

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, OCTOBER 9, 2019

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, 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 – Denise Waterman – Executive Secretary

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the September 25, 2019 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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 Bellefonte**
Case No. 19-NE-17

Municipal Petition for Exemption
from the Liquor Code Statute
Regarding Amplified Sound

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

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Noise Exemption from October 9, 2019 to October 9, 2024.

- (2) **Borough of Coplay** Municipal Petition for Exemption
Case No. 19-NE-18 from the Liquor Code Statute
Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Noise Exemption from October 9, 2019 to October 9, 2024.

- (3) **Borough of Tunkhannock** Municipal Petition for Exemption
Case No. 19-NE-19 from the Liquor Code Statute
Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Noise Exemption from October 9, 2019 to October 9, 2020.

- (4) **IBPOE of W. Valley Lodge 294** Appeal to Commonwealth Court in
932 Third Avenue Application Appeal
New Kensington, Pennsylvania 15068-6418
Club Liquor License No. C-1771
LID 1067
Docket No. 129 MD 2019 (Westmoreland County)

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chief Counsel Rodrigo Diaz explained that the case at issue involves a license renewal which was refused based on the licensee's Nuisance Bar status and citation history. A subsequent Court of Common Pleas appeal resulted in a decision to renew the license in light of a determination that the licensee has attempted to address issues of concern. Chief Counsel Diaz affirmed that, since Commonwealth Court would defer to the judge who issued the aforementioned decision, it is unlikely that an appeal by the Liquor Control Board would be successful and therefore recommended that no appeal be pursued.

Board Decision: Unanimously agreed (3-0 vote) Not to Appeal to Commonwealth Court.

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- (5) **New MT, Inc.** Proposed Conditional Licensing Agreement to Allow for the Renewal of License
1801 South 4th Street
Philadelphia, Pennsylvania 19148
Restaurant Liquor License No. R-9161
LID 28833
Docket No. March 2019 - 03360 (Philadelphia County)

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

- (6) **JJE Murphy, LLC** Rescission of Conditional Licensing Agreement
347 Slocum Street
Swoyersville, Kingston, Pennsylvania 18704-2943
Restaurant Liquor License No. R-15110
LID 57426

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chairman Holden asked if there was anyone present from JJE Murphy, LLC. There was no response.

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

- (7) **Big Dog's Saloon, Inc** Application for Conversion of Suspension to Fine
815 Aston Mills RD.
Aston, Pennsylvania 19014-1417
Restaurant Liquor License No. R-437
LID 55457

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Conversion of Suspension to a Fine of \$1,000.00.

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(8) Advisory Notice No. 25

Adoption of Advisory Notice No. 25

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chief Counsel Diaz indicated that this agenda item represents another response to questions from the industry which have arisen because of legislative changes. Advisory Notice No. 25 is the result of an amendment to the Liquor Code which created a fermented fruit beverage category. Chief Counsel Diaz explained that critical points addressed in the Advisory Notice include the requirements for brand registration and territorial agreements. Furthermore, products that meet the statutory definition and are marketed as beer will be considered to be beer and a manufacturer cannot then switch its categorization of the product to wine. The Advisory Notice further advises that product packaging and Point of Sale materials must be clear that the product is beer and not wine, as distributors and importing distributors are prohibited from selling wine. Chief Counsel Diaz stated that the Advisory Notice contains the appropriate contact information for inquiries regarding its subject matter.

Board Decision: Unanimously agreed (3-0 vote) to Approve Adoption of Advisory Notice No. 25.

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

(1) ABL Angels, Inc. Double Transfer & Request for
t/a Luntsky Market and More Interior Connections with
R-12233 (LID No. 96640) Another Business - Restaurant
601 Route 88
Roscoe, Washington County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

(2) BFS Foods, Inc. ‘Intermunicipal’ Double
t/a BFS Foods 65 Transfer & Requests for Interior
R-10124 (LID No. 97310) Connections with Other
1 Burkett Lane Businesses & to Conduct Other
South Strabane Township Businesses on the Licensed
Washington, Washington County Premises – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer & Requests for Interior Connections with Other Businesses & to Conduct Other Businesses on the Licensed Premises.

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- (3) **Dennis J. Barrett, Jr.** Renewal – Restaurant
t/a Wildwood 2
R-17179 (LID No. 72866) Case No. 19-9029
2489 Curwensville–Grampian Highway
Pike Township
Grampian, Clearfield County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold.
- (4) **Gerrity’s Supermarket, Inc.** Extension of License &
E-4004 (LID No. 5715) Request for Interior Connections
700-702 South Main Avenue with Another Business –
Scranton, Lackawanna County Eating Place Malt Beverage
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (3-0 vote) to Approve Extension of License & Request for Interior Connections with Another Business.
- (5) **Giant Food Stores, LLC** “Intermunicipal” Double
R-16828 (LID No. 98777) Transfer & Request for Interior
1600 Nay Aug Avenue Connections with Another
Scranton, Lackawanna County Business - Restaurant
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (3-0 vote) to Approve Transfer & Request for Interior Connections with Another Business.
- (6) **Giant Food Stores, LLC** “Intermunicipal” Double
R-17216 (LID No. 98949) Transfer & Request for Interior
539 North Oak Avenue Connections with Another
Aldan, Delaware County Business - Restaurant
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (3-0 vote) to Approve Transfer & Request for Interior Connections with Another Business.

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- (7) **Lucky J Sportsbar, Inc.** “Intermunicipal” Double
R-3521 (LID No. 95290) Case No. 19-9030 Transfer – Restaurant
116-118 West Broad Street
Hazleton, Luzerne County **HOLD – 9/11/19 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer.

- (8) **MAA Durga Beverages, LLC** Release of License from
R-18574 (LID No. 80974) Case No. 19-9032 Safekeeping & Request for
160 Main Street Interior Connections with
Slatington, Lehigh County Another Business – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chairman Holden asked if there was anyone present from MAA Durga Beverages, LLC.
There was no response.

Board Decision: Unanimously agreed (3-0 vote) to Refuse Release of License
from Safekeeping & Request for Interior Connections with
Another Business.

- (9) **Sheetz, Inc.** Double Transfer & Request for
t/a Sheetz #199 Interior Connections with
E-4774 (LID No. 99626) Another Business – Eating Place
1191 Carlisle Street Malt Beverage
Hanover, York County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

- (10) **Twisted Vine Beverage Co., LLC** Limited Winery Additional
t/a Twisted Vine Board-
LK-41135 (LID No. 96504) Approved Location & Request for
13106 Route 948 an Interior Connection with
Highland Township Another Business –
Kane, Elk County Limited Winery

BAL Location: Walmart
Monaca, Beaver County

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Limited Winery Additional Board-Approved Location & Request for an Interior Connection with Another Business.

(11) **Two Birch Winery, LLC**
LK-36248 (LID No. 90082)
25 Shroud Cay Court
Sandy Township
DuBois, Clearfield County

Request to Sell Other Items on the Licensed Premises – Limited Winery

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Sell Other Items on the Licensed Premises.

(12) **Cliff's Restaurant Group, Inc.**
t/a Cliff's Tavern
R-19986 (LID No. 89907) Case No. 2019-89907
1104 Carlisle Road, Cedar Cliff Mall
Lower Allen Township
Camp Hill, Cumberland County

Conditional Licensing Agreement
Renewal – District 1

HOLD – 8/21/19 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

(13) **Francesco D'Ottavio**
t/a D'Ottavio's Italian House II
E-3720 (LID No. 56776) Case No. 2019-56776
1302 Pennsylvania Avenue
Tyrone, Blair County

Conditional Licensing Agreement
Renewal – District 1

HOLD – 7/31/19 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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- (14) **IBPOE of the World** Renewal – District 5
BT Washington Lodge No. 218
C-3466 (LID No. 1631) Case No. 2019-1631
1127 Walnut Street, P. O. Box 579
McKeesport, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for Amended Conditional Licensing Agreement.
- (15) **Legion Memorial Association of Versailles Township** Renewal – District 5
CC-4693 (LID No. 3723) Case No. 2019-3723
Pennsylvania Avenue
Capital Street, White Oak
McKeesport, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for Conditional Licensing Agreement.
- (16) **Marcelina 806, Inc.** Renewal – District 5
t/a Gordon’s Restaurant
R-5309 (LID No. 72649) Case No. 2019-72649
806 Brookline Boulevard
Pittsburgh, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold.
- (17) **Nikko’s 1054, Inc.** Renewal – District 5
t/a Nikko’s
R-12194 (LID No. 53477) Case No. 2019-53477
1054 Herron Avenue
Pittsburgh, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold.

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- 18) Valentina 403, Inc.** Renewal – District 5
R-1379 (LID No. 71853) Case No. 2019-71853
401-403 Perry Highway
West View
Pittsburgh, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for Amended Conditional Licensing Agreement.
-
- (19) Wilson Restaurant Corporation** Renewal – District 5
t/a Jodi B’s Restaurant
R-16104 (LID No. 17772) Case No. 2019-17772 **HOLD – 9/25/19 SESSION**
140 Forest Hills Plaza
Forest Hills
Pittsburgh, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for Conditional Licensing Agreement (Offer-in-Compromise).

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

Personnel Actions – There were 9 personnel actions presented for consideration.

- (1) Christian Braxton-Hill – Affirm Removal**
- (2) Devin Caffrey – Removal**
- (3) Connor McGarry – Affirm Removal**
- (4) Haley Morris – Affirm Removal**
- (5) Danielle O’Neil – Affirm Removal**
- (6) Jason Pippens – Affirm Removal**
- (7) Shirley Proper – Affirm Removal**
- (8) Gino Troff – 30 Working Day Suspension**
- (9) Darnell Workman - Removal**

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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

Procurement Actions:

- (1) **Senior Business Subject Matter Experts Staff Augmentation** – Provide a block of hours for Adobe subject matter expert(s) to continue with the development of the new E-Commerce site using Adobe Assets and Sites Cloud-based software. Also continue working on the development and integration of the Tierney/Genuine Marketing related deliverables into the new site. Similar functionality to the existing E-Commerce site will be developed in the new site as well. This includes but is not limited to; a more streamlined checkout process, improved search functionality, shop by store, automation of inventory for the E-Commerce fulfillment center in conjunction with our Store Inventory Management system, adding address verification, integration of our Retail Promotions, a new mobile application and other work prioritized by Marketing.

Procured via DGS Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: Eight months – **\$681,423.60 estimated cost.**

- (2) **WebSphere Solutions Architect Staff Augmentation** – This position will analyze, design and architect any WebSphere API integration points with the Adobe Experience Manager front-end, our back-end Oracle Store Inventory Management, EBS and RMS needed for the implementation of the new E-Commerce site. The architectural design will then be conveyed to the WebSphere developers to build the integrations.

Procured via DGS Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: Eight months - **\$136,200.00 estimated cost.**

- (3) **Philadelphia Police Department Services** – Provide uniformed police officers, driving distinctively-marked Philadelphia Police Department patrol cars, to randomly drive by and enter specific PLCB Fine Wine & Good Spirits stores throughout Philadelphia on a daily basis in order to have a more effective and meaningful crime deterrent environment.

Procured via Sole Source – VENDOR: **Philadelphia City** – TERM: One year - **\$856,053.00 estimated cost.**

- (4) **Automate Cash Management Process / Consolidate Banking Accounts / Smart Safes** - Using an automated cash management solution will provide visibility and better controls to timely detect fraud, theft, or revenue leakage, in addition to faster access to our working capital. With the new solution, store and E-Commerce reconciliations will be done automatically on a daily basis from PNC to our reconciliation system, replacing the time-consuming manual and error-prone processes in use today.

Procured via Bank Agreement - VENDOR – **PNC Bank** – Total annual estimated cost of **\$4,142,592.00 or \$345,216.00 per month (based on current number of locations).**

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

Inter-Agency Charges:

- (1) **Office of Administration – IT Shared Services** – Billing of \$255,750.00 for the first quarter of FY 2019-20 for OA’s IT Enterprise Technology Essential Services. This billing is for enterprise-wide infrastructure, network, security, enterprise data center (EDC) and service desk 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 Isenhour

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

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

- 1. **#1525 – Lionville Shopping Center, 162 Eagleview Boulevard, Exton Amendment**
- 2. **#2004 – 211 East Erie Street, Linesville Amendment**
- 3. **#6502 – 313 Depot Street, Latrobe Amendment**
- 4. **#8411-T – 140 West Germantown Pike, Plymouth Meeting Temporary Relocation Region 1 Retail Operations Offices**
- 5. **#8411 – 2260 Butler Pike, Suite 100, Plymouth Meeting Permanent Relocation of Region 1 Retail Operations Offices**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 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>ViVino Selections</u>	
Primo Bacio Semisweet Red Blend 750 mL	11, 19

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Preferred New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>The Expert Group Ltd</u>	
Knucklehead Vodka 80 Proof 750 mL	16
Stirred by an Angel London Dry Gin 100 Proof 750 mL	16
<u>Leadership Brands LLC</u>	
Old Farm Rye Whiskey 80 Proof 750 mL	16

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
16. PA Spirits
17. PA Wines
18. Licensee only
19. Probationary listing

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3. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Diageo Americas Inc</u> Ciroc French Vanilla Vodka 75 Proof 750 mL	2385
<u>Jim Beam Brands Co</u> Effen Vodka 80 Proof 1.75 L	2213

EFFECTIVE DATE: The transference to closeout will become effective November 10, 2019

4. Regular Recommended Delist Revision

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>RESCIND</u>	
<u>Jim Beam Brands Co</u> Effen Vodka 750 ML	5101

Note: This was sent to Board June 26, 2019

RECOMMENDED ACTION: We recommend the Board approve this action

Motion Made: Board Member Negra

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve all Product Selection 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>July 31, 2019</u>	<u>July 31, 2018</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 46,639,969	\$ 56,028,621
Investments - short term	242,331,819	200,845,221
Accounts and claims receivable, net	3,602,107	553,523
Due from other funds - Note 8	-	831,247
Merchandise inventories, net	248,119,997	259,378,697
Operating supplies	286,436	716,301
Prepaid expenses	<u>1,258,268</u>	<u>811,903</u>
Total current assets	<u>542,238,596</u>	<u>519,165,513</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,818,064
Leasehold improvements	341,826	612,301
Machinery and equipment	48,574,875	48,315,559
Intangibles - internally generated software	<u>23,052,887</u>	<u>25,990,043</u>
Less: accumulated depreciation	<u>63,625,442</u>	<u>67,389,423</u>
Net depreciable capital assets	<u>29,219,366</u>	<u>28,346,544</u>
Total non-current capital assets	<u>29,542,339</u>	<u>28,669,517</u>
Total assets	<u>\$ 571,780,935</u>	<u>\$ 547,835,030</u>
Total deferred outflows of resources - Note 4, 5	\$ 160,931,631	\$ 88,590,800
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 279,729,526	\$ 258,988,296
Other accounts payable	28,515,971	29,841,212
Accrued expenses	18,143,705	17,140,966
OPEB - Note 5	8,994,000	11,976,000
Self-insurance, workers' compensation - Note 6	5,693,938	8,137,029
Due to other funds - Note 8	5,335,405	4,293,719
Due to fiduciary funds - Note 8	2,561,065	2,345,740
Due to other governments - Note 8	<u>684,574</u>	<u>640,579</u>
Total current liabilities	<u>349,658,184</u>	<u>333,363,541</u>
Non-current liabilities:		
OPEB - Note 5	580,429,000	781,379,000
Self-insurance, workers' compensation - Note 6	48,841,124	47,949,448
Net pension liability - Note 4	533,491,336	443,337,473
Compensated absences - Note 1	<u>21,598,132</u>	<u>20,809,984</u>
Total non-current liabilities	<u>1,184,359,592</u>	<u>1,293,475,905</u>
Total liabilities	<u>\$ 1,534,017,776</u>	<u>\$ 1,626,839,446</u>
Total deferred inflows of resources - Note 4, 5	\$ 288,463,836	\$ 106,488,959
<u>NET POSITION</u>		
Net investment in capital assets	\$ 29,542,339	\$ 28,669,517
Deficit	<u>(1,119,311,385)</u>	<u>(1,125,572,092)</u>
Total net position	<u>\$ (1,089,769,046)</u>	<u>\$ (1,096,902,575)</u>

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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 July 31, 2019 and July 31, 2018
 (Unaudited)**

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 170,181,850	\$ 161,508,786
Cost of goods sold	(115,504,448)	(109,478,606)
Gross profit from sales	54,677,402	52,030,180
Operating (expenses):		
Retail operations	(30,632,033)	(33,165,273)
Marketing & merchandising	(1,244,771)	(1,621,652)
Supply chain	(538,475)	(547,452)
Wholesale operations	(114,804)	(147,135)
Information technology services	(2,865,390)	(2,602,640)
Regulatory affairs	(1,641,034)	(2,057,198)
Administration	(973,442)	(1,139,629)
Finance	(410,953)	(302,511)
Board & secretary	(316,552)	(355,919)
Legal	(383,705)	(355,748)
Commonwealth provided services - Note 2	(1,006,676)	(971,267)
Total	(40,127,835)	(43,266,424)
Operating profit	14,549,567	8,763,756
Other operating revenues (expenses):		
Enforcement fines	171,531	162,756
License fees	2,670,784	3,686,935
Miscellaneous income	204,219	147,808
Administrative law judge	(251,466)	(239,549)
Total	2,795,068	3,757,950
Total operating income	17,344,635	12,521,706
Miscellaneous revenues (expenses):		
Interest income	498,583	404,252
Other	-	-
Total	498,583	404,252
Income before operating transfers	17,843,218	12,925,958
Operating transfers out:		
PSP enforcement - Note 3	(2,425,568)	(2,521,634)
Net income from operations	15,417,650	10,404,324
Statutory Transfers:		
General fund - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	-	-
Change in net position	15,417,650	10,404,324
Total net position - beginning	(1,105,186,696)	(1,107,306,899)
Total net position - ending	<u>\$ (1,089,769,046)</u>	<u>\$ (1,096,902,575)</u>
Liquor tax	30,463,821	28,587,095
State Sales Tax	11,996,446	11,243,685
Local Tax	763,378	705,882
Taxes remitted to Dept.of Revenue PTD	<u>\$ 43,223,645</u>	<u>\$ 40,536,662</u>

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

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 57,378,297	\$ 49,576,085
Investments - short term	260,153,830	225,099,623
Accounts and claims receivable, net	3,276,857	357,928
Due from other funds - Note 8	-	-
Merchandise inventories, net	250,130,411	262,630,267
Operating supplies	185,399	568,975
Prepaid expenses	1,762,610	1,727,435
Total current assets	<u>572,887,404</u>	<u>539,960,313</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,873,018
Leasehold improvements	341,826	612,301
Machinery and equipment	48,829,989	48,444,591
Intangibles - internally generated software	23,428,163	25,990,043
Less: accumulated depreciation	64,164,621	68,073,335
Net depreciable capital assets	<u>29,310,577</u>	<u>27,846,618</u>
Total non-current capital assets	<u>29,633,550</u>	<u>28,169,591</u>
Total assets	<u>\$ 602,520,954</u>	<u>\$ 568,129,904</u>
Total deferred outflows of resources - Notes 4, 5	\$ 161,434,631	\$ 88,550,800
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 297,748,216	\$ 267,143,927
Other accounts payable	21,462,704	25,331,046
Accrued expenses	20,301,464	19,764,399
OPEB - Note 5	8,994,000	11,976,000
Self-insurance, workers' compensation - Note 6	6,193,938	8,637,029
Due to other funds - Note 8	5,982,800	3,593,327
Due to fiduciary funds - Note 8	3,016,123	2,812,681
Due to other governments - Note 8	789,768	752,536
Total current liabilities	<u>364,489,013</u>	<u>340,010,945</u>
Non-current liabilities:		
OPEB - Note 5	565,897,000	781,379,000
Self-insurance, workers' compensation - Note 6	48,841,124	47,949,448
Net pension liability - Note 4	536,691,336	445,997,473
Compensated absences - Note 1	21,598,132	20,809,984
Total non-current liabilities	<u>1,173,027,592</u>	<u>1,296,135,905</u>
Total liabilities	<u>\$ 1,537,516,605</u>	<u>\$ 1,636,146,850</u>
Total deferred inflows of resources - Notes 4, 5	\$ 297,770,836	\$ 104,798,959
<u>NET POSITION</u>		
Net investment in capital assets	\$ 29,633,550	\$ 28,169,591
Deficit	<u>(1,100,965,406)</u>	<u>(1,112,434,696)</u>
Total net position	<u>\$ (1,071,331,856)</u>	<u>\$ (1,084,265,105)</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 Month Ending August 31, 2019 and August 31, 2018
(Unaudited)

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 180,424,280	\$ 172,764,609
Cost of goods sold	<u>(123,510,029)</u>	<u>(118,667,207)</u>
Gross profit from sales	56,914,251	54,097,402
Operating (expenses):		
Retail operations	(31,349,821)	(32,905,054)
Marketing & merchandising	(901,621)	(1,333,239)
Supply chain	(612,978)	(653,017)
Wholesale operations	(131,065)	(151,018)
Information technology services	(2,385,612)	(2,569,141)
Regulatory affairs	(1,701,456)	(1,720,442)
Administration	(943,687)	(1,306,555)
Finance	(240,000)	(310,000)
Board & secretary	(219,861)	(348,325)
Legal	(224,770)	(324,752)
Commonwealth provided services - Note 2	<u>(1,181,956)</u>	<u>(1,181,069)</u>
Total	<u>(39,892,827)</u>	<u>(42,802,612)</u>
Operating profit	17,021,424	11,294,790
Other operating revenues (expenses):		
Enforcement fines	127,475	118,642
License fees	3,283,859	3,337,855
Miscellaneous income	204,045	242,516
Administrative law judge	<u>(233,632)</u>	<u>(255,816)</u>
Total	<u>3,381,747</u>	<u>3,443,197</u>
Total operating income	20,403,171	14,737,987
Miscellaneous revenues (expenses):		
Interest income	543,736	435,347
Other	<u>-</u>	<u>-</u>
Total	<u>543,736</u>	<u>435,347</u>
Income before operating transfers	20,946,907	15,173,334
Operating transfers out:		
PSP enforcement - Note 3	(2,509,717)	(2,535,864)
Net Income from operations	<u>18,437,190</u>	<u>12,637,470</u>
Statutory Transfers:		
General fund - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	18,437,190	12,637,470
Total net position - beginning	<u>(1,089,769,046)</u>	<u>(1,096,902,575)</u>
Total net position - ending	<u>\$ (1,071,331,856)</u>	<u>\$ (1,084,265,105)</u>
Liquor tax	32,152,366	31,301,244
State Sales Tax	12,657,009	12,323,316
Local Tax	789,971	787,096
Taxes remitted to Dept.of Revenue YTD	<u>\$ 45,599,346</u>	<u>\$ 44,411,656</u>

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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 Two Months Ending August 31, 2019 and August 31, 2018
(Unaudited)**

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 350,606,130	\$ 334,273,395
Cost of goods sold	<u>(239,014,477)</u>	<u>(228,145,812)</u>
Gross profit from sales	111,591,653	106,127,583
Operating (expenses):		
Retail operations	(61,981,854)	(66,070,326)
Marketing & merchandising	(2,146,392)	(2,954,891)
Supply chain	(1,151,453)	(1,200,470)
Wholesale operations	(245,868)	(298,153)
Information technology services	(5,251,002)	(5,171,781)
Regulatory affairs	(3,342,490)	(3,777,640)
Administration	(1,917,130)	(2,446,184)
Finance	(650,953)	(612,511)
Board & secretary	(536,413)	(704,244)
Legal	(608,475)	(680,501)
Commonwealth provided services - Note 2	<u>(2,188,631)</u>	<u>(2,152,336)</u>
Total	<u>(80,020,661)</u>	<u>(86,069,037)</u>
Operating profit	31,570,992	20,058,546
Other operating revenues (expenses):		
Enforcement fines	299,006	281,399
License fees	5,954,643	7,024,791
Miscellaneous income	408,263	390,322
Administrative law judge	<u>(485,098)</u>	<u>(495,365)</u>
Total	<u>6,176,814</u>	<u>7,201,147</u>
Total operating income	37,747,806	27,259,693
Miscellaneous revenues (expenses):		
Interest income	1,042,319	839,599
Other	<u>-</u>	<u>-</u>
Total	<u>1,042,319</u>	<u>839,599</u>
Income before operating transfers	38,790,125	28,099,292
Operating transfers out:		
PSP enforcement - Note 3	(4,935,285)	(5,057,498)
Net income from operations	<u>33,854,840</u>	<u>23,041,794</u>
Statutory Transfers:		
General fund - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	33,854,840	23,041,794
Total net position - beginning	<u>(1,105,186,696)</u>	<u>(1,107,306,899)</u>
Total net position - ending	<u>\$ (1,071,331,856)</u>	<u>\$ (1,084,265,105)</u>
Liquor tax	62,616,186	59,888,339
State Sales Tax	24,653,455	23,567,001
Local Tax	1,553,349	1,492,978
Taxes remitted to Dept.of Revenue YTD	<u>\$ 88,822,990</u>	<u>\$ 84,948,318</u>

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OTHER ISSUES

None

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, October 23, 2019 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 Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary