchandising Suite Production Support and Enhancement Consulting Services Renewal** – To continue support, maintenance, and enhancement consulting services for PLCB’s Oracle retail environment that includes tools like inventory management, pricing, and promotions.

Procured via PO 63013717 Option Year Two (2) to RFP Contract 20140325 – VENDOR: **Deloitte Consulting LLP** – TERM: One (1) year for the period 6/22/2018 through 6/21/2019 – **\$2,010,006.40 estimated cost.** This year’s cost includes six (6) staff resources being renewed at the contract’s fixed hourly rates for the second renewal period. Last year’s cost of \$1,288,310.40 included four (4) staff resources.

- (5) **PLCB Regulatory Affairs System (PLCB+)** – The purpose of this Amendment is to renew Contract for an additional three (3) years as well as satisfying requirements for additional functionality to be added to PLCB+.

Procured via Amendment No. 1 to Contract 20121101 – VENDOR: **Computronix USA, Inc.** – Term: Three (3) years – **\$2,141,632.00 estimated cost.**

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- (6) **PLCB Regulatory Affairs System (PLCB+)** – Payment for PLCB+ Licenses between February 1, 2018 and May 30, 2018.

Procured via Settlement Agreement – **VENDOR: Computronix USA, Inc.** – **TERM:** Four (4) months – **\$140,000.00 estimated cost.**

- (7) **Project Manager Staff Augmentation** – Provide assistance to the PLCB Project Management Office for facilitation of Special Order enhancements. Continuance of work on internal and customer facing initiatives primarily for increased operating income, consumer experience, and technical efficiency.

Procured via DGS Statewide Contract #6100030999 – **VENDOR: OST, INC.** – **TERM:** Six (6) months for the period 6/1/2018 through 11/30/2018 – **\$78,711.04 estimated cost.**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all Procurement Actions.

Inter-Agency Charges:

- (1) **Department of General Services (DGS) Property Costs (JOB 7)** – Billing of \$166,043.50 for the PLCB’s estimated FY 2017-18 Q1 and Q2 share of Commonwealth property costs for the Capital complex. This billing includes costs for the Northwest Office Building (NWOB) electricity charges, which are paid directly by DGS, as well as prorated portions of the expenses for Capital Police services, City of Harrisburg Fire Protection and DGS’s maintenance costs.

The Bureau of Financial Management and Analysis has reviewed these charges and determined that they are reasonable based on billing methodology and previous experience.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all Inter-Agency Charges.

From the Office of Retail Operations..... Carl Jolly, Director of Retail Operations

- 1. **#0213 – 217 Atwood Street (Oakland) Pittsburgh Amendment**
- 2. **#0273 – 3202 Brighton Road, Pittsburgh Amendment**
- 3. **#0281 – 1706 Mt. Royal Boulevard, Glenshaw Amendment**
- 4. **#1507 – 350 Scarlett Road, Suite 4, Kennett Square Amendment**

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- 5. **#1522 – 74-76 Glocker Way, Pottstown
Amendment**
- 6. **#5120 – 3246 Red Lion Road, Philadelphia
Amendment**
- 7. **#5153 – 2115 North 22nd Street, Philadelphia
Amendment**
- 8. **#9210 – 1103 Milltown Road, Verona
Amendment**
- 9. **#9706 – Capital & Herr Streets, Harrisburg
Parking Agreement (16 Spaces)**
- 10. **#0298 – 1025 Washington Pike, Bridgeville
Relocation / Added Space (Same Center)**
- 11. **#15XX – Rt. 23 & Rt. 113 (Nutt Road @ Kimberton Road), Phoenixville
Relocation / Consolidation (Consolidating #1502 & #1526)**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Chairman Holden asked Carl Jolly if we are consolidating the two locations in Chester County. Mr. Jolly said yes, they will be consolidated at the end of the year when their leases expire. They are in Phoenixville, Chester County.

Board Decision: Unanimously agreed (3-0 vote) to Approve all Retail Operations Actions

*From the Bureau of Product SelectionDale Horst, Director of Marketing & Merchandising
Tom Bowman, Director, Bureau of Product Selection*

1. Regular New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Brown Forman Corporation</u> Slane Irish Whiskey 750 ML	5
<u>Diageo North America</u> Bailey’s Original Irish Cream Minis 3 - 100 ML	2, 3
<u>The Edrington Group USA LLC</u> The Macallan Double Cask 12 Year Scotch Whisky 375 ML	2, 3

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North Wales Wines

E & J Vanilla Brandy 750 ML 2, 3

Pernod Ricard USA

Absolut Grapefruit Vodka 750 ML 10

Southern W S PA

Bota Box Nighthawk Black Cabernet Sauvignon 3 L 2, 3, 5

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Spirits New Items

BRAND NAME AND SIZE **REASON**

Pittsburgh Distilling Company LLC

Wigle Coffee Liqueur 750 ML 8

Redemption Spirits LLC

Diamond Girl Vodka 750 ML 8

RECOMMENDED ACTION: We recommend the Board approve this action

**New Items – Recommended Listings
Reason Codes**

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests

3. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>	<u>REGULAR RETAI L</u>	<u>SPECIAL RETA IL</u>	<u>CUSTOMER SAVIN GS</u>
<u>Bacardi USA Inc</u> Bacardi Tangerine Rum 750 ML	9410	\$15.99	\$12.79	\$3.20

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Brown Forman Corp

Collingwood Canadian Whiskey 750 ML	3760	\$25.99	\$20.79	\$5.20
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Pernod Ricard USA

Absolut Ruby Red Vodka 750 ML	4906	\$19.99	\$15.99	\$4.00
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Social Still LLC

Social Still Barrel Gin 750 ML	1635	\$41.99	\$33.59	\$8.40
Social Still Rum 750 ML	9992	\$27.99	\$22.39	\$5.60

EFFECTIVE DATE: The transference to closeout will become effective May 25, 2018

Motion Made: Board Member Negra

Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all Bureau of Product Selection/
Marketing Actions.

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FINANCIAL REPORT *Michael J. Burns, Comptroller Operations, Office of Budget*

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statement of Net Position
(Unaudited)**

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 62,141,222	\$ 43,119,317
Investments - short term	151,476,009	208,915,864
Accounts and claims receivable, net	957,648	1,106,772
Due from other funds - Note 8	-	-
Merchandise inventories, net	240,945,224	259,283,344
Operating supplies	213,411	177,219
Prepaid expenses	1,915,002	1,978,034
Total current assets	457,648,516	514,580,550
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	19,816,479	19,557,620
Leasehold improvements	612,301	864,825
Machinery and equipment	48,683,112	47,245,612
Intangibles - internally generated software	25,554,323	28,333,610
Less: accumulated depreciation	64,399,631	59,216,052
Net depreciable capital assets	30,266,584	36,785,615
Total non-current capital assets	30,589,557	37,108,588
Total assets	\$ 488,238,073	\$ 551,689,138
Total deferred outflows of resources - Note 4	\$ 108,471,773	\$ 104,261,449
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 248,988,858	\$ 247,175,811
Other accounts payable	30,151,414	25,701,454
Accrued expenses	20,659,234	20,361,140
Self-insurance, workers' compensation - Note 6	11,239,857	12,271,964
Due to other funds - Note 8	3,949,895	3,336,191
Due to fiduciary funds - Note 8	2,833,482	2,345,767
Due to other governments - Note 8	754,803	712,114
Total current liabilities	318,577,543	311,904,441
Non-current liabilities:		
OPEB - Note 5	858,849,000	102,778,113
Self-insurance, workers' compensation - Note 6	42,256,546	39,287,287
Net pension liability - Note 4	499,943,490	479,055,699
Compensated absences - Note 1	18,904,788	19,506,861
Total non-current liabilities	1,419,953,824	640,627,960
Total liabilities	\$ 1,738,531,367	\$ 952,532,401
Total deferred inflows of resources - Note 4	\$ 20,897,976	\$ 7,346,121
<u>NET POSITION</u>		
Net investment in capital assets	\$ 30,589,557	\$ 37,108,588
Deficit***	(1,193,309,054)	(341,036,523)
Total net position	\$ (1,162,719,497)	\$ (303,927,935)

***Effective July 1, 2017, the PLCB implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This standard established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The State Stores Fund Net Position changed by a total of \$(751,632,988) as a result of implementing GASB 75.

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ending March 31, 2018 and March 31, 2017
(Unaudited)**

	<u>March 2017-18</u>	<u>March 2016-17</u>
Sales net of taxes	\$ 179,519,798	\$ 165,270,091
Cost of goods sold	<u>(121,021,951)</u>	<u>(113,636,380)</u>
Gross profit from sales	58,497,847	51,633,711
Operating (expenses):		
Retail operations	(32,444,613)	(33,830,070)
Marketing & merchandising	(1,067,128)	(1,373,606)
Supply chain	(863,950)	(1,031,156)
Wholesale operations	(145,479)	(62,181)
Information technology services	(2,250,607)	(2,817,036)
Regulatory affairs	(1,705,502)	(1,753,195)
Administration	(1,236,316)	(1,284,818)
Finance	(335,223)	(342,663)
Board & secretary	(476,881)	(525,060)
Legal	(306,622)	(272,117)
Commonwealth provided services - Note 2	<u>(1,277,804)</u>	<u>(1,304,064)</u>
Total	<u>(42,110,125)</u>	<u>(44,595,966)</u>
Operating profit	16,387,722	7,037,745
Other operating revenues (expenses):		
Enforcement fines	99,146	87,485
License fees	3,792,397	3,678,410
Miscellaneous income	346,946	251,435
Administrative law judge	<u>(225,289)</u>	<u>(230,289)</u>
Total	<u>4,013,200</u>	<u>3,787,041</u>
Total operating income	20,400,922	10,824,786
Non-operating revenues (expenses):		
Interest income	284,758	175,498
Other	<u>-</u>	<u>-</u>
Total	<u>284,758</u>	<u>175,498</u>
Income before operating transfers	20,685,680	11,000,284
Operating transfers out:		
PSP enforcement - Note 3	(2,498,393)	(2,173,889)
Income after enforcement/before other transfers	<u>18,187,287</u>	<u>8,826,395</u>
Other operating transfers out:		
General fund - Note 3	-	(48,300,000)
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>(48,300,000)</u>
Change in net position	18,187,287	(39,473,605)
Total net position, beginning 2017-18 restated - Note 9	<u>(1,180,906,784)</u>	<u>(264,454,330)</u>
Total net position - ending	<u>\$ (1,162,719,497)</u>	<u>\$ (303,927,935)</u>
Liquor tax	32,026,050	29,746,837
State Sales Tax	12,587,545	11,695,861
Local Tax	818,435	777,641
Taxes remitted to Dept.of Revenue PTD	<u>\$ 45,432,030</u>	<u>\$ 42,220,339</u>

Note: Board Minutes are not officially approved until all required signatures are affixed.

Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Nine Months Ending March 31, 2018 and March 31, 2017
(Unaudited)

	<u>2017-18</u>	<u>2016-17</u>
Sales net of taxes	\$ 1,565,869,420	\$ 1,521,297,290
Cost of goods sold	<u>(1,067,039,023)</u>	<u>(1,049,156,726)</u>
Gross profit from sales	498,830,397	472,140,564
Operating (expenses):		
Retail operations	(297,526,478)	(300,721,771)
Marketing & merchandising	(11,162,734)	(11,597,338)
Supply chain	(7,415,439)	(7,546,612)
Wholesale operations	(1,290,738)	(885,413)
Information technology services	(22,791,584)	(25,932,884)
Regulatory affairs	(15,503,321)	(16,964,380)
Administration	(11,122,652)	(10,782,593)
Finance	(2,918,924)	(2,825,692)
Board & secretary	(5,308,783)	(4,694,996)
Legal	(2,664,576)	(2,280,004)
Commonwealth provided services - Note 2	<u>(10,618,186)</u>	<u>(10,425,480)</u>
Total	<u>(388,323,415)</u>	<u>(394,657,163)</u>
Operating profit	110,506,982	77,483,401
Other operating revenues (expenses):		
Enforcement fines	1,130,722	945,238
License fees	34,490,980	20,719,424
Miscellaneous income	2,489,030	1,049,156
Administrative law judge	<u>(2,024,590)</u>	<u>(1,980,877)</u>
Total	<u>36,086,142</u>	<u>20,732,941</u>
Total operating income	146,593,124	98,216,342
Non-operating revenues (expenses):		
Interest income	2,086,829	1,697,260
Other	<u>30,031</u>	<u>(45,023)</u>
Total	<u>2,116,860</u>	<u>1,652,237</u>
Income before operating transfers	148,709,984	99,868,579
Operating transfers out:		
PSP enforcement - Note 3	(22,217,594)	(20,709,213)
Income after enforcement/before other transfers	<u>126,492,390</u>	<u>79,159,366</u>
Other operating transfers out:		
General fund - Note 3	(185,100,000)	(144,908,937)
Drug and alcohol programs - Note 3	-	-
Total	<u>(185,100,000)</u>	<u>(144,908,937)</u>
Change in net position	(58,607,610)	(65,749,571)
Total net position, beginning 2017-18		
restated - Note 9	<u>(1,104,111,887)</u>	<u>(238,178,364)</u>
Total net position - ending	<u>\$ (1,162,719,497)</u>	<u>\$ (303,927,935)</u>
Liquor tax	281,244,932	273,992,345
State Sales Tax	110,561,207	107,367,194
Local Tax	7,083,091	6,817,603
Taxes remitted to Dept.of Revenue YTD	<u>\$ 398,889,230</u>	<u>\$ 388,177,142</u>

Note: Board Minutes are not officially approved until all required signatures are affixed.

OTHER ISSUES

None

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, May 16, 2018 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.

ADJOURNMENT

Chariman Holden asked before we move for adjournment are there any questions or comments. There were none.

On a motion by Board Member Negra, seconded by Board Member Newsome, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary