

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, JANUARY 17, 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 Stark announced that Chairman Holden would not be present at the meeting and that Board Member Newsome would be presiding over the meeting in Chairman Holden's absence.

CALL TO ORDER*Board Member Newsome*

Pledge of Allegiance to the Flag

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the December 20, 2017 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 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) **Gino's Bar, Inc.**
1021 Chartiers Avenue
McKees Rocks, Pennsylvania 15136-3607
Restaurant Liquor License No. R-1202
LID 9839
Docket No. SA-16-546 (Allegheny County)

Appeal to
Commonwealth Court

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

Rod Diaz, Chief Counsel, was asked to explain this proposed action.

Mr. Diaz explained that the licensee missed the deadline to extend the safekeeping period, and the license was revoked by operation of law. The licensee subsequently filed with the Board a *nunc pro tunc* request to extend the safekeeping period, which was denied for failure to show good cause. Thereafter, the licensee appealed to the Allegheny Court of Common Pleas, which reversed the Board's decision and ordered that the safekeeping period be extended. Mr. Diaz indicated that the Office of Chief Counsel recommends pursuing an appeal to Commonwealth Court because the lower court erred in failing to require the licensee to meet the applicable standard for awarding *nunc pro tunc* relief.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Pursue Appeal Filed to the Commonwealth Court.

- (2) **Stone Neapolitan Pizzeria, Inc.**
300 Liberty Avenue
Pittsburgh, Pennsylvania 15222-1210
Restaurant Liquor License No. R-12948
LID 66441
Docket No. SA-16-00115 (Allegheny County)

Appeal to
Commonwealth Court

Rod Diaz, Chief Counsel, was also asked to explain this proposed action.

Mr. Diaz explained that this is similar to the previous action, except that the licensee filed an untimely renewal application and failed to obtain tax clearance from the Department of Revenue. Because of these deficiencies, the Board refused to renew the license. Thereafter, the licensee appealed to the Allegheny Court of Common Pleas, which reversed the Board's decision and ordered that the license be renewed. The Board timely appealed the lower court's decision to Commonwealth Court, which vacated and remanded because the lower court failed to properly apply the standard for awarding *nunc pro tunc* relief. However, on remand, the lower court again ordered that the license be renewed. Mr. Diaz indicated that the Office of Chief Counsel recommends pursuing another appeal to Commonwealth Court because the licensee still does not have the necessary tax clearance, and the lower court had no basis for ordering that the license be renewed.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Pursue Appeal Filed to the Commonwealth Court.

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(3) **Lazlo Beh v. PLCB – Right-to-Know Request**

Appeal to
Commonwealth Court

Rod Diaz, Chief Counsel, was again asked to explain this proposed action.

Mr. Diaz explained that the requester submitted a request under the Right-to-Know Law seeking to obtain records maintained by the PLCB relative to some licensees. In response, the PLCB provided the requester with 278 pages of records, but redacted certain information, including home addresses, lengths of residence, and financial information, from the records. The requester subsequently appealed to the Pennsylvania Office of Open Records (“OOR”) and challenged the redactions that were made. On appeal, the OOR concluded that the PLCB was correct in withholding the financial information, but also concluded that the PLCB should have disclosed the home address and length of residency information. The Office of Chief Counsel recommends pursuing an appeal to Commonwealth Court because the Pennsylvania Supreme Court has held that there is a constitutional right to privacy in personal information, including home addresses, and the OOR failed to properly conduct the balancing test that must be used when such rights are implicated.

Board Member Negra asked whether the requester was seeking information regarding all licensees, or a more limited number of licensees.

Mr. Diaz responded that the requester was only seeking information regarding approximately eight licensees that have held distributor licenses at some point, either currently or in the past.

Board Member Newsome noted that the Board is very sensitive about having to disclose anyone’s personal information.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Pursue Appeal Filed to the Commonwealth Court.

(4) **Biernacki’s Inc.**
t/a Kelsey’s
1-3 North Main Street
P.O. Box 66
Ashley, Pennsylvania 18706-2201
Restaurant Liquor License No. R-2438
LID 45722
Citation No. 17-1100

Appeal of Adjudication
and Order of
Administrative Law
Judge

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

Ms. Fox explained that the Pennsylvania State Police, Bureau of Liquor Control Enforcement (“BLCE”) issued a citation charging the licensee with failing to get responsible alcohol management certification as mandated by a prior order of an Administrative Law Judge (“ALJ”). The licensee submitted an Admission, Waiver, and Authorization form in which it admitted to the violation and waived its right to a hearing. The ALJ accepted the form, sustained the citation, and imposed a \$250.00 fine along with a three-day suspension of the liquor license. The licensee submitted a motion for reconsideration, but the ALJ denied the request. The licensee subsequently filed an appeal of the ALJ’s decision denying reconsideration with the Board.

Ms. Fox indicated that there are two problems in this case. The first problem is that a licensee is not allowed to appeal a denial of a motion for reconsideration to the PLCB. Rather, the licensee would need to appeal the original underlying order, or, if reconsideration were granted, the new order issued following reconsideration.

The other problem is that the licensee admitted to the underlying violation and waived its right to challenge the same. The licensee could only challenge the penalty imposed; however, the penalty imposed falls within the statutory parameters.

Accordingly, the Office of Chief Counsel recommends that the ALJ’s decision be affirmed and that the case be remanded for the ALJ to reset the dates of suspension.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Affirm ALJ and Remand Case in Order for the ALJ to Reset the Dates of Suspension.

(5) **Slovak Educational Society**
1239 Virginia Avenue
Johnstown, Pennsylvania 15906-2433
Restaurant Liquor License No. C-4771
LID 2182
Citation No. 17-0496

Appeal of Adjudication
and Order of
Administrative Law
Judge

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

Ms. Fox indicated that the next three proposed actions, including this one, all involve the same issues, and that she would be explaining them all together.

All three cases involve licensed clubs that were cited for violations of the Local Option Small Games of Chance Act (“LOSGCA”). Each licensee signed Admission, Waiver, and Authorization forms in which they admitted to the violations and waived their rights to a hearing.

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In each case, the Administrative Law Judge (“ALJ”) sustained the charges but dismissed any dates of violation that were older than one year from the dates the citations were issued. The Pennsylvania State Police, Bureau of Liquor Control Enforcement (“BLCE”) timely appealed each case solely on the issue of whether the ALJ erred in dismissing the dates of violation that were older than one year.

On appeal, the first question is whether the Board has jurisdiction over appeals involving citations issued for violations of the LOSGCA. The answer to this question is yes. The LOSGCA gives the BLCE the authority to issue citations for violations, but it does not define a separate process for BLCE to enforce such violations. As such, the next question is whether appeals involving violations of the LOSGCA follow the normal course or proceed in a different manner. Because there is no other statutorily defined course for these citation cases to follow, the answer is that they follow the normal course. The last question is whether one-year is the correct standard to be applied. Section 470 of the Liquor Code, 47 P.S. § 4-470, gives the BLCE one year to issue citations, and the Pennsylvania Supreme Court has held that this acts as a statute of limitations. Therefore, one year is the correct standard. Accordingly, the Office of Chief Counsel believes that the ALJ applied the law correctly in all three cases.

With regard to this first case, the licensee was cited for four counts, and the ALJ imposed a \$700.00 fine. The Office of Chief Counsel recommends that the ALJ’s decision be affirmed. Ms. Fox noted that the \$700.00 fine has already been paid by the licensee.

Board Member Negra asked if there is any indication as to why there was such a significant delay between the dates of violation and when the citations were issued.

Ms. Fox responded that no specific explanation was provided by BLCE. However, if she had to speculate, it was because BLCE was conducting a records review and just happened to discover the earlier dates at the same time as the more recent dates.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Affirm ALJ.

(6) **Home Association of Post 910, Inc.**
75 Fisher Avenue
Jonestown, Pennsylvania 17038-8200
Restaurant Liquor License No. CC-6226
LID 53697
Citation No. 17-0343

Appeal of Adjudication
and Order of
Administrative Law
Judge

See factual explanation provided above for Slovak Educational Society.

Ms. Fox indicated that, in this case, the licensee was cited for one count, and the ALJ imposed a fine of \$800.00 and a ten-day suspension of the licensee’s small games of chance license.

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The Office of Chief Counsel recommends that the ALJ’s decision be affirmed and that the case be remanded for the ALJ to reset the dates of suspension of the small games of chance license.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Affirm ALJ and Remand Case in Order for the ALJ to Reset the Dates of Suspension of the Small Games of Chance License.

(7) **Home Assn. Pvt. Allen J. Beck, Jr. Post No. 5265 V.F.W.** Appeal of Adjudication
199 West First Avenue and Order of
P.O. Box 54 Administrative Law
Spring Grove, Pennsylvania 17362 Judge
Restaurant Liquor License No. CC-5029
LID 3805
Citation No. 17-0468

See factual explanation provided above for Slovak Educational Society.

Ms. Fox indicated that, in this case, the licensee was cited for six counts, and the ALJ imposed a fine of \$2,550.00, a ten-day suspension of the licensee’s small games of chance license, and a two-day suspension of the licensee’s liquor license.

The Office of Chief Counsel recommends that the ALJ’s decision be affirmed and that the case be remanded for the ALJ to reset the dates of suspension of the small games of chance license and the liquor license.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Affirm ALJ and Remand Case in Order for the ALJ to Reset the Ten-Day Suspension of the Small Games of Chance License and Two-Day Suspension of the Liquor License.

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

(1) **214 East Butler, LLC** Appointment of Manager –
t/a Chal Brit Beverage Distributor
D-3704 (LID No. 71931) Case No. 17-9067
214 East Butler Avenue
Chalfont, Bucks County

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

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

- (2) **Big Bill 99, Inc.** Person-to-Person Transfer –
R-1932 (LID No. 84899) Case No. 17-9043 Restaurant
1622-24 South 58th Street
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer.

- (3) **Rosses Point, LLC** “Intermunicipal” Place-to-Place
t/a Cask Bistro and Tap Transfer – Restaurant
R-13631 (LID No. 70128) Case No. 17-9076
148 Saxer Avenue
Springfield Township
Springfield, Delaware County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer.

- (4) **T. Falbo’s, LLC** Person-to-Person Transfer –
t/a Falbo’s Restaurant Restaurant
R-18372 (LID No. 86272) Case No. 17-9070
603 Unity Drive
Unity Township
Latrobe, Westmoreland County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

- (5) **Tobyhanna Beer & Deli, Inc.** “Intermunicipal” Double
R-21195 (LID No. 87246) Case No. 17-9074 Transfer & Request for Interior
111 Route 423 Connections with Another
Tobyhanna Township Business - Restaurant
Pocono Pines, Monroe County

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

- (6) **Cindy Whiteman** Renewal - Restaurant
t/a Cindy's Rusty Nail
R-14095 (LID No. 45059) Case No. 17-9072
939 Mauch Chunk Road
Palmerton, Carbon County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Member Negra asked if there was anyone present for the Applicant/Licensee, but there was no response.

Board Decision: Unanimously agreed (2-0 vote) to Refuse Renewal.

- (7) **ALP Holding Corp. of PA** Renewal – District 1
t/a Ajay's Café
R-14532 (LID No. 60491) Case No. 2017-60491
2901-05 Maple Avenue
Altoona, Blair County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

- (8) **Billy Bob's Enterprises, Inc.** Renewal – District 5
R-5435 (LID No. 50510) Case No. 2017-50510
1016 Duquesne Boulevard
Duquesne, Allegheny County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

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- (9) **Carrick Literary & Social Association** Conditional Licensing Agreement
CC-776 (LID No. 707) Case No. 2017-707 Renewal – District 5
210 Copperfield Street
Pittsburgh, Allegheny County **HOLD – 12/6/17 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with Conditional Licensing Agreement.

- (10) **Nostalgia, Inc.** Renewal – District 2
t/a The Corvette Grille
R-18148 (LID No. 58972) Case No. 2017-58972
202 West Main Street
Annville Township
Annville, Lebanon County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with Existing Conditional Licensing Agreement.

- (11) **Pat & Tammy, Inc.** Renewal – District 5
R-10692 (LID No. 50340) Case No. 2017-50340
3891 Brighton Road
Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement (Offer-in-Compromise Terms with Change in Location).

- (12) **Leo Enterprises, Inc.** New Tavern Gaming License
t/a Firehouse Tap & Grille
R-11629 (LID No. 34239)
875 Park Avenue
Meadville, Crawford County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve New Tavern Gaming License.

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- (13) **Quinmon, Inc.** New Tavern Gaming License
t/a Chaparral
R-19088 (LID No. 19940)
6878 Anthony Highway
Quincy Township
Waynesboro, Franklin County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve New Tavern Gaming License.

Following the vote on this matter, Board Member Negra asked Tisha Albert, Director of Regulatory Affairs, for an update on the total number of Tavern Gaming Licenses that have been approved by the Board.

Ms. Albert indicated that, including the two licenses that were just approved, a total of 60 Tavern Gaming Licenses have now been approved.

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

Personnel Actions

There were 19 personnel actions presented for consideration.

- (1) **Andrew Barancho – Removal**
- (2) **Wendell Booher – Removal**
- (3) **Nicholas Byrd – Affirm Removal**
- (4) **Dawn Childs – Removal**
- (5) **Jennifer Decker – Removal**
- (6) **Sharan Grib – Removal**
- (7) **Labreia James – Affirm Removal**
- (8) **Janelle Johnson – Affirm Removal**
- (9) **Ashley Macey – Affirm Removal**
- (10) **Malcolm Martin – Affirm Removal**

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- (11) **Sherman Nesbitt – Removal**
- (12) **Jesse O’Hara – Removal**
- (13) **McDonald Orji – Removal**
- (14) **Paige Parish – Removal**
- (15) **Shane Planinsek – Removal**
- (16) **Gil Rodriguez Diaz – Removal**
- (17) **Alice Shepherd – Removal**
- (18) **Barbara Sosson – Removal**
- (19) **Amirah Thompson – Removal**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Personnel Actions.

*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) **Security Guard Services** – Provide a uniformed armed security guard at the Northwest Office Building, Harrisburg, PA.

Procured via Request for Quote #20171010 against DGS ITQ Statewide Contract #4400017336 – VENDOR: **St. Moritz Security Services, Inc.** – TERM: Four (4) years, seven (7) months for the period 2/1/2018 through 8/2/2022 to align with DGS Contract Validity Period – **\$220,312.50** estimated cost. The RFQ was sent to all sixteen (16) qualified suppliers on the DGS ITQ Contract. The selection criteria is based on a Best Value Determination and St. Moritz Security Services, Inc. was selected as the best value for the agency quoting the lowest hourly rates. The anticipated new yearly cost will be \$48,750.00 for a 17% savings over the existing cost of \$58,682.00 per year.

- (2) **Oracle Products and Services** – Provide Oracle software licenses with support and maintenance; Oracle hardware with support and maintenance; Oracle cloud services; Oracle consulting services; advanced customer support services; education services; and other related services. Oracle previously sold products to the Commonwealth through the Federal GSA contract via DLT. Oracle has ended that engagement. This sole source agency contract replaces a lapsed procurement method for Oracle EBS and RMS products and adds the ability to engage Oracle retail and business services to better leverage the products. Buying directly from Oracle will create a financial savings as it eliminates any mark up from the reseller. PLCB anticipates that the current Enterprise and Unlimited License

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Agreements (ELA and ULA) will be migrated to this agreement with an annual initial cost of \$3,500,000.00.

Procured via Sole Source Agency Contract – VENDOR: **Oracle America, Inc.** – TERM: Five (5) years – **\$25,000,000.00 estimated cost (annual \$5,000,000.00 estimated cost).**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Procurement Actions.

Inter-Agency Charges:

None

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

1. **#0902 – 19 West Court Street, Doylestown Closing**
2. **#4801 – 200-C South Best Avenue, Walnutport Amendment**
3. **#5404 – 630 Centre Street, Ashland Amendment**
4. **#09XX – 894 Second Street, Richboro New Store / Relocation of Store #0925**
5. **#39XX – 2560 MacArthur Road, MacArthur Towne Center, Whitehall New Store / Relocation of Store #3913**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Retail Operations Actions.

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*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>Palm Bay International</u> Drumshanbo Gunpowder Irish Gin 750 ML	4
<u>Southern Wine Spirits PA</u> Bota Brick Cabernet Sauvignon 1.5 L	4
Bota Brick Chardonnay 1.5 L	4
Bota Brick Pinot Grigio 1.5 L	4
Bota Brick Redvolution 1.5 L	4

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Spirits New Item

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Pennsylvania Pure Distilleries</u> BLY Rum Silver 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

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3. Regular Recommended Delist February 2018

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Palm Bay Imports Inc</u> Dos Maderas 5 Plus 3 Rum 750 ML	31637
<u>Southern Wine Spirits PA</u> Loft Cabernet Sauvignon Lodi 3 L	8973
Loft Chardonnay Monterey 3 L	8975
Loft Merlot Monterey 3 L	8976
Loft Sauvignon Blanc North Coast 3 L	9187
<u>Treasury Wine Est Amer Co</u> Pepperjack Barossa Red 750 ML	9620

EFFECTIVE DATE: The transference to closeout will become effective February 26, 2018

Motion Made: Board Member Negra

Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 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>November 30, 2017</u>	<u>November 30, 2016</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 47,275,733	\$ 29,240,828
Investments - short term	187,739,208	331,940,775
Accounts and claims receivable, net	2,968,324	1,231,233
Due from other funds - Note 8	-	-
Merchandise inventories, net	292,525,048	322,266,657
Operating supplies	354,470	427,671
Prepaid expenses	2,745,319	2,405,664
Total current assets	533,608,102	687,512,828
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	48,140,549	47,258,302
Intangibles - internally generated software	29,587,200	28,127,364
Less: accumulated depreciation	65,498,497	56,241,449
Net depreciable capital assets	32,658,032	39,566,662
Total non-current capital assets	32,981,005	39,889,635
Total assets	\$ 566,589,107	\$ 727,402,463
Total deferred outflows of resources - Note 4	\$ 107,311,773	\$ 99,341,449
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 315,195,784	\$ 339,083,688
Other accounts payable	34,346,845	22,286,440
Accrued expenses	26,048,075	24,921,268
Self-insurance, workers' compensation - Note 6	9,239,857	10,271,965
Due to other funds - Note 8	4,685,970	5,423,871
Due to fiduciary funds - Note 8	3,663,927	3,110,410
Due to other governments - Note 8	991,112	937,775
Total current liabilities	394,171,570	406,035,417
Non-current liabilities:		
OPEB - Note 5	858,849,000	97,178,113
Self-insurance, workers' compensation - Note 6	42,256,546	39,287,287
Net pension liability - Note 4	489,943,490	465,775,699
Compensated absences - Note 1	18,904,788	19,506,861
Total non-current liabilities	1,409,953,824	621,747,960
Total liabilities	\$ 1,804,125,394	\$ 1,027,783,377
Total deferred inflows of resources - Note 4	\$ 20,417,976	\$ 6,586,121
<u>NET POSITION</u>		
Net investment in capital assets	\$ 32,981,005	\$ 39,889,635
Deficit***	(1,183,623,495)	(247,515,221)
Total net position	\$ (1,150,642,490)	\$ (207,625,586)

***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 November 30, 2017 and November 30, 2016
(Unaudited)

	<u>November 2017-18</u>	<u>November 2016-17</u>
Sales net of taxes	\$ 186,299,363	\$ 180,289,486
Cost of goods sold	<u>(126,252,393)</u>	<u>(124,112,718)</u>
Gross profit from sales	60,046,970	56,176,768
Operating (expenses):		
Retail operations	(33,482,571)	(33,776,356)
Marketing & merchandising	(1,668,626)	(1,520,406)
Supply chain	(976,915)	(743,404)
Wholesale operations	(159,666)	(132,513)
Information technology services	(2,939,163)	(3,340,762)
Regulatory affairs	(1,599,869)	(2,047,266)
Administration	(1,255,823)	(1,143,762)
Finance	(338,677)	(318,671)
Board & secretary	(843,751)	(518,725)
Legal	(284,404)	(233,267)
Commonwealth provided services - Note 2	<u>(1,064,285)</u>	<u>(1,107,337)</u>
Total	<u>(44,613,750)</u>	<u>(44,882,469)</u>
Operating profit	15,433,220	11,294,299
Other operating revenues (expenses):		
Enforcement fines	159,822	119,590
License fees	3,896,417	2,330,520
Miscellaneous income	57,428	75,574
Administrative law judge	<u>(225,634)</u>	<u>(219,657)</u>
Total	<u>3,888,033</u>	<u>2,306,027</u>
Total operating income	19,321,253	13,600,326
Non-operating revenues (expenses):		
Interest income	244,177	195,868
Other	<u>13,090</u>	<u>(4,758)</u>
Total	<u>257,267</u>	<u>191,110</u>
Income before operating transfers	19,578,520	13,791,436
Operating transfers out:		
PSP enforcement - Note 3	(2,267,691)	(2,170,946)
Income after enforcement/before other transfers	<u>17,310,829</u>	<u>11,620,490</u>
Other operating transfers out:		
General fund - Note 3	(100,000,000)	-
Drug and alcohol programs - Note 3	-	-
Total	<u>(100,000,000)</u>	<u>-</u>
Change in net position	(82,689,171)	11,620,490
Total net position, beginning 2017-18 restated - Note 9	<u>(1,067,953,319)</u>	<u>(219,246,076)</u>
Total net position - ending	<u>\$ (1,150,642,490)</u>	<u>\$ (207,625,586)</u>
Liquor tax	33,248,320	35,284,129
State Sales Tax	13,047,196	13,873,456
Local Tax	857,225	878,658
Taxes remitted to Dept.of Revenue PTD	<u>\$ 47,152,741</u>	<u>\$ 50,036,243</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 Five Months Ending November 30, 2017 and November 30, 2016
(Unaudited)**

	<u>2017-18</u>	<u>2016-17</u>
Sales net of taxes	\$ 834,517,168	\$ 814,752,985
Cost of goods sold	<u>(572,734,292)</u>	<u>(564,680,125)</u>
Gross profit from sales	261,782,876	250,072,860
Operating (expenses):		
Retail operations	(164,947,289)	(166,298,246)
Marketing & merchandising	(7,094,277)	(6,569,321)
Supply chain	(4,617,425)	(3,973,938)
Wholesale operations	(688,867)	(528,913)
Information technology services	(13,737,478)	(14,858,193)
Regulatory affairs	(8,309,122)	(9,643,563)
Administration	(6,225,214)	(5,904,547)
Finance	(1,617,520)	(1,568,083)
Board & secretary	(2,895,782)	(2,623,903)
Legal	(1,462,859)	(1,145,830)
Commonwealth provided services - Note 2	<u>(5,588,153)</u>	<u>(5,590,856)</u>
Total	<u>(217,183,986)</u>	<u>(218,705,393)</u>
Operating profit	44,598,890	31,367,467
Other operating revenues (expenses):		
Enforcement fines	659,183	538,596
License fees	18,491,069	9,713,406
Miscellaneous income	993,795	546,667
Administrative law judge	<u>(1,135,653)</u>	<u>(1,102,361)</u>
Total	<u>19,008,394</u>	<u>9,696,308</u>
Total operating income	63,607,284	41,063,775
Non-operating revenues (expenses):		
Interest income	1,132,406	820,535
Other	<u>14,290</u>	<u>(45,023)</u>
Total	<u>1,146,696</u>	<u>775,512</u>
Income before operating transfers	64,753,980	41,839,287
Operating transfers out:		
PSP enforcement - Note 3	(11,284,583)	(11,286,509)
Income after enforcement/before other transfers	<u>53,469,397</u>	<u>30,552,778</u>
Other operating transfers out:		
General fund - Note 3	(100,000,000)	-
Drug and alcohol programs - Note 3	-	-
Total	<u>(100,000,000)</u>	<u>-</u>
Change in net position	(46,530,603)	30,552,778
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>\$ (1,150,642,490)</u>	<u>\$ (207,625,586)</u>
Liquor tax	150,197,903	146,631,101
State Sales Tax	59,049,863	57,463,135
Local Tax	3,773,266	3,658,316
Taxes remitted to Dept.of Revenue YTD	<u>\$ 213,021,032</u>	<u>\$ 207,752,552</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, January 31, 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

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