

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, JUNE 6, 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 May 16, 2018 meeting

Motion Made: Board Member Negra

Seconded: Board Member Newsome

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

B. Announcement by the Chairman for Ratification of a Board Action.

The following Board Action approved on May 18, 2018 was decided by Notational Voting after the adjournment of the Board's last public meeting.

Chairman Holden, Member Negra and Member Newsome unanimously agreed (3-0 vote) to approve a new lease for a Licensing Service Center located at the East Greenville Business Center in East Greenville, PA to expand E-Commerce operations.

PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment on the printed agenda items.

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NEW BUSINESS

From the Office of Chief CounselRodrigo Diaz, Chief Counsel

(1) **Transferor: Fumall’s, LLC** Application for
67 Maryland Avenue Conversion of
Jersey Shore, Pennsylvania 17740-6993 Suspension to Fine
Restaurant Liquor License No. R-17090
LID 69009

Transferee: Nittany Oil Company, Inc.
306 Woodward Avenue
Avis, Pennsylvania 17745
Restaurant Liquor License No. R-17090
LID 91194

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 \$5,000.00

(2) **Jeffrey G. Bickerstaff** Request to Modify or
560 Harrison City Road Rescind Conditional
Trafford, Pennsylvania 15085-1368 Licensing Agreement
Restaurant Liquor License No. R-17109
LID 70972

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Decision: Unanimously agreed (3-0 vote) to Approve Request to Rescind Conditional Licensing Agreement.

(3) **Trattoria San Domenico, Inc.** Request to Rescind
4794-99 West Chester Pike Conditional Licensing
Newtown Square, Pennsylvania 19073 Agreement
Restaurant Liquor License No. R-18668
LID 86029

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Decision: Unanimously agreed (3-0 vote) to Approve Request to Rescind Conditional Licensing Agreement.

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(4) **Mayo, Inc.** Request to Rescind
1005 Lancaster Avenue Conditional Licensing
Bryn Mawr, Pennsylvania 19010-1401 Agreement
Restaurant Liquor License No. R-17261
LID 36635

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Decision: Unanimously agreed (3-0 vote) to Approve Request to Rescind Conditional Licensing Agreement.

(5) **Billy's Gold Door, Inc.** Appeal of Adjudication
6840 Kelly Street and Order of
Pittsburgh, Pennsylvania 15208-1719 Administrative Law
Restaurant Liquor License No. R-1520 Judge
LID 51567
Citation No. 11-0794

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

Ms. Fox explained that the Licensee was cited in 2011 for failing to return its liquor license and wholesale permit cards to the Board while it was closed for two months. Licensee submitted a waiver and was fined \$200.00. Licensee did not pay the fine, so the license was suspended for one day. Ultimately, the license was revoked in June of 2012.

The thirty-day appeal period came and went. Almost six years later, in May of 2018, a relative of the license owner filed an appeal of the 2012 revocation. Because the relative is nearly six years past the deadline to appeal, the Board is without authority to accept the appeal.

The relative of the Licensee did not ask for nunc pro tunc relief, but even if he had, there is no basis to grant it.

Ms. Fox stated that the Office of Chief Counsel recommends that the Board dismiss the appeal, as it is untimely.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Dismiss the Appeal and License Remains Revoked.

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

(1) **1747 Beer & Wine, LLC** Double Transfer & Request for
R-21151 (LID No. 90245) Case No. 18-9040 Interior Connections with
899 North US Route 15 Another Business - Restaurant
Carroll Township
Dillsburg, York County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Double Transfer and Request for Interior Connections with Another Business - Restaurant.

(2) **Avonelle, Inc.** “Intermunicipal” Double
t/a Tom’s Riverside #775 Transfer & Request for Interior
R-13037 (LID No. 90678) Case No. 18-9017 Connections with Another
8868 Route 338 Business - Restaurant
Beaver Township
Knox, Clarion County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the “Intermunicipal” Double Transfer & Request for Interior Connections with Another Business - Restaurant.

(3) **Guerrero 5, LLC** New – Economic Development
t/a Rey Azteca Restaurant
(LID No. 90425) Case No. 18-9023
138 Point Plaza
Butler Township
Butler, Butler County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Chairman Holden asked if there was anyone present from Guerrero 5, LLC t/a Rey Azteca. Sheri Hershberger, representative for the Licensee, and Orlando Palaeios, son of the Licensee, stood up. Ms. Hershberger stated that she wanted to ask what the grounds were for the refusal.

Chairman Holden stated that he was concerned about the completeness of the survey of available licenses and the validity of the offers that were rejected. Board Member Negra and Board Member Newsome stated the same concern. Chief Counsel, Rod Diaz, explained that Ms. Hershberger does have the right to appeal the decision and she must file an appeal with the Court

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of Common Pleas. After the appeal is filed, the Board will articulate, in writing, all of the reasons for the refusal of this application.

Board Decision: Unanimously agreed (3-0 vote) to Refuse the Application for a New Economic Development Restaurant License

- (4) **Redners Markets, Inc.** Auction License – New &
(LID No. 90782) Case No. 18-9033 Request for Interior
5471 Pottsville Pike Connections with Another
Ontelaunee Township Business – Restaurant
Leesport, Berks County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Auction License – with a Request for Interior Connections with Another Business – Restaurant.

- (5) **Ridgway Foods, Inc.** Double Transfer & Requests for
R-15215 (LID No. 87371) Case No. 18-9001 Interior Connections with
444 Wilcox Road Another Business & to Conduct
Ridgway Township Another Business on the
Johnsonburg, Elk County Licensed Premises – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant.

- (6) **Wood Brothers Bar, Inc.** Temporary Extension of License –
R-5334 (LID No. 37666) Case No. 18-9048 Restaurant
200-202 South 13th Street
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Temporary Extension of License.

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- (7) **204 Verbeke Restaurant, LLC** Renewal – District 2
t/a Shady McGrady’s
R-11042 (LID No. 58793) Case No. 2016-58793
204 Verbeke Street
Harrisburg, Dauphin County
- Motion Made:** Hold by Chairman Holden
Seconded:
- Board Decision:** Hold for a Conditional Licensing Agreement.
- (8) **7101 Frankstown, Inc.** Conditional Licensing Agreement
R-1279 (LID No. 50426) Case No. 2017-50426 Renewal – District 5
7101 Frankstown Avenue
Pittsburgh, Allegheny 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 a Conditional Licensing Agreement.
- (9) **Big D Restaurants, LLC** Renewal – District 5
R-7831 (LID No. 63180) Case No. 2017-63180
7246 Kelly Street
Pittsburgh, Allegheny 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.
- (10) **Billy Bob’s Enterprises, Inc.** Conditional Licensing Agreement
R-5435 (LID No. 50510) Case No. 2017-50510 Renewal – District 5
1016 Duquesne Boulevard
Duquesne, Allegheny County **HOLD – 1/17/18 SESSION**
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (3-0 vote) to Approve Renewal with a Conditional Licensing Agreement.

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(11) Envy, LLC Conditional Licensing Agreement
R-20881 (LID No. 67435) Case No. 2018-67435 Renewal & Amusement Permit –
215-217 Broadway District 4
Bethlehem, Northampton County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal and Amusement Permit with New Conditional Licensing Agreement.

(12) High Tides Investors, LLC Renewal & Amusement Permit –
R-10275 (LID No. 67829) Case No. 2017-67829 District 11
1067 & 1031 Totem Road
Bensalem Township
Bensalem, Bucks County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal and Amusement Permit with Existing Conditional Licensing Agreement.

(13) Nickels Tavern, Inc. Conditional Licensing Agreement
t/a Nickels Tavern Renewal – District 10
R-4583 (LID No. 28462) Case No. 2014-28462
2653-55 South 2nd Street
Philadelphia, Philadelphia County **HOLD – 4/4/18 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal and Amusement Permit with New Conditional Licensing Agreement.

(14) Rumba Restaurants, LLC Conditional Licensing Agreement
R-16028 (LID No. 69863) Case No. 2017-69863 Renewal – District 3
528 East Lancaster Avenue
Cumru Township
Shillington, Berks County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal and Amusement Permit with New 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 20 personnel actions presented for consideration.

- (1) **Susanna Arlott – Demotion**
- (2) **David Aursby-Mathews – Removal**
- (3) **Nicole Braisted – Affirm Removal**
- (4) **Mathew Cherian – Affirm Removal**
- (5) **Doris Coleman – Removal**
- (6) **Paul Cullen – Removal**
- (7) **Jennifer Davis – Removal**
- (8) **Catherine Dowling – Affirm Removal**
- (9) **Noah Edmonds – Affirm Removal**
- (10) **Andre Jennings – Affirm Removal**
- (11) **Jahira Jones – Affirm Removal**
- (12) **Alisa Lawes – Affirm Removal**
- (13) **Michael Matzus – Removal**
- (14) **Matthew Palcsey – Affirm Removal**
- (15) **Rian Poltrone – Removal**
- (16) **Desiree Singleton – Removal**
- (17) **Jessica Smith – Removal**
- (18) **Angelique Thompson – Removal**
- (19) **Yoham Tirado Cruz – Removal**
- (20) **John Wielock – Demotion**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all 20 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) **Media Services** – Media buys for Fiscal Year 18/19 for the Bureau of Marketing and Merchandising.

Procured via DGS Statewide Contract #4400011539 – VENDOR: **Harmelin & Associates, Inc.** – TERM: One (1) year – **\$7,710,723.66 estimated cost.**

- (2) **Furniture for Store #0945** – Provide new center table and wall units for Fine Wine & Good Spirits Store #0945 in Richboro.

Procured via DGS Statewide Contract #4400013989 – VENDOR: **TC Millwork** – **\$97,747.55 estimated cost.**

- (3) **Info-Tech Professional Membership**– Info-Tech’s IT Research and Advisory membership provides access to powerful diagnostic tools and key research to help systematically improve IT department’s performance. ITS has used a variety of research related to data governance, content management, SMS and other topics of interest to PLCB. In addition to the research, the system provides access to skilled consultants and reusable toolsets.

Procured via Procurement Handbook Part I Chapter 01 paragraph C.5. not applicable to professional memberships – VENDOR: **Info-Tech Research Group** – TERM: Two (2) years – **\$127,572.30 estimated cost.**

- (4) **Wine and Spirits Data and Information Service Amendment** – The purpose of this Amendment is to renew the Contract for an additional one-year period.

Procured via Amendment No. 1 to Contract No. 63011078 – VENDOR: **Grinsfelder Software Company** – TERM: One (1) year – **\$96,000.00 estimated cost.**

- (5) **Material Handling System Maintenance Agreement for DC #1** – The purpose of this Change Request is to repair damages that rendered one of the DC’s trailer loaders unusable. The cost will be reimbursed by contracted vendor XTL, Inc. since the damage was caused by one of their truck drivers.

Procured via Change Request to Contract 63017479 – VENDOR: **Dematic Corporation** – Term: Ten (10) weeks – **\$86,436.00 estimated cost.**

- (6) **Material Handling System Maintenance Agreement for DC #1** – The purpose of this Change Request is to upgrade the existing RapidROUTE (BevPro) Platform software application. The current system is operating on an outdated version of hardware and software and needs to be upgraded to meet PLCB IT standards for support and security.

Procured via Change Request to Contract 63017479 – VENDOR: **Dematic Corporation** – Term: Twenty-four (24) weeks – **\$46,705.00 estimated cost.**

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- (7) **Material Handling System Maintenance Agreement for DC #1** – The purpose of this Change Request is to perform major repairs and provide replacement parts to the sorter and merge point responsible for the accurate and timely movement of cases to the correct truck door for delivery. Failure of these components would be catastrophic to the point where hand picking cases would be necessary for 45 to 60 days.

Procured via Change Request to Contract 63017479 – **VENDOR: Dematic Corporation** – Term: Twenty (20) weeks – **\$297,719.00 estimated cost.**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Items 1, 2, 3, 5, 6, 7 and Refuse Item 4.

Inter-Agency Charges:

- (1) **Office of Comptroller Operations** – FY 2017-18 fourth quarter billing of \$2,000,000.00 from the Office of Comptroller Operation. This an estimated billing representing LCB Comptroller Services projected personnel and operating expenses for April - June 2018 and FY 2017-18 budgetary expenses posting after June 30, 2018. A “true-up” adjustment for the variance between actual FY 2017-18 expenses and the FY 2017-18 billings will be calculated and applied to the FY 2018-19 first quarter billing next Fall. Billings for FY 2017-18 services total \$5,434,297.86 or \$96,627.70 (+1.8%) higher than FY 2016-17 total billed expenses

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. **#2332 – Lawrence Park Shopping Center, 1991 Sproul Road, Broomall Amendment**
- 2. **#3504 – 529 Main Street, Childs Amendment**
- 3. **#3604 – 31 West Main Street, Ephrata Amendment**
- 4. **#4634 – 2014 Old Arch Road, Norristown Amendment**

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- 5. **#6103 – 17 Kimberly Lane, Suite 4, Cranberry Amendment**
- 6. **#5140 – 2401 East Venango Street, Philadelphia Early Lease Termination**
- 7. **#6315 – Donaldson’s Crossroads, 3929 South Washington Road, McMurray Premium Rebrand / Added Space**
- 8. **#07XX – 3415 Pleasant Valley Boulevard, Altoona Temporary Location while #0709 Rebranding**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve all Bureau of 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>Pernod Ricard USA</u>	
Absolut Lime Vodka 50 ML	2, 3, 10
<u>Sazerac North America</u>	
99 Apples Schnapps 50 ML	2, 3
99 Bananas Schnapps 50 ML	2, 3
99 Peaches Schnapps 50 ML	2, 3
<u>Southern W S PA</u>	
Four Roses Yellow Label Bourbon 1.75 L	2, 3
<u>Wine Guy LLC</u>	
LIQS Tequila Cinnamon Orange Premium Mixed Shots 3 - 50 ML	12
LIQS Vodka Lemon Drop Premium Mixed Shots 3 - 50 ML	12
LIQS Whiskey Fireshot Premium Mixed Shots 3 - 50 ML	12

RECOMMENDED ACTION: We recommend the Board approve this action

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2. Regular PA Spirits New Items

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Kiki Vodka Company LLC</u> Kiki Vodka 80 Proof 750 ML	8
<u>Letterman Enterprises Inc</u> Bonfatto's Bloody Mary Artisan's Blend Mixer 946 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>Capital Wine and Spirits</u> Acrobat Pinot Noir 750 ML	9883
<u>Diageo Americas Inc</u> Baileys Irish Cream Liqueur Minis 400 ML	7490
<u>Doen Zhumir Importers</u> Zhumir Makeba Pina Colada Prepared Cocktail 750 ML	1532
<u>Paterno Imports LTD</u> Chimney Rock Cabernet Sauvignon 750 ML	9083

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Pernod Ricard USA

Absolut Vanilia Vodka 50 ML 4471

Southern Wine and Spirits PA

Arnold Palmer Cabernet Sauvignon 750 ML 9980

La Merika Pinot Noir 750 ML 3934

Loft Cabernet Sauvignon 3L 8973

Loft Chardonnay 3 L 8975

Loft Merlot 3 L 8976

Loft Sauvignon Blanc 3 L 9187

Patron XO Cafe Dark Cocoa Coffee Liqueur 750 ML 6131

Stoli Group USA LLC

Stolichnaya Gluten Free Vodka 80 Proof 750 ML 1509

EFFECTIVE DATE: The transference to closeout will become effective July 6, 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*

The Financial Report was presented by Michael J. Burns of the Office of Budget.

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

	<u>April 30, 2018</u>	<u>April 30, 2017</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 51,696,411	\$ 54,188,019
Investments - short term	172,450,923	198,713,446
Accounts and claims receivable, net	451,313	1,421,986
Due from other funds - Note 8	-	-
Merchandise inventories, net	256,522,572	250,232,823
Operating supplies	544,530	354,993
Prepaid expenses	<u>1,290,087</u>	<u>1,300,923</u>
Total current assets	<u>482,955,836</u>	<u>506,212,190</u>
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	49,026,329	47,395,207
Intangibles - internally generated software	<u>25,554,323</u>	<u>28,333,610</u>
Less: accumulated depreciation	<u>65,164,615</u>	<u>60,114,528</u>
Net depreciable capital assets	<u>29,844,817</u>	<u>36,036,734</u>
Total non-current capital assets	<u>30,167,790</u>	<u>36,359,707</u>
Total assets	<u>\$ 513,123,626</u>	<u>\$ 542,571,897</u>
Total deferred outflows of resources - Note 4	\$ 108,761,773	\$ 105,491,449
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 263,368,856	\$ 249,226,360
Other accounts payable	28,991,844	24,831,092
Accrued expenses	22,496,491	20,229,157
Self-insurance, workers' compensation - Note 6	11,739,857	12,771,965
Due to other funds - Note 8	1,729,641	3,507,927
Due to fiduciary funds - Note 8	3,169,264	2,422,852
Due to other governments - Note 8	849,151	740,027
Total current liabilities	<u>332,345,104</u>	<u>313,729,380</u>
Non-current liabilities:		
OPEB - Note 5	858,849,000	104,178,113
Self-insurance, workers' compensation - Note 6	42,256,546	39,287,287
Net pension liability - Note 4	502,443,490	482,375,699
Compensated absences - Note 1	<u>18,904,788</u>	<u>19,506,861</u>
Total non-current liabilities	<u>1,422,453,824</u>	<u>645,347,960</u>
Total liabilities	<u>\$ 1,754,798,928</u>	<u>\$ 959,077,340</u>
Total deferred inflows of resources - Note 4	\$ 21,017,976	\$ 7,536,121
<u>NET POSITION</u>		
Net investment in capital assets	\$ 30,167,790	\$ 36,359,707
Deficit***	<u>(1,184,099,295)</u>	<u>(354,909,822)</u>
Total net position	<u>\$ (1,153,931,505)</u>	<u>\$ (318,550,115)</u>

***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 April 30, 2018 and April 30, 2017
(Unaudited)

	<u>April 2017-18</u>	<u>April 2016-17</u>
Sales net of taxes	\$ 153,091,944	\$ 157,170,513
Cost of goods sold	<u>(104,787,069)</u>	<u>(108,536,877)</u>
Gross profit from sales	48,304,875	48,633,636
Operating (expenses):		
Retail operations	(31,716,760)	(31,697,064)
Marketing & merchandising	(869,562)	(807,329)
Supply chain	(794,547)	(743,821)
Wholesale operations	(146,360)	(72,356)
Information technology services	(2,259,865)	(2,974,055)
Regulatory affairs	(1,571,207)	(1,904,402)
Administration	(1,218,670)	(1,170,952)
Finance	(299,340)	(268,412)
Board & secretary	(458,223)	(510,113)
Legal	(312,151)	(250,999)
Commonwealth provided services - Note 2	<u>(1,162,520)</u>	<u>(1,080,724)</u>
Total	<u>(40,809,205)</u>	<u>(41,480,227)</u>
Operating profit	7,495,670	7,153,409
Other operating revenues (expenses):		
Enforcement fines	104,011	149,840
License fees	3,420,433	3,039,786
Miscellaneous income	273,451	404,260
Administrative law judge	<u>(220,804)</u>	<u>(195,741)</u>
Total	<u>3,577,091</u>	<u>3,398,145</u>
Total operating income	11,072,761	10,551,554
Non-operating revenues (expenses):		
Interest income	247,549	168,700
Other	<u>(7,075)</u>	-
Total	<u>240,474</u>	<u>168,700</u>
Income before operating transfers	11,313,235	10,720,254
Operating transfers out:		
PSP enforcement - Note 3	(2,525,243)	(2,042,434)
Income after enforcement/before other transfers	<u>8,787,992</u>	<u>8,677,820</u>
Other operating transfers out:		
General fund - Note 3	-	(23,300,000)
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>(23,300,000)</u>
Change in net position	8,787,992	(14,622,180)
Total net position, beginning 2017-18 restated - Note 9	<u>(1,162,719,497)</u>	<u>(303,927,935)</u>
Total net position - ending	<u>\$ (1,153,931,505)</u>	<u>\$ (318,550,115)</u>
Liquor tax	27,661,667	28,319,727
State Sales Tax	10,876,991	11,136,464
Local Tax	726,690	722,093
Taxes remitted to Dept.of Revenue PTD	<u>\$ 39,265,348</u>	<u>\$ 40,178,284</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 Ten Months Ending April 30, 2018 and April 30, 2017
(Unaudited)

	<u>2017-18</u>	<u>2016-17</u>
Sales net of taxes	\$ 1,718,961,364	\$ 1,678,467,803
Cost of goods sold	<u>(1,171,826,092)</u>	<u>(1,157,693,603)</u>
Gross profit from sales	547,135,272	520,774,200
Operating (expenses):		
Retail operations	(329,243,238)	(332,418,836)
Marketing & merchandising	(12,032,297)	(12,404,667)
Supply chain	(8,209,986)	(8,290,433)
Wholesale operations	(1,437,098)	(957,769)
Information technology services	(25,051,449)	(28,906,939)
Regulatory affairs	(17,074,528)	(18,868,781)
Administration	(12,341,322)	(11,953,545)
Finance	(3,218,263)	(3,094,104)
Board & secretary	(5,767,006)	(5,205,108)
Legal	(2,976,727)	(2,531,004)
Commonwealth provided services - Note 2	<u>(11,780,706)</u>	<u>(11,506,204)</u>
Total	<u>(429,132,620)</u>	<u>(436,137,390)</u>
Operating profit	118,002,652	84,636,810
Other operating revenues (expenses):		
Enforcement fines	1,234,733	1,095,079
License fees	37,911,413	23,759,210
Miscellaneous income	2,762,481	1,453,416
Administrative law judge	<u>(2,245,394)</u>	<u>(2,176,618)</u>
Total	<u>39,663,233</u>	<u>24,131,087</u>
Total operating income	157,665,885	108,767,897
Non-operating revenues (expenses):		
Interest income	2,334,378	1,865,959
Other	<u>22,957</u>	<u>(45,023)</u>
Total	<u>2,357,335</u>	<u>1,820,936</u>
Income before operating transfers	160,023,220	110,588,833
Operating transfers out:		
PSP enforcement - Note 3	(24,742,838)	(22,751,647)
Income after enforcement/before other transfers	<u>135,280,382</u>	<u>87,837,186</u>
Other operating transfers out:		
General fund - Note 3	(185,100,000)	(168,208,937)
Drug and alcohol programs - Note 3	-	-
Total	<u>(185,100,000)</u>	<u>(168,208,937)</u>
Change in net position	(49,819,618)	(80,371,751)
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>\$ (1,153,931,505)</u>	<u>\$ (318,550,115)</u>
Liquor tax	308,906,598	302,312,072
State Sales Tax	121,438,198	118,503,657
Local Tax	7,809,782	7,539,696
Taxes remitted to Dept. of Revenue YTD	<u>\$ 438,154,578</u>	<u>\$ 428,355,425</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, June 27, 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 Member Negra, seconded by Member Newsome, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary