CONTROL ◆ SERVICE ◆ REVENUE

Carrying Out Our Mission

Committed to Excellence for the Commonwealth

Virginia Department of Alcoholic Beverage Control **2004 Annual Report**

CONTROL ◆ SERVICE ◆ REVENUE

ABC Vision

To enhance the quality of life for Virginia's citizens by balancing service, revenue and control in the distribution, sale and consumption of alcoholic beverages.

ABC Mission

To control the distribution of alcoholic beverages; operate efficient, conveniently located retail outlets; enforce the laws of the Commonwealth pertaining to alcoholic beverages and youth access to tobacco products; and provide excellent customer service, a reliable source of revenue, and effective public safety.

Annual Report 2004

Table of Contents

Committed to Excellence: Letter from the Chairman 5

Executive Information 7

Carrying Out Our Mission: A Review of Mission, Goals & Agency Operations 8

Spotlight: Enforcement Bureau Compliance Rates Climb to a Record High 10

Spotlight: Information Technology Services Achieves Another Outstanding Year 12

Performance Measures: Keeping Track of How We Are Doing 14

Stakeholder Surveys: Keeping Track of What Our Constituents & Customers Think 16

Spotlight: IT Steering Committee Prioritizes Projects for Another Notable Year 17

Spotlight: Alcohol Education & Prevention Initiatives 18

Spotlight: Legislation – 2004 General Assembly 19

Spotlight: ABC Earns SPQA Certificate for Performance Excellence 20

Teamwork & Pride: A Tribute to the ABC Team 21

Spotlight: Record Sales & Store Activities 24

Spotlight: Hearings & Appeals Activity 25

Fiscal Year 2004: A Message from the Chairman, Chief Operating Officer & Chief Financial Officer 26

Fiscal Year 2004: Financial Highlights & Results in Brief 27

Fiscal Year 2004: Financial Statements & Statistics 28

Auditor's Report 59

Management's Discussion & Analysis 60

Basic Financial Statements with Notes 65

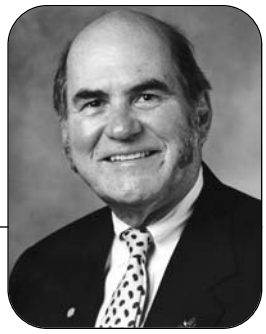
ABC Offices & Warehouse Information 73

CONTROL ◆ SERVICE ◆ REVENUE

Carrying Out Our Mission

Committed to Excellence for the Commonwealth

Committed to Excellence



Vernon M. Danielsen

Letter from the Chairman

ABC celebrates 70 years of excellence in providing control over alcoholic beverages, customer service and revenue to the Commonwealth. We celebrate our sixth record year with gross retail sales, including state tax on liquor and wine, of $490.7 million for the year ending June 30, 2004. This is an increase of 12 percent from the previous year. Total contributions from ABC to the Commonwealth of Virginia exceeded $240 million for Fiscal Year 2004.

ABC is opening a new store every three weeks. We had 293 stores in operation by the end of Fiscal Year 2004. Two years ago ABC established the goal of having 300 stores by 2006; we are on target to beat this schedule by more than one year. We updated the projection to 325 stores by the end of 2006.

ABC has also embarked on an aggressive schedule for the installation of a new automated warehouse system scheduled to be operational to support the 2005 holiday season. The new system will accommodate store growth, the volume of products shipped and the increased variety of products expected by our customers. The new system will support 3,500 individual products compared to the approximately 2,000 that the current system handles.

Increased efforts by ABC and retail licensees to avoid sales of alcoholic beverages to underage persons are paying off with a record compliance rate of 91 percent for Fiscal Year 2004. This compares to a rate of 77 percent two years ago. ABC Bureau of Law Enforcement is working with local police departments and community groups across the state to bring problem establishments into compliance with the ABC laws and regulations.

The ABC Education Section is involved in a collaborative effort to develop programs to educate adults in the dangers of providing alcohol to underage persons and to enlist their support in preventing consumption by them.

Employee and management strength at ABC has resulted in the agency being awarded the very prestigious U.S. Senate Productivity and Quality Award (SPQA) Certificate for Commitment to Performance Excellence for 2004. It demonstrates ABC's leadership, customer and market focus, human resource focus, strategic planning, information and analysis, and process management. The combination of all of these things will insure that ABC continues to move forward, for a seventh record year and beyond.

Vernon M. Danielsen, Chairman
Virginia Department of Alcoholic Beverage Control

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF
ALCOHOLIC BEVERAGE CONTROL
CENTRAL OFFICE AND WAREHOUSE

Annual Report 2004

Executive Information

Governor

Mark R. Warner

ABC Board Fiscal Year 2004

Vernon M. Danielsen, *Chairman*
Esther H. Vassar, *Member*
Warren E. Barry, *Member*

Executive Staff

W. Curtis Coleburn, III, *Chief Operating Officer, Secretary to the Board*
Ronald K. Layne, *Chief Financial Officer*
John W. Wszelaki, *Internal Audit Director*

Division Directors

Virginia A. Adams
Wholesale/Retail Operations

S. Christopher Curtis
Bureau of Law Enforcement

Robert S. O'Neal
Hearings, Appeals and Board Administration

J. Craig Vanderland
Policy, Analysis & Support Services

Charles R. Moore
Information Technology Services

Nancy A. Murphy
Financial Management Services

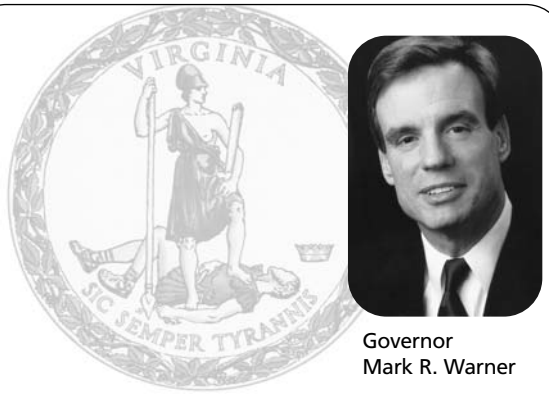
Janet L. Lawson
Human Resources

Robert W. Southall
Property Management Services

Rebecca V. Gettings
Public Affairs

ABC Board

Pictured above are **Vernon M. Danielsen**, Chairman *(left)*, **Esther H. Vassar**, Member *(seated)* and **Warren E. Barry**, Member.



Governor
Mark R. Warner

Governor Warner is dedicated to seeing Virginia lead the nation in the new century and in the new economy.

Copyright © 2004 Virginia Department of ABC. All Rights Reserved.

Carrying Out Our Mission 2004

A Review of Mission, Goals & Agency Operations

Striving for excellence while balancing control, service and revenue impacts all areas of agency operations as employees of Virginia ABC dedicate themselves to furthering the vision of the agency while carrying out its mission.

The mission of ABC is to control the distribution of alcoholic beverages; operate efficient, conveniently located retail outlets; enforce the laws of the Commonwealth pertaining to alcoholic beverages and youth access to tobacco products; and provide excellent customer service, a reliable source of revenue and effective public safety.

As one of 18 control states across the United States, Virginia shares a common goal of safely and responsibly administering the sale and distribution of alcoholic beverages. This is achieved through regulation of a three-tier system involving distributors, wholesalers, and retailers. ABC serves as the wholesaler and retailer of distilled spirits in Virginia. Goods are purchased from domestic and international vendors and shipped from all over the world to a seven-acre central warehouse facility in Richmond.

Retail outlets include 293 state-operated ABC stores that sell packaged distilled spirits and Virginia wines to the public and to 3,584 mixed beverage licensees for sale/consumption in their restaurants throughout the state. Licensees (also considered retailers) include 10,038 private or corporate owners of establishments, holding approximately 18,622 ABC licenses allowing sales and/or consumption of beer and wine or mixed beverages on- or off-premise. Licensees, as well as ABC store employees, are required to comply with ABC laws.

In Fiscal Year 2004, 293 ABC stores were responsible for over $490 million in gross sales and the sale of approximately 3.2 million cases of distilled spirits, Virginia wines and assorted mixers. A major source of revenue for Virginia state agencies, the General Fund and localities, ABC provided over $240 million in contributions to the Commonwealth for Fiscal Year 2004.

Considerable effort is expended to support the agency's goal to expand the retail store network to improve customer convenience. Market plans, management reports, operational studies, real estate location studies and a wide array of data come into play in the decision-making process to ensure optimum customer service and profitability for the Commonwealth. ABC opened 17 new stores in Fiscal Year 2004.

Product merchandising and category development also require constant review in order to stay on top of the latest industry trends in merchandising and shelf management.

Implementation of a new Point of Sale (POS) system for all retail stores and testing for implementation of Management of Inventory and Product Sales (MIPS) began in Fiscal Year 2002 and continued with enhancements in Fiscal Year 2003 and 2004. Both are Web-enabled systems that increase the efficiency of ABC's business activities and provide a platform for well-informed decision making and improved customer service. Fiscal Year 2004 also brought a more developed and functional Incident Based Reporting (IBR) system that is used by all enforcement personnel, and a new Time, Attendance and Leave (TAL) reporting system that is used by all agency personnel.

The agency is dedicated to ensuring that legal-aged adults who choose to responsibly consume alcohol can do so in a safe environment – one that is compliant with the laws and regulations of the Commonwealth. ABC's Bureau of Law Enforcement has eight regional offices and 127 special agents and supervisors located throughout Virginia.

ABC special agents have full police powers with a diverse range of duties – from investigating license applicants, to detecting illegal distilleries, to enforcing criminal and ABC laws in more than 14,000 licensed establishments. Criminal activities ranging from drugs and vice, to money laundering and tax evasion are investigated and prosecuted through the state court system. ABC special agents also participate in state, local and federal task forces investigating criminal activities.

Illegal activities in licensed establishments may lead to criminal charges and/or to administrative charges against the license(s). ABC violations investigated by ABC Enforcement are reported to the Hearings, Appeals and Board Administration Division to be placed on the docket for an administrative hearing. Opposing sides introduce evidence in support of their case before an administrative law judge or hearing officer who weighs the evidence presented and issues a decision a short time later. Administrative hearings can result in dismissal, fines, suspension or revocation of a license.

Continued on page 11

Spotlight: Enforcement Bureau Compliance Rates Climb to a Record High

Youth access to alcohol in Virginia is diminishing as evidenced by the latest underage buyer compliance statistics released by the Virginia ABC Bureau of Law Enforcement. Statistics for Fiscal Year 2004 show the rate of compliance with the Commonwealth's laws and regulations have increased again to a record high of 91 percent in the licensee community. The rate of compliance for ABC stores has remained steady at 97 percent. ABC special agents complete nearly 400 alcohol underage buyer (UB) compliance checks every month.

"We are pleased that the rates have continued to increase toward the agency's goal of 100 percent compliance," said Christopher Curtis, director of ABC's Bureau of Law Enforcement. "ABC attributes this increase to two major factors. First, the presence of a hard-working team of special agents is a necessary component for increasing compliance. ABC has a team of 127 special agents who monitor the activities of the licensee community on a daily basis, keeping public safety as the number one priority. Second, many licensees are actively taking steps to avoid sales to underage buyers; they have attended the ABC trainings and understand the risks to their patrons, the community and to their establishments of not following the regulations."

Virginia has shown a pattern of growth since UB compliance checks began in January 1998, when the rate was only 62 percent. For the next few years, the rate remained steady at 76 to 77 percent, but then increased to 85 percent by the close of Fiscal Year 2003 and to 91 percent in 2004.

ABC's award-winning Enforcement Bureau takes an active role in promoting compliance for licensees. As the statistics reflect, for every written warning and violation report issued, there were nearly two training sessions presented to citizens and licensees during Fiscal Year 2004. In addition, ABC agents made over 2,200 arrests, conducted over 16,200 criminal investigations, issued over 2,500 retail licenses, almost 11,000 special event licenses, and collected nearly $78 million in wine and beer taxes and license fees.

Finally, many of the agents from all eight regional Enforcement offices are active participants in the agency's Speakers Bureau. This bureau has continued to grow in popularity, evidenced by the 153 requests for presentations that were met. Agents delivered alcohol education presentations to concerned citizens, management and staff at licensed establishments, middle and high schools, and colleges covering topics such as: how to prevent underage consumption; how to prevent ABC violations at establishments, and how to properly check IDs. **ABC**

During Fiscal Year 2004, special agents and staff of the Bureau of Law Enforcement:

- Issued 10,912 one-day banquet and special event licenses
- Issued 2,539 new retail, wholesale and special permit licenses
- Collected $77,396,778 in wine and beer taxes and license fees
- Conducted 16,278 criminal investigations
- Made 2,214 arrests
- Conducted 5,590 inspections of licensed establishments
- Issued 1,268 written warnings and violation reports
- Conducted four illegal still investigations involving eight stills
- Conducted 2,151 public and licensee training presentations

Senior Special Agent Joe Cannon gets into the state car as Special Agent Cathy Klepper touches base with local police.

Once the decision is issued, either party has 30 days to appeal the case to the ABC Board. In an appeal hearing, arguments are presented summarizing each side of the case, but no new evidence is introduced. The Board may uphold the hearing officer's decision, alter it or dismiss it. The Board issues a final order and again each party has 30 days to appeal, this time to the Circuit Court in the locality where the licensed establishment is located.

Some of the most common violations include selling to an intoxicated person, allowing disorderly or lewd conduct, allowing distribution and/or use of illegal narcotics on the premises and selling to an underage person.

Committed to preventing sales of alcoholic beverages and tobacco to underage persons, ABC special agents conduct continuous alcohol and tobacco enforcement operations. Underage buyers are utilized to conduct checks on retail licensees that sell alcohol, including ABC stores, and on retail establishments that sell tobacco products. Compliance rates for sales of alcohol to underage buyers reached a record 91 percent for Fiscal Year 2004. This compares to a rate of 77 percent two years ago.

ABC continues to lead the Commonwealth in alcohol prevention and community education initiatives. ABC Bureau of Law Enforcement's Education Section provides training to local law enforcement agencies on the alcohol laws of Virginia and provides compliance training for licensees. In addition, the agency provides thousands of dollars in grant funding to enhance community prevention coalitions, and produces prevention materials and hosts training sessions and conferences for communities, colleges and universities throughout Virginia.

ABC Enforcement's Tax Management section audits and collects the wholesale wine and malt beverage taxes for all wine and beer sold in the Commonwealth, amounting to nearly $68 million this year.

ABC is a multi-faceted agency requiring much business support as it carries out its mission. In addition to Wholesale/Retail Operations, the Bureau of Law Enforcement and Hearings and Appeals, many employees offer their expertise through support divisions.

The Division of Policy, Analysis and Support Services provides program and decision support services to internal and external customers. Staff manages the procurement of goods and coordinates the analysis, development and maintenance of agency policies. The division also leads the agency in developing, updating and reviewing its strategic plan and handles citizen Freedom of Information Act (FOIA) requests.

The Division of Information Technology Services offers support to all agency divisions by providing sound technology solutions. The division has revamped its development environment and has taken the lead in preparing the agency for Internet-based transactions through implementation of major new computer-based systems.

The Financial Management Services (FMS) Division is responsible for all fiscal functions of the agency including payroll, budgeting, cash receipts, cash disbursements and financial reporting. The division processed payments of $264 million in purchases of merchandise for resale in Fiscal Year 2004 along with $58 million in payroll related expenses and over $32 million in other operating expenses. The Sales Audit Section of FMS receives nightly polling information from all

Continued on page 13

Spotlight: Information Technology Services Achieves Another Outstanding Year

The nearly 50-member team making up ABC's Information Technology Services Division (ITSD) has had many accomplishments over the last few years, from initiating the Incident Based Reporting System (IBR) that assists special agents with tracking criminal arrest and administrative violations, to Web site enhancements, to installing the customer-friendly Point of Sale (POS) system in each ABC store. ITSD began Fiscal Year 04 with aggressive goals to keep the agency on target for another progressive year with more technical advancements and foresight to meet industry trends; they did not disappoint.

As a forward thinking organization, ABC realizes how vital IT is in propelling the agency ahead to meet its control, service and revenue goals. The talents of ITSD go beyond the daily routine technical support that keeps the agency running efficiently; the team achieves much more through a variety of projects. For instance, ABC enhanced its enforcement applications by implementing Web-based services. This year brought a more developed IBR system that was used by Enforcement to enter and view arrest information for investigations and the creation of required reports for the Virginia State Police. ABC has initiated the second phase of this application, for the collection of additional information and to integrate the IBR system with other enforcement applications for improved law enforcement support.

In addition, ABC continually enhances its Web-based applications for external customers. In today's Internet savvy, fast-paced world, ABC realizes that many customers will look to the Web for quick services and transactions. Therefore, ITSD has made strides with these online services evidenced by advancements such as an improved user-friendly banquet licensing system and vendor tax reporting application.

This team also concentrated on enhancing the agency's hardware and software infrastructure to support the increased number of stores and additional hours of operations. Dated telecommunication switches have been upgraded to meet required software enhancements, and high-speed Internet lines were installed to accommodate remotely based enforcement agents and regional managers.

ITSD continues to enhance its POS system to support new credit card processing techniques for a customer-friendly environment and to elevate the administrative processing capabilities for more efficient management.

As a precaution, ABC also installed a backup electrical power generator that will automatically start when power is out. This generator is needed to eliminate the downtime that adversely affects store operations.

Advancements have been made with the warehouse management application that is used to manage product inventories, which have led to more efficient operations and service to stores without requiring additional staff. In addition, ITSD has steadily been working to upgrade warehouse picking processes and the rack storage system for increased performance.

ITSD has also upgraded its data warehouse environment, which provides data for reporting to internal and external customers. This environment has been improved and implemented on the disk storage cluster unit for faster access and services. In addition, the team continues to broaden internal applications for administrative support. The MY ABC application has been fully developed and promoted internally as a service to employees, providing them with access to Human Resources information, pay history, training resources and timekeeping and leave information.

Rolled out this year, the Time, Attendance and Leave Reporting System (TAL) is an intranet program that employees can access easily through personal desktops. TAL is designed to be an efficient method of entering, maintaining and reporting employee time worked and leave taken. The system prevents multiple manual processes, redundant data entry and data inconsistency problems. This system also eliminates the steady stream of paper leave forms.

Finally, ITSD has taken proactive steps to support the Governor's initiative to consolidate technology infrastructure, personnel and equipment under the umbrella of the Virginia Information Technology Agency (VITA). ABC was the first large agency to complete the VITA transition agreements and is on course to be included in the first transition phase for large agencies.

This team has set aggressive goals for the coming year to stay on the track of success, and the accomplishments of the past few years have demonstrated its capability and insight to do just that. **ABC**

ABC stores and is responsible for balancing and reporting daily store activity to include sales, cash, credit card transactions, taxes and cost of goods sold.

Property Management Services Division maintains rented and owned properties including the Central Office, Warehouse, Regional Enforcement offices and ABC stores. Staff performs renovations, upgrades and repairs for these properties. The division negotiates leases for all agency-leased space and takes the lead in preparing contracts for work that is outsourced.

The Human Resources Division screens thousands of applications and consults with managers who are hiring staff to fill vacancies that further enhance the agency's work force. During the fiscal year, 122 classified and 824 part-time new employees joined ABC.

The division's Training Section offers employees the opportunity to attend training programs to increase their professional development, management development and technical skills. Classified employees statewide participated in over 715 workshops and conferences. The Retail 101 training program equipped 675 part-time employees this fiscal year with the skills and knowledge necessary to provide excellence in customer service and effective public safety. The agency also provided tuition assistance, in accordance with ABC policy, to 13 employees.

In Fiscal Year 2004, the Hearings, Appeals and Board Administration Division received and processed 1,242 cases resulting in $1,681,175 in penalties and fines. In addition to administrative violations, the division dockets contested license applications referred for hearing. In most cases, the hearing officer and court reporter travel to the community where the licensee is located to conduct the hearing. The division processes all consent settlement offers and offers in compromises – two methods of resolving hearings issues before the case goes to trial.

The division processes modifications to administrative hearings decisions, late appeals, reconsiderations and all decisions on appeals, known as board orders. Staff is also responsible for processing all hearings-related Freedom of Information Act (FOIA) requests.

The Internal Audit Division has agency-wide responsibility for identifying risk, assisting management in developing a proper internal control environment and offering recommendations for creative business solutions to enhance agency business practices and policies. The division is also responsible for conducting agency administrative reviews and investigating all state hotline complaints.

The Public Affairs Division is charged with disseminating information to the news media and to the public. Publicizing agency programs and activities resulted in 63 news releases and staff responded to 888 media inquiries in Fiscal Year 2004. The division is responsible for managing the content on the agency Web site and handling all media-related Freedom of Information Act (FOIA) requests. Staff also provides writing, graphics, marketing and photographic support to all agency divisions, striving for a unified message.

Throughout the Commonwealth, ABC employees are partnering to carry out the mission of the agency. All divisions of the ABC team provide important functions necessary for the agency to provide excellence in all areas of control, service and revenue. **ABC**

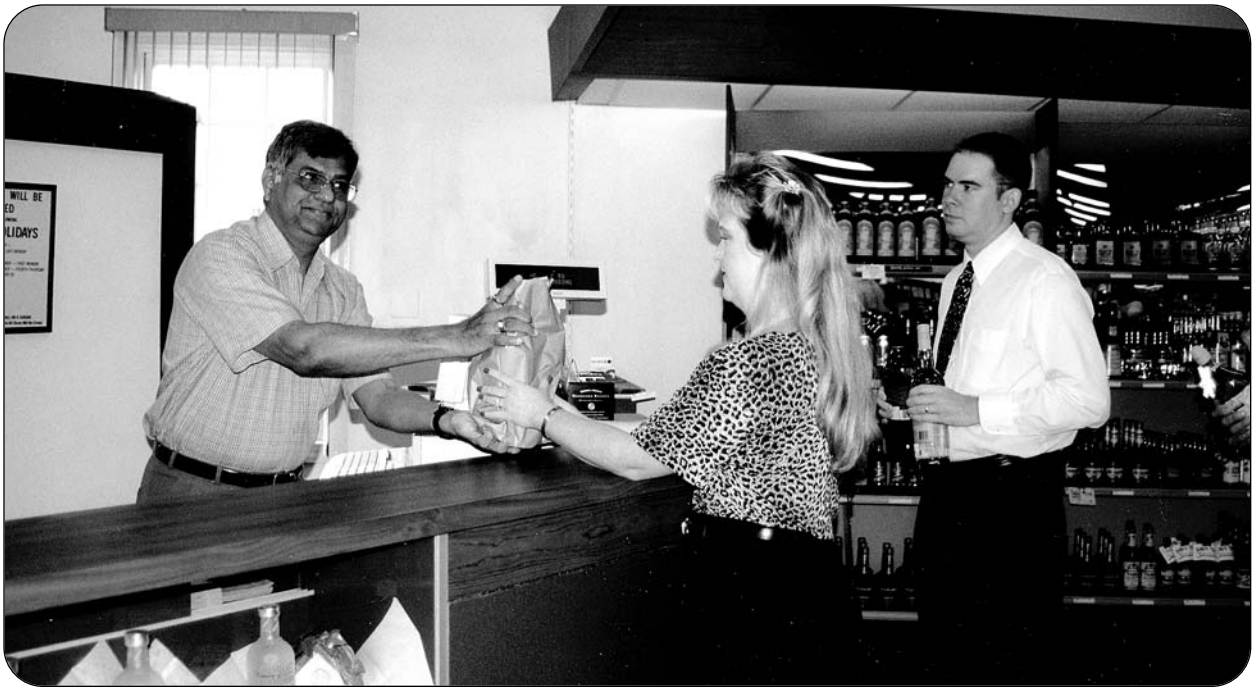
Performance Measures 2004

Keeping Track of How We Are Doing

ABC performance measures and results are directly linked to the goals and objectives in the agency's strategic plan, including control, service and revenue growth and reliability. The agency is striving to develop measures and collect measurement results that can serve as statistical tools to help management make important business decisions.

A cross-functional team of ABC employees developed the system and have begun collecting and reporting the results. The reporting system is centered on a scorecard that takes into consideration performance measures from public safety, customer service, financial, workforce and process management perspectives.

The performance results are being made available agency-wide on a quarterly and annual basis. Senior leaders will review the results to determine if any management actions are required. A good performance measurement system provides information that is meaningful and useful to decision-makers in carrying out the agency mission. On the opposite page are excerpts from the Fiscal Year 2004 ABC Performance Results.



2004 Performance Measures Highlights

		2004	2003	2002	Desired Trend/Target
Public Safety Related Measures: The effectiveness of the programs governing the responsible distribution and consumption of alcoholic beverages.					
Underage Buyer Compliance Rates in ABC Stores		97%	95%	90%	increase
Private Business Compliance with Underage Buyer		91%	85%	77%	increase
% Clerks Checking ID's and Then Sold:					
• Tobacco		67%	—	—	decrease
• Alcohol Licensees		64%	—	—	decrease
• Alcohol ABC Stores		57%	—	—	decrease
Apparent Per Capita Consumption (Gal/Yr)*		1.09	1.07	—	stable
Level of Awareness of Public Safety Programs (Have Heard of):					
• Do Not Sell Stickers or Decals		85%	—	80%	increase
• Publications or Brochures		86%	—	79%	increase
• Training (TIPS or MART)		74%	—	69%	increase
• Toll-Free Number		65%	—	61%	increase
• Holiday Campaign "None for the Road"		60%	—	44%	increase
Customer Service Measures: The effectiveness of programs designed to offer prompt, courteous and responsive service to citizens of Virginia.					
ABC Surveys Results (% Respondents Giving Highest Ratings)					
• Customer Satisfaction with ABC Stores		91%	—	—	increase
• Licensee Customer Satisfaction with Department		93%	—	—	increase
• **Mixed Beverage Licensee Customer Satisfaction with ABC Stores:**					
Variety of Products Available in Stores		85%	—	79%	increase
Convenience of Store Locations		79%	—	79%	increase
Customer Service		84%	—	83%	increase
New ABC Stores Opened		17	18	16	17 in FY 2005
% of Virginians within 10 Minutes of an ABC Store		91.2%	—	—	increase
Processing Time for New ABC Licenses (Avg. in Days)		64	72	77	decrease
Financial Measures: Financial growth, operating efficiency and compliance with relevant laws, regulations and policies.					
Ratio Analysis:					
1. Return on Assets		125.7%	102.8%	—	increase
2. Net Profit Margin (Taxes + Profits)		31.2%	28.5%	—	increase
3. Operating Expense to Revenue		17.9%	17.2%	—	decrease
4. Sales per ABC Store Square Footage		$535	$495	—	stable
Workforce Measures: The development of work systems, employee development and employee well-being and satisfaction.					
Diversity of the Workforce:					
1. Average Age (in Years)	classified	45.8	45	—	—
	statewide VA	46	46	—	—
	wage	34.5	—	—	—
2. White**	classified	72%	74%	—	—
	statewide VA	68%	69%	—	—
3. Black**	classified	23%	22%	—	—
	statewide VA	29%	29%	—	—
4. Hispanic**	classified	1%	1%	—	—
	statewide VA	1%	1%	—	—
5. Asian or Asian American**	classified	3%	3%	—	—
	statewide VA	2%	2%	—	—
6. American Indian & Alaskan Native**	classified	1%	0.6%	—	—
	statewide VA	0.24%	0.23%	—	—
7. Male**	classified	61%	61%	—	—
	statewide VA	47%	47%	—	—
8. Female**	classified	39%	39%	—	—
	statewide VA	53%	53%	—	—
Employee Turnover:					
• Classified	ABC	9.9%	8.7%	—	below statewide VA avg.
	statewide VA	11.32%	10.33%	—	—
• Wage	ABC	32.5%	—	—	decrease
	statewide VA	—	—	—	—

Footnotes

* National trends: 1.30 in 2003; 1.27 in 2002; 1.25 in 2001.
** No data for wage employees for these indicators.

Stakeholder Surveys 2004

Keeping Track of What Our Constituents & Customers Think

ABC has determined that surveying the various customer groups is an optimal way to listen and learn and then develop ways to enhance business practices. Between March and May 2004, customers, stakeholders and employees were surveyed.

Findings from each survey were examined to pinpoint critical issues to be addressed and to determine if the issues are covered by the strategic plan or if new initiatives need to be added. Strategic initiatives identified for external customers fell into two areas. First, public awareness of agency programs and services is needed, particularly those offered by the Bureau of Law Enforcement. Second, expanded use of the ABC Web site is critical in communicating information and services to various customer groups.

While it is essential to look at these survey results in terms of how ABC can improve, it is also important to note there were many positive comments and ratings about the way this agency does business and provides services to customers and stakeholders. **ABC**

Spotlight: IT Steering Committee Prioritizes Projects for Another Notable Year

To keep ABC on its progressive path, the Board chartered the Information Technology Steering Committee (ITSC) in 2000 to help the agency communicate the activities of the Information Technology Services Division (ITSD), measure its success and solicit input on project prioritization throughout the agency. ITSC meets on a quarterly basis, or as issues arise, to assume the task of prioritizing technology projects to resolve resource conflicts and optimize agency business objectives. The ITSC Chairperson is Director of Internal Audit John Wszelaki, and the Vice Chairperson is Chief Financial Officer Ron Layne. Directors for each ABC Division also serve on the committee.

ITSC Chairperson John Wszelaki *(seated)* and Vice Chairperson Ron Layne *(right)* convene after a committee meeting to discuss technology initiatives with ITSD Director Bob Moore.

ITSC assumes the task of making critical decisions affecting the agency's priority of technology practices and developments. "ABC and its Best Practices Team wanted to ensure every division within the agency was involved in the IT process," said Wszelaki. "The committee is bringing all ABC employees and stakeholders to a new level of knowledge as to where IT is heading. We want all employees to know how technology is advancing the agency, instead of just thinking in terms of what their divisions are doing."

ITSC addresses major technology projects that must have a completed project charter, an estimated cost of at least $100,000 and an estimated delivery time that exceeds six months. The committee prioritizes projects with an objective, calculated approach that factors in the following six attributes to ensure the projects are aligned with agency goals: contribution to profitability, probability of success, funding availability, time to completion, support of ABC performance measurements and tangible business impact.

ITSC expects project teams to be responsible for providing the committee with answers to the following seven questions relating to each project:
(1) What is the focus and scope;
(2) What are the benefits to the customer;
(3) What improvement is expected;
(4) What is the expected benefit for the entire agency;
(5) What is the projected cost;
(6) Who are the team members and
(7) What is the estimated time to completion?

ITSC recommendations for each project are presented to the Board and the chief operating officer for review and formal approval. Project prioritization results are posted on the ABC shared network or Intranet. Then, ITSD provides the committee with a "Project Status Update" for all active projects, which is a one-page summary of project progress and open issues.

In this fiscal year, ITSC's success was evidenced by the development and rollout of the Time, Attendance and Leave Reporting System (TAL). This new online service for employees was an important accomplishment that demonstrates the agency's innovation and technical insightfulness.

The committee's next goal is to implement "Single Sign-on." This program is being developed to allow users, upon signing on, to access the programs and databases they are authorized to have, eliminating individual sign-on and passwords by application. ITSC's ongoing goal is providing the agency with a collective, collaborative process in which IT and the user can create potential solutions as a team.

"The motto of the professional organization that I belong to, The Institute of Internal Auditors, is 'progress through sharing,'" said Wszelaki. "I firmly believe this motto has been applied at ABC with the creation and work carried out by ITSC. The committee members have worked very hard to ensure the strategic objectives of the agency are met and that communication to all stakeholders has been achieved." **ABC**

Spotlight: Alcohol Education & Prevention Initiatives

ABC's award-winning Education Section can be proud of its many education and prevention initiatives that spread the agency message of zero tolerance for underage use and responsible consumption for those of legal age. In the fall of 2003 the Office of Juvenile Justice and Delinquency Prevention (OJJDP) awarded ABC $357,660 for the administration of grants to decrease underage consumption and address other alcohol consumption concerns. From this funding, ABC's Education Section awarded Operation Undergrad Grants to law enforcement offices from eight Virginia colleges for the 2003–04 academic year, which were used to combat alcohol misuse.

These funds also allowed ABC to provide Community Coalition Grants to 12 Virginia organizations that wanted to reduce underage drinking and promote awareness for alcohol education and enforcement initiatives through coalition building. Thirty-two groups submitted applications, up from eight entries in 2002.

The remaining funds were distributed through the Social Norms Marketing Grants to three Virginia organizations to develop community social norms marketing campaigns. Social Norms is an innovative tool used to increase healthy behaviors by defying the perceived norms with factual data gathered through surveys. For example, it may be perceived that everybody drinks at college on Friday nights, but in reality, only a small number actually do.

In October 2003, more than 200 people attended the *18th Annual College Conference – The Reality of Change: Finding Common Ground* presented by ABC and funded through a Virginia Department of Motor Vehicles (DMV) grant. ABC hosted the two-day event in conjunction with the Virginia College Alcohol Leadership Council. The conference was packed with significant programs relating to alcohol abuse prevention and provided a vital platform to address these issues with its target audience of young adults. In attendance from throughout the Commonwealth were students, campus staff and faculty, community leaders, coalition members, community prevention professionals, campus and local law enforcement officers, and counselors.

ABC, with support from 11 other statewide organizations, continued to urge local communities to launch *None for the Road* campaigns to prevent drunk and drugged driving. This year the campaign, which was funded by a grant from DMV and administered by ABC, shifted its focus to cover not just holidays but all year-round messages to raise public awareness about the dangers of driving under the influence of alcohol and other drugs.

The committee distributed thousands of *None for the Road* informational packets to establishment owners, judges, community groups and public safety agencies across Virginia calling on them to create their own local grass root programs to combat driving under the influence. From November 2003 to January 2004, *None for the Road* messages could be seen on numerous highway billboards, toll booths, bus signs, Virginia Rail Express cars and cinema screens throughout the state.

ABC also actively addressed the social provider issue, which continues to be a major focus of the Education Section. The agency adopted Project Sticker Shock in 2002, which is an ongoing community awareness campaign to combat this epidemic that is designed to educate those persons 21 and older who might illegally purchase alcoholic beverages and provide them to minors. Since then, ABC has been in the process of stepping up activities in this area, including the formation of a prevention taskforce committee led by Commissioner Esther Vassar.

This spring ABC kicked off *Responsible Sellers and Servers: Virginia's Program* (RSVP), a new training series to familiarize sellers and servers of alcoholic beverages with ABC laws, rules and regulations. The three-hour sessions provide direct instruction to the front-line employees (cashiers, bartenders, wait staff and other similar personnel) and complement other seller/server programs such as *TIPS*, a national program. RSVP teaches employees ways to prevent sales to minors and intoxicated customers and the proper way to document alcohol-related incidents. ABC special agents conduct these trainings across the state.

Finally, the Education Section also began producing educational materials in Spanish to target the ever-growing Hispanic market in the licensee community. A brochure to address checking IDs was designed and written for the Spanish-speaking audience and distributed throughout the state. A brochure specifically for parents that explains alcohol laws and consequences was also translated into Spanish. **ABC**

Spotlight: Legislation – 2004 General Assembly

W. Curtis Coleburn

With the adoption of a state budget for the next biennium taking center stage, the 2004 session of Virginia's General Assembly was an unusually light one with respect to alcoholic beverage legislation. Nevertheless, the legislature managed to pass nine bills related to alcohol regulation, and adjusted the state taxes on alcoholic beverage licenses by language in the Appropriations Act.

Sunday Sales. Since the creation of the Department of Alcoholic Beverage Control in 1934, state law has prohibited the operation of government stores on Sunday. House Bill 1314 has brought Sunday package liquor sales to Virginia state stores in Tidewater and Northern Virginia for the first time. Since the law went into effect July 1, 2004, stores chosen by the ABC Board in Northern Virginia, Norfolk, and Virginia Beach have been open on Sundays after 1 p.m.

Virginia Wine Board. In 1985, the General Assembly created the Virginia Winegrowers Advisory Board within the Department of Agriculture and Consumer Services, for the purpose of advising the Commissioner of Agriculture and Consumer Services on how funds should be allocated for various research, promotion, marketing, and educational efforts on behalf of the Virginia wine industry. This year, identical Senate Bill 310 and House Bill 1230 replaced the advisory body with a new Virginia Wine Board. Rather than serve in an advisory capacity, the new board will directly receive and disburse funds from the Virginia Wine Promotional Fund for research, marketing, and promotional activities in support of Virginia wine production. The Virginia Wine Board will consist of 10 members, nine grape growers or vintners appointed by the Governor and the Commissioner of Agriculture and Consumer Services who acts as a non-voting ex officio member.

Service of Soju by the Bottle. Soju is a Korean beverage, distilled from rice, other grains, or sweet potatoes. The traditional mode of service of the beverage in Korea is for friends to share a bottle, each member of the party pouring drinks for the others. The law in Virginia prior to July 1 prohibited the delivery of an original bottle of distilled spirits to a consumer by a mixed beverage licensee, except in connection with room service at a hotel. House Bill 805 created an exception to this law for soju. Once ABC regulations governing the practice have been promulgated, mixed beverage restaurants will be able to serve bottles of soju to consumers in the traditional manner.

Interstate Wine Shipments to Wineries. Prior to July 1, Virginia wineries could lawfully receive shipments of wine only from other wineries under common ownership. Farm wineries could only ship wine to another farm winery for bottling purposes, with the bottled product returned to the producer. Neither type of licensee was allowed to purchase wine from another unrelated producer for blending or other manufacturing purposes. House Bill 1316 now allows farm winery or winery licensees to receive wine from other wineries or farm wineries located inside or outside the Commonwealth. The provision dealing with shipping wine to another licensee for bottling purposes was also extended to winery licensees.

Background Investigations on Shipper's License Application. In 2003, the General Assembly created new shipper's licenses for wine, beer, or wine and beer, allowing wineries, breweries, or retailers holding such licenses to ship wine or beer directly to consumers. State law at the time required the Department of Alcoholic Beverage Control to conduct a background investigation, to include a criminal history records search, on each application for a shipper's license. Since only holders of a winery, farm winery, brewery or wine or beer retailer license in Virginia or another state may apply for a shipper's license, a background check has already been done on each applicant. The check is conducted by Virginia ABC or the alcoholic beverage licensing authorities of the applicant's home state. Therefore, House Bill 1394, effective July 1, removes the background investigation requirement for these applicants.

Annual Banquet and Mixed Beverage Banquet Licenses. A number of nonprofit organizations routinely hold events several times each year for their members and guests at which alcoholic beverages are

Continued on page 20

2004 General Assembly *(continued)*

served. Prior to July 1, unless such events were held at a licensed restaurant or through the use of a licensed caterer, the organization would be required to obtain a one-day license for each event. House Bill 1489 addresses this situation by creating "annual banquet" and "annual mixed beverage banquet" licenses. Such licenses may be issued only to "duly organized private nonprofit fraternal, patriotic or charitable membership organizations that are exempt from state and federal taxation" for banquets exclusively for members and their guests. They authorize the licensee to conduct no more than 12 banquets per calendar year in areas approved by the Board.

Community-Based Probation for Underage Alcohol Offenders. House Bill 1309, effective July 1, 2004, adds supervision by a local community-based probation program to the options available to the courts when authorizing the use of a restricted driving permit by a person found guilty of underage purchase or possession of alcoholic beverages or use or attempted use of false identification to purchase alcoholic beverages. Previous law limited monitoring of persons with restricted permits for underage alcohol violations to alcohol safety action programs.

Local License Taxes. State law allows localities to collect local license taxes on holders of licenses issued by the Department of Alcoholic Beverage Control. Section 4.1-233 of the Code of Virginia prescribes the maximum amount of such taxes. Prior to July 1, there was no maximum local tax established for farm winery, beer shipper's, wine shipper's, or wine and beer shipper's licenses. House Bill 1448 established the maximum local tax for the various categories of shipper's licenses at $10 and for farm winery licenses at $50. It also reduced the maximum local tax on winery licenses from $1,000 to $50.

State Budget Increases Fees, License Taxes. Language included in the 2004 Appropriations Act increased most ABC application fees, permit fees, and state license taxes on alcoholic beverage licenses by 30 percent. For example, the application fee for most license applicants was increased from $50 to $65, with the fee for each required criminal history records search going from $15 to $20. The state tax on a retail off-premises wine and beer license, the most common annual license issued, rose to $230 from $175. **ABC**

Spotlight: ABC Earns SPQA Certificate for Performance Excellence

ABC was awarded the prestigious U.S. Senate Productivity and Quality Award (SPQA) Certificate for Performance Excellence, given on behalf of Governor Mark Warner, Senator John Warner and Senator George Allen. ABC is only the fourth state agency to ever receive this honor.

The SPQA mission is to cultivate continuous organizational improvement and growth for the Commonwealth through a process of knowledge sharing, evaluation and recognition. ABC received the award for demonstrating sound business and educational approaches to performance excellence. More specifically, the certificate recognized the agency's leadership, customer and market focus, human resource focus, strategic planning, information and analysis, and process management.

The certificate considered the effectiveness of the ABC's Enforcement Bureau as well as acknowledged the aggressive program of opening new stores. In addition, it recognized the warehouse operations that support the stores and the agency's commitment to customer service. The certificate also acknowledged the effectiveness of ABC's education programs, administrative functions, support services and information technology. Finally, the certificate recognized the agency's strategic planning process, leadership and management skills. **ABC**

Teamwork & Pride 2004

A Tribute to the ABC Team

It takes teamwork to accomplish excellence. Throughout the Commonwealth, each and every member of the ABC team is partnering to carry out our mission. Without the hard work and dedication of our employees, ABC could not have achieved a sixth record year.

Featured on these pages is a small sampling of employees representing the team – in a tribute to all those who enhance the agency through fine performance.

Tim Vassar: *As an employee of this agency, my main concern is to control the sale of our product while still maximizing the profits for ABC and the Commonwealth.*

Eddie Wirt: *It gives me great satisfaction to help balance the agency's control, service and revenue initiatives by assisting in the research to secure ideal locations for ABC stores throughout the Commonwealth.*

Terri Phillips: *I like my job because of the work and the friendships I have made, both in the Central Office and in the stores. I can't think of a better group of people or a better place to work. Everyone works hard to provide good service to all customers, inside and outside the organization.*

Robert Scott: *I am fortunate to work for the Hearings & Appeals Division where the teamwork and family-like dynamics inspire us to reach high levels of performance every day, allowing us to provide quality customer service externally and internally.*

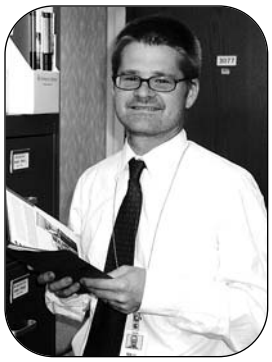
Teresa Sutton: *Working in the Training Section of Human Resources has afforded me the opportunity to assist our employees in developing their training skills, which has been very rewarding and enjoyable.*

Judith Liddelow: *Being the payroll supervisor gives me a picture of all the areas in ABC and the opportunity for me and my staff to provide great customer service to the entire agency.*

Maria Jeter: *Teamwork is key to the Wholesale/Retail Division. We all are important to the process, which ensures the products are on the shelves for customers. One might be surprised to follow a bottle through the complete journey from a vendor, through the listing process and the pricing/discounting procedures, through store selection to the item being received in the warehouse where it is picked, shipped, unloaded and placed on a shelf.*

Fuzail Ahmad: *Being a part of the ABC team is a pleasure and privilege. I feel that I am part of a mission that ensures public safety, revenue for the state and excellent public relations via the retail and customer service we provide to the general public as well as our IT customers. I hope this pleasure in the job puts perfection in everybody's work.*

Robert Shires: *I want to exceed the expectations of our customers by being professional, courteous, pleasant and by treating all people with respect and dignity.*



Will Moore: *An essential part of good customer service is communication. As ABC's graphic designer, I strive to make our message clear and precise and attention-getting.*

Rohn Brown: *I enjoy working with Virginia's on- and off-premise licensees as well as our own ABC special agents. It is a continual challenge to educate licensees on how to better comply with Virginia's alcohol laws and regulations.*

Chantel Simms: *As part of the Human Resources Division, I hope to continue recruiting individuals who demonstrate a customer service-driven thinking, a quality we strive to build upon with all our employees.*

Patricia A. "Tootie" Lewis: *I enjoy helping people by explaining the different types of ABC licenses and detailing some of the regulations that follow as someone assumes the role of a licensee.*

Ed Mickleberry: *As part of the Property Management Services team, I see the hard work everyday that results in our stores being open and functional to service customers and provide revenue back to the state.*

Harold Shepperson: *The teamwork of the warehouse personnel shows through the streamlined manner in which products are stored and distributed to the stores. I feel my work in the warehouse is a part of providing this excellent customer service.*

Sandra Hankins: *I'm very happy to be a part of the executive staff at ABC and enjoy working with the dedicated professionals who provide the policy and guidance decisions on a daily basis, continually balancing the control, service and revenue arms of the mission.*

Tony Amos: *In Property Management Services, we provide excellent customer service through specialized teamwork.*

Wayne Wright: *As special agents, we have the responsibility of controlling crime with a focus on public safety, especially with the distribution of alcoholic beverages and tobacco. As police officers of the Commonwealth, our number one responsibility is enforcing all laws without prejudice and bring those to justice who violate the law.*

Dwight Mehring: *As part of the Internal Audit team, I receive satisfaction knowing the work we do internally leads to high quality services offered to our external customers.*

Martenia Jefferson: *By working in the mailroom, I provide a service to the agency's internal customers. Providing first-rate internal customer service through an efficient mailing system also means that our external customers are satisfied.*

Spotlight: Record Sales & Store Activities

July 01, 2003 through June 30, 2004

At the close of the fiscal year, ABC carried 2,038 items on our regular price list. Our Special Order Catalog contains an additional 252 items. In Fiscal Year 2004, a total of 1,523 cases were purchased from the Special Order Catalog, resulting in $453,030 in revenue. In addition, 1,009 cases of special order purchases not listed in the Special Order Catalog totaled $497,105 in revenue. Total for special orders this fiscal year is 2,532 cases, totaling $950,135.

The 293 ABC retail stores were responsible for over $490 million in gross sales and the sale of 3.2 million cases of distilled spirits, Virginia wines and assorted mixers. The ABC warehouse received 3,286,909 cases and shipped 3,101,827 cases during the fiscal year. The freight cost for shipping the cases of merchandise to our stores was $2,106,942 with an average cost of 68 cents per case. **ABC**

Store #	Location	Activity	Opened	Total
168	Clarendon	Relocation	07-01-03	276
160	Bedford	Relocation	07-11-03	276
173	Elkton	Relocation	07-28-03	276
072	Orange	New Self-Service	08-01-03	277
190	Chesterfield	New Self-Service	08-06-03	278
311	Portsmouth	New Self-Service	08-20-03	279
347	Altavista	Relocation	08-27-03	279
308	Richmond	Relocation	09-18-03	279
217	Newport News	New Self-Service	09-18-03	280
092	Hampton	New Self-Service	09-22-03	281
067	Christiansburg	New Self-Service	10-03-03	282
058	Bristol	New Self-Service	10-14-03	283
051	Lake Monticello	New Self-Service	10-30-03	284
162	Oak Hall	New Self-Service	11-05-03	285
076	Falls Church	New Self-Service	12-02-03	286
073	Ashburn	New Self-Service	12-10-03	287
239	Bowling Green	Relocation	12-11-03	287
108	Glen Allen	New Self-Service	01-08-04	288
205	Richmond	New Self-Service	01-26-04	289
082	Sterling	New Self-Service	02-16-04	290
081	Alexandria	New Self-Service	02-23-04	291
115	Roanoke	Modernization	03-01-04	291
295	Manassas	Modernization	03-25-04	291
175	West Point	Relocation	04-01-04	291
084	Fairfax	New Self-Service	04-08-04	292
181	Middleburg	Modernization	04-12-04	292
307	Virginia Beach	Modernization	04-26-04	292
128	Norfolk	Modernization	05-10-04	292
338	Waynesboro	Relocation	05-28-04	292
074	Fredericksburg	New Self-Service	06-09-04	293
174	Grundy	Relocation	06-18-04	293
323	Purcellville	Modernization	06-23-04	293
134	Norfolk	Modernization	06-25-04	293

Spotlight: Hearings & Appeals Activity

July 01, 2003 through June 30, 2004

ACTIVITY	COUNT	
Cases Referred for Hearings		
• Violation / Disciplinary Reports	1,178	
• Contested Applications	44	
Approved: 18		
Denied: 6		
Withdrawn before hearing: 20		
• Banquet Applications	12	
Approved: 6		
Denied: 6		
• Franchise Hearings	8	
Total Hearings Requested	**1,242**	
Hearings Dispositions		
• Cases Settled by Consent Settlement Offer	205	(16.5% of cases received)
• Cases Heard by ABC Hearing Officer*	700	(56.36% of cases received)
• Cases Settled by Offer In Compromise	252	(20.28% of cases received)
• Cases Withdrawn or Dismissed Prior to Hearing	40	(3.2% of cases received)
Total Hearings Dispositions	**1,197**	(45 cases pending hearing on 6/30/04)
Case Decisions Appealed		
• Initial Decision of Hearing Officer To ABC Board	48	(3.86 % of all cases referred)
• Final Decision of ABC Board to Circuit Court	8	(16.6 % of all appealed cases)
Customer Service Provided (Highlights)		
• To Internal Customers	12,308	interactions
• To External Customers	6,496	interactions
• Telephone calls made or received by staff	11,985	
• Electronic messages (emails)	44,624	
• Transcripts Prepared	83	
• Transcript Pages Prepared (total)	5,075	
Civil Penalties Collected	**$1,681,175**	
Average Civil Penalty Per Case**	**$ 2,183**	
Average Suspension Period Per Case**	**21.98**	**days**

* 405 hearings were held on 700 charges filed for hearings; licensees with multiple charges had hearings combined for efficiency.

** Most ABC case decisions provide for a civil penalty or suspension period. This average reflects the results of all civil penalties collected or suspension time levied from all case decisions, consent settlement offers, and offers-in-compromise for Fiscal Year 2004.

Fiscal Year 2004

A Message from the Chairman, Chief Operating Officer & Chief Financial Officer

We are pleased to present the Fiscal Year 2004 annual report for the Virginia Department of Alcoholic Beverage Control. These facts and figures represent a sixth record-breaking year for retail sales by our agency. We stand behind these figures with pride in the accomplishments made possible by the hard working and dedicated employees of ABC. To the best of our knowledge, these figures accurately represent the operations of our agency during the fiscal year. The basic financial statements of the agency are audited annually by the Auditor of Public Accounts as required by the Code of Virginia. **ABC**

Chairman Vernon Danielsen (center) *stands outside the Board offices with Chief Operating Officer Curtis Coleburn* (left) *and Chief Financial Officer Ron Layne.*

Financial Highlights – Excellence for the Commonwealth

Fiscal Year 2004 was the most profitable in the history of ABC. ABC stores grossed over $490 million and produced net profits of over $74 million. In addition, Virginia ABC collected $80.7 million in excise taxes, $17.4 million in general sales taxes, $24.3 million in wine taxes and $43.3 million in malt beverage taxes for a record total of over $240 million in contributions to Virginia state agencies, the General Fund and localities. **ABC**

Results in Brief

Pre Audit.

	FY 2004
ABC Profit Transfers (1)	$ 74,778,741
State Taxes (2)	80,738,894
General Sales Tax (3)	17,353,938
Wine Liter Tax (4)	24,318,977
Malt Beverage Tax	43,287,597
	$ 240,478,147

	General Fund	Localities*	MHMRSAS**
ABC Profit Transfers (1)	$ 14,341,590	$ 12,223,129	$ 48,214,022
State Taxes (2)	80,738,894		
General Sales Tax (3)	17,353,938		
Wine Liter Tax (4)	5,365,686	9,066,928	9,886,363
Malt Beverage Tax	43,287,597		
	$ 161,087,705	$ 21,290,057	$ 58,100,385
			$ 240,478,147

(1) Profits are reported in accordance with GAAP. Profits include licensing fees and ABC's portion of the wine liter tax.
(2) State taxes (20%) on distilled spirits and (4%) on wine sold in ABC stores.
(3) General sales tax (4.5%)
(4) The non-ABC portion of the wine liter tax (rate = $0.40 per liter)
* Localities distributions per the Virginia Department of Accounts.
** MHMRSAS = The Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services

Fiscal Year 2004

Financial Statements & Statistics

Sales of All Beverages – Fiscal Year 2004

Pre Audit.

State Store Sales	Gallons*	Liters*	Percent of Total Gallons	Gross Dollars*	Percent of Gross Sales
Distilled Spirits	7,640,177	28,921,201	94.8%	$483,534,741	98.5%
Virginia Wine	46,913	177,584	0.6%	$2,174,930	0.4%
Vermouth	41,352	156,534	0.5%	$1,276,630	0.3%
Egg Nog	23,202	87,829	0.3%	$762,488	0.2%
Miscellaneous Mixers	29,307	110,940	0.4%	$398,376	0.1%
Alcohol	122	460	0.0%	$9,318	0.0%
Non-Alcoholic Mixers	275,110	1,041,402	3.4%	$2,688,548	0.5%
Non-Beverage Item	0	0	0.0%	$42,113	0.0%
Total	**8,056,207**	**30,496,047**	**100.0%**	**$490,670,545**	**100.0%**

Direct Sales from Wholesalers	Gallons	Liters	Percent of Total Gallons	Gross Tax	Percent of Total
Wines ($0.40 Liter) (1)	16,060,993	60,797,443	9.4%	$24,218,977	36.0%
Beer ($7.95 Barrel)	155,238,559	587,641,594	90.6%	$43,287,597	64.0%
Total	**171,299,552**	**648,439,037**	**100.0%**	**$67,606,574**	**100.0%**

Source: Policy Analysis & Support Services

Notes
***** excludes miscellaneous records and confiscated items
(1) Gross Liter Tax for Wines after 12 percent allocated to ABC Revenue.

Comparison of Products Sold / Market Share –
Fiscal Year 2004 v Fiscal Year 2003

Products	Cases Sold 2004	Cases Sold 2003	Market Share 2004	Market Share 2003	FY04 v FY03 % Chg
Total Vodka	**771,174**	**705,542**	**24.0%**	**23.2%**	**9.3%**
Domestic	545,804	523,911	17.0%	17.2%	4.2%
Imported	153,559	127,546	4.8%	4.2%	20.4%
Flavored	71,811	54,084	2.2%	1.8%	32.8%
Total Rum	**342,275**	**315,568**	**10.7%**	**10.4%**	**8.5%**
Domestic	302,057	278,795	9.4%	9.2%	8.3%
Imported	40,218	36,773	1.3%	1.2%	9.4%
Straight Bourbon	337,319	332,614	10.5%	10.9%	1.4%
Total Cordials	**336,154**	**295,768**	**10.5%**	**9.7%**	**13.7%**
Imported	183,894	161,532	5.7%	5.3%	13.8%
Domestic	152,260	134,236	4.7%	4.4%	13.4%
Total Gin	**254,806**	**255,356**	**7.9%**	**8.4%**	**(0.2%)**
Domestic	196,047	199,996	6.1%	6.6%	(2.0%)
Imported	50,845	48,768	1.6%	1.6%	4.3%
Flavored	6,825	5,410	0.2%	0.2%	26.2%
Sloe	1,089	1,181	0.0%	0.0%	(7.8%)
Canadian Whisky	171,398	172,688	5.3%	5.7%	(0.7%)
Total Brandy	**159,141**	**156,884**	**5.0%**	**5.2%**	**1.4%**
Grape	138,096	136,935	4.3%	4.5%	0.8%
Imported	9,709	8,650	0.3%	0.3%	12.2%
Blackberry	2,996	2,860	0.1%	0.1%	4.8%
Apricot	2,721	2,758	0.1%	0.1%	(1.3%)
Peach	2,615	2,577	0.1%	0.1%	1.5%
Apple	1,121	1,175	0.0%	0.0%	(4.6%)
Cherry	1,090	1,092	0.0%	0.0%	(0.2%)
Flavored	793	836	0.0%	0.0%	(5.2%)

Comparison of Products Sold / Market Share –
Fiscal Year 2004 v Fiscal Year 2003 *(continued)*

Products	Cases Sold 2004	Cases Sold 2003	Market Share 2004	Market Share 2003	FY04 v FY03 % Chg
Scotch Whiskey	143,287	142,888	4.5%	4.7%	0.3%
Tequila	123,342	108,731	3.8%	3.6%	13.4%
Tennessee Whiskey	90,815	87,624	2.8%	2.9%	3.6%
Blended Whiskey	81,852	81,199	2.5%	2.7%	0.8%
Total Cocktails	**73,054**	**67,607**	**2.3%**	**2.2%**	**8.1%**
Domestic	58,449	53,919	1.8%	1.8%	8.4%
Imported	14,605	13,688	0.5%	0.5%	6.7%
Cognac\Armagnac	69,990	68,349	2.2%	2.2%	2.4%
Total Specialty Bottles	**41,699**	**42,238**	**1.3%**	**1.4%**	**(1.3%)**
Imported	27,908	17,371	0.9%	0.6%	60.7%
Domestic	13,791	24,867	0.4%	0.8%	(44.5%)
Domestic Whiskey	40,575	43,168	1.3%	1.4%	(6.0%)
Miscellaneous Mixers	10,592	9,589	0.3%	0.3%	10.5%
Irish Whiskey	9,840	8,853	0.3%	0.3%	11.1%
Egg Nog	8,533	8,870	0.3%	0.3%	(3.8%)
Corn Whiskey	2,809	2,990	0.1%	0.1%	(6.1%)
Bottled in Bond	1,805	1,863	0.1%	0.1%	(3.1%)
Rock & Rye	1,299	1,247	0.0%	0.0%	4.2%
Straight Rye Whiskey	556	521	0.0%	0.0%	6.6%
Alcohol	46	39	0.0%	0.0%	17.6%
Total Vermouth	**17,598**	**17,346**	**0.5%**	**0.6%**	**1.5%**
Imported	9,611	9,364	0.3%	0.3%	2.6%
Domestic	7,987	7,982	0.2%	0.3%	0.1%
Virginia Wine	20,813	21,224	0.6%	0.7%	(1.9%)
Non-Alcoholic Mixers	89,987	82,085	2.8%	2.7%	9.6%
Non Beverage Item	9,640	10,531	0.3%	0.3%	(8.5%)
Total	**3,210,530**	**3,041,385**	**100.0%**	**100.0%**	**5.6%**

Source: Wholesale/Retail Operations

Distribution of Profits & Wine Taxes to Cities

Cities	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Alexandria	$221,393.26	$152,596.21	$164,289.68	$107,335.96
Bedford	10,870.94	7,492.84	8,067.02	5,270.45
Bristol	29,972.30	20,658.53	22,241.59	14,531.19
Buena Vista	10,957.23	7,552.32	8,131.05	5,312.29
Charlottesville	69,203.63	49,610.16	46,581.77	35,268.54
Chesapeake	343,755.57	236,934.92	255,091.29	166,659.71
Colonial Heights	29,161.16	20,099.46	21,639.67	14,137.93
Covington	10,877.83	7,497.59	8,072.13	5,273.79
Danville	83,548.64	57,586.24	61,999.07	40,506.08
Emporia	9,776.76	6,738.67	7,255.06	4,739.98
Fairfax	37,101.67	25,572.47	27,532.09	17,987.65
Falls Church	17,908.83	12,343.74	13,289.64	8,682.56
Franklin	14,403.70	9,927.80	10,688.56	6,983.20
Fredericksburg	33,272.06	22,932.91	24,690.26	16,130.98
Galax	11,799.42	8,132.80	8,756.02	5,720.61
Hampton	252,723.79	174,190.90	187,539.17	122,525.64
Harrisonburg	69,814.56	48,119.97	51,807.40	33,847.53
Hopewell	38,446.08	26,528.85	28,529.75	18,666.15
Lexington	11,851.20	8,168.49	8,794.45	5,745.70
Lynchburg	112,642.49	77,639.29	83,588.80	54,611.37

Distribution of Profits & Wine Taxes to Cities

(continued)

Cities	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Manassas	60,636.66	41,794.06	44,996.75	29,397.89
Manassas Park	17,758.68	12,240.24	13,178.21	8,609.78
Martinsville	26,605.23	18,337.77	19,742.98	12,898.76
Newport News	311,691.78	214,293.45	231,079.70	150,733.72
Norfolk	404,537.20	278,828.90	300,195.60	196,127.88
Norton	6,737.60	4,643.92	4,999.78	3,266.53
Petersburg	58,229.14	40,134.67	43,210.20	28,230.67
Poquoson	19,960.82	13,758.08	14,812.36	9,677.41
Portsmouth	173,557.00	119,624.88	128,791.75	84,143.97
Radford	27,369.77	18,864.72	20,310.33	13,269.42
Richmond	341,349.77	235,276.72	253,306.01	165,493.32
Roanoke	163,799.23	112,899.28	121,550.77	79,413.20
Salem	42,708.84	29,437.24	31,693.03	20,706.12
Staunton	41,165.97	28,373.81	30,548.10	19,958.10
Suffolk	109,894.99	75,745.57	81,549.96	53,279.33
Virginia Beach	733,916.70	505,855.06	544,618.82	355,817.76
Waynesboro	33,687.99	23,219.58	24,998.90	16,332.63
Williamsburg	20,706.38	14,271.96	15,365.62	10,038.88
Winchester	40,703.45	28,055.02	30,204.87	19,733.86
Total	**$4,054,498.32**	**$2,795,979.09**	**$3,003,738.21**	**$1,967,066.54**

Distribution of Profits & Wine Taxes to Counties & Towns

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Accomack	$47,177.00	$32,593.32	$35,008.72	$22,948.54
Accomac	944.02	650.67	700.53	457.68
Belle Haven	828.39	570.98	614.72	401.63
Bloxom	695.50	472.95	516.12	330.78
Chincoteague	7,450.36	5,135.20	5,528.70	3,612.08
Hallwood	500.48	344.96	371.41	242.64
Keller	298.56	205.79	221.56	144.76
Melfa	776.62	535.29	576.31	376.52
Onancock	2,631.87	1,814.03	1,953.04	1,275.98
Onley	856.00	590.01	635.22	415.01
Painter	424.55	292.62	315.05	205.83
Parksley	1,444.51	995.64	1,071.93	700.33
Saxis	581.60	400.87	431.59	281.97
Tangier	1,192.54	752.01	884.95	508.41
Wachapreague	407.29	280.72	302.24	197.47
Subtotal	**66,209.29**	**45,635.06**	**49,132.09**	**32,099.63**
Albermarle	144,375.14	97,599.87	111,908.98	68,278.80
Scottsville	957.83	660.19	710.77	464.38
Subtotal	**145,332.97**	**98,260.06**	**112,619.75**	**68,743.18**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Alleghany	21,610.71	14,895.28	16,036.69	10,477.31
Clifton Forge	7,402.04	5,101.89	5,492.84	3,588.66
Iron Gate	697.23	480.57	517.39	338.03
Subtotal	**29,709.98**	**20,477.74**	**22,046.92**	**14,404.00**
Amelia	19,674.34	13,560.62	14,599.77	9,538.52
Subtotal	**19,674.34**	**13,560.62**	**14,599.77**	**9,538.52**
Amherst	51,158.46	35,261.17	37,963.24	24,802.67
Amherst	3,884.81	2,677.63	2,882.82	1,883.44
Subtotal	**55,043.27**	**37,938.80**	**40,846.06**	**26,686.11**
Appomattox	20,281.82	13,979.34	15,050.57	9,833.04
Appomattox	3,039.17	2,094.75	2,255.28	1,473.45
Pamplin City	343.43	236.72	254.86	166.51
Subtotal	**23,664.42**	**16,310.81**	**17,560.71**	**11,473.00**
Arlington	326,961.63	225,359.63	242,628.97	158,517.65
Subtotal	**326,961.63**	**225,359.63**	**242,628.97**	**158,517.65**
Augusta	111,543.15	76,881.57	82,773.01	54,078.39
Craigsville	1,689.58	1,164.55	1,253.79	819.14
Subtotal	**113,232.73**	**78,046.12**	**84,026.80**	**54,897.53**
Bath	8,711.94	6,004.74	6,464.88	4,223.72
Subtotal	**8,711.94**	**6,004.74**	**6,464.88**	**4,223.72**
Bedford	104,189.43	71,812.99	77,316.03	50,513.16
Subtotal	**104,189.43**	**71,812.99**	**77,316.03**	**50,513.16**
Bland	11,858.10	8,173.25	8,799.56	5,749.05
Subtotal	**11,858.10**	**8,173.25**	**8,799.56**	**5,749.05**
Botetourt	49,137.52	33,868.24	36,463.57	23,822.87
Buchanan	2,127.94	1,466.68	1,579.08	1,031.67
Fincastle	619.57	427.04	459.77	300.38
Troutville	745.56	513.88	553.25	361.46
Subtotal	**52,630.59**	**36,275.84**	**39,055.67**	**25,516.38**
Brunswick	28,589.92	19,705.72	21,215.77	13,860.97
Alberta	528.10	363.99	391.88	256.03
Brodnax	547.09	377.08	405.97	265.24
Lawrenceville	2,200.41	1,516.65	1,632.87	1,066.81
Subtotal	**31,865.52**	**21,963.44**	**23,646.49**	**15,449.05**
Buchanan	44,652.12	30,776.65	33,135.08	21,648.26
Grundy	1,907.03	1,314.43	1,415.16	924.57
Subtotal	**46,559.15**	**32,091.08**	**34,550.24**	**22,572.83**
Buckingham	26,191.04	18,052.27	19,435.63	12,697.94
Dillwyn	771.44	531.71	572.47	374.01
Subtotal	**26,962.48**	**18,583.98**	**20,008.10**	**13,071.95**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Campbell	80,067.66	55,186.96	59,415.94	38,818.43
Altavista	5,910.94	4,074.14	4,386.34	2,865.74
Brookneal	2,172.80	1,497.61	1,612.38	1,053.42
Subtotal	**88,151.40**	**60,758.71**	**65,414.66**	**42,737.59**
Caroline	36,268.09	24,997.93	26,913.52	17,583.51
Bowling Green	1,615.36	1,113.40	1,198.72	783.16
Port Royal	293.38	202.22	217.72	142.23
Subtotal	**38,176.83**	**26,313.55**	**28,329.96**	**18,508.90**
Carroll	45,554.72	31,398.78	33,804.87	22,085.85
Hillsville	4,916.86	3,388.97	3,648.66	2,383.80
Subtotal	**50,471.58**	**34,787.75**	**37,453.53**	**24,469.65**
Charles City	11,953.03	8,238.68	8,870.00	5,795.07
Subtotal	**11,953.03**	**8,238.68**	**8,870.00**	**5,795.07**
Charlotte	18,098.66	12,474.58	13,430.51	8,774.60
Charlotte Court House	799.06	550.75	592.95	387.40
Drakes Branch	869.80	599.52	645.46	421.70
Keysville	1,410.00	971.85	1,046.32	683.60
Phenix	345.16	237.91	256.13	167.34
Subtotal	**21,522.68**	**14,834.61**	**15,971.37**	**10,434.64**
Chesterfield	448,545.58	309,161.86	332,852.99	217,464.03
Subtotal	**448,545.58**	**309,161.86**	**332,852.99**	**217,464.03**
Clarke	15,970.73	11,010.30	11,851.42	7,745.34
Berryville	5,129.14	3,532.86	3,806.19	2,484.30
Boyce	735.20	506.75	545.57	356.44
Subtotal	**21,835.07**	**15,049.91**	**16,203.18**	**10,586.08**
Craig	8,477.22	5,842.96	6,290.72	4,109.92
New Castle	308.92	212.92	229.24	149.78
Subtotal	**8,786.14**	**6,055.88**	**6,519.96**	**4,259.70**
Culpeper	42,451.70	29,260.01	31,502.20	20,581.45
Culpeper	16,678.31	11,495.59	12,376.51	8,085.98
Subtotal	**59,130.01**	**40,755.60**	**43,878.71**	**28,667.43**
Cumberland	14,738.50	10,158.57	10,937.01	7,145.52
Subtotal	**14,738.50**	**10,158.57**	**10,937.01**	**7,145.52**
Dickenson	24,568.76	16,934.12	18,231.78	11,911.43
Clinchco	12,315.24	504.35	2,937.40	354.77
Clintwood	2,673.29	1,842.58	1,983.77	1,296.06
Haysi	321.00	221.25	238.21	155.63
Subtotal	**39,878.29**	**19,502.30**	**23,391.16**	**13,717.89**
Dinwiddie	41,507.68	28,625.16	30,801.67	20,137.99
McKenney	831.85	557.52	617.28	389.08
Subtotal	**42,339.53**	**29,182.68**	**31,418.95**	**20,527.07**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Essex	13,549.41	9,395.27	10,054.63	6,625.16
Tappahannock	3,689.80	2,486.92	2,738.10	1,732.76
Subtotal	**17,239.21**	**11,882.19**	**12,792.73**	**8,357.92**
Fairfax	1,610,976.30	1,110,371.96	1,195,459.92	781,034.12
Clifton	319.27	220.07	236.92	154.80
Herndon	37,372.61	25,759.23	27,733.16	18,119.01
Vienna	24,943.27	17,192.25	18,509.69	12,093.00
Subtotal	**1,673,611.45**	**1,153,543.51**	**1,241,939.69**	**811,400.93**
Fauquier	82,112.75	56,596.56	60,933.56	39,809.93
Remington	1,076.91	742.27	799.15	522.10
The Plains	459.07	316.42	340.66	222.57
Warrenton	11,511.21	7,934.16	8,542.14	5,580.87
Subtotal	**95,159.94**	**65,589.41**	**70,615.51**	**46,135.47**
Floyd	23,198.47	15,989.63	17,214.92	11,247.09
Floyd	745.56	513.88	553.25	361.46
Subtotal	**23,944.03**	**16,503.51**	**17,768.17**	**11,608.55**
Fluvanna	34,469.78	23,758.44	25,579.05	16,711.65
Columbia	84.57	58.29	62.75	41.00
Subtotal	**34,554.35**	**23,816.73**	**25,641.80**	**16,752.65**
Franklin	74,098.05	51,072.38	54,986.06	35,924.24
Boones Mill	491.86	339.01	364.99	238.47
Rocky Mount	7,017.19	4,836.62	5,207.25	3,402.07
Subtotal	**81,607.10**	**56,248.01**	**60,558.30**	**39,564.78**
Frederick	98,454.53	67,860.19	73,060.32	47,732.76
Middletown	1,751.71	1,207.37	1,299.90	849.26
Stephens City	1,977.79	1,363.20	1,467.66	958.87
Subtotal	**102,184.03**	**70,430.76**	**75,827.88**	**49,540.89**
Giles	17,028.67	11,737.07	12,636.49	8,255.84
Glen Lyn	260.60	179.61	193.38	126.34
Narrows	3,643.21	2,511.09	2,703.52	1,766.30
Pearisburg	4,709.76	3,246.21	3,494.98	2,283.39
Pembroke	1,957.08	1,348.92	1,452.30	948.83
Rich Creek	1,147.67	791.03	851.66	556.42
Subtotal	**28,746.99**	**19,813.93**	**21,332.33**	**13,937.12**
Gloucester	60,023.99	41,371.78	44,542.10	29,100.86
Subtotal	**60,023.99**	**41,371.78**	**44,542.10**	**29,100.86**
Goochland	29,102.49	20,059.01	21,596.13	14,109.48
Subtotal	**29,102.49**	**20,059.01**	**21,596.13**	**14,109.48**
Grayson	26,063.32	17,964.25	19,340.85	12,636.03
Fries	1,059.65	730.38	786.33	513.74
Independence	1,675.77	1,155.03	1,243.55	812.44
Troutdale	334.81	230.77	248.45	162.32
Subtotal	**29,133.55**	**20,080.43**	**21,619.18**	**14,124.53**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Greene	25,486.90	17,566.94	18,913.11	12,356.57
Stanardsville	821.49	566.22	609.60	398.28
Subtotal	**26,308.39**	**18,133.16**	**19,522.71**	**12,754.85**
Greensville	19,229.08	13,253.71	14,269.35	9,322.65
Subtotal	**19,229.08**	**13,253.71**	**14,269.35**	**9,322.65**
Halifax	46,866.34	32,314.88	34,778.19	22,733.79
Halifax	2,397.16	1,652.26	1,778.86	1,162.20
Scottsburg	267.51	176.34	198.51	121.67
South Boston	8,620.23	10,100.28	9,627.06	7,104.52
Virgilina	274.41	189.13	203.63	133.04
Subtotal	**58,425.65**	**44,432.89**	**46,586.25**	**31,255.22**
Hanover	137,549.51	94,806.56	102,071.60	66,686.81
Ashland	11,423.19	7,873.49	8,476.83	5,538.20
Subtotal	**148,972.70**	**102,680.05**	**110,548.43**	**72,225.01**
Henrico	452,682.37	312,013.16	335,922.78	219,469.64
Subtotal	**452,682.37**	**312,013.16**	**335,922.78**	**219,469.64**
Henry	98,552.91	67,968.20	73,133.32	47,820.54
Ridgeway	1,423.80	941.15	1,056.56	650.20
Subtotal	**99,976.71**	**68,909.35**	**74,189.88**	**48,470.74**
Highland	4,104.00	2,828.71	3,045.46	1,989.70
Monterey	272.69	187.95	202.35	132.20
Subtotal	**4,376.69**	**3,016.66**	**3,247.81**	**2,121.90**
Isle of Wight	36,340.57	25,047.89	26,967.31	17,618.65
Smithfield	10,914.08	7,522.58	8,099.04	5,291.36
Windsor	4,050.50	2,791.83	3,005.76	1,963.77
Subtotal	**51,305.15**	**35,362.30**	**38,072.11**	**24,873.78**
James City	83,015.35	57,218.68	61,603.35	40,247.53
Subtotal	**83,015.35**	**57,218.68**	**61,603.35**	**40,247.53**
King and Queen	11,442.18	7,886.58	8,490.92	5,547.40
Subtotal	**11,442.18**	**7,886.58**	**8,490.92**	**5,547.40**
King George	28,998.94	19,987.64	21,519.29	14,059.28
Subtotal	**28,998.94**	**19,987.64**	**21,519.29**	**14,059.28**
King William	17,741.42	12,228.35	13,165.41	8,601.41
West Point	4,946.20	3,409.19	3,670.44	2,398.01
Subtotal	**22,687.62**	**15,637.54**	**16,835.85**	**10,999.42**
Lancaster	16,119.15	11,110.19	11,961.57	7,814.89
Irvington	1,161.48	800.56	861.90	563.10
Kilmarnock	2,146.92	1,479.77	1,593.17	1,040.87
White Stone	617.84	425.86	458.49	299.54
Subtotal	**20,045.39**	**13,816.38**	**14,875.13**	**9,718.40**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Lee	35,645.07	24,568.51	26,451.19	17,281.46
Jonesville	1,717.19	1,183.59	1,274.28	832.53
Pennington Gap	3,073.69	2,118.54	2,280.89	1,490.19
Saint Charles	274.41	189.13	203.63	133.04
Subtotal	**40,710.36**	**28,059.77**	**30,209.99**	**19,737.22**
Loudoun	233,090.87	160,658.82	172,970.14	113,007.20
Hamilton	969.92	668.51	719.75	470.23
Hillsboro	165.68	114.20	122.94	80.32
Leesburg	48,859.67	33,676.73	36,257.37	23,688.16
Lovettsville	1,472.12	1,014.67	1,092.42	713.72
Middleburg	1,090.71	751.79	809.40	528.80
Purcellville	6,185.34	4,263.26	4,589.96	2,998.78
Round Hill	862.91	594.77	640.35	418.36
Subtotal	**292,697.22**	**201,742.75**	**217,202.33**	**141,905.57**
Louisa	41,058.96	28,300.06	30,468.69	19,906.22
Louisa	2,417.87	1,666.53	1,794.24	1,172.24
Mineral	731.75	504.35	543.01	354.77
Subtotal	**44,208.58**	**30,470.94**	**32,805.94**	**21,433.23**
Lunenburg	17,165.00	11,831.04	12,737.66	8,321.94
Kenbridge	2,379.90	1,640.37	1,766.07	1,153.83
Victoria	3,142.71	2,166.13	2,332.12	1,523.65
Subtotal	**22,687.61**	**15,637.54**	**16,835.85**	**10,999.42**
Madison	21,244.84	14,643.09	15,765.19	10,299.92
Madison	362.42	249.79	268.94	175.71
Subtotal	**21,607.26**	**14,892.88**	**16,034.13**	**10,475.63**
Mathews	15,889.62	10,951.99	11,791.24	7,703.61
Subtotal	**15,889.62**	**10,951.99**	**11,791.24**	**7,703.61**
Mecklenburg	39,781.86	27,419.81	29,520.99	19,287.06
Boydton	823.22	567.40	610.88	399.11
Chase City	4,240.33	2,922.68	3,146.64	2,055.81
Clarksville	2,293.61	1,580.88	1,702.02	1,111.99
LaCrosse	1,066.56	735.13	791.46	517.08
South Hill	7,598.79	5,237.49	5,638.85	3,684.05
Subtotal	**55,804.37**	**38,463.39**	**41,410.84**	**27,055.10**
Middlesex	16,203.71	11,168.48	12,024.32	7,855.89
Urbanna	937.12	645.91	695.41	454.33
Subtotal	**17,140.83**	**11,814.39**	**12,719.73**	**8,310.22**
Montgomery	46,784.07	32,246.91	34,717.26	22,682.43
Blacksburg	68,297.02	47,073.19	50,681.15	33,111.22
Christiansburg	29,247.46	20,158.93	21,703.70	14,179.76
Subtotal	**144,328.55**	**99,479.03**	**107,102.11**	**69,973.41**
Nelson	24,929.47	17,182.73	18,499.45	12,086.32
Subtotal	**24,929.47**	**17,182.73**	**18,499.45**	**12,086.32**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
New Kent	23,232.98	16,013.43	17,240.53	11,263.82
Subtotal	**23,232.98**	**16,013.43**	**17,240.53**	**11,263.82**
Northampton	16,378.02	11,288.62	12,153.67	7,940.40
Cape Charles	1,957.08	1,348.92	1,452.30	948.83
Cheriton	861.18	593.57	639.06	417.52
Eastville	350.34	241.47	259.98	169.85
Exmore	1,960.54	1,351.30	1,454.86	950.50
Nassawadox	987.17	680.41	732.55	478.60
Subtotal	**22,494.33**	**15,504.29**	**16,692.42**	**10,905.70**
Northumberland	21,073.98	14,525.33	15,638.41	10,217.09
Subtotal	**21,073.98**	**14,525.33**	**15,638.41**	**10,217.09**
Nottoway	15,848.20	10,923.44	11,760.50	7,683.53
Blackstone	6,342.39	4,371.52	4,706.51	3,074.91
Burkeville	843.93	581.68	626.25	409.15
Crewe	4,104.00	2,828.71	3,045.46	1,989.70
Subtotal	**27,138.52**	**18,705.35**	**20,138.72**	**13,157.29**
Orange	34,984.08	24,112.93	25,960.70	16,961.00
Gordonsville	2,585.28	1,781.91	1,918.46	1,253.39
Orange	7,115.55	4,904.42	5,280.25	3,449.76
Subtotal	**44,684.91**	**30,799.26**	**33,159.41**	**21,664.15**
Page	26,063.32	17,964.25	19,340.85	12,636.03
Luray	8,406.46	5,794.20	6,238.20	4,075.62
Shenandoah	3,241.09	2,233.94	2,405.13	1,571.35
Stanley	2,288.44	1,577.32	1,698.18	1,109.48
Subtotal	**39,999.31**	**27,569.71**	**29,682.36**	**19,392.48**
Patrick	31,834.47	21,942.03	23,623.46	15,434.00
Stuart	1,658.52	1,143.13	1,230.73	804.08
Subtotal	**33,492.99**	**23,085.16**	**24,854.19**	**16,238.08**
Pittsylvania	99,880.06	68,842.74	74,118.17	48,423.89
Chatham	2,309.15	1,591.58	1,713.56	1,119.53
Gretna	2,169.35	1,495.23	1,609.81	1,051.75
Hurt	2,202.14	1,517.85	1,634.15	1,067.65
Subtotal	**106,560.70**	**73,447.40**	**79,075.69**	**51,662.82**
Powhatan	38,618.66	26,618.06	28,657.81	18,723.11
Subtotal	**38,618.66**	**26,618.06**	**28,657.81**	**18,723.11**
Prince Edward	23,031.06	15,874.25	17,090.70	11,165.93
Farmville	11,813.23	8,142.32	8,766.27	5,727.29
Subtotal	**34,844.29**	**24,016.57**	**25,856.97**	**16,893.22**
Prince George	57,166.04	39,372.19	42,421.30	27,688.55
Subtotal	**57,166.04**	**39,372.19**	**42,421.30**	**27,688.55**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Prince William	472,317.02	325,546.43	350,493.11	228,988.91
Dumfries	8,520.37	5,872.70	6,322.72	4,130.86
Haymarket	1,516.99	1,045.60	1,125.72	735.46
Occoquan	1,309.90	902.85	972.04	635.06
Quantico	968.19	667.32	718.46	469.40
Subtotal	**484,632.47**	**334,034.90**	**359,632.05**	**234,959.69**
Pulaski	40,325.49	27,794.51	29,924.41	19,550.61
Dublin	3,948.67	2,721.65	2,930.20	1,914.40
Pulaski	16,348.69	11,268.40	12,131.90	7,926.18
Subtotal	**60,622.85**	**41,784.56**	**44,986.51**	**29,391.19**
Rappahannock	11,735.57	8,088.78	8,708.64	5,689.64
Washington	315.82	217.68	234.36	153.12
Subtotal	**12,051.39**	**8,306.46**	**8,943.00**	**5,842.76**
Richmond	12,829.74	8,842.95	9,520.58	6,220.12
Warsaw	2,373.00	1,635.60	1,760.94	1,150.48
Subtotal	**15,202.74**	**10,478.55**	**11,281.52**	**7,370.60**
Roanoke	134,607.00	92,778.41	99,888.04	65,260.21
Vinton	13,430.33	9,256.90	9,966.27	6,511.30
Subtotal	**148,037.33**	**102,035.31**	**109,854.31**	**71,771.51**
Rockbridge	33,404.96	23,024.50	24,788.88	16,195.40
Glasgow	1,805.21	1,244.25	1,339.60	875.20
Goshen	700.68	482.95	519.96	339.71
Subtotal	**35,910.85**	**24,751.70**	**26,648.44**	**17,410.31**
Rockingham	91,085.67	62,845.43	67,609.24	44,211.77
Bridgewater	8,979.43	6,189.12	6,663.38	4,353.41
Broadway	3,829.59	2,617.85	2,841.84	1,835.02
Dayton	2,319.50	1,598.73	1,721.24	1,124.55
Elkton	3,524.12	2,429.02	2,615.15	1,708.57
Grottoes	3,648.39	2,514.66	2,707.36	1,768.81
Mount Crawford	484.31	302.14	346.64	212.53
Timberville	3,001.20	2,068.59	2,227.11	1,455.04
Subtotal	**116,872.21**	**80,565.54**	**86,731.96**	**56,669.70**
Russell	42,586.31	29,352.79	31,602.10	20,646.71
Castlewood	0.00	0.00	0.00	0.00
Cleveland	255.42	176.05	189.54	123.83
Honaker	1,630.90	1,124.11	1,210.25	790.70
Lebanon	5,648.61	3,893.32	4,191.67	2,738.56
Subtotal	**50,121.24**	**34,546.27**	**37,193.56**	**24,299.80**
Scott	32,802.65	22,609.36	24,341.92	15,903.39
Clinchport	132.88	91.59	98.61	64.43
Duffield	107.00	73.75	79.40	51.87
Dungannon	547.09	377.08	405.97	265.24
Gate City	3,726.04	2,568.20	2,764.99	1,806.46
Nickelsville	773.16	532.91	573.74	374.85
Weber City	2,300.52	1,585.64	1,707.15	1,115.33
Subtotal	**40,389.34**	**27,838.53**	**29,971.78**	**19,581.57**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Shenandoah	39,002.77	27,009.68	28,963.17	19,021.01
Edinburg	1,403.09	967.08	1,041.19	680.25
Mount Jackson	2,871.76	1,979.38	2,131.05	1,392.29
New Market	2,989.12	1,983.87	2,218.14	1,373.01
Strasburg	6,932.61	4,778.34	5,144.50	3,361.07
Toms Brook	440.09	303.33	326.58	213.36
Woodstock	6,893.67	4,701.01	5,095.28	3,306.68
Subtotal	**60,533.11**	**41,722.69**	**44,919.91**	**29,347.67**
Smyth	39,635.16	27,318.70	29,412.13	19,215.93
Chilhowie	3,153.07	2,173.27	2,339.81	1,528.67
Marion	10,957.23	7,552.32	8,131.05	5,312.29
Saltville	3,803.71	2,621.72	2,822.62	1,844.12
Subtotal	**57,549.17**	**39,666.01**	**42,705.61**	**27,901.01**
Southampton	25,348.83	17,471.79	18,810.64	12,289.63
Boykins	1,070.01	737.50	794.01	518.75
Branchville	212.28	146.31	157.53	102.91
Capron	298.56	205.79	221.56	144.76
Courtland	2,191.78	1,510.70	1,626.47	1,062.63
Ivor	552.27	380.65	409.81	267.75
Newsoms	497.04	342.59	368.84	240.97
Subtotal	**30,170.77**	**20,795.33**	**22,388.86**	**14,627.40**
Spotsylvania	156,005.43	107,527.38	115,767.21	75,634.62
Subtotal	**156,005.43**	**107,527.38**	**115,767.21**	**75,634.62**
Stafford	159,545.08	109,967.09	118,393.89	77,350.70
Subtotal	**159,545.08**	**109,967.09**	**118,393.89**	**77,350.70**
Surry	10,228.94	7,050.33	7,590.60	4,959.20
Claremont	591.96	408.01	439.28	286.99
Dendron	512.56	353.29	380.36	248.50
Surry	452.16	311.65	335.55	219.22
Subtotal	**11,785.62**	**8,123.28**	**8,745.79**	**5,713.91**
Sussex	15,159.60	10,448.82	11,249.51	7,349.69
Jarratt	1,016.51	700.63	754.31	492.82
Stony Creek	348.61	240.29	258.70	169.02
Wakefield	1,791.40	1,234.73	1,329.35	868.50
Waverly	3,984.91	2,746.61	2,957.09	1,931.97
Subtotal	**22,301.03**	**15,371.08**	**16,548.96**	**10,812.00**
Tazewell	51,160.18	35,262.37	37,964.53	24,803.50
Bluefield	8,763.71	6,040.42	6,503.31	4,248.83
Ceder Bluff	1,872.51	1,290.64	1,389.54	907.83
Pocahantas	761.09	524.59	564.78	368.99
Richlands	7,151.79	4,929.41	5,307.14	3,467.34
Tazewell	7,258.79	5,003.15	5,386.55	3,519.21
Subtotal	**76,968.07**	**53,050.58**	**57,115.85**	**37,315.70**
Warren	31,056.11	21,405.56	23,045.87	15,056.64
Front Royal	23,452.16	16,164.50	17,403.18	11,370.09
Subtotal	**54,508.27**	**37,570.06**	**40,449.05**	**26,426.73**

Distribution of Profits & Wine Taxes to Counties & Towns

(continued)

Counties/ Towns	Total Profits FY 2004	Total Profits FY 2003	Wine Tax FY 2004	Wine Tax FY 2003
Washington	70,246.02	48,417.36	52,127.59	34,056.70
Abingdon	13,426.88	9,254.53	9,963.71	6,509.62
Damascus	1,693.03	1,166.92	1,256.34	820.81
Glade Spring	2,371.27	1,634.41	1,759.66	1,149.64
Subtotal	**87,737.20**	**60,473.22**	**65,107.30**	**42,536.77**
Westmoreland	22,737.66	15,672.03	16,872.98	11,023.68
Colonial Beach	5,570.94	3,839.80	4,134.04	2,700.91
Montross	543.64	374.70	403.42	263.57
Subtotal	**28,852.24**	**19,886.53**	**21,410.44**	**13,988.16**
Wise	47,183.90	32,521.69	35,013.84	22,875.71
Appalachia	3,173.78	2,187.55	2,355.18	1,538.71
Big Stone Gap	10,192.68	7,025.35	7,563.71	4,941.62
Coeburn	3,444.74	2,374.30	2,556.24	1,670.07
Pound	1,879.41	1,295.40	1,394.66	911.18
Saint Paul	1,725.82	1,189.54	1,280.68	836.71
Wise	5,617.54	3,871.91	4,168.63	2,723.49
Subtotal	**73,217.87**	**50,465.74**	**54,332.94**	**35,497.49**
Wythe	31,832.74	21,940.84	23,622.17	15,433.16
Rural Retreat	2,329.86	1,605.87	1,728.92	1,129.56
Wytheville	13,468.30	9,283.08	9,994.44	6,529.71
Subtotal	**47,630.90**	**32,829.79**	**35,345.53**	**23,092.43**
York	97,158.44	66,725.38	72,098.53	46,934.54
Yorktown	608.83	241.47	125.85	169.85
Subtotal	**97,767.27**	**66,966.85**	**72,224.38**	**47,104.39**
Total	**$8,168,630.86**	**$5,624,091.24**	**$6,063,189.47**	**$3,955,600.48**

For a downloadable, printable version of Virginia ABC's 2004 Annual Report with complete financial statements, please visit our Web site:

www.abc.state.va.us

or

www.abc.virginia.gov

Revenues & Profits

We All Benefit

Revenue Sources

» Sales from ABC Stores

» Taxes Collected on Alcoholic Beverages

» Violation Penalties

» License Fees

Back to the Commonwealth

Funds distributed to:

» Department of Mental Health, Mental Retardation and Substance Abuse Services
and other state agencies

» Virginia's General Fund

» Localities for education, police, fire, rescue, public works and other projects

Almost a billion dollars in contributions from ABC to the Commonwealth in the last five years

Analysis of Store Performance – Fiscal Year 2004

Pre Audit.

		ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
		Statewide Totals		**8,057,619**	**$490,671,017**	**$80,920,118**	**$409,750,899**
	137	692 Hwy 58 E	Norton City	17,150	$974,299	$161,323	$812,976
	218	Main St., Rt 23 S (Gate City)	Scott County	10,966	$545,625	$90,540	$455,084
	194	16427-E Wise St. (Saint Paul)	Wise County	7,183	$401,110	$66,596	$334,514
	206	18 East 4th St. N (Big Stone Gap)	Wise County	10,520	$560,156	$92,908	$467,248
		Far Southwest		**45,818**	**$2,481,190**	**$411,368**	**$2,069,822**
	174	One Plaza Dr. (Grundy)	Buchanan	7,057	$392,080	$64,298	$327,782
	365	Food City Sh. Ctr.	Dickenson	6,710	$348,674	$57,698	$290,976
	87	4027 College Ave. (Bluefield)	Tazewell	11,296	$657,289	$108,758	$548,531
	197	2004 Second St. (Richlands)	Tazewell	13,755	$723,160	$119,851	$603,310
	230	722 East Riverside	Tazewell	8,369	$455,306	$75,464	$379,841
		Southwest		**47,187**	**$2,576,509**	**$426,069**	**$2,150,440**
NS	58	3002 Lee Hwy	Bristol City	12,737	$777,188	$128,350	$648,838
	343	2123 Euclid Ave.	Bristol City	31,428	$1,701,008	$280,818	$1,420,190
	141	441 W Stuart Dr. (Hillsville)	Carroll	24,061	$1,191,631	$196,740	$994,891
	135	1173 North Main St. (Marion)	Smyth	21,401	$1,100,715	$181,954	$918,761
	201	545 West Main St. (Abingdon)	Washington	36,759	$2,062,042	$340,298	$1,721,744
	153	325 West Main St. (Wytheville)	Wythe	20,635	$1,149,777	$189,867	$959,910
		Wytheville/Hillsville		**147,022**	**$7,982,360**	**$1,318,027**	**$6,664,333**
	199	3745 Virginia Ave. (Pearisburg)	Giles County	12,037	$600,873	$99,523	$501,350
NS	67	290 Peppers Ferry Rd. (Christiansburg)	Montgomery	13,357	$800,684	$131,411	$669,273
	195	100 North Franklin St. (Christiansburg)	Montgomery	27,458	$1,481,952	$244,847	$1,237,105
	327	1300 South Main St. (Blacksburg)	Montgomery	69,917	$4,070,338	$672,427	$3,397,911
	345	1072 Memorial Square Dr.	Pulaski	18,614	$938,289	$155,477	$782,812
	356	97 Walker St.	Radford City	33,991	$1,814,996	$300,104	$1,514,893
		Radford/Blacksburg		**175,374**	**$9,707,133**	**$1,603,789**	**$8,103,343**
	364	56 Kingston Dr. (Daleville)	Botetourt	17,518	$950,071	$156,419	$793,652
	123	531 Main St.	Clifton Forge	6,448	$342,663	$56,746	$285,916
	124	123 West Main St.	Covington	13,411	$706,869	$117,214	$589,655
	115	1423 Williamson Rd. NE	Roanoke	55,907	$3,491,760	$577,513	$2,914,247
	229	3434 Orange Ave. NE	Roanoke	11,908	$626,754	$103,629	$523,125
	259	1507 Hershberger Rd. NW	Roanoke	41,232	$2,246,449	$369,934	$1,876,515
	269	602 Brandon Ave. SW	Roanoke	58,150	$3,382,025	$555,899	$2,826,125
	289	3341 Melrose Ave. NW	Roanoke	28,917	$1,719,866	$285,150	$1,434,716
	309	3901 Brambleton Ave. SW	Roanoke	48,027	$2,579,107	$424,021	$2,155,086
	337	1113 Vinyard Rd. (Vinton)	Roanoke	27,164	$1,369,731	$226,123	$1,143,608
	186	1483 West Main St.	Salem City	37,396	$2,005,033	$330,866	$1,674,167
		Roanoke		**346,077**	**$19,420,327**	**$3,203,514**	**$16,216,813**
	339	Augusta Plaza, Rt 612 (Verona)	Augusta	11,876	$624,440	$103,027	$521,412
	113	39 1/2 East Main St. (Hot Springs)	Bath County	7,466	$560,336	$91,488	$468,848
	68	1739 South High St. (Rockingham Square)	Harrisonburg	17,613	$951,114	$156,413	$794,701
	145	398 North Main St.	Harrisonburg	29,676	$1,624,305	$268,326	$1,355,979
	147	Water St., PO Box 111 (Monterey)	Highland	2,745	$132,952	$21,545	$111,407

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$254,355,072	**$155,395,827**	**$53,938,549**	**$101,457,278**	**$23,457,922**	**$77,999,356***	**32.4%**
$505,861	$307,115	$145,388	$161,727	$46,542	$115,185	28.4%
$284,559	$170,525	$82,987	$87,539	$26,053	$61,486	27.9%
$206,991	$127,524	$80,051	$47,472	$19,151	$28,322	23.7%
$290,681	$176,567	$90,867	$85,699	$26,750	$58,950	27.1%
$1,288,091	**$781,731**	**$399,294**	**$382,438**	**$118,496**	**$263,942**	**27.2%**
$203,889	$123,894	$105,711	$18,182	$18,765	($583)	16.3%
$180,390	$110,586	$97,699	$12,887	$16,658	($3,771)	15.5%
$341,720	$206,811	$92,280	$114,532	$31,403	$83,129	29.2%
$374,497	$228,812	$127,887	$100,925	$34,539	$66,386	25.8%
$236,061	$143,780	$141,108	$2,672	$21,746	($19,074)	12.4%
$1,336,556	**$813,883**	**$564,686**	**$249,198**	**$123,111**	**$126,087**	**21.4%**
$402,939	$245,899	$120,291	$125,608	$37,145	$88,462	27.9%
$883,657	$536,533	$169,872	$366,660	$81,305	$285,356	33.3%
$621,405	$373,486	$100,705	$272,781	$56,957	$215,824	34.6%
$571,898	$346,863	$125,895	$220,968	$52,598	$168,370	31.8%
$1,073,745	$647,998	$211,076	$436,923	$98,568	$338,354	32.9%
$597,332	$362,577	$112,419	$250,158	$54,954	$195,204	33.5%
$4,150,977	**$2,513,357**	**$840,258**	**$1,673,099**	**$381,528**	**$1,291,571**	**32.7%**
$312,386	$188,964	$99,111	$89,853	$28,702	$61,151	26.7%
$416,155	$253,117	$137,658	$115,460	$38,315	$77,144	26.0%
$755,941	$481,164	$183,724	$297,440	$70,823	$226,617	31.8%
$2,110,996	$1,286,914	$288,635	$998,279	$194,528	$803,751	36.3%
$486,189	$296,623	$178,376	$118,247	$44,815	$73,432	24.4%
$941,351	$573,541	$149,165	$424,377	$86,726	$337,650	35.1%
$5,023,019	**$3,080,324**	**$1,036,669**	**$2,043,655**	**$463,910**	**$1,579,745**	**32.8%**
$495,694	$297,958	$129,516	$168,442	$45,436	$123,006	29.4%
$178,297	$107,619	$94,722	$12,897	$16,368	($3,471)	15.5%
$367,173	$222,482	$93,053	$129,428	$33,757	$95,671	30.1%
$1,799,367	$1,114,879	$280,986	$833,893	$166,838	$667,055	35.6%
$326,213	$196,912	$82,451	$114,461	$29,949	$84,512	30.0%
$1,169,002	$707,514	$241,782	$465,732	$107,429	$358,303	32.4%
$1,759,889	$1,066,236	$314,313	$751,923	$161,793	$590,129	33.9%
$885,664	$549,052	$170,905	$378,147	$82,136	$296,011	33.8%
$1,344,200	$810,886	$215,071	$595,814	$123,377	$472,437	34.8%
$712,564	$431,044	$164,300	$266,744	$65,471	$201,273	31.2%
$1,040,847	$633,320	$200,886	$432,434	$95,845	$336,590	33.3%
$10,078,910	**$6,137,902**	**$1,987,985**	**$4,149,917**	**$928,400**	**$3,221,517**	**33.1%**
$325,022	$196,391	$91,337	$105,054	$29,850	$75,204	28.5%
$291,961	$176,887	$94,605	$82,282	$26,841	$55,440	26.2%
$506,116	$288,585	$137,523	$151,061	$45,496	$105,565	27.5%
$843,346	$512,633	$217,850	$294,783	$77,629	$217,154	29.9%
$69,928	$41,479	$35,755	$5,724	$6,378	($654)	15.7%

***Profit Reconciliation**

Net store profit	101,457,278
General & administrative expenses	(23,457,922)
Adjusted Net store profit	77,999,356*
Gain/(Loss) on other operations:	
Lottery	346,442
Enforcement (including G&A)	(4,261,309)
Miscellaneous revenue	586,205
Audited ABC profit	74,670,694

Analysis of Store Performance – Fiscal Year 2004

(continued)

	ABC Stores by Planning District		Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	140	445 East Nelson St.	Lexington	36,444	$1,972,846	$324,764	$1,648,082
	184	2035 East Market St.	Rockingham	50,620	$2,963,458	$485,438	$2,478,020
	122	201 State St.		22,174	$1,220,827	$201,053	$1,019,773
	302	1331 Greenville Ave.	Staunton	31,287	$1,709,037	$280,992	$1,428,045
	338	801-B West Broad St.	Waynesboro	39,022	$2,103,785	$345,714	$1,758,071
		Staunton/Waynesboro		**248,923**	**$13,863,100**	**$2,278,761**	**$11,584,338**
	167	21 Crowe St. (Berryville)	Clarke County	12,051	$670,172	$110,514	$559,658
	56	182 Delco Plaza	Frederick County	22,410	$1,349,435	$222,260	$1,127,175
	139	235 Sunnyside Circle	Frederick County	29,515	$1,667,114	$274,296	$1,392,818
R	173	14817 Spotswood Trail (Elkton)	Page County	10,044	$520,664	$85,708	$434,956
	193	1412 West 211 Bypass (Luray)	Page County	15,320	$793,019	$130,807	$662,212
	52	786 Shopping Center Rd.	Shenandoah	10,550	$585,914	$97,030	$488,884
	293	5814 Main St. (Mount Jackson)	Shenandoah	11,356	$587,204	$97,013	$490,192
	318	462 North Main St. (Woodstock)	Shenandoah	13,631	$708,133	$116,624	$591,509
	142	411-F South St. (Front Royal)	Warren County	38,085	$2,162,792	$357,207	$1,805,586
	261	2218 Valley Ave.	Winchester City	42,979	$2,550,341	$419,326	$2,131,015
		Winchester/Front Royal		**205,941**	**$11,594,789**	**$1,910,784**	**$9,684,004**
	80	6206 Little River Tnpk	Alexandria	16,271	$1,129,527	$186,051	$943,475
NS	81	6230 J North Kings Hwy	Alexandria	6,813	$443,249	$72,918	$370,331
	119	901 North St. Asaph St.	Alexandria	43,701	$3,071,833	$505,764	$2,566,069
	203	3678 King St.	Alexandria	28,555	$1,898,107	$312,004	$1,586,104
	297	4647 Duke St.	Alexandria	26,974	$1,746,159	$288,033	$1,458,126
	372	3161 Duke St.	Alexandria	16,946	$1,154,457	$189,945	$964,512
	109	1731 Wilson Blvd.	Arlington	23,832	$1,638,739	$266,262	$1,372,477
R	168	1001 North Fillmore St.	Arlington	22,974	$1,556,827	$255,012	$1,301,815
	248	4709 Lee Hwy	Arlington	40,411	$2,574,282	$421,625	$2,152,658
	358	2201 North Pershing Dr. (conv)	Arlington	120,880	$9,233,777	$1,527,194	$7,706,583
	374	2955-A South Glebe Rd.	Arlington	30,300	$1,967,391	$323,520	$1,643,871
	241	11260 James Swart Circle	Fairfax City	52,945	$3,581,149	$589,451	$2,991,698
	317	9512 Main St.	Fairfax City	32,985	$2,102,656	$346,464	$1,756,192
NS	82	46930 Cedar Lakes Plaza	Fairfax	9,723	$684,547	$112,457	$572,090
	83	7263 Arlington Blvd.	Fairfax	12,052	$820,067	$134,233	$685,834
NS	84	13053 East Jackson Hwy	Fairfax	3,261	$220,545	$36,187	$184,359
	85	2928 Chain Bridge Rd.	Fairfax	19,064	$1,297,443	$213,285	$1,084,158
	120	5926 Kingstowne Center	Fairfax	42,595	$2,907,093	$477,835	$2,429,258
	127	13300 Franklin Farm Rd. (Herndon)	Fairfax	15,417	$1,007,644	$165,307	$842,337
	170	1238 Elden St. (Herndon)	Fairfax	41,217	$2,813,766	$463,937	$2,349,830
	219	8520 Tyco Rd. (Vienna) (conv)	Fairfax	97,350	$8,338,195	$1,381,167	$6,957,028
	224	13944 Lee Jackson Hwy	Fairfax	50,175	$3,381,826	$556,042	$2,825,784
	228	1524 Belle View Blvd.	Fairfax	33,515	$2,084,846	$341,599	$1,743,246
	231	436 East Maple Ave. (Vienna)	Fairfax	42,985	$2,763,619	$451,662	$2,311,957
	234	9574 Old Keene Mill Rd.	Fairfax	28,165	$1,798,491	$295,618	$1,502,873
	235	8628 Richmond Hwy	Fairfax	47,734	$3,254,805	$537,337	$2,717,469
	236	7200 Little River Tnpk E	Fairfax	37,523	$2,415,139	$398,668	$2,016,471
	260	6198 Arlington Blvd.	Fairfax	25,473	$1,701,759	$279,909	$1,421,850
	267	1446 Chain Bridge Rd.	Fairfax	49,960	$3,494,890	$574,485	$2,920,406
R	268	6400 Springfield Plaza	Fairfax	45,484	$2,997,414	$494,157	$2,503,257

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$1,026,686	$621,395	$200,539	$420,857	$94,351	$326,505	33.0%
$1,542,625	$935,394	$255,541	$679,853	$141,865	$537,988	34.5%
$635,276	$384,498	$114,558	$269,939	$58,381	$211,558	33.8%
$890,414	$537,630	$201,077	$336,553	$81,754	$254,799	31.4%
$1,092,705	$665,366	$226,916	$438,450	$100,648	$337,802	32.5%
$7,224,081	**$4,360,257**	**$1,575,701**	**$2,784,557**	**$663,194**	**$2,121,362**	**31.7%**
$348,028	$211,630	$108,613	$103,018	$32,040	$70,978	27.1%
$700,362	$426,813	$124,840	$301,973	$64,530	$237,443	34.1%
$867,201	$525,617	$159,050	$366,567	$79,738	$286,829	33.7%
$307,178	$127,777	$81,922	$45,855	$24,901	$20,954	20.5%
$411,814	$250,399	$104,747	$145,652	$37,911	$107,741	30.1%
$304,142	$184,742	$76,905	$107,837	$27,988	$79,849	30.2%
$305,385	$184,806	$25,550	$159,257	$28,063	$131,194	38.9%
$368,704	$222,805	$92,191	$130,613	$33,863	$96,750	30.1%
$1,122,844	$682,741	$252,049	$430,693	$103,368	$327,324	31.7%
$1,325,319	$805,696	$220,281	$585,414	$121,999	$463,415	34.6%
$6,060,978	**$3,623,026**	**$1,246,148**	**$2,376,878**	**$554,402**	**$1,822,477**	**32.2%**
$631,892	$311,583	$233,056	$78,527	$54,013	$24,514	18.6%
$229,043	$141,288	$79,876	$61,412	$21,201	$40,210	25.5%
$1,591,901	$974,168	$213,853	$760,315	$146,905	$613,409	36.4%
$988,340	$597,763	$301,958	$295,806	$90,803	$205,002	27.2%
$905,720	$552,406	$291,488	$260,918	$83,477	$177,441	26.7%
$598,956	$365,556	$220,082	$145,474	$55,218	$90,256	24.3%
$855,577	$516,900	$225,450	$291,450	$78,573	$212,877	29.2%
$809,474	$492,341	$240,602	$251,739	$74,528	$177,211	27.8%
$1,342,577	$810,081	$305,776	$504,305	$123,238	$381,067	31.2%
$4,748,759	$2,957,824	$427,098	$2,530,726	$441,196	$2,089,530	39.2%
$1,020,521	$623,350	$246,912	$376,438	$94,110	$282,327	30.8%
$1,860,508	$1,131,190	$318,974	$812,216	$171,272	$640,944	34.4%
$1,092,795	$663,397	$291,960	$371,437	$100,541	$270,897	29.4%
$354,942	$217,149	$153,744	$63,404	$32,752	$30,653	20.9%
$427,069	$258,765	$210,578	$48,187	$39,263	$8,924	17.5%
$114,437	$69,921	$50,893	$19,028	$10,554	$8,474	20.3%
$769,840	$314,317	$259,909	$54,408	$62,067	($7,659)	15.8%
$1,511,204	$918,054	$289,877	$628,178	$139,073	$489,105	33.3%
$524,929	$317,408	$149,113	$168,295	$48,223	$120,071	28.3%
$1,458,173	$891,656	$283,478	$608,178	$134,526	$473,652	33.3%
$4,295,467	$2,661,560	$493,848	$2,167,712	$398,284	$1,769,428	37.8%
$1,758,964	$1,066,819	$324,744	$742,075	$161,774	$580,301	33.6%
$1,088,917	$654,330	$241,234	$413,096	$99,800	$313,296	31.4%
$1,444,572	$867,385	$345,851	$521,534	$132,358	$389,176	30.4%
$909,569	$593,305	$248,017	$345,288	$86,038	$259,250	30.9%
$1,685,935	$1,031,533	$467,971	$563,563	$155,573	$407,990	29.0%
$1,283,488	$732,983	$209,343	$523,640	$115,441	$408,198	33.4%
$884,921	$536,929	$234,752	$302,177	$81,400	$220,778	29.4%
$1,824,944	$1,095,461	$330,486	$764,976	$167,191	$597,785	33.5%
$1,562,659	$940,597	$307,787	$632,810	$143,310	$489,501	32.8%

Analysis of Store Performance – Fiscal Year 2004

(continued)

		ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	273	7778 Gunston Plaza	Fairfax	16,694	$1,062,563	$175,156	$887,407
	294	3556-E South Jefferson St.	Fairfax	38,277	$2,531,847	$415,981	$2,115,867
	296	8966 Burke Lake Rd.	Fairfax	28,603	$1,751,456	$288,844	$1,462,611
	322	14151 Germain Dr.	Fairfax	57,178	$3,916,392	$645,079	$3,271,313
	346	8105 Lee Hwy	Fairfax	29,380	$1,946,353	$319,751	$1,626,602
	352	2555 John Milton Dr. (Herndon)	Fairfax	29,055	$1,907,837	$314,095	$1,593,742
	357	1454 North Point Village Sh. Ctr. (Reston)	Fairfax	48,461	$3,485,355	$573,273	$2,912,082
	368	10308 Willard Way	Fairfax	13,817	$859,228	$141,197	$718,032
	371	5739 Burke Centre Pkwy	Fairfax	22,010	$1,396,716	$230,259	$1,166,457
NS	76	1212 West Broad St.	Falls Chruch	7,748	$529,835	$86,729	$443,107
	212	167 Hillwood Ave.	Falls Church	18,674	$1,120,819	$183,525	$937,294
	369	Barcroft Plaza Sh. Ctr.	Falls Church	18,084	$1,165,892	$191,810	$974,082
	63	8951 Ox Rd.	Lorton	9,403	$632,903	$104,041	$528,861
	61	22330 Sterling Blvd. (Sterling)	Loudoun	25,561	$1,654,434	$272,604	$1,381,830
NS	73	43150 Broadlands Sh. Ctr. Plaza	Loudoun	6,626	$476,330	$78,048	$398,282
	136	18 Fairfax St. SE (Leesburg)	Loudoun	33,524	$2,194,337	$361,716	$1,832,620
	166	210 Fort Evans Rd. (Leesburg)	Loudoun	28,707	$1,929,755	$316,488	$1,613,267
	181	106 Washington St. (Middleburg)	Loudoun	10,673	$710,753	$117,246	$593,507
	208	44110 Ashburn Village Sh. Ctr., Unit 154	Loudoun	27,704	$1,981,095	$325,645	$1,655,451
	323	609 O East Main St. (Purcellville)	Loudoun	17,588	$1,124,948	$185,279	$939,669
	362	100 Edds Lane	Loudoun	49,950	$3,381,469	$553,935	$2,827,534
	133	9130 Mathis Ave.	Manassas	57,681	$3,692,420	$609,953	$3,082,467
	264	16661 Rivers Ridge Blvd. (Dumfries)	Prince William	24,289	$1,585,218	$262,171	$1,323,047
	271	13586 Jefferson Davis Hwy	Prince William	45,200	$3,031,212	$501,683	$2,529,529
	286	7555 New Linton Hall Rd., Gateway Sh. Ctr.	Prince William	34,822	$2,251,302	$369,017	$1,882,285
	295	8095 Sudley Rd.	Prince William	65,522	$4,344,606	$717,012	$3,627,594
	301	4220 Merchants Plaza	Prince William	38,862	$2,471,072	$406,299	$2,064,773
	316	5123 Waterway Dr.	Prince William	12,757	$795,756	$130,346	$665,410
	353	4255 Cheshire Plaza	Prince William	53,099	$3,455,233	$569,639	$2,885,595
		Northern Virginia		**1,935,227**	**$131,467,378**	**$21,644,948**	**$109,822,430**
	329	185 Southgate Sh. Ctr.	Culpeper	39,111	$2,287,808	$377,571	$1,910,237
	303	175 Lee Hwy (Warrenton)	Fauquier	65,875	$3,970,139	$651,407	$3,318,732
NS	51	265 Turkey Sag Trail	Fluvanna	8,167	$468,049	$76,801	$391,248
	274	28 Madison Plaza Dr.	Madison	9,896	$540,115	$88,493	$451,621
NS	72	5309 A Lyndon Dr. (Locust Grove)	Orange	15,746	$859,906	$141,435	$718,471
	163	583 North Madison Rd.	Orange	14,139	$785,706	$129,878	$655,827
	227	South Main St. (Gordonsville)	Orange	8,187	$435,687	$71,851	$363,836
		Warrenton/Culpeper		**161,121**	**$9,347,408**	**$1,537,436**	**$7,809,973**
	125	304 Pantops Center	Albemarle	39,629	$2,312,037	$381,470	$1,930,567
	189	Scottsville Sh. Ctr. (Scottsville)	Albemarle	8,780	$467,608	$77,304	$390,305
	359	1653 Seminole Trail	Albemarle	43,979	$2,553,556	$418,817	$2,134,740
	185	500 West Main St.	Charlottesville	24,591	$1,505,368	$249,096	$1,256,272
	253	1147 Emmet St.	Charlottesville	96,729	$6,353,225	$1,047,231	$5,305,995
	70	8875 Seminole Trail	Greene	11,710	$625,905	$102,933	$522,972
	138	Rts 22 & 23	Louisa	20,550	$1,041,403	$171,878	$869,525
	126	Rt 151 (Nellysford)	Nelson	9,303	$557,064	$89,591	$467,473
	321	85 Calloway Dr. (Lovingston)	Nelson	7,762	$411,290	$68,125	$343,165
		Charlottesville		**263,033**	**$15,827,457**	**$2,606,444**	**$13,221,013**

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$551,033	$336,374	$190,728	$145,646	$50,803	$94,843	25.4%
$1,314,358	$801,509	$407,219	$394,290	$121,132	$273,158	27.2%
$911,882	$550,729	$253,653	$297,076	$83,733	$213,343	28.7%
$2,032,823	$1,238,491	$375,488	$863,002	$187,280	$675,722	33.7%
$1,009,584	$617,017	$266,141	$350,877	$93,122	$257,755	29.7%
$994,134	$599,608	$237,743	$361,864	$91,240	$270,624	30.6%
$1,812,840	$1,099,242	$330,072	$769,169	$166,714	$602,455	33.7%
$448,359	$269,673	$201,292	$68,381	$41,107	$27,274	19.6%
$728,439	$438,018	$167,616	$270,403	$66,779	$203,624	31.1%
$297,981	$145,125	$193,134	($48,009)	$25,368	($73,376)	2.5%
$584,485	$352,809	$228,626	$124,183	$53,659	$70,524	22.7%
$606,291	$367,791	$197,865	$169,926	$55,765	$114,160	26.2%
$329,867	$198,994	$201,625	($2,631)	$30,277	($32,907)	11.2%
$861,536	$520,294	$215,785	$304,509	$79,109	$225,400	30.1%
$248,323	$149,959	$139,923	$10,035	$22,801	($12,766)	13.7%
$1,139,821	$692,799	$228,609	$464,190	$104,916	$359,274	32.9%
$1,004,801	$608,465	$229,262	$379,203	$92,358	$286,845	31.3%
$371,945	$221,562	$96,977	$124,585	$33,978	$90,607	29.2%
$1,032,082	$623,368	$233,686	$389,682	$94,773	$294,909	31.3%
$585,511	$354,158	$143,708	$210,449	$53,795	$156,654	30.4%
$1,759,623	$1,067,911	$306,764	$761,147	$161,874	$599,272	34.1%
$1,915,447	$1,167,020	$248,916	$918,104	$176,469	$741,635	36.6%
$819,095	$503,952	$190,900	$313,052	$75,743	$237,308	31.5%
$1,566,361	$963,168	$248,015	$715,153	$144,814	$570,340	35.4%
$1,173,223	$709,062	$229,270	$479,792	$107,759	$372,033	32.9%
$2,253,087	$1,374,506	$388,713	$985,794	$207,677	$778,117	34.4%
$1,284,337	$780,436	$289,742	$490,694	$118,207	$372,487	31.5%
$413,750	$251,660	$177,115	$74,545	$38,094	$36,450	21.0%
$1,791,173	$1,094,422	$397,593	$696,829	$165,198	$531,631	31.9%
$68,418,284	**$41,404,146**	**$15,014,893**	**$26,389,254**	**$6,287,249**	**$20,102,004**	**31.8%**
$1,186,807	$723,430	$231,320	$492,110	$109,360	$382,750	33.2%
$2,067,928	$1,250,804	$242,700	$1,008,104	$189,995	$818,109	37.0%
$243,790	$147,458	$77,725	$69,733	$22,399	$47,334	26.5%
$281,862	$169,759	$110,743	$59,016	$25,855	$33,161	22.5%
$462,004	$256,467	$109,877	$146,590	$41,132	$105,458	28.7%
$407,276	$248,551	$107,153	$141,398	$37,546	$103,852	29.7%
$227,225	$136,611	$76,416	$60,195	$20,829	$39,365	25.5%
$4,876,892	**$2,933,080**	**$955,934**	**$1,977,146**	**$447,115**	**$1,530,031**	**32.8%**
$1,202,547	$728,020	$179,007	$549,013	$110,523	$438,490	35.5%
$242,035	$148,269	$89,865	$58,405	$22,345	$36,060	24.2%
$1,331,787	$802,953	$258,070	$544,883	$122,212	$422,671	33.0%
$775,345	$480,927	$173,894	$307,033	$71,921	$235,113	32.2%
$3,297,706	$2,008,288	$501,202	$1,507,087	$303,764	$1,203,322	35.4%
$326,179	$196,793	$84,148	$112,645	$29,940	$82,705	29.7%
$541,012	$328,512	$95,222	$233,291	$49,780	$183,511	34.1%
$293,951	$173,522	$97,130	$76,392	$26,762	$49,630	25.0%
$213,573	$129,592	$87,982	$41,610	$19,646	$21,964	21.9%
$8,224,136	**$4,996,876**	**$1,566,517**	**$3,430,359**	**$756,893**	**$2,673,466**	**33.4%**

Analysis of Store Performance – Fiscal Year 2004

(continued)

		ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	281	4049 South Amherst Hwy (Madison Heights)	Amherst	17,951	$968,515	$160,272	$808,243
	285	Ambriar Sh. Ctr.	Amherst	10,468	$554,290	$91,575	$462,716
	354	US Rt 460 W	Appomattox	13,164	$681,254	$112,981	$568,273
R	160	1128 East Lynchburg Salem TnpK	Bedford City	20,742	$1,070,571	$176,903	$893,668
	279	18013 Forest Rd.	Bedford	27,537	$1,594,073	$262,717	$1,331,355
	176	Hwys 501 & 40 South (Brookneal)	Campbell	8,443	$441,034	$73,313	$367,720
	262	20401 Timberlake Rd.	Campbell	37,250	$2,023,402	$334,599	$1,688,803
R	347	1301-I North Main St. (Altavista)	Campbell	15,875	$866,958	$143,732	$723,226
	117	309 Twelfth St.	Lynchburg	27,422	$1,569,964	$259,862	$1,310,102
	266	2323 Memorial Dr., 3 The Plaza	Lynchburg	37,948	$2,083,601	$345,438	$1,738,163
	287	Boonsboro Sh. Ctr.	Lynchburg	18,745	$1,095,025	$179,637	$915,388
		Lynchburg		**235,545**	**$12,948,686**	**$2,141,028**	**$10,807,658**
	146	639 West Main St.	Danville	22,415	$1,244,100	$205,715	$1,038,384
	154	235 North Union St.	Danville	11,638	$570,704	$94,734	$475,970
	276	221 Nor-Dan Dr.	Danville	25,977	$1,511,779	$249,773	$1,262,006
	373	3308 Riverside Dr.	Danville	18,717	$1,095,474	$180,463	$915,011
	191	942 Tanyard Rd. (Rocky Mount)	Franklin	26,918	$1,385,193	$228,838	$1,156,356
	213	12990 Booker T. Washington Hwy (Hardy)	Franklin	29,716	$1,643,528	$269,359	$1,374,169
	132	4960 Greenboro Rd. (Ridgeway)	Henry	19,499	$1,050,726	$173,956	$876,769
	277	985 Fairystone Park Hwy (Bassett)	Henry	22,485	$1,107,902	$182,845	$925,056
	291	243 West Commonwealth Blvd.	Martinsville	38,010	$2,120,423	$349,207	$1,771,216
	324	301 South Main St. (Stuart)	Patrick	8,601	$433,190	$71,567	$361,623
	283	Tightsqueeze Plaza (Chatham)	Pittsylvania	12,033	$610,927	$101,092	$509,836
		Danville/Martinsville		**236,010**	**$12,773,945**	**$2,107,550**	**$10,666,396**
	157	302 New Hicks St. (Lawrenceville)	Brunswick	11,503	$600,015	$99,613	$500,402
	59	3136 Halifax Rd.	Halifax	33,783	$1,821,648	$301,950	$1,519,698
	143	812 East Atlantic St. (South Hill)	Mecklenburg	32,981	$1,737,743	$287,764	$1,449,979
	172	112 North Main St. (Chase City)	Mecklenburg	11,262	$545,980	$90,867	$455,113
	214	608 Virginia Ave. (Clarksville)	Mecklenburg	12,903	$666,827	$110,354	$556,473
		South Boston		**102,433**	**$5,372,213**	**$890,548**	**$4,481,665**
	351	15127 Patrick Henry Hwy	Amelia	8,827	$456,081	$75,767	$380,313
	178	Main St., PO Box 264 (Dillwyn)	Buckingham	8,965	$465,409	$77,447	$387,962
	196	Main St. (Drakes Branch)	Charlotte	6,932	$347,112	$57,574	$289,539
	159	1805 Main St. (Victoria) (conv)	Lunenburg	6,452	$322,377	$53,608	$268,769
	161	501 F Main St. (Kenbridge)	Lunenburg	5,270	$263,814	$43,932	$219,882
	164	107 East Carolina Ave. (Crewe)	Nottoway	8,259	$437,777	$72,778	$364,999
	275	1527 South Main St. (Blackstone)	Nottoway	14,394	$770,579	$128,127	$642,453
	152	110 South Main St. (Farmville)	Prince Edward	35,907	$1,954,733	$323,825	$1,630,908
		Farmville		**95,006**	**$5,017,882**	**$833,057**	**$4,184,825**
	104	6645 Lake Harbour Dr. (Midlothian)	Chesterfield	35,566	$2,093,537	$343,092	$1,750,445
	116	12635 Jefferson Davis Hwy (Chester)	Chesterfield	45,174	$2,648,265	$434,206	$2,214,059
NS	190	13121 Rittenhouse Dr.	Chesterfield	16,607	$1,001,470	$164,748	$836,722
	284	13214 Midlothian Tnpk (Midlothian)	Chesterfield	29,843	$1,672,965	$274,571	$1,398,394
	315	7048 Commons Plaza (Chester)	Chesterfield	23,529	$1,354,955	$223,257	$1,131,698
	330	5722 Hopkins Rd.	Chesterfield	35,841	$2,103,485	$348,055	$1,755,430

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$501,612	$306,632	$139,374	$167,258	$46,271	$120,987	29.0%
$287,676	$175,040	$95,841	$79,199	$26,490	$52,708	26.0%
$352,601	$215,672	$125,769	$89,903	$32,533	$57,370	25.0%
$556,310	$337,358	$140,459	$196,899	$51,162	$145,737	30.1%
$829,661	$501,694	$165,765	$335,929	$76,219	$259,710	32.8%
$226,822	$140,898	$108,079	$32,819	$21,052	$11,767	19.3%
$1,049,599	$639,203	$191,774	$447,430	$96,683	$350,747	33.9%
$447,724	$275,502	$126,352	$149,150	$41,404	$107,746	29.0%
$808,242	$501,860	$124,522	$377,338	$75,002	$302,336	35.8%
$1,073,275	$664,888	$229,364	$435,524	$99,509	$336,015	32.7%
$572,773	$342,616	$150,820	$191,796	$52,405	$139,390	29.1%
$6,706,295	**$4,101,363**	**$1,598,119**	**$2,503,243**	**$618,730**	**$1,884,513**	**31.1%**
$644,447	$393,937	$214,166	$179,771	$59,447	$120,324	26.2%
$295,303	$180,667	$89,802	$90,865	$27,249	$63,616	27.7%
$779,979	$482,027	$166,517	$315,510	$72,249	$243,261	32.6%
$568,006	$347,005	$136,765	$210,240	$52,384	$157,857	30.9%
$717,944	$438,412	$146,198	$292,213	$66,200	$226,013	32.8%
$859,167	$515,002	$178,644	$336,358	$78,670	$257,688	32.1%
$544,939	$331,831	$168,500	$163,330	$50,194	$113,136	27.3%
$575,748	$349,308	$143,480	$205,828	$52,959	$152,870	30.3%
$1,100,141	$671,075	$209,391	$461,684	$101,401	$360,283	33.5%
$225,296	$136,326	$100,978	$35,348	$20,703	$14,646	19.9%
$316,167	$193,668	$111,548	$82,121	$29,188	$52,933	25.2%
$6,627,138	**$4,039,258**	**$1,665,989**	**$2,373,269**	**$610,643**	**$1,762,626**	**30.3%**
$310,275	$190,127	$114,881	$75,247	$28,648	$46,599	24.4%
$942,997	$576,701	$226,981	$349,720	$87,002	$262,718	31.0%
$903,045	$546,934	$149,966	$396,968	$83,010	$313,958	34.6%
$280,757	$174,356	$122,543	$51,813	$26,055	$25,758	21.4%
$345,188	$211,285	$80,099	$131,186	$31,858	$99,328	31.4%
$2,782,262	**$1,699,403**	**$694,469**	**$1,004,934**	**$256,572**	**$748,362**	**30.5%**
$235,759	$144,555	$94,649	$49,906	$21,773	$28,133	22.8%
$240,248	$147,714	$116,871	$30,844	$22,211	$8,633	18.5%
$179,635	$109,904	$91,478	$18,426	$16,576	$1,850	17.1%
$166,076	$102,694	$78,579	$24,114	$15,387	$8,727	19.3%
$136,942	$82,940	$60,104	$22,836	$12,588	$10,248	20.5%
$225,775	$139,224	$91,109	$48,115	$20,896	$27,219	22.8%
$398,350	$244,103	$139,437	$104,666	$36,780	$67,886	25.4%
$1,009,772	$621,136	$187,398	$433,738	$93,368	$340,370	34.0%
$2,592,556	**$1,592,269**	**$859,625**	**$732,645**	**$239,578**	**$493,067**	**26.4%**
$1,088,651	$661,794	$210,779	$451,015	$100,212	$350,804	33.1%
$1,376,131	$837,928	$231,540	$606,388	$126,753	$479,635	34.5%
$521,846	$314,875	$252,695	$62,181	$47,902	$14,279	17.9%
$871,082	$527,312	$158,844	$368,468	$80,057	$288,411	33.7%
$705,674	$426,024	$183,342	$242,682	$64,789	$177,893	29.6%
$1,089,120	$666,310	$204,161	$462,149	$100,497	$361,652	33.7%

Analysis of Store Performance – Fiscal Year 2004

(continued)

	ABC Stores by Planning District		Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	350	11108 Midlothian Tnpk	Chesterfield	72,719	$4,650,381	$765,830	$3,884,551
	363	9949 Hull St.	Chesterfield	39,420	$2,225,300	$366,944	$1,858,356
	89	34-A Broad Street Rd.	Goochland	15,210	$904,474	$148,781	$755,694
	304	2922 River Rd. W	Goochland	9,018	$466,535	$77,048	$389,487
	243	209 North Washington Hwy (Ashland)	Hanover	37,171	$2,026,945	$333,479	$1,693,466
	334	7057 Mechanicsville Tnpk (Mechaniscville)	Hanover	36,939	$2,063,145	$339,902	$1,723,243
NS	108	10242 Staples Mill Rd.	Henrico	5,391	$320,962	$52,406	$268,556
	150	5654 Brook Rd.	Henrico	27,335	$1,686,746	$278,061	$1,408,686
	171	8700 West Broad St.	Henrico	41,093	$2,628,063	$433,869	$2,194,194
	180	500 Goddin St.	Henrico	11,324	$638,120	$105,951	$532,168
NS	205	2288 John Rolfe Pkwy	Henrico	2,876	$171,566	$28,086	$143,479
	207	10106 Brook Rd. (Glen Allen)	Henrico	30,212	$1,917,218	$312,918	$1,604,300
	242	1601 Willow Lawn Dr.	Henrico	28,773	$1,723,494	$282,524	$1,440,970
	247	9685 West Broad St.	Henrico	24,971	$1,550,781	$254,210	$1,296,571
	254	7015 Three Chopt Rd.	Henrico	24,348	$1,436,727	$234,599	$1,202,128
	270	809 East Parham Rd.	Henrico	38,000	$2,158,050	$355,989	$1,802,061
	292	1521 Parham Rd.	Henrico	23,350	$1,321,015	$216,424	$1,104,591
	305	3910 Mechanicsville Tnpk	Henrico	31,831	$1,957,072	$325,008	$1,632,065
R	308	11252 Patterson Ave.	Henrico	11,393	$643,546	$105,281	$538,265
	314	4338 South Laburnum Ave.	Henrico	54,046	$3,239,725	$534,368	$2,705,357
	331	3406 Pump Rd. (Short Pump)	Henrico	47,937	$3,237,720	$529,097	$2,708,623
	332	4018 Glenside Dr.	Henrico	19,471	$1,023,882	$168,993	$854,889
	366	1370 Gaskins Rd., Gayton Crossing Sh. Ctr.	Henrico	31,266	$1,921,118	$312,388	$1,608,730
	326	2105 Academy Rd.	Powhatan	16,954	$932,742	$154,095	$778,647
	86	2610 Buford Rd.	Richmond City	23,726	$1,378,413	$225,445	$1,152,968
	101	3100-A West Broad St.	Richmond City	29,777	$1,895,672	$312,745	$1,582,927
	102	1901 West Main St.	Richmond City	10,686	$590,330	$97,770	$492,559
	169	10 North Thompson St.	Richmond City	38,511	$2,558,122	$417,850	$2,140,271
	182	1217 West Broad St.	Richmond City	15,329	$833,614	$137,904	$695,710
	187	2421 Venable St. (conv)	Richmond City	21,765	$1,278,451	$212,913	$1,065,539
	251	2924 North Ave. (conv)	Richmond City	12,398	$693,687	$115,439	$578,248
	252	618 West Southside Plaza	Richmond City	47,315	$3,043,082	$505,914	$2,537,168
	348	7036 Forest Hill Ave.	Richmond City	39,031	$2,283,326	$375,263	$1,908,064
	360	2901 Hermitage Rd. (conv)	Richmond City	112,856	$7,903,933	$1,310,843	$6,593,090
		Richmond		**1,219,003**	**$74,178,635**	**$12,216,267**	**$61,962,367**
R	239	320 West Broaddus Ave. (Bowling Green)	Caroline	8,290	$434,237	$71,884	$362,353
	62	1416 Carl D. Silver Pkwy	Fredericksburg	31,668	$2,104,917	$347,463	$1,757,454
NS	74	10857 & 10859 Tidewater Trail	Fredericksburg	356	$21,544	$3,547	$17,996
	121	507 William St.	Fredericksburg	37,325	$2,236,035	$368,932	$1,867,102
	245	1271 Jefferson Davis Hwy	Fredericksburg	22,493	$1,316,541	$216,966	$1,099,575
	221	15423 Dahlgren Rd. (Dahlgren)	King George	6,639	$382,124	$63,079	$319,045
	103	6348 Jefferson Davis Hwy	Spotsylvania	20,124	$1,120,502	$184,260	$936,241
	209	5055 Jefferson Davis Hwy	Spotsylvania	37,755	$2,202,051	$362,956	$1,839,094
	313	4189 Plank Rd. (Fredericksburg)	Spotsylvania	36,689	$2,145,160	$352,650	$1,792,509
	183	736 Warrenton Rd., Suite 114	Stafford	20,674	$1,233,894	$202,836	$1,031,058
	200	356 Garrisonville Rd. (Doc Stone Commons)	Stafford	45,792	$2,809,033	$461,987	$2,347,046
		Fredericksburg		**267,805**	**$16,006,036**	**$2,636,562**	**$13,369,474**

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$2,355,556	$1,528,995	$283,135	$1,245,860	$222,388	$1,023,472	38.5%
$1,156,780	$701,576	$235,578	$465,998	$106,389	$359,609	32.6%
$471,277	$284,417	$124,834	$159,582	$43,263	$116,319	29.3%
$243,413	$146,074	$79,599	$66,475	$22,298	$44,177	26.0%
$1,054,704	$638,761	$196,392	$442,369	$96,950	$345,419	33.5%
$1,073,502	$649,741	$204,075	$445,666	$98,654	$347,011	33.3%
$167,307	$101,249	$81,738	$19,511	$15,375	$4,136	17.6%
$872,703	$535,982	$226,495	$309,487	$80,646	$228,841	30.1%
$1,362,310	$831,884	$233,877	$598,007	$125,616	$472,391	34.5%
$329,317	$202,851	$107,833	$95,018	$30,466	$64,552	26.7%
$89,195	$54,284	$69,967	($15,683)	$8,214	($23,897)	2.4%
$999,982	$604,317	$197,491	$406,826	$91,845	$314,981	32.8%
$897,094	$543,877	$246,417	$297,459	$82,494	$214,965	28.9%
$805,899	$490,672	$181,724	$308,948	$74,228	$234,721	31.5%
$751,904	$450,225	$169,657	$280,567	$68,821	$211,746	31.1%
$1,121,764	$680,297	$235,165	$445,132	$103,167	$341,965	32.3%
$688,729	$415,862	$216,787	$199,075	$63,237	$135,838	26.7%
$1,005,677	$626,387	$216,276	$410,112	$93,434	$316,677	32.8%
$336,811	$201,454	$111,504	$89,950	$30,815	$59,135	25.5%
$1,679,620	$1,025,737	$254,694	$771,044	$154,880	$616,164	35.5%
$1,691,601	$1,017,022	$305,316	$711,705	$155,067	$556,639	33.5%
$532,682	$322,207	$149,339	$172,868	$48,942	$123,926	28.6%
$1,006,190	$602,540	$263,341	$339,199	$92,099	$247,101	29.1%
$484,296	$294,351	$128,033	$166,318	$44,577	$121,741	29.6%
$720,664	$432,304	$169,257	$263,047	$66,007	$197,040	30.7%
$981,951	$600,976	$249,963	$351,013	$90,621	$260,391	30.2%
$304,783	$187,776	$118,671	$69,106	$28,199	$40,907	23.5%
$1,334,682	$805,589	$225,093	$580,496	$122,529	$457,967	34.2%
$423,793	$271,917	$147,294	$124,623	$39,829	$84,794	26.7%
$655,043	$410,495	$146,599	$263,897	$61,001	$202,896	32.5%
$354,782	$223,466	$115,948	$107,518	$33,104	$74,414	27.4%
$1,559,304	$977,865	$239,909	$737,955	$145,251	$592,704	36.1%
$1,188,141	$719,923	$219,241	$500,682	$109,235	$391,446	33.6%
$4,066,890	$2,526,200	$222,913	$2,303,287	$377,449	$1,925,838	41.0%
$38,420,850	**$23,541,518**	**$7,615,518**	**$15,926,000**	**$3,547,298**	**$12,378,702**	**33.2%**
$226,105	$136,248	$79,824	$56,424	$20,744	$35,680	24.8%
$1,089,539	$667,916	$206,233	$461,683	$100,613	$361,070	33.7%
$11,136	$6,860	$31,932	($25,072)	$1,030	($26,102)	(104.7%)
$1,159,165	$707,937	$194,128	$513,810	$106,890	$406,919	34.7%
$682,321	$417,254	$209,622	$207,632	$62,950	$144,682	27.5%
$199,014	$120,031	$57,643	$62,388	$18,265	$44,123	28.1%
$581,077	$355,165	$171,671	$183,494	$53,599	$129,895	28.0%
$1,141,605	$697,489	$250,658	$446,831	$105,287	$341,544	32.0%
$1,116,634	$675,876	$210,372	$465,504	$102,620	$362,884	33.4%
$640,978	$390,080	$188,547	$201,533	$59,027	$142,506	28.0%
$1,456,947	$890,099	$219,003	$671,096	$134,367	$536,729	35.6%
$8,304,519	**$5,064,955**	**$1,819,633**	**$3,245,322**	**$765,392**	**$2,479,930**	**32.0%**

Analysis of Store Performance – Fiscal Year 2004

(continued)

		ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	192	101 South Main St. (Kilmarnock)	Lancaster	36,887	$1,953,142	$322,196	$1,630,947
	238	Rt 360 (Callao)	Northumberland	15,018	$777,418	$127,882	$649,536
	149	Times Square Sh. Ctr. (Warsaw)	Richmond	9,328	$482,563	$79,836	$402,727
	130	Beachgate Sh. Ctr. (Colonial Beach)	Westmoreland	8,516	$454,671	$75,063	$379,608
	220	109 East End Place (Montross)	Westmoreland	7,016	$385,360	$63,599	$321,761
		Northern Neck		**76,765**	**$4,053,155**	**$668,576**	**$3,384,578**
	198	Rappahannock Shp Ctr (Tappahannock)	Essex County	15,652	$820,290	$135,837	$684,453
	155	York River Shp. Ctr., PO Box 303 (Hayes)	Gloucester	25,854	$1,442,837	$238,130	$1,204,707
	233	Main St.	Gloucester	19,370	$1,049,803	$173,251	$876,552
	175	14th & Kirby St. (West Point)	King William	19,719	$1,045,586	$172,072	$873,514
	257	4915 Tappahannock Hwy	King William	10,207	$537,690	$88,612	$449,078
	333	Rt 198 (Gloucester Point)	Mathews	13,106	$659,541	$108,778	$550,762
	179	Virginia St., PO Box 238 (Urbanna)	Middlesex	14,068	$729,772	$120,398	$609,373
		West Point/Mathews		**117,975**	**$6,285,519**	**$1,037,080**	**$5,248,439**
	232	3107-3 Blvd.	Colonial Heights	32,272	$1,802,142	$296,646	$1,505,496
	60	4330 Westgate Dr.	Dinwiddie	24,564	$1,386,631	$230,259	$1,156,373
	144	301 Market Dr., Suite H	Emporia City	25,364	$1,395,446	$231,327	$1,164,119
	151	210 North Main St.	Hopewell City	17,686	$911,571	$151,125	$760,445
	118	18 Washington St. W (conv)	Petersburg City	21,769	$1,352,853	$225,212	$1,127,641
	255	3330 South Crater Rd.	Petersburg City	32,778	$1,915,022	$316,674	$1,598,348
	310	5232 Oaklawn Blvd.	Prince George	31,148	$1,874,990	$311,249	$1,563,742
	240	Rt 460 (Waverly)	Sussex County	12,122	$619,346	$102,761	$516,585
		Petersburg/Hopewell		**197,702**	**$11,258,002**	**$1,865,253**	**$9,392,749**
	69	1620 Cedar Rd.	Chesapeake	17,385	$1,020,425	$168,236	$852,188
	79	1437 Sam's Dr.	Chesapeake	26,593	$1,693,091	$279,663	$1,413,428
	165	550 East Liberty St.	Chesapeake	19,668	$1,155,779	$192,314	$963,465
	280	1103 South Military Hwy	Chesapeake	95,698	$6,197,590	$1,025,248	$5,172,341
	328	836 Eden Way Lane	Chesapeake	26,870	$1,681,352	$277,257	$1,404,095
	349	237 South Battlefield Blvd.	Chesapeake	30,127	$1,760,434	$289,866	$1,470,568
	355	4300 Portsmouth Blvd.	Chesapeake	31,956	$1,963,093	$322,627	$1,640,467
	216	1100 Armory Dr.	Franklin City	28,074	$1,531,745	$254,634	$1,277,111
	299	1917 South Church St. (Smithfield)	Isle of Wight	29,844	$1,662,360	$275,536	$1,386,824
	107	434 St. Paul's Blvd.	Norfolk City	61,423	$4,263,034	$708,292	$3,554,741
	128	159 West Ocean View Dr.	Norfolk City	38,783	$2,218,780	$367,296	$1,851,484
	134	2301 Colley Ave.	Norfolk City	39,785	$2,413,408	$399,858	$2,013,550
	226	7525 Tidewater Dr.	Norfolk City	57,602	$3,460,802	$574,158	$2,886,644
	249	2350 East Little Creek Rd.	Norfolk City	41,274	$2,351,246	$389,464	$1,961,781
	263	5900 Virginia Beach Blvd.	Norfolk City	46,969	$3,001,814	$496,649	$2,505,165
	110	1136 London Blvd. (conv)	Portsmouth	13,780	$857,467	$142,537	$714,931
	237	3812 George Washington Hwy	Portsmouth	24,861	$1,493,345	$247,286	$1,246,059
	288	5700 Churchland Blvd.	Portsmouth	32,412	$1,943,348	$320,908	$1,622,440
NS	311	4020 Victory Blvd.	Portsmouth	18,432	$1,152,537	$191,096	$961,440
	361	812 Airline Blvd.	Portsmouth	43,000	$2,655,637	$439,849	$2,215,788
	325	22718 Main St. (Courtland)	Southampton	7,135	$341,782	$56,740	$285,042
	211	6550 Town Point Rd.	Suffolk City	12,891	$809,751	$133,589	$676,162

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$1,018,030	$612,917	$241,621	$371,296	$93,370	$277,926	30.7%
$404,781	$244,755	$106,055	$138,701	$37,185	$101,515	29.5%
$249,980	$152,746	$120,217	$32,529	$23,056	$9,474	18.5%
$235,138	$144,470	$88,640	$55,830	$21,732	$34,097	24.0%
$199,958	$121,802	$57,893	$63,909	$18,421	$45,488	28.3%
$2,107,888	**$1,276,690**	**$614,426**	**$662,265**	**$193,764**	**$468,500**	**28.1%**
$424,979	$259,474	$145,689	$113,785	$39,184	$74,601	25.7%
$749,356	$455,351	$160,994	$294,357	$68,969	$225,388	32.1%
$545,518	$331,034	$95,827	$235,207	$50,182	$185,025	34.1%
$544,421	$329,092	$179,555	$149,538	$50,008	$99,530	26.0%
$279,879	$169,200	$79,030	$90,170	$25,709	$64,460	28.5%
$344,266	$206,496	$102,580	$103,916	$31,531	$72,385	27.5%
$19,668	$589,706	$99,326	$490,380	$34,886	$455,494	78.9%
$2,908,086	**$2,340,353**	**$863,000**	**$1,477,353**	**$300,469**	**$1,176,884**	**35.2%**
$934,732	$570,765	$216,616	$354,149	$86,189	$267,961	31.3%
$718,538	$437,835	$160,666	$277,168	$66,201	$210,967	31.8%
$723,232	$440,887	$177,737	$263,150	$66,645	$196,505	30.7%
$455,225	$305,220	$109,923	$195,297	$43,535	$151,762	33.2%
$693,421	$434,220	$189,716	$244,504	$64,557	$179,948	29.9%
$992,268	$606,080	$217,941	$388,139	$91,504	$296,635	32.0%
$971,511	$592,230	$209,011	$383,219	$89,523	$293,696	32.3%
$322,956	$193,629	$96,590	$97,039	$29,574	$67,465	27.5%
$5,811,884	**$3,580,866**	**$1,378,199**	**$2,202,666**	**$537,728**	**$1,664,939**	**31.4%**
$530,255	$321,934	$135,377	$186,556	$48,787	$137,769	30.0%
$877,237	$536,191	$177,295	$358,896	$80,918	$277,979	32.9%
$594,615	$368,850	$116,381	$252,469	$55,158	$197,311	33.7%
$3,201,628	$1,970,713	$314,537	$1,656,176	$296,113	$1,360,064	38.5%
$874,033	$530,062	$185,913	$344,149	$80,383	$263,766	32.2%
$915,729	$554,838	$228,319	$326,520	$84,189	$242,331	30.2%
$1,020,777	$619,689	$172,026	$447,663	$93,915	$353,748	34.5%
$796,230	$480,881	$187,566	$293,315	$73,114	$220,202	31.0%
$862,054	$524,770	$210,195	$314,575	$79,395	$235,180	30.7%
$2,193,009	$1,361,732	$279,692	$1,082,040	$203,506	$878,534	37.2%
$1,145,016	$706,469	$238,348	$468,120	$105,996	$362,124	32.9%
$1,250,238	$763,311	$237,157	$526,154	$115,274	$410,880	33.6%
$1,789,366	$1,097,279	$263,491	$833,787	$165,258	$668,529	35.9%
$1,216,367	$745,414	$234,636	$510,778	$112,310	$398,468	33.5%
$1,552,464	$952,700	$268,010	$684,691	$143,419	$541,272	34.6%
$440,539	$274,391	$157,657	$116,735	$40,929	$75,805	25.5%
$768,559	$477,500	$222,234	$255,266	$71,336	$183,930	28.9%
$1,005,546	$616,894	$223,195	$393,699	$92,883	$300,816	32.0%
$594,553	$366,887	$138,481	$228,407	$55,042	$173,365	31.6%
$1,368,266	$847,522	$275,385	$572,137	$126,852	$445,285	33.3%
$177,550	$107,492	$38,465	$69,027	$16,318	$52,709	32.0%
$419,437	$256,725	$153,836	$102,888	$38,710	$64,179	24.4%

Analysis of Store Performance – Fiscal Year 2004

(continued)

		ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit & Wine (2)	Net Sales
	298	821 West Constance Rd.	Suffolk City	33,544	$1,761,978	$292,317	$1,469,661
	312	2815 G Godwin Blvd.	Suffolk City	26,302	$1,501,295	$248,521	$1,252,773
	71	213 Virginia Beach Blvd.	Virginia Beach	5,278	$305,220	$50,228	$254,992
	106	2973 Shore Dr.	Virginia Beach	38,616	$2,315,712	$380,726	$1,934,985
	129	1615 General Booth Blvd.	Virginia Beach	25,448	$1,521,487	$250,267	$1,271,220
	188	4334 Holland Rd.	Virginia Beach	37,876	$2,217,267	$365,992	$1,851,274
	204	2420 Atlantic Ave.	Virginia Beach	3,370	$219,563	$35,350	$184,213
	225	405 30th St.	Virginia Beach	66,130	$4,193,374	$692,483	$3,500,891
	246	5020 Ferrell Pkwy	Virginia Beach	20,461	$1,270,054	$209,747	$1,060,306
	256	774 A Hilltop North Sh. Ctr.	Virginia Beach	131,452	$8,863,665	$1,468,110	$7,395,556
	278	3333 Virginia Beach Blvd.	Virginia Beach	75,376	$4,614,350	$762,933	$3,851,417
	306	2085 Lynnhaven Pkwy	Virginia Beach	35,176	$2,180,069	$359,678	$1,820,391
	307	Fairfield Sh. Ctr.	Virginia Beach	30,738	$1,830,115	$301,825	$1,528,289
	336	1079 Independence Blvd.	Virginia Beach	49,646	$2,945,768	$486,671	$2,459,098
	370	1169 Nimmo Pkwy	Virginia Beach	30,152	$1,752,479	$287,135	$1,465,344
		Norfolk/Virginia Beach		**1,354,127**	**$83,121,215**	**$13,745,089**	**$69,376,126**
NS	92	227 Fox Hill Rd.	Hampton City	6,974	$409,687	$67,543	$342,144
	112	199 West Queen's Way	Hampton City	21,715	$1,340,011	$222,209	$1,117,802
	244	4909 West Mercury Blvd.	Hampton City	40,767	$2,512,574	$417,071	$2,095,503
	250	2078 Nickerson Blvd.	Hampton City	24,517	$1,421,438	$234,657	$1,186,780
	258	3831 Kecoughtan Rd.	Hampton City	18,761	$1,099,277	$181,852	$917,425
	265	20 Towne Centre Way	Hampton City	14,812	$924,390	$152,757	$771,633
	282	1118 A & B West Mercury Blvd.	Hampton City	53,458	$3,638,221	$600,134	$3,038,087
	148	4640-3 Monticello Ave.	James City	56,086	$3,474,256	$568,757	$2,905,499
	158	3214 Jefferson Ave. (conv)	Newport News	24,319	$1,551,926	$258,196	$1,293,730
NS	217	619 Pilot House Dr.	Newport News	10,288	$705,227	$116,612	$588,615
	272	55 Hidenwood Sh. Ctr.	Newport News	19,762	$1,142,320	$189,039	$953,281
	340	13002 Ste. A & B Warwick Blvd.	Newport News	32,027	$1,987,090	$328,380	$1,658,711
	341	12725 Jefferson Ave.	Newport News	46,890	$3,019,463	$498,329	$2,521,135
	342	10872 Warwick Blvd.	Newport News	27,648	$1,656,637	$273,639	$1,382,998
	320	1246 Richmond Rd.	Williamsburg	32,060	$1,903,507	$311,580	$1,591,927
	222	209 Village Ave. (Yorktown)	York County	27,249	$1,679,513	$276,054	$1,403,458
	290	5226 George Washington Hwy (Grafton)	York County	26,163	$1,472,633	$242,368	$1,230,265
	335	801 F Merrimac Trail	York County	38,543	$2,378,417	$392,573	$1,985,843
		Newport News/Hampton		**522,037**	**$32,316,585**	**$5,331,750**	**$26,984,836**
NS	162	7107 Lankford Hwy	Accomack	3,695	$215,298	$35,456	$179,842
	177	6371 Pension St. (Chincoteague)	Accomack	9,988	$562,764	$92,100	$470,664
	344	Four Corners Plaza Shp. Ctr. (Onley)	Accomack	17,099	$939,344	$155,694	$783,650
	156	22485 Lankford Hwy (Cape Charles)	Northampton	12,992	$682,197	$112,128	$570,070
	223	4090-B Lankford Hwy (Exmore)	Northampton	13,713	$671,891	$110,934	$560,957
		Eastern Shore		**57,487**	**$3,071,494**	**$506,310**	**$2,565,183**
		Statewide Totals		**8,057,619**	**$490,671,017**	**$80,920,118**	**$409,750,899**

Notes

(1) Includes state taxes, but does not include general sales tax (4.5%).

(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) Rate of return is calculated by adding adjusted net profits and state taxes, dividing result by gross sales.

(5) NS = New Store; R = Relocation. There were a total of 17 new stores opened in Fiscal Year 2004 and six relocations. No stores were closed. For a detailed listing of store activity, see page 24.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. & Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
$911,539	$558,122	$154,356	$403,766	$84,137	$319,629	34.7%
$780,313	$472,461	$181,149	$291,312	$71,720	$219,592	31.2%
$157,453	$97,539	$82,842	$14,697	$14,598	$99	16.5%
$1,209,215	$725,770	$215,401	$510,369	$110,776	$399,592	33.7%
$790,369	$480,850	$175,989	$304,861	$72,776	$232,085	31.7%
$1,148,970	$702,304	$191,829	$510,476	$105,984	$404,492	34.7%
$114,452	$69,760	$113,053	($43,292)	$10,546	($53,838)	(8.4%)
$2,217,110	$1,283,781	$278,215	$1,005,566	$200,423	$805,142	35.7%
$658,474	$401,832	$160,991	$240,841	$60,702	$180,139	30.7%
$4,583,278	$2,812,278	$468,398	$2,343,880	$423,390	$1,920,490	38.2%
$2,391,828	$1,459,589	$343,001	$1,116,588	$220,491	$896,097	36.0%
$1,129,697	$690,695	$221,918	$468,776	$104,216	$364,560	33.2%
$950,939	$577,350	$217,017	$360,333	$87,493	$272,840	31.4%
$1,528,192	$930,906	$197,894	$733,012	$140,781	$592,231	36.6%
$915,364	$549,980	$183,077	$366,904	$83,890	$283,014	32.5%
$43,080,662	**$26,295,464**	**$7,643,327**	**$18,652,137**	**$3,971,730**	**$14,680,407**	**34.2%**
$212,651	$129,493	$120,768	$8,725	$19,587	($10,862)	13.8%
$691,782	$426,020	$199,124	$226,896	$63,993	$162,903	28.7%
$1,295,380	$800,123	$185,444	$614,679	$119,966	$494,713	36.3%
$736,547	$450,233	$176,400	$273,834	$67,942	$205,891	31.0%
$567,920	$349,504	$160,595	$188,909	$52,522	$136,387	28.9%
$478,303	$293,330	$165,402	$127,928	$44,175	$83,753	25.6%
$1,879,488	$1,158,599	$250,746	$907,853	$173,928	$733,925	36.7%
$1,812,910	$1,092,589	$291,688	$800,901	$166,338	$634,563	34.6%
$793,001	$500,728	$193,459	$307,270	$74,065	$233,205	31.7%
$364,553	$224,062	$118,108	$105,954	$33,698	$72,257	26.8%
$593,216	$360,065	$131,793	$228,272	$54,575	$173,698	31.8%
$1,028,582	$630,129	$204,148	$425,981	$94,960	$331,021	33.2%
$1,560,397	$960,737	$271,488	$689,250	$144,333	$544,917	34.6%
$857,764	$525,234	$225,902	$299,331	$79,176	$220,156	29.8%
$994,251	$597,677	$221,887	$375,790	$91,137	$284,653	31.3%
$873,260	$530,199	$129,563	$400,635	$80,347	$320,289	35.5%
$767,707	$462,557	$158,532	$304,025	$70,432	$233,593	32.3%
$1,230,992	$754,852	$234,091	$520,761	$113,688	$407,073	33.6%
$16,738,705	**$10,246,131**	**$3,439,137**	**$6,806,994**	**$1,544,861**	**$5,262,133**	**32.8%**
$111,551	$68,290	$86,791	($18,501)	$10,296	($28,797)	3.1%
$292,547	$178,117	$79,832	$98,285	$26,945	$71,340	29.0%
$485,694	$297,957	$145,809	$152,147	$44,863	$107,284	28.0%
$353,816	$216,254	$97,554	$118,700	$32,636	$86,064	29.1%
$348,694	$212,263	$128,891	$83,372	$32,114	$51,258	24.1%
$1,592,302	**$972,881**	**$538,878**	**$434,003**	**$146,855**	**$287,148**	**25.8%**
$254,355,072	**$155,395,827**	**$53,938,549**	**$101,457,278**	**$23,457,922**	**$77,999,356***	**32.4%**

***Profit Reconciliation**

Net store profit	101,457,278
General & administrative expenses	(23,457,922)
Adjusted Net store profit	77,999,356*
Gain/(Loss) on other operations:	
Lottery	346,442
Enforcement (including G&A)	(4,261,309)
Miscellaneous revenue	586,205
Audited ABC profit	74,670,694

2004 Licenses by Category – Cities

Cities	Liquor by the drink (1)	Bed & Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Estabs.	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet/ Gourmet Brew Shops	Grocery/ Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Beer & Wine)	Restaurants (Mixed Beverages) (2)	Winery	All Others (3)	Total Licenses (excluding Mixed Beverage)
Alexandria City	Wet	0	7	5	4	1	4	6	19	1	0	11	25	30	13	175	121	0	6	307
Bedford City	Wet	0	0	0	0	0	0	0	1	0	0	0	0	8	2	4	1	0	1	16
Bristol City	Wet	0	0	1	0	0	1	0	11	1	0	2	4	15	1	24	15	0	0	60
Buena Vista City	Wet	0	0	0	0	0	0	0	1	0	0	1	0	5	0	4	1	0	0	11
Charlottesville City	Wet	1	3	3	2	0	6	7	19	0	0	3	16	25	3	122	80	0	2	212
Chesapeake City	Wet	0	1	4	0	0	1	11	47	0	0	13	22	60	2	120	80	0	2	283
Colonial Heights City	Wet	0	0	0	0	0	0	2	8	0	0	2	0	9	0	25	16	0	1	47
Covington City	Wet	0	0	0	0	0	0	0	4	0	0	1	1	5	0	5	0	0	0	16
Danville City	Wet	0	0	1	0	0	2	8	22	0	0	3	3	46	1	38	21	0	1	125
Emporia City	Wet	0	0	0	0	0	0	0	15	0	0	1	0	6	0	4	3	0	0	26
Fairfax City	Wet	0	0	0	0	0	1	3	6	0	0	5	6	16	1	57	38	0	0	95
Falls Church City	Wet	0	0	0	0	0	0	1	3	0	0	3	0	11	0	34	11	0	0	52
Franklin City	Wet	0	0	0	0	0	0	1	5	0	0	1	0	5	0	8	5	0	0	20
Fredericksburg City	Wet	0	0	0	0	0	1	2	18	1	0	4	6	12	2	78	55	0	1	125
Galax City	Wet	0	0	0	0	0	0	2	2	0	0	1	1	5	0	5	3	0	0	16
Hampton City	Wet	1	0	1	2	1	1	19	28	1	0	8	6	54	4	97	54	0	7	230
Harrisonburg City	Wet	0	0	0	1	0	1	5	21	0	0	3	5	21	3	56	28	0	1	117
Hopewell City	Wet	0	0	0	0	0	0	6	12	0	0	1	1	9	0	20	11	0	1	50
Lexington City	Wet	1	0	0	0	0	2	0	0	0	0	1	5	1	1	16	8	0	3	30
Lynchburg City	Wet	2	0	5	0	0	2	7	14	1	0	4	8	35	3	71	45	1	3	156
Manassas City	Dry	0	0	0	0	1	0	2	9	0	0	2	3	13	0	27	19	0	0	57
Manassas Park City	Wet	0	0	0	0	0	0	0	4	0	0	0	0	1	0	5	1	0	0	10
Martinsville City	Wet	0	0	0	0	0	0	3	10	0	0	2	2	8	0	12	7	0	0	37
Newport News City	Wet	0	3	3	0	0	3	15	51	1	0	7	10	79	2	133	71	0	6	313
Norfolk City	Wet	2	2	3	0	4	6	33	43	2	0	11	13	96	9	225	154	0	12	461
Norton City	Wet	0	0	2	0	0	0	0	1	5	0	1	0	1	1	2	0	0	0	13
Petersburg City	Wet	0	2	2	0	0	1	10	28	0	0	2	0	20	1	27	9	0	0	93
Poquoson City	Wet	0	0	0	0	0	0	1	1	0	0	1	2	4	0	7	2	0	0	16
Portsmouth City	Wet	0	1	1	0	1	0	15	26	0	0	8	3	39	1	54	35	0	6	155
Radford City	Wet	0	0	0	0	0	1	1	3	2	0	0	2	9	0	10	7	0	2	30
Richmond City	Wet	1	9	10	2	1	9	26	93	6	0	14	18	90	11	282	204	0	8	580
Roanoke City	Wet	1	0	2	0	2	2	10	65	2	0	4	10	43	4	119	74	0	3	267
Salem City	Wet	0	0	0	0	0	1	5	24	0	0	3	3	7	0	33	14	0	4	80
Staunton City	Wet	1	0	0	0	0	2	3	3	1	0	2	3	17	3	19	12	0	0	54
Suffolk City	Wet	0	0	0	0	0	0	6	20	1	0	4	2	39	1	27	17	0	0	100
Virginia Beach City	Wet	0	0	1	1	0	4	16	72	3	0	23	50	135	12	505	364	0	16	838
Waynesboro City	Wet	0	0	0	0	0	0	2	8	0	0	1	4	13	0	15	6	0	1	44
Williamsburg City	Wet	6	0	0	0	0	2	0	6	1	0	2	3	4	10	51	38	0	4	89
Winchester City	Wet	0	4	2	0	0	1	6	8	1	0	1	3	19	1	44	30	0	2	92
Total		**16**	**32**	**46**	**12**	**11**	**54**	**234**	**731**	**30**	**0**	**156**	**240**	**1,015**	**92**	**2,560**	**1,660**	**1**	**93**	**5,323**

Source: CORE, July 2004.

Notes

(1) Liquor by the drink: "Dry" – not approved for liquor by the drink; "Wet" – approved for liquor by the drink.

(2) "Restaurants (Mixed Beverages)" represents the total number of wine and beer establishments also having a mixed beverage license (not included in Total Licenses column).

(3) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. Does not include banquets.

2004 Licenses by Category – Counties

Counties	Liquor by the drink (1)	Bed & Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Estabs.	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet/ Gourmet Brew Shops	Grocery/ Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Beer & Wine)	Restaurants (Mixed Beverages) (2)	Winery	All Others (3)	Total Licenses (excluding Mixed Beverage)
Accomack	Wet	3	1	2	0	0	0	5	24	0	0	2	4	23	2	41	20	1	2	110
Albemarle	Wet	5	2	2	1	0	1	7	22	0	1	1	15	43	5	60	34	11	4	180
Alleghany	Wet	0	0	0	0	0	0	5	9	0	0	1	1	13	0	17	7	0	0	46
Amelia	Wet	0	0	0	0	0	0	1	11	0	0	1	0	4	0	4	1	0	0	21
Amherst	Wet	1	0	0	0	0	1	2	13	0	0	2	1	20	0	12	6	1	0	53
Appomattox	Dry	0	0	0	0	0	0	2	4	0	0	0	1	14	0	4	0	1	0	26
Arlington	Wet	0	1	0	2	6	1	6	42	1	0	20	22	49	23	258	185	0	0	431
Augusta	Wet	0	0	3	0	0	0	3	16	0	0	2	2	37	1	17	8	0	0	81
Bath	Dry	1	0	0	0	0	0	0	8	1	0	0	1	5	2	10	5	0	1	29
Bedford	Wet	2	0	0	0	1	1	6	14	0	0	3	2	30	1	30	15	2	6	98
Bland	Dry	0	0	0	0	0	0	0	0	2	0	0	0	9	0	1	0	0	0	12
Botetourt	Wet	0	2	3	0	0	0	1	15	0	0	1	3	19	0	17	2	1	0	62
Brunswick	Wet	1	0	1	0	0	0	1	16	0	0	1	0	7	1	10	5	0	1	39
Buchanan	Dry	0	0	0	0	0	0	1	14	2	0	2	1	18	0	3	0	0	0	41
Buckingham	Wet	0	0	0	0	0	0	1	4	1	0	0	0	15	0	3	1	0	1	25
Campbell	Wet	0	0	0	0	0	0	3	27	0	0	2	1	35	1	19	6	0	0	88
Caroline	Wet	0	0	0	0	0	0	1	16	0	0	1	0	15	0	13	2	0	0	46
Carroll	Wet	0	0	0	0	0	0	1	15	0	0	0	0	14	1	7	3	0	0	38
Charles City	Wet	2	0	0	0	0	1	0	1	0	0	0	0	5	0	3	1	0	0	12
Charlotte	Dry	0	0	0	0	0	0	1	10	0	0	1	0	24	1	4	0	0	0	41
Chesterfield	Wet	0	1	1	2	0	3	6	80	3	0	18	15	74	4	184	114	1	3	395
Clarke	Wet	0	0	0	0	0	0	3	7	0	0	0	2	10	0	11	4	1	3	37
Craig	Dry	0	0	0	0	0	0	0	3	0	0	0	0	4	0	0	0	0	0	7
Culpeper	Wet	1	0	0	0	0	0	5	8	0	1	2	2	30	0	19	12	2	2	72
Cumberland	Wet	0	0	0	0	0	0	0	5	0	0	0	0	4	0	4	0	0	0	13
Dickenson	Wet	0	0	0	0	0	0	1	9	2	0	0	0	10	0	3	0	0	0	25
Dinwiddie	Wet	0	0	0	0	0	0	1	19	0	0	1	0	17	0	6	1	0	2	46
Essex	Wet	1	0	0	0	0	0	1	5	1	0	1	0	12	0	12	5	0	3	36
Fairfax	Wet	0	51	45	2	0	10	30	68	7	0	56	107	153	30	785	532	0	15	1,359
Fauquier	Wet	3	1	1	0	0	1	4	17	1	0	4	8	34	6	44	30	9	1	134
Floyd	Dry	0	0	0	0	0	0	2	6	0	0	0	1	5	0	6	1	3	0	23
Fluvanna	Wet	1	0	0	0	0	0	0	2	0	0	0	0	9	0	10	5	0	0	22
Franklin	Wet	0	0	0	0	0	1	2	22	0	0	1	5	33	0	33	19	0	4	101
Frederick	Wet	2	2	6	0	0	0	4	18	1	0	1	3	37	2	21	12	1	1	99
Giles	Wet	1	0	0	0	0	0	4	6	3	0	2	0	21	1	4	1	0	0	42
Gloucester	Wet	0	0	0	0	1	0	4	14	0	0	3	1	21	0	26	17	0	2	72
Goochland	Wet	0	2	0	0	0	0	2	6	0	0	0	0	9	0	19	13	1	0	39
Grayson	Dry	0	0	0	0	0	0	0	7	0	0	0	1	4	0	3	1	0	2	17
Greene	Wet	0	0	0	0	0	0	1	3	0	0	0	1	9	0	7	4	2	0	23
Greensville	Wet	0	0	0	0	0	0	1	11	0	0	0	0	4	0	4	3	0	0	20
Halifax	Wet	0	0	2	0	0	0	3	10	0	0	0	0	51	1	21	6	0	1	89
Hanover	Wet	0	0	0	0	0	3	6	33	0	0	6	3	39	1	65	30	1	1	158
Henrico	Wet	0	9	11	1	0	6	17	106	4	0	27	23	74	15	235	162	0	5	533
Henry	Wet	0	0	0	0	0	0	9	25	0	0	3	1	52	2	23	5	0	1	116
Highland	Dry	0	0	0	0	0	0	0	2	0	0	0	0	8	1	1	0	0	0	12
Isle of Wight	Wet	2	1	0	0	0	0	3	13	0	0	2	4	23	1	16	7	0	0	65
James City	Wet	1	1	1	1	0	2	2	9	1	1	3	7	16	3	60	34	2	1	111
King & Queen	Wet	0	0	0	0	0	0	0	3	1	0	0	0	7	0	1	1	0	0	12
King George	Wet	0	0	0	0	0	0	0	11	0	0	0	0	7	0	12	2	1	0	31
King William	Wet	0	0	0	0	0	0	2	6	0	0	1	0	12	0	6	2	0	0	27
Lancaster	Wet	1	0	0	0	1	0	3	4	0	0	0	1	18	3	19	11	0	2	52
Lee	Dry	0	0	0	0	0	0	3	22	1	0	1	0	10	0	4	0	0	0	41
Loudoun	Wet	3	2	2	2	12	4	9	36	2	0	10	32	50	5	158	99	13	7	347
Louisa	Wet	0	2	2	0	0	0	3	11	0	0	0	0	24	2	9	3	1	2	56
Lunenburg	Wet	0	0	0	0	0	0	3	10	0	0	0	0	12	0	5	0	0	1	31
Madison	Wet	3	1	1	0	0	0	0	7	0	0	0	2	8	2	6	3	4	0	34
Mathews	Wet	1	0	0	0	0	0	2	9	0	0	0	0	2	0	3	2	0	0	17
Mecklenburg	Wet	1	0	1	0	0	0	11	19	0	0	2	0	43	0	20	12	0	0	97
Middlesex	Wet	1	0	0	0	0	0	1	3	1	0	0	1	13	0	14	11	0	3	37

2004 Licenses by Category – Counties

(continued)

Counties	Liquor by the drink (1)	Bed & Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Estabs.	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet/ Gourmet Brew Shops	Grocery/ Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Beer & Wine)	Restaurants (Mixed Beverages) (2)	Winery	All Others (3)	Total Licenses (excluding Mixed Beverage)
Montgomery	Wet	1	0	0	0	0	3	2	19	2	0	2	6	39	3	70	43	0	0	147
Nelson	Wet	3	0	0	0	0	0	2	6	3	0	1	1	20	2	8	5	5	3	54
New Kent	Wet	1	0	0	0	0	0	1	9	0	0	2	0	9	0	12	5	0	0	34
Northampton	Wet	1	2	4	0	0	0	2	17	0	0	1	0	7	3	17	13	0	1	55
Northumberland	Wet	0	0	0	0	1	0	2	4	0	0	0	0	10	0	14	9	0	1	32
Nottoway	Wet	0	0	2	0	0	0	4	11	0	0	0	0	9	1	12	3	0	0	39
Orange	Wet	5	0	1	0	0	0	3	11	0	0	2	1	13	0	16	6	3	2	57
Page	Wet	4	0	0	0	0	0	5	8	0	0	0	1	15	2	17	8	1	3	56
Patrick	Dry	3	0	0	0	0	0	1	9	0	0	1	0	17	0	8	1	1	1	41
Pittsylvania	Wet	0	1	3	0	0	0	5	17	0	0	0	0	55	1	20	2	1	1	104
Powhatan	Wet	0	0	0	0	0	1	1	13	0	0	0	1	4	0	9	6	0	0	29
Prince Edward	Wet	0	1	1	0	0	2	2	9	0	0	1	1	16	0	20	13	0	0	53
Prince George	Wet	0	0	0	0	0	0	3	11	0	0	2	0	12	0	12	5	0	1	41
Prince William	Wet	0	4	5	0	0	4	13	67	3	0	9	24	96	3	217	123	0	5	450
Pulaski	Wet	0	0	1	0	0	0	4	6	3	0	2	1	30	0	8	1	0	2	57
Rappahannock	Wet	4	0	0	0	0	0	0	2	0	0	0	1	6	1	9	5	4	1	28
Richmond	Wet	0	0	5	0	0	1	0	1	0	0	1	1	9	0	8	2	1	1	28
Roanoke	Wet	0	4	4	0	0	1	4	36	0	0	3	6	17	1	59	33	2	0	137
Rockbridge	Wet	4	0	0	0	0	1	3	16	0	0	0	0	23	3	13	6	1	1	65
Rockingham	Wet	1	0	0	2	0	0	5	21	0	0	2	0	24	0	20	5	0	1	76
Russell	Dry	0	0	0	0	0	0	2	11	7	0	1	1	6	0	4	1	2	1	35
Scott	Dry	0	0	0	0	0	0	0	9	2	0	1	1	22	0	5	1	0	0	40
Shenandoah	Wet	4	0	0	0	0	0	9	10	0	0	2	0	40	2	30	11	2	3	102
Smyth	Wet	0	3	4	0	0	0	2	20	1	0	1	0	18	0	13	6	1	0	63
Southampton	Wet	0	0	0	0	0	0	2	11	0	0	1	0	13	0	3	1	0	2	32
Spotsylvania	Wet	1	0	2	2	0	2	6	45	1	2	5	4	33	0	52	31	1	5	161
Stafford	Wet	0	2	3	0	0	2	4	42	0	0	7	2	24	0	59	35	1	6	152
Surry	Dry	0	0	0	0	0	0	0	4	0	0	0	0	3	0	3	0	0	0	10
Sussex	Wet	0	0	0	0	0	1	1	18	0	0	0	1	11	0	8	1	0	0	40
Tazewell	Wet	1	1	0	0	0	0	3	20	1	0	2	2	40	0	15	4	0	1	86
Warren	Wet	3	0	0	0	0	0	5	16	0	0	1	1	25	0	26	13	0	0	77
Washington	Wet	6	1	2	0	0	0	3	25	5	0	1	4	23	2	16	7	3	1	92
Westmoreland	Wet	1	0	0	0	1	0	7	7	0	0	1	0	20	0	21	16	2	5	65
Wise	Wet	0	0	0	0	0	0	1	21	12	0	3	2	16	0	17	5	0	1	73
Wythe	Wet	0	0	0	0	0	0	3	11	2	0	1	0	28	2	13	10	0	0	60
York	Wet	0	0	0	2	0	0	4	22	1	0	5	3	22	3	47	23	0	4	113
Subtotal		**80**	**98**	**121**	**17**	**23**	**53**	**309**	**1,521**	**78**	**5**	**245**	**339**	**2,143**	**146**	**3,313**	**1,924**	**90**	**130**	**8,711**
Grand Total		**96**	**130**	**167**	**29**	**34**	**107**	**543**	**2,252**	**108**	**5**	**401**	**579**	**3,158**	**238**	**5,873**	**3,584**	**91**	**223**	**14,034**

Source: CORE, July 2004.

Notes

(1) Liquor by the drink: "Dry" – not approved for liquor by the drink; "Wet" – approved for liquor by the drink.

(2) "Restaurants (Mixed Beverages)" represents the total number of wine and beer establishments also having a mixed beverage license (not included in Total Licenses column).

(3) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. Does not include banquets.

Auditor's Report

Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.0. Box 1295
Richmond, Virginia 23218

SEPTEMBER 29, 2004

THE HONORABLE MARK R. WARNER
GOVERNOR OF VIRGINIA
STATE CAPITOL
RICHMOND, VIRGINIA

THE HONORABLE KEVIN G. MILLER
CHAIRMAN, JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION
GENERAL ASSEMBLY BUILDING
RICHMOND, VIRGINIA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying basic financial statements of the **Department of Alcoholic Beverage Control** as of and for the year ended June 30, 2004. These basic financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the basic financial statements of the Department are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities and the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Virginia as of June 30, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Alcoholic Beverage Control as of June 30, 2004, and the changes in its financial position and its cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 60 through 63 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2004, which includes our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

AUDITOR OF PUBLIC ACCOUNTS

COMMONWEALTH of VIRGINIA

Department of Alcoholic Beverage Control

COMMISSIONERS
VERNON M. DANIELSEN, CHAIRMAN
WARREN E. BARRY
ESTHER H. VASSAR

CHIEF OPERATING OFFICER / SECRETARY TO THE BOARD
W. CURTIS COLEBURN, III

2901 HERMITAGE ROAD
P. O. BOX 27491
RICHMOND, VIRGINIA 23261
(804) 213-4400
FAX: (804) 213-4411
TDD LOCAL (804) 213-4687

Management's Discussion & Analysis

This discussion and analysis of the Virginia Department of Alcoholic Beverage Control's (ABC) financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2004.

FINANCIAL HIGHLIGHTS

- The Department's operating revenues increased 11 percent in fiscal year 2004, due in part to the expansion of the retail store network and the annualized impact of the shelf price increase that occurred in February and May of fiscal year 2003.
- ABC operations returned record profits to the Commonwealth in fiscal year 2004 of $74.6 million. Profits were up $19.2 million or 34 percent more than fiscal year 2003.
- 17 new stores were opened in fiscal year 2004 generating $9.3 million in additional sales. Nine stores were relocated to improved market areas and seven were remodeled.

OVERVIEW OF FINANCIAL STATEMENTS

The audited annual report consists of a series of proprietary fund financial statements. The Statement of Net Assets provides information about the Department's assets and liabilities and reflects the financial position as of June 30, 2004. The Statement of Revenues, Expenses and Changes in Net Assets reports the operating revenue activity and the expenses related to such activity for the 12-month period ended June 30, 2004. The Statement of Cash Flows outlines the cash inflows and outflows relating to the operations for the same 12-month period. The financial statements also include "notes" that provide additional information that is essential to a full understanding of the data provided in the statements. These statements provide current and long-term information about the Department's financial position.

FINANCIAL ANALYSIS

- ABC ended fiscal year 2004 with a total of $39.2 million in current assets including $34.6 million in merchandise for resale. The increase in inventory is a result of 17 new stores being opened in fiscal year 2004 in addition to the 19 opened throughout fiscal year 2003, new products being introduced in the market, vendor price increases to ABC, and purchasing products during the advanced buy periods given the low interest rates during fiscal year 2004.
- The Department's total invested in long-term assets is $20,635,369 (see Note 3) with a related short and long-term debt balance of $4,921,098 netting to $15,714,271 invested in capital assets, net of related debt.
- In total, assets increased from $54.3 million in fiscal year 2003 to $59.8 million in 2004 due primarily to a $5.7 million increase in merchandise for resale held in inventory at June 30th.
- Return on Assets (measures how efficiently profits are generated from assets) trended upwards from 102 percent to 125 percent in fiscal year 2004, due to increases in net income.

Net Assets	Fiscal Year 2004	Fiscal Year 2003	Change
Current assets	$ 39,198,409	$ 33,459,825	$ 5,738,584
Capital assets, net	20,635,369	20,803,163	(167,794)
Total assets	59,833,778	54,262,988	5,570,790
Current liabilities	52,719,480	45,275,417	7,444,063
Long-term liabilities	6,247,055	8,012,281	(1,765,226)
Total liabilities	58,966,535	53,287,698	5,678,837
Net assets:			
Invested in capital assets	15,714,272	14,352,747	1,361,525
Unrestricted	(14,847,029)	(13,377,457)	(1,469,572)
Total net assets	$ 867,243	$ 975,290	$ (108,047)

- Total liabilities were up $5.7 million from last year. Current liabilities owed by the Department increased $7.5 million from last fiscal year end. This amount largely represents payments due to the Commonwealth for line of credit repayment, taxes payable (see Note 4) and undistributed balances for sales and profits. Long-term liabilities were down $1.7 million due to the normal scheduled decrease according to the Master Equipment Leasing Program (MELP) with the Department of Treasury used to obtain the point of sale cash registers and software in fiscal years 2002 and 2003.
- The Department lacks the necessary working capital (current assets in excess of current liabilities) to fund business needs because all cash is transferred to the Commonwealth of Virginia's General Fund at the end of the fiscal year. Given this periodic lack of working capital, the Department depends on a $30 million line of credit with the State Comptroller to meet day-to-day operations.
- As expected, ABC's gross margin (percentage of revenue left after subtracting cost of goods sold) increased to 31 percent (up 5.8 percent from last year) in fiscal year 2004, given the annualized impact of the price increases that occurred in February and May of fiscal year 2003.

REVENUE: The vast majority of the Department's revenues come from the sale of alcoholic beverages, Virginia wine and mixers. These revenues are achieved through the 290+ state-run stores located throughout the state. Gross alcohol sales in fiscal year 2004 reached an all time high of $490 million (sales of alcohol plus state tax on sales), up $51.5 million or 11.7 percent from 2003. Over the past five years, ABC stores have generated $2.1 billion in sales as a result of continued growth. Approximately 20 percent of sales are to mixed beverage licensees who are required to purchase all distilled spirits from the Board. The revenue from penalties declined by 15 percent due in part to the elimination of the administrative hearings case backlog. Federal grant receipts were down 46 percent in 2004 compared to 2003. Unexpended grants in 2002 were extended into 2003 making 2003 unusually high. ABC's portion of the wine liter tax decreased by 17 percent due to increased appropriations to the Department of Mental Health governed by the 2004 Acts of the Assembly. Miscellaneous revenues were down 42 percent due to the sale of land in Chesapeake, Virginia, of $430,000 recorded in fiscal year 2003. Other sources of revenue include license fees, which increased by 7 percent, lottery and mixed beverage taxes on common carriers.

Operating Revenues	Fiscal Year 2004	Fiscal Year 2003	Change
Sales of alcohol	$ 410,104,516	$ 366,519,884	$ 43,584,632
Sales of lottery tickets	5,439,432	5,917,939	(478,507)
License and permit fees	8,008,560	7,469,165	539,395
Wine wholesalers tax	1,968,083	2,371,960	(403,877)
Penalties	1,738,352	2,036,309	(297,957)
Federal grants and contracts	949,762	1,763,406	(813,644)
Mixed beverage tax on common carriers	28,067	33,187	(5,120)
Miscellaneous	586,205	1,004,217	(418,012)
Net operating revenues	**$ 428,822,978**	**$ 387,116,067**	**$ 41,706,911**

EXPENSES: Approximately 72 percent of the Department's total expenses are for the purchase of distilled spirits, Virginia wines and mixers sold through ABC stores. Following cost of merchandise is personal services, which accounts for 17 percent of total expenses. The remaining 11 percent is made up of contractual services (e.g. store rents), continuous charges (utilities) and other miscellaneous charges. In order to support the growth in ABC's sales and profits; expenses for merchandise purchased for resale, personnel, rent and utilities increased in fiscal year 2004. These trends are expected to continue as the Department strives to open additional new stores over the next two years. In the last five years, operating expenses have grown at an average of 4 percent annually, reaching $93 million in fiscal year 2004 (not including Merchandise for Resale).

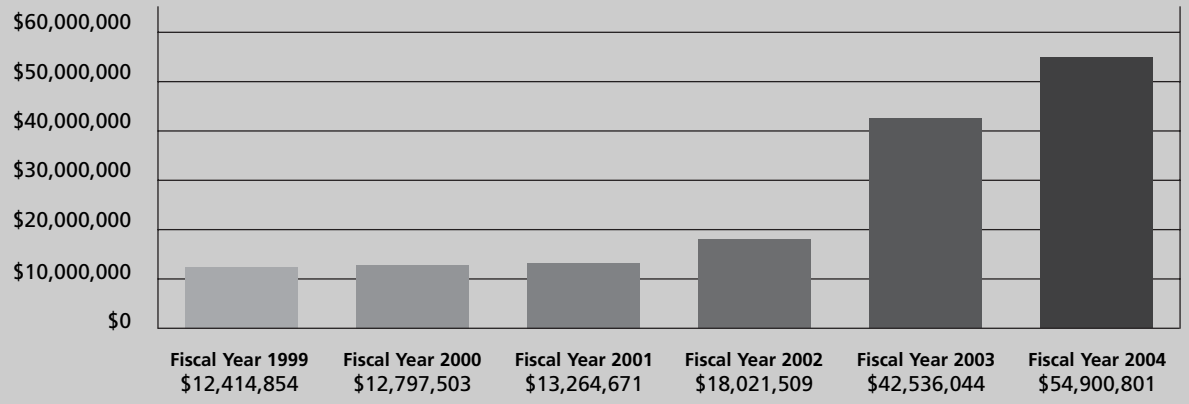
Operating Expenses	Amount Fiscal Year 2004	Amount Fiscal Year 2003	Change	% Expenses Fiscal Year 2004
Cost of sales, alcohol	$ 254,731,698	$ 236,080,617	$ 18,651,081	72%
Cost of sales, lottery	5,092,990	5,608,563	(515,573)	1%
Personal services	58,679,681	56,107,941	2,571,740	17%
Continuous charges	14,205,019	12,484,831	1,720,188	4%
Contractual services	13,684,220	13,736,072	(51,852)	4%
Supplies and materials	2,057,899	1,831,721	226,178	1%
Depreciation	3,508,449	3,183,590	324,859	1%
Expendable equipment	1,338,523	1,898,093	(559,570)	0%
Other	739,144	1,070,786	(331,642)	0%
Total operating expenses	**$ 354,037,623**	**$ 332,002,214**	**$ 22,035,409**	**100%**

PROFITS: The Code of Virginia governs the distribution of the Department's net profits. Each quarter two-thirds of all moneys in excess of $187,500 are apportioned by the Comptroller and distributed to the counties, cities, and towns of the Commonwealth on the basis of population. The remaining one-third is transferred to the General Fund.

Prior to statutory distribution of quarterly net profits to localities, transfers required in the Appropriation Act for each fiscal year must be executed. In fiscal year 2004, approximately $54.9 million of the agency's $74.8 million in net profits, were transferred to other state agencies (up $12.4 million over FY2003). The remaining $19.9 million was distributed to local governments and the General Fund in accordance with the Code of Virginia.

Over the past six years, Appropriation Act transfers to other state agencies have increased by $42.5 million. These successive increases have significantly reduced the Department's net profits available for transfer to the local governments.

Appropriation Act Transfers, 1999–2004



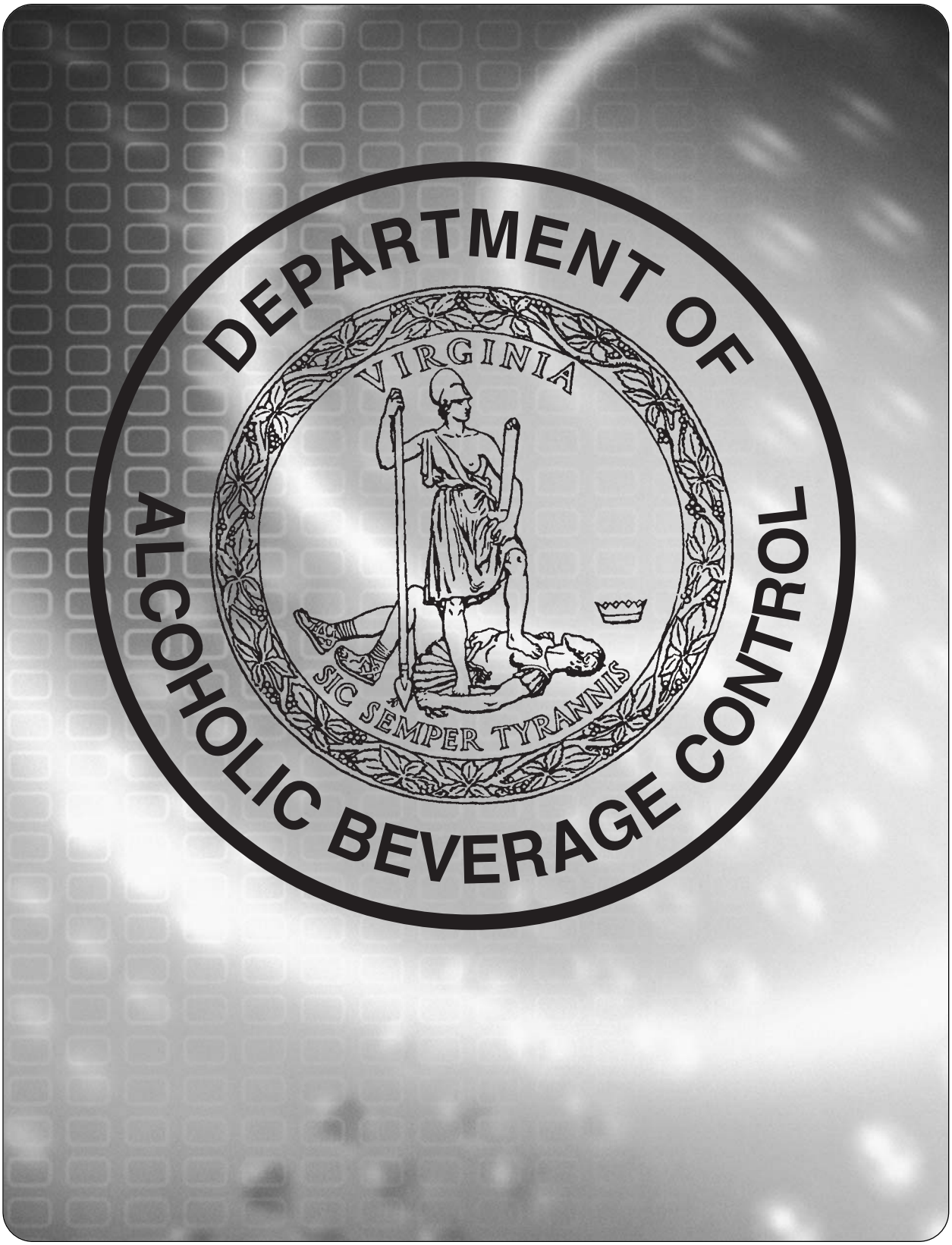
Revenues, Expenses & Changes in Net Assets	Fiscal Year 2004	Fiscal Year 2003	Change
Net operating revenues	$ 428,822,978	$ 387,116,067	$ 41,706,911
Total operating expenses	354,037,623	332,002,214	22,035,409
Nonoperating revenue	(114,661)	344,420	(459,081)
Net profit before transfers	74,670,694	55,458,273	19,212,421
Transfers of profits to the General Fund of the Commonwealth	(19,877,940)	(12,586,744)	(7,291,196)
Appropriation Act transfers	(54,900,801)	(42,536,044)	(12,364,757)
Total transfers	(74,778,741)	(55,122,788)	(19,655,953)
Net income after transfers	(108,047)	335,485	(443,532)
Total net assets – beginning	975,290	639,805	335,485
Total net assets – ending	$ 867,243	$ 975,290	$ (108,047)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- As a result of HB1314 passed by the 2004 session of the General Assembly, 50 stores were selected (36 in Northern Virginia and 14 in Tidewater) by the Board to operate on Sundays. The 50 stores began Sunday operations on July 4, 2004 and sales debuted at $161,000 on that day. Based on current trends, Sunday sales are forecasted to reach $5.7 million in fiscal year 2005. Analysis will be conducted during fiscal year 2005 to determine if Sunday sales are profitable for the agency.
- Due to limits in warehouse capacity such as storage and throughput, the Department is evaluating an $11.8 million Materials Handling System to efficiently move merchandise as well as create additional capacity to introduce new products from distilled spirits vendors and Virginia wineries for ABC customers.
- In order to provide better service in underserved markets, the Department will strive to open 15–18 new stores in fiscal year 2005. By fiscal year 2006, 325 stores are projected to be in operation generating gross sales in excess of $525 million.
- In fiscal year 2005, the Department will strive to modernize 12 stores in an effort to create an updated environment for ABC customers.
- The 2004 General Assembly imposed a 3 percent increase in the purchase price of distilled spirits effective August 1, 2004, a 30 percent increase in license and permit fees resulting in additional sales of $2 million as well as a cap of $4.2 million on the amount of profits distributed to localities.

CONTACTING THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Virginia Department of Alcoholic Beverage Control at 2901 Hermitage Road, Richmond, VA 23220 or visit us on the Web at www.abc.state.va.us or www.abc.virginia.gov.


DEPARTMENT OF
ALCOHOLIC BEVERAGE CONTROL
VIRGINIA
SIC SEMPER TYRANNIS

Financial Statements

VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

STATEMENT OF NET ASSETS

As of June 30, 2004

ASSETS	
Current assets:	
Cash (Note 2)	$ 467,534
Petty cash	130,000
Receivables	2,898,782
Inventory – Alcohol	34,621,693
Inventory – Lottery tickets	151,749
Prepaid expenses	818,508
Investments held by Treasurer of Virginia (Note 8)	110,143
Total current assets	39,198,409
Capital assets (Note 3):	
Land	1,827,702
Building, Net	653,069
Equipment, Net	18,154,598
Total long-term assets	20,635,369
Total assets	59,833,778
LIABILITIES	
Current liabilities:	
Accounts payable	16,404,960
Installment notes payable (Note 6)	1,589,738
Deferred revenue	198,991
Due to Commonwealth of Virginia (Note 4)	32,211,182
Obligations under securities lending (Note 8)	110,143
Compensated absences payable (Note 7)	2,204,466
Total current liabilities	52,719,480
Long term liabilities:	
Installment notes payable (Note 6)	3,331,360
Compensated absences payable (Note 7)	2,915,695
Total long-term liabilities	6,247,055
Total liabilities	58,966,535
NET ASSETS	
Invested in capital assets, net of related debt	15,714,272
Unrestricted net assets	(14,847,029)
Total net assets	$ 867,243

The accompanying Notes to Financial Statements are an integral part of this statement.

Financial Statements

VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2004

Operating revenues:	
Sales of alcohol	$ 410,104,516
Sales of lottery tickets	5,439,432
License and permit fees	8,008,560
Wine wholesalers tax	1,968,084
Penalties	1,738,352
Federal grants and contracts	949,762
Mixed beverage tax on common carriers	28,067
Miscellaneous	586,205
Total operating revenues	428,822,978
Operating expenses:	
Cost of sales of alcohol	254,731,698
Cost of sales of lottery tickets	5,092,990
Personal services	58,679,681
Continuous charges	14,205,019
Contractual charges	13,684,220
Supplies and materials	2,057,899
Depreciation	3,508,449
Expendable equipment	1,338,523
Other	739,144
Total operating expenses	354,037,623
Operating income	74,785,355
Nonoperating revenues (expenses):	
Rents	20,520
Income from security lending transactions	34,560
Expenses from security lending transactions	(34,560)
Seized assets	(135,181)
Total nonoperating revenues (expenses)	(114,661)
Net profit before transfers	74,670,694
Transfers out:	
Transfers of profits to the General Fund of the Commonwealth	(19,877,940)
Appropriation Act transfers	(54,900,801)
Total transfers	(74,778,741)
Net decrease after transfers	(108,047)
Total net assets – July 1, 2003	975,290
Total net assets – June 30, 2004	$ 867,243

The accompanying Notes to Financial Statements are an integral part of this statement.

Financial Statements

VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2004

Cash flows from operating activities:	
Cash received from sales	$ 415,310,405
Cash received from licenses and fees	8,160,266
Cash received from other revenue	5,455,318
Cash payments for cost of sales	(264,695,036)
Cash payments for personal services	(58,557,776)
Cash payments for other expenses	(32,184,194)
Net cash provided by operating activities	73,488,983
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	25,929,878
Due to the Commonwealth repayments	(22,299,782)
Cash received from nonoperating activities	(114,661)
Cash received from taxes	122,411,809
Transfers of tax collections to the General Fund of the Commonwealth	(105,131,384)
Transfers of tax collections to the Department of Taxation	(17,310,243)
Transfers of profit to the General Fund of the Commonwealth	(17,361,272)
Appropriation Act transfers	(54,900,801)
Net cash used for noncapital financing activities	(68,776,456)
Cash flows from capital financing activities:	
Acquisitions of capital assets	(3,356,002)
Sale of depreciable assets	15,348
Note payable payments	(1,529,319)
Net cash used for capital financing activities	(4,869,973)
Net decrease in cash and cash equivalents	(157,446)
Cash and cash equivalents – July 1, 2003	754,980
Cash and cash equivalents – June 30, 2004	$ 597,534
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	$ 74,785,355
Adjustments to reconcile net profit to net cash provided by operating activities:	
Depreciation	3,508,449
Change in assets and liabilities:	
Increase in accounts receivable	(48,695)
Increase in inventory	(5,623,313)
Decrease in compensated absences	(100,823)
Increase in accounts payable	975,693
Increase in prepaid items	(159,389)
Increase in deferred revenue	151,706
Net cash provided by operating activities	$ 73,488,983
Noncash financing activities:	
No noncash financing activities this fiscal year	

The accompanying notes to financial statements are an integral part of this statement.

Notes to Financial Statements as of June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of Alcoholic Beverage Control administers ABC laws with an emphasis on public service and a focus on public safety by ensuring a safe, orderly, and regulated system for convenient distribution and responsible consumption of alcoholic beverages while generating a reasonable profit for the Commonwealth and its localities.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities which the Commonwealth exercises or has the ability to exercise oversight authority or is the recipient of their services and/or benefits. The Department is an agency of the Commonwealth of Virginia and is included in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

B. Fund Accounting

The activities of the Department are accounted for in an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis, including depreciation, be financed or recovered primarily through user charges.

C. Basis of Accounting

The Department's records are maintained on the accrual basis, with an economic focus, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred.

Operating revenues and expenses include activities related to the sale of alcohol and licenses, as well as enforcement activities. Nonoperating revenues and expenses include activities that have the characteristics of noncapital financing activities, such as the collection of rent, as defined by GASB Statement 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement 34.

D. Inventories

Merchandise inventory, purchased for resale, is valued at average cost, which is lower than market value.

2. CASH WITH THE TREASURER OF VIRGINIA

All state funds of the Department are held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et. seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash" on the Statement of Net Assets and is not categorized as to credit risk.

3. CAPITAL ASSETS

The following schedule presents the changes in capital assets by category.

	Balance at July 1, 2003	Acquired	Deleted	Balance at June 30, 2004
Land	$ 1,532,702	$ 295,000	$ –	$ 1,827,702
Buildings	9,216,382	355,000	–	9,571,382
Equipment	30,295,669	2,706,003	(663,475)	32,338,197
Total at historical cost	41,044,753	3,356,003	(663,475)	43,737,281
Less accumulated depreciation for:				
Building	8,773,558	144,755	–	8,918,313
Equipment	11,468,032	3,363,694	(648,127)	14,183,599
Capital assets, net	$ 20,803,163	$ (152,446)	$ (15,348)	$ 20,635,369

The Department capitalizes all property, plant, and equipment that have a cost or value equal to or greater than $5,000. Property, plant, and equipment are stated at cost and at the time of acquisition are set up in a comprehensive fixed asset system. Depreciation of the cost of property, plant, and equipment is provided on a straight-line basis over their estimated lives of from ten to thirty years on buildings and from three to eight years on equipment.

4. DUE TO THE COMMONWEALTH

A. Note Payable

The Department has a line of credit for $30,000,000 with the Treasurer of Virginia. Repayment is made from revenue collections pursuant to Title 4.1, Chapter 1 of the Code of Virginia. As of June 30, 2004, the Department had outstanding $25,929,878 of its available line of credit to extinguish a cash overdraft.

The following schedule presents the changes in short-term debt activity:

Balance at July 1, 2003	Increase	Decrease	Balance at June 30, 2004
$ 22,299,782	$ 25,929,878	$ (22,299,782)	$ 25,929,878

B. General Fund

The Department collects certain taxes on behalf of the General Fund of the Commonwealth. The state tax on sales is collected from store sales and is paid quarterly to the General Fund of the Commonwealth. The liter tax is collected on wholesalers' direct wine shipments. The 2004 Virginia Acts of Assembly required $9,886,363 of the gross liter tax to be transferred to the General Fund for expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Mental Health, Mental Retardation, and Substance Abuse Services and other state agencies. Of the remaining liter tax, twelve percent is retained by the Department and reported as wine wholesalers' tax on the Department's financial statements. The remaining 88 percent is paid to the General Fund of the Commonwealth quarterly. Of the liter tax paid to the General Fund, the Commonwealth subsequently transfers 50 percent to localities. Collections and transfers of state tax on sales and liter tax are not reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Activity relating to the amounts due to the General Fund for the year ended June 30, 2004, is summarized below.

	State Tax on Sales	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2003	$ 625,794	$ 679,237	$ 1,305,031
Receipts for fiscal year	80,738,894	24,318,977	105,057,871
Transfers to the General Fund	81,279,683	23,851,702	105,131,385
Balance due to the General Fund, June 30, 2004	$ 85,005	$ 1,146,512	$ 1,231,517

C. Department of Taxation – Sales Tax

The Department collects sales tax on all sales of alcohol and remits collections monthly to the Department of Taxation. Sales tax collections and transfers are not reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Activity relating to the amounts due to the Department of Taxation for the year ended June 30, 2004, is summarized below.

Balance due to the Department of Taxation, July 1, 2003	$ 209,469
Sales tax collections	17,353,938
Transfers to the Department of Taxation	(17,310,245)
Balance due to the Department of Taxation, June 30, 2004	$ 253,162

D. Earned Surplus

The Appropriation Act, Chapter 1042 of the 2003 Acts of Assembly, requires the Department to transfer an estimate of its fourth quarter profits in the month of June. In accordance with the Alcoholic Beverage Control Act, Section 4.1-116 of the Code of Virginia, the Department transfers any additional net profit to the General Fund of the Commonwealth 50 days after the last day of the quarter. The Department underestimated profit for the fourth quarter resulting in an additional $4,796,625 due to the General Fund at June 30, 2004.

5. LEASE COMMITMENTS

The Department is committed under various operating lease agreements for retail store buildings. Rent expense under operating lease agreements amounted to $12,005,411 for the year. A summary of future obligations under lease agreements as of June 30, 2004, follows.

Year Ending June 30,	
2005	8,965,060
2006	7,511,802
2007	5,339,312
2008	3,471,855
2009	1,497,505
2010–2014	1,184,574
Total obligations	$ 27,970,108

6. INSTALLMENT NOTES PAYABLE

During fiscal years 2002 and 2003, the Department entered into a five-year installment purchase agreement through the Master Equipment Leasing Program offered by the Department of the Treasury in order to obtain new point of sale cash registers and software. The interest rate charges range from 2.7397 percent to 4.4192 percent. Principal and interest payments of this commitment for fiscal years subsequent to June 30, 2004 are as follows.

Year Ending June 30,	Principal	Interest	Total Obligations
2005	$ 1,589,738	$ 161,092	$ 1,750,830
2006	1,652,614	98,216	1,750,830
2007	1,549,195	33,001	1,582,196
2008	129,551	681	130,232
Total	$ 4,921,098	$ 292,990	$ 5,214,088

The following schedule presents the changes in long-term debt.

Balance at July 1, 2003	Increase	Decrease	Balance at June 30, 2004
$ 6,450,416	$ —	$ (1,529,318)	$ 4,921,098

7. COMPENSATED ABSENCES

Compensated absences reflected in the Statement of Net Assets represent the amounts of vacation, sick, and compensatory leave earned by employees of the Department, but not taken at June 30, 2004. The amount reflects all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave payout policies. Information on the Commonwealth's leave payout policies is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

Balance as of June 30, 2003	Increases	Decreases	Balance as of June 30, 2004	Amounts due within one year
$ 5, 220,985	$ 2,529,722	$ (2,630,546)	$ 5,120,161	$ 2,204,466

8. SECURITIES LENDING TRANSACTIONS

Investments held by the Treasurer of Virginia represent the Department's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

9. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2004, the Department collected $43,287,597 in malt beverage taxes. These funds are deposited by the Department directly with the Treasurer of Virginia for credit to the General Fund of the Commonwealth and are not available to the Department to meet current operating needs and are not included in the financial statements.

10. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

The employees of the Department are employees of the Commonwealth. The employees participate in a defined benefit plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information related to these plans is available on a statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth, not the Department, has overall responsibility for contributions to these plans.

11. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts: theft or, damage to, and destruction of assets: errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of Alcoholic Beverage Control participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of Alcoholic Beverage Control pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

12. CONTINGENT LIABILITIES

The Department is named as a party in several legal proceedings. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Department in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Department.

ABC Offices & Warehouse Information 2004

Richmond Central Office & Warehouse

2901 Hermitage Road
Richmond, VA 23220

(804) 213-4400

P.O. Box 27491
Richmond, VA 23261-7491

ABC Regional Offices

Location	Mailing Address	Phone	Fax
Abingdon (Satellite Office) 545 West Main Street Abingdon, VA 24210	PO Box 205 Abingdon, VA 24210-0205	(276) 676-5502	(276) 676-5549
Alexandria 501 Montgomery Street Alexandria, VA 22314-1411	PO Box 25157 Alexandria, VA 22313-5157	(703) 518-8090	(703) 518-8093
Charlottesville (Satellite Office) 900 Natural Resources Dr., Suite 700 Fountaine Research Park 22903	900 Natural Resources Dr., Suite 700 Charlottesville, VA 22903	(434) 977-2974	(434) 977-4772
Chesapeake 1103 South Military Highway Chesapeake, VA 23320	PO Box 1486 Chesapeake, VA 23327-1486	(757) 424-6700	(757) 424-6744
Hampton 4907 West Mercury Blvd. Hampton, VA 23666	PO Box 5226 Newport News, VA 23605-0226	(757) 825-7830	(757) 825-7884
Lynchburg 20353 Timberlake Road, Suite A Lynchburg, VA 24502	PO Box 10336 Lynchburg, VA 24506-0336	(434) 582-5136	(434) 582-5140
Richmond North (Central Office) 2901 Hermitage Road Richmond, VA 23220	PO Box 27491 Richmond, VA 23261-7491	(804) 213-4620	(804) 213-4638
Richmond South (Central Office) 2901 Hermitage Road Richmond, VA 23220	PO Box 27491 Richmond, VA 23261-7491	(804) 213-4624	(804) 213-4638
Roanoke 201 Compton Street Roanoke, VA 24012	201 Compton Street Roanoke, VA 24012	(540) 857-6565	(540) 857-6540
Staunton 460 Commerce Square Staunton, VA 24401	460 Commerce Square Staunton, VA 24401-4432	(540) 332-7800	(540) 332-7814

CONTROL ◆ SERVICE ◆ REVENUE

Carrying Out Our Mission

Committed to Excellence for the Commonwealth

Visit **www.abc.state.va.us** or www.abc.virginia.gov for a copy of the complete online 2004 Annual Report that contains financial information for the 2004 fiscal year and a downloadable, printable version of this entire report.

Celebrating
70 Years
of Excellence

2901 Hermitage Rd. • P.O. Box 27491 • Richmond, VA 23261-7491 • phone: (804) 213-4400 • www.abc.state.va.us [or] www.abc.virginia.gov