

ANNUAL REPORT 2007

Virginia Department of Alcoholic Beverage Control

Measures of Success

2007 Annual Report

Letter from the Chair

Susan R. Swecker



Measures of success as ABC completed Fiscal Year 2007 include a record \$607.4 million in annual gross sales. Although slightly below forecast, sales increased by 6.18 percent over the previous fiscal year. Placing stringent metrics on the agency's core operations allows for accurate

measurement of activities relating to ABC's mission.

Under the leadership of Governor Tim Kaine, all state agency performance measures are tied to agency strategic plans, and key objectives are tied to budgets. State agency strategic plans, including objectives and measures, are posted on the Virginia Performs Web site. ABC has 19 measures over four service areas posted from the Fiscal Year 2006 to 2008 strategic plan. Some of the key measures include increasing compliance with alcohol laws and increasing combined transfers of profits and taxes. For Fiscal Year 2007, ABC achieved its goals of a 91 percent compliance rate for retail alcohol licensees and increasing profit and tax transfers to the General Fund and localities (see Results in Brief, page 23).

Another Kaine initiative mandates compliance with new guidelines to ensure fiscal accountability while safeguarding the Commonwealth's assets. Those guidelines are called: Agency Risk Management Internal Control Standards, or ARMICS. ARMICS is the state government's equivalent to the Sarbanes-Oxley Act, or SOX, in the private sector.

To comply with ARMICS, ABC must show that it cultivates and maintains high ethical standards and take action if and when anything is found that could interfere with the ability to achieve strategic goals or with financial processing. ARMICS requires extensive documentation of all processes that touch the agency's financial statements and as a result, involves every division at ABC.

Each agency of the Commonwealth is also required to lead by example in demonstrating stewardship of envi-

Letter from the Chair (cont.)

ronmental resources. ABC must successfully practice waste reduction and recycling, energy conservation and the preservation of natural resources. Initiatives introduced by the agency's Environmental Management Committee and implemented at ABC include recycling of office paper and thermostat management. Also, ABC stores have doubled the amount of cardboard they recycle by returning empty boxes to the Central Warehouse for vendor pickup or by allowing store customers to reuse the boxes at a local store level.

In addition to these initiatives, measures of success in Fiscal Year 2007 include increased efficiency after the completion of a multi-million dollar warehouse automation project. The new system is capable of processing an average of 20,000 cases in a normal shift, and meets the demands of 327 ABC stores across the state.

ABC's Bureau of Law Enforcement takes an active role in promoting compliance for licensees. Measurement statistics indicate that the number of written warnings and violation reports issued by our special agents are very close to the number of training sessions offered to citizens and licensees. The agency also provides thousands of dollars in grant funding to enhance prevention coalitions through Rural Law Enforcement, Community Coalition and Operation Undergrad grants.

ABC remains committed to measuring our success in balancing control, service and revenue, providing excellence and accountability to the citizens of Virginia.



Susan R. Swecker, Chair



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*This page: (Top) Employees of the ABC Central Office.
(Right) Store 293 in Mount Jackson.*

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.

ABC Executive Information

Governor

Timothy M. Kaine

ABC Board Fiscal Year 2007

Susan R. Swecker, Chair

Pamela O'Berry Evans, Commissioner

Esther H. Vassar, Commissioner

Executive Staff

W. Curtis Coleburn, III, Chief Operating Officer,
Secretary to the Board

J. Craig Vanderland, Chief Financial Officer

Division Directors

Virginia A. Adams, Wholesale/Retail Operations

Francis J. Monahan, Bureau of Law Enforcement

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

John W. Wszelaki, Internal Audit

Claiborne Watkins, Policy, Analysis and Support
Services

Charles R. Moore, Information Technology Services

Nancy A. Arnold, Financial Management Services

Janet L. Lawson, Human Resources

Robert W. Southall, Property Management Services

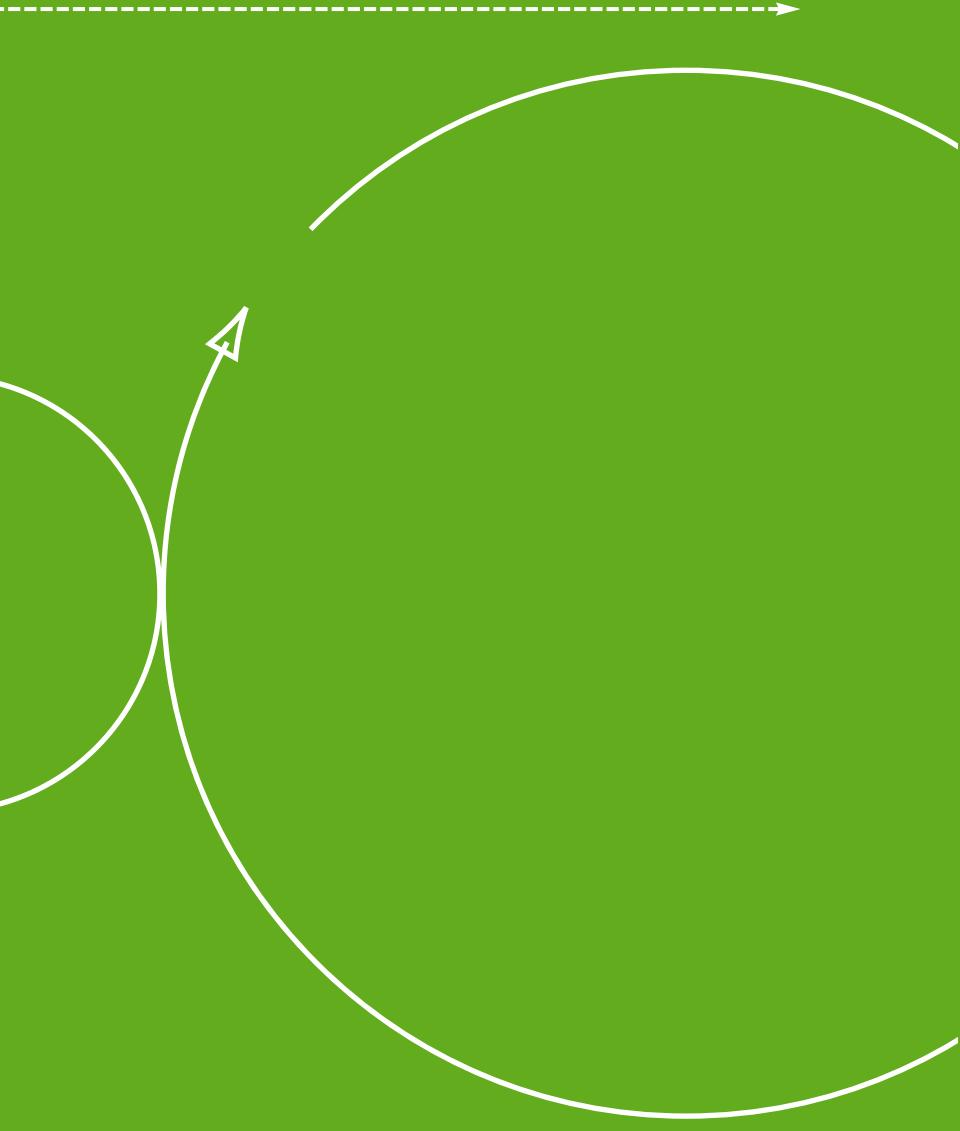
Rebecca V. Gettings, Public Affairs





Facing page: (Top) Governor Timothy M. Kaine. (Bottom) ABC Board, left to right: Pamela O’Berry Evans, Commissioner; Susan R. Swecker, Chair; and Esther H. Vassar, Commissioner.

This page: (Top) Alcohol industry members meet with ABC Board members and employees: sitting, right to left: Assistant Director of Wholesale/Retail Operations Wilson Jones, Brad Reynolds of Southern Wine and Spirits, Assistant Director of Wholesale/Retail Operations Gordon Milikan of ABC’s Wholesale/Retail Operations, David Sparrow of Sparrow and Associates, Inc., Chief Operating Officer Curtis Coleburn, Commissioner Esther H. Vassar, Chair Susan R. Swecker, Commissioner Pamela O’Berry Evans, Gene Chandler of the Republic National Distribution Co., D.J. “Jimmy” Rogers of Associated Distributors, Director of Wholesale/Retail Operations Virginia Adams and Wiley Ruth of Southern Wine and Spirits. (Bottom) Governor Kaine tours the ABC Central Warehouse in July 2006.



Measures of Success

Measuring Sales

ABC stores grossed \$607.4 million this fiscal year, \$35.4 million more than last year; the addition of 15 new stores helped contribute to the increase. Retail and mixed beverage licensee sales were up 6.2 percent and 6 percent, respectively. Volume was also up, bottles sold increased 4.3 percent and customer transactions increased 3.6 percent. The average amount spent by a customer in Fiscal Year 2007 was \$26.77, a \$0.65 increase over last year. Per capita consumption is the same as last year at 1.12.

Wine is Back

Virginia wines are back in ABC stores. In September 2006, the U.S. Court of Appeals reversed the April 2005 ruling by a federal judge that the statute limiting wines from other states was unconstitutional. About 25 years ago, the Virginia General Assembly had decided to eliminate wine sales in state stores; however, ABC was allowed to continue selling wines produced by Virginia farm wineries in support of the state's then fledgling wine industry.

Licensees

ABC licensees include 7,957 private or corporate owners of 15,066 establishments, holding 15,742 ABC licenses allowing sales and/or consumption of beer and wine or mixed beverages on- or off-premises. During Fiscal Year 2007, 94 special agents from the agency's Bureau of Law Enforcement monitored these establishments and offered assistance to licensees. ABC agents conducted 100 Responsible Sellers and Servers: Virginia's Program (RSVP) classes this fiscal year, training 1,517 participants statewide. Also taught by ABC special agents, the Managers' Alcohol Responsibility Training (MART) program generated 18 classes, with 399 participants, more than three times the number of participants in Fiscal Year 2006.

Licensing

Performance measures for new retail application processing times indicate an average of 68 days for Fiscal Year 2007, improving upon a 72-day average for Fiscal Year 2006. ABC is working toward its target goal of a 60-day average for processing new retail applications.



ABC commissioners and employees cut the ribbon at the grand opening of Store 032 in Deltaville. Standing, left to right: Bonnie Hunter, Linda Eighme, Susan Swecker, Sheila Brown, Esther Vassar, Judy Dobson, Virginia Adams, Bob Brooks, Catherine Reid, Vicki Blake and Christi Love. Photo courtesy of Southside Sentinel.



Hearings and Appeals

As shown on the facing page, in Fiscal Year 2007, Hearings, Appeals and Board Administration achieved its goal for the processing average to be under 200 days. In Fiscal Year 2007, 1,386 cases were received for processing, including 1,305 violation reports, 45 contested license applications, 28 contested banquet applications and eight franchise rights cases. This was a slight increase in the total number of cases referred for hearings from 1,317 cases in Fiscal Year 2006.

ABC provided dispositions on 1,112 cases, which included conducting hearings on 356 new administrative violation cases (involving 658 charges) and completing processing on 48 cases that were in process at the close of last fiscal year. Some of the completed cases involved multiple violation reports and multiple charges that were combined for more efficient hearings. Staff also oversaw preparation and completion of 61 Board appeal hearings and processed 730 consent settlements or offers-in-compromise to the ABC Board for review and acceptance.



ABC Hearing Officer Clara Williamson reviews evidence presented in an administrative hearing.

Cases Referred for Hearings

Case Activity	Count
Violation / disciplinary reports	1,305
Contested applications	45
Approved	35
Denied	5
Withdrawn before hearing	5
Contested banquet applications	28
Approved	20
Denied	6
Withdrawn before hearing	2
Wine and beer franchise cases	8
Total hearings requested in FY 07	1,386

Hearings Dispositions

Case Activity	Count	Percentage of Total Cases Received
Settled by consent settlement offer	652	59%
Heard by ABC hearing officer ¹	356	32%
Settled by offer in compromise	78	7%
Withdrawn or dismissed prior to hearing	26	2%
Total hearings dispositions in FY 07	1,112²	

¹356 hearings were held on 658 charges filed for hearings; licensees with multiple charges had hearings combined for efficiency.

²48 cases were in process at the end of FY 06 and were completed during FY 07; 159 cases were in process at the end of FY 07 to be completed during FY 08.

Average Case Turn-Around Time (in Days)

Activity	FY 03	FY 04	FY 05	FY 06	FY 07
Violations	157	146	129	130	120
Applications	108	113	105	99	93

Case Decisions Appealed

Activity	Count
Initial decision of hearing officer to ABC Board	61 (4.4% ¹)
Final decision of ABC Board to circuit court	12 (19.6% ²)

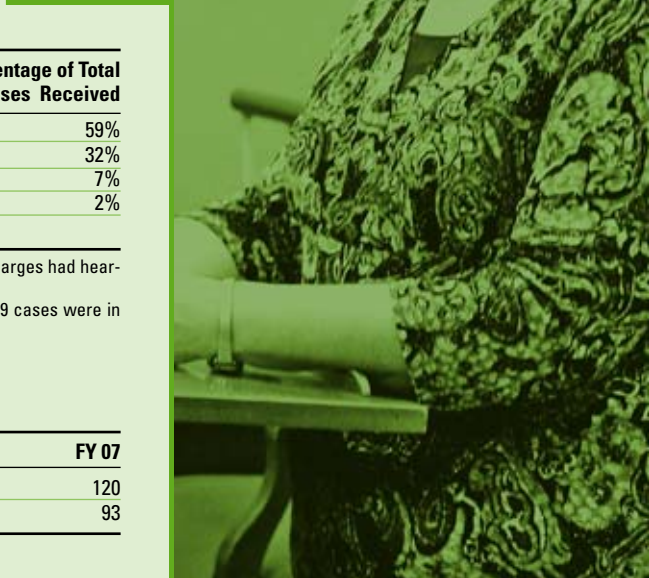
¹Percentage of all cases referred

²Percentage of all appealed cases

Civil Penalties Collected

Activity	Count
Civil penalties collected	\$1,560,100
Average civil penalty per case ¹	\$1,928
Average suspension period per case ¹	21.57 days

¹Most 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 FY 07. When allowed by the Board order, licensees may choose which penalty they prefer to accept. Some penalties contain both mandatory suspension periods and civil penalties.



Facing page: ABC Legal Assistant Tina Robinson refers to a file while coordinating dockets.

This page: ABC Legal Assistant Pam Henley presents information to the Board during an administrative appeal hearing.



This page: Environmental Management Committee members Jeff Painter and Bob Southall meet to discuss the agency's recycling initiatives. ABC stores have doubled the amount of cardboard they recycle.

Facing page: Director of the Bureau of Law Enforcement Francis Monahan addressing a community forum on underage drinking at the Richmond Times-Dispatch in spring 2007.

Alcohol Education

ABC measures its success by leading the Commonwealth in alcohol prevention and community education initiatives. Dedicated to decreasing the illegal use of alcohol, ABC promotes responsible distribution of alcoholic beverages by licensees, responsible consumption by those of legal age and zero tolerance for underage consumption.

In Fiscal Year 2007, ABC distributed nearly 200,000 education and prevention pieces to colleges and universities, law enforcement, community groups, youth, parents and other Virginia citizens. In another alcohol education initiative, the 21st Annual College Conference held in Virginia Beach, 234 participated in seminars and workshops focusing on alcohol prevention.

Prevention Partnerships

Partnerships are at the heart of the prevention program at ABC. The agency provides thousands of dollars in grant funding to enhance prevention coalitions through Rural Law Enforcement, Community Coalition and Operation Undergrad grants. Prevention materials and a compilation of "best practices" in alcohol education are also distributed statewide.



Internal Audit Manager Nannette Williams and Senior Auditor Kristen Epperson present Information Technology Services Division (ITSD) Director Bob Moore with results from a process review report to illustrate how ITSD exhibits responsible actions toward addressing risk.

Information Security

Fiscal Year 2007 brought increasing focus on protecting information assets, including maintenance of ABC applications, data integrity and optimum performance of critical functions under adequate internal controls. It also includes assurance that information entered, processed, stored, generated, or disseminated must be protected from unauthorized or accidental modification, destruction, or disclosure. A section on information security, with guidelines and mandates for agency employees was added to the Intranet this fiscal year.

Store Expansion

Measures of success for ABC include providing retail outlets conveniently located throughout the Commonwealth. As shown below, in Fiscal Year 2007, the agency opened 15 new stores and relocated three. ABC's Real Estate Committee, comprised of representatives from Wholesale/Retail, Policy/Analysis, Finance and Property Management, makes crucial decisions about the agency's growth based on Market Location Strategy and Rural Location Strategy. One strategy addresses new store market potential and the other, service.



Store Activities: July 1, 2006 through June 30, 2007

Store No.	Location	Activity	Opened	Closed	Total
117	Lynchburg	Modernization	07-01-06		312
054	Stone Ridge	New self-service	07-10-06		313
228	Alexandria	Modernization	07-14-06		313
093	Alexandria	New self-service	07-24-06		314
210	Reston	New self-service	07-27-06		315
259	Roanoke	New/relocation	08-04-06		316
310	Hopewell	Modernization	08-07-06	07-23-06	316
048	Lightfoot	New self-service	09-05-06		317
136	Leesburg	Modernization	09-25-06		317
344	Onley	Modernization			317
042	Mount Vernon	New self-service	10-02-06		318
123	Clifton Forge	Modernization	11-13-06		318
075	Stephens City	New self-service	12-01-06		319
032	Deltaville	New self-service	12-15-06		320
133	Manassas	Modernization		01-11-07	320
273	Lorton	New self-service	01-29-07		321
078	Haymarket	New self-service	02-12-07		322
046	Charlottesville	New self-service	02-22-07		323
047	Winchester	New self-service	03-10-07		324
043	Chesapeake	New self-service	03-14-07		325
183	Fredericksburg	Relocation	03-23-07		325
219	Vienna	Relocation	03-26-07		325
225	Virginia Beach	Modernization	04-16-07		325
131	Fairfax	New self-service	04-17-07		326
133	Manassas	Modernization	04-26-07		326
037	Culpeper	New self-service	05-17-07		327
341	Norfolk	Relocation	06-19-07		327



This page: The top five brands of spirits sold in Virginia ABC stores during Fiscal Year 2007. A complete listing of the top 50 brands is provided on the facing page.

Product Sales

At the close of Fiscal Year 2007, ABC carried 2,361 active items on its price list. The top 50 brands sold in Fiscal Year 2007 accounted for almost 60 percent of total sales (*see table on facing page*). There were 146 items de-listed from the regular price list during the fiscal year. De-listed items remain on the price list until all inventory is depleted.

The Special Order Catalog contains an additional 261 items, with a purchase of 3,226 cases, resulting in \$891,267 in revenue. There were 6,386 additional special order cases sold through individuals or licensees asking for non-stock items, resulting in revenue of \$960,480.

Together, 9,612 cases were sold for catalog and non-catalog special orders with revenue totaling \$1,851,747.

Emergency Plan

Under the leadership of Governor Tim Kaine, state agencies are required to prepare for disaster by developing a Continuity of Operations Plan, or COOP. ABC's COOP is a set of documented procedures to resume or restore critical business processes following a disruption. The agency has essential functions that must be performed, or rapidly and efficiently resumed, in an emergency. ABC's leadership team combined efforts to complete and exceed COOP planning requirements during this fiscal year.

Moving Product

Moving product in a cost-effective manor is paramount to ABC's success. Average delivery cost to the stores was 71-cents per case for Fiscal Year 2007. Cases shipped this year totaled 3,629,676, an increase of 2,769 cases over the number of cases shipped in Fiscal Year 2006.

Agency Personnel

Success of an agency depends greatly on the quality of its workforce, and ABC takes great pride in its employees. Thousands of applications are screened every year to fill vacancies that further enhance ABC's workforce. In Fiscal Year 2007, 125 classified and 925 part-time new employees joined ABC.

Top 50 Brands Sold in Fiscal Year 2007, Based on Dollars

Rank		Brand	Gross Dollars		Change (%)	Actual Change
FY 07	FY 06		FY 07	FY 06		
Statewide Total			\$ 607,728,544	\$ 572,084,528	6.2	\$ 35,644,016
Top 50			345,113,425	327,661,292	5.3	17,452,133
All Others			262,615,119	244,423,237	7.4	18,191,883
1	1	Jack Daniel's 7 Black Tennessee Whiskey	21,634,289	20,638,473	4.8	995,816
2	2	Jim Beam Straight Bourbon	17,628,114	17,682,158	(0.3)	(54,044)
3	5	Grey Goose Vodka—Imported	17,441,858	13,445,540	29.7	3,996,318
4	3	Seagram's Crown Royal Canadian Whisky	15,792,123	15,234,439	3.7	557,683
5	4	Absolut Vodka—Imported	14,838,303	14,159,331	4.8	678,972
6	8	Jagermeister Cordials—Imported	13,864,210	12,712,307	9.1	1,151,903
7	7	Smirnoff 80 Vodka—Domestic	13,729,946	12,714,580	8.0	1,015,366
8	6	Jose Cuervo Especial Gold Tequila	13,491,159	12,849,026	5.0	642,134
9	10	Hennessy V.S. Cognac\Armagnac	12,793,697	12,413,994	3.1	379,703
10	9	Aristocrat Vodka Carry Pack	12,728,517	12,532,400	1.6	196,117
11	11	Bacardi Superior Rum—Domestic	12,321,659	11,719,978	5.1	601,682
12	12	Captain Morgan's Spiced Rum—Domestic	12,278,400	11,342,357	8.3	936,043
13	13	Seagram's Extra Dry Gin—Domestic	10,553,554	10,645,246	(0.9)	(91,692)
14	14	Bowman's Virginia Vodka—Domestic	8,246,783	8,432,017	(2.2)	(185,234)
15	16	Tanqueray Gin—Imported	7,055,737	6,878,651	2.6	177,085
16	15	Canadian Mist Canadian Whisky	6,750,516	6,942,591	(2.8)	(192,075)
17	19	Skyv Vodka—Domestic	6,612,120	5,732,093	15.4	880,027
18	17	Grand Marnier Cordon Rouge Cordials—Imported	6,376,330	6,404,346	(0.4)	(28,016)
19	44	Patron Silver Tequila—White	5,872,671	2,625,498	123.7	3,247,173
20	22	Maker's Mark Straight Bourbon	5,656,182	4,979,066	13.6	677,116
21	18	Paul Masson Grand Amber Brandy—Grape	5,634,964	6,085,427	(7.4)	(450,463)
22	20	Dewar's White Scotch Whiskey	5,280,746	5,475,929	(3.6)	(195,183)
23	21	Bailey's Original Irish Cream Cordials—Imported	5,144,840	5,199,321	(1.0)	(54,481)
24	23	Stolichnaya Vodka—Imported	5,076,872	4,971,781	2.1	105,091
25	24	Early Times Domestic Whiskey	4,805,906	4,854,950	(1.0)	(49,044)
26	28	Southern Comfort Cordials—Domestic	4,563,341	3,930,352	16.1	632,990
27	26	E & J V.S. Brandy—Grape	4,557,199	4,406,864	3.4	150,335
28	27	Wild Turkey 100 Straight Bourbon	4,433,624	4,384,891	1.1	48,733
29	25	Kahlua Coffee Cordials—Imported	4,398,798	4,604,091	(4.5)	(205,293)
30	29	Ketel One Vodka—Imported	4,357,698	3,790,504	15.0	567,193
31	32	Malibu Rum—Imported	3,923,038	3,747,908	4.7	175,129
32	31	Seagram's 7 Crown Blended Whiskey	3,858,982	3,754,827	2.8	104,156
33	35	Burnett's Vodka—Domestic	3,847,130	3,404,576	13.0	442,554
34	34	Johnnie Walker Black Scotch Whiskey	3,787,595	3,511,480	7.9	276,115
35	30	Bacardi Gold 'Rum—Domestic	3,715,954	3,781,676	(1.7)	(65,722)
36	33	Bombay Sapphire Gin—Imported	3,663,550	3,597,988	1.8	65,562
37	38	Evan Williams Black Straight Bourbon	3,499,836	3,301,374	6.0	198,463
38	36	Courvoisier V.S. Cognac\Armagnac	3,422,993	3,347,838	2.2	75,155
39	37	E & J Superior Reserve V.S.O.P. Brandy—Grape	3,260,707	3,341,134	(2.4)	(80,427)
40	41	Johnnie Walker Red Scotch Whiskey	2,913,716	2,848,063	2.3	65,653
41	43	Absolut Citron Vodka—Flavored	2,865,309	2,718,392	5.4	146,917
42	40	Belvedere Vodka—Imported	2,770,386	2,850,678	(2.8)	(80,292)
43	42	1800 Gold Tequila	2,711,379	2,741,856	(1.1)	(30,476)
44	46	Aristocrat White Rum—Domestic	2,593,350	2,548,816	1.7	44,533
45	45	Chivas Regal Scotch Whiskey	2,522,581	2,601,009	(3.0)	(78,428)
46	47	Beefeater Gin—Imported	2,487,112	2,420,765	2.7	66,346
47	48	Henry McKenna Straight Bourbon	2,429,055	2,358,995	3.0	70,060
48	39	Hpnotiq Cordials—Imported	2,418,674	2,881,221	(16.1)	(462,548)
49	49	Cointreau Cordials—Imported	2,269,082	2,178,555	4.2	90,527
50	50	Jameson Irish Whiskey	2,232,841	1,935,938	15.3	296,903

Public Safety

During Fiscal Year 2007, special agents and staff of the ABC Bureau of Law Enforcement:

- conducted 12,406 criminal investigations;
- made 2,554 arrests;
- conducted 13 illegal-still investigations involving 21 stills;
- collected \$10,904,740 in wine and beer taxes and license fees;
- issued 2,107 new retail, wholesale and special permit licenses;
- issued 16,156 one-day banquet and special event licenses;
- conducted 8,344 inspections of licensed establishments;
- issued 1,310 written warning reports and 1,203 violation reports (combined total = 2,513); and
- conducted 203 public and 1,655 licensee training presentations (combined total = 1,858).

Warehouse Productivity

Efficiency continued to increase in Fiscal Year 2007 after the completion of a multi-million dollar warehouse automation project. The new system is capable of processing an average of 20,000 cases in a normal shift, and meets the demands of more than 300 ABC stores across the state.



During a meeting, Tax Manager Ernestine Mack (right) reviews total amounts collected in wine taxes during Fiscal Year 2007 with Tax Manager Assistant Supervisor Lora Witt (left).

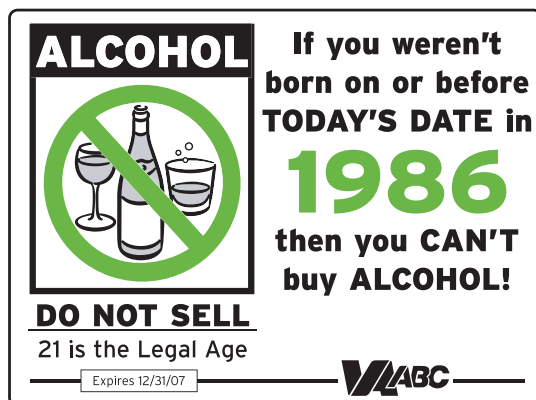
Public Information

Providing information to the media and to the public is an important measure of success for the agency. In Fiscal Year 2007, public relations specialists responded to 689 media inquiries and disseminated 45 news releases publicizing ABC programs, initiatives and activities. Of the 398 public affairs line callers requesting information, 43 percent were Virginia citizens, 24 percent were out of state citizens and 15 percent were licensees.

Compliance Rates

Alcohol compliance rates for Fiscal Year 2007 were 99 percent for ABC stores and 91 percent for licensees, up from last year's rates of 97 percent for ABC stores and 87 percent for licensees. The percent of ABC store employees who checked the ID before selling is 66 percent, and the percent of licensee employees who checked the ID and sold anyway is 59 percent. Agents attempted to conduct 5,368 ABC Alcohol Underage Buyer Program checks during the fiscal year.

Tobacco Synar compliance rates are calculated from May 1 to September 30 of each year. The 2007 figures are 89 percent for tobacco retailers. Agents attempted to conduct 4,550 checks and the percent of employees who sold after checking ID is 66 percent. The Synar program is part of a substance abuse prevention and treatment block grant from the federal government to the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services. The ABC Tobacco Underage Buyer Program receives some funding from this grant and from the Virginia Tobacco Settlement Foundation.



Employee Training

Developing and training agency employees enhances their knowledge and skills and assists them in reaching their full potential in the workplace. In addition to sending employees to outside training workshops and conferences, 427 employees attended in-house training programs offered by the agency in Fiscal Year 2007. In addition, 17 employees participated in the enhanced Tuition Assistance Program (TAP).

Compliance Tools

ABC measures its success in effective partnering with licensees to promote responsible selling and serving of alcohol. Providing compliance tools and materials, in addition to providing training and assistance by special agents, confirms this commitment. ABC mails "Do Not Sell" age sticker sheets for alcohol and tobacco to every licensee in Virginia free of charge. Sticker sheets contain multiple stickers to be placed near registers and serving areas, and are offered in sheets with alcohol only, tobacco only and combination sheets in English and Spanish. ABC distributed 61,524 "Do Not Sell" sticker sheets to on- and off-premise licensees in Fiscal Year 2007. The agency also offered free "21 for alcohol" table tents and lapel pins to licensees and their employees. There were 2,052 pins requested and sent during the fiscal year.



ABC mails free "Do Not Sell" alcohol (shown) and tobacco stickers and "21 for alcohol" table tents and lapel pins to licensees.

PLAY SMART



BE RESPON



ALCOHOL CAN STEAL YOUR DREAMS



Exercise your body and mind.
Stay active. Think positively.

The Best Is Yet to Come

Get involved. Enjoy life. Give back to society. Don't Let Alcohol Shatter Your Dreams



Virginia Beach, Virginia
November 3-4, 2006

Join us!

PUTTING IT ALL TOGETHER PIECE BY PIECE

21st ANNUAL COLLEGE CONFERENCE

VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
21st Annual College Conference

This page: Alcohol education in 2007. Clockwise (from top): VA PEERS youth advisory council supports prevention efforts in the Commonwealth; ABC distributes promotional items with messages to "be responsible"; ABC warns against high-risk drinking at the Foxfield Spring Races; "Has It Been a Year Yet?" is focused on new, underage drivers; the 21st Annual College Conference was held in Virginia Beach; a brochure addresses the risks of alcohol consumption for seniors; and prevention posters address high school and college athletes with the message "Play Smart."

← PEERS

SIBLE • www.abc.virginia



Has it been a year yet?

**Underage possession of alcohol
can send you back to the
backseat for a year.**

Legislative Synopsis of the 2007 General Assembly

W. Curtis Coleburn



Farm winery issues continued to receive major consideration in the 2007 session of the General Assembly. Virginia's growing wine industry received a serious blow in 2005, when a federal court decision struck down several provisions of Virginia's law

designed to support domestic wineries. The U.S. Court of Appeals found that laws giving privileges to Virginia wineries that were not afforded to those located out of the state ran afoul of the Commerce Clause of the United States Constitution. The General Assembly has spent the past two sessions attempting to come up with non-discriminatory ways to assist Virginia wineries. At the same time, other bills have addressed the limits of local government control over winery activities.

When the farm winery act was enacted in 1980, farm wineries were given the privilege of selling their wine directly to retailers, while other wineries were required to sell their products through licensed wholesalers. Two bills, which would have allowed any winery located in or outside Virginia to self-distribute a limited quantity of wine each year to retailers were introduced, but were subject to serious opposition. A compromise proposal, Senate Bill 1413, was enacted. Under the new law, the Commissioner of Agriculture and Consumer Services was authorized to establish a nonprofit corporation to provide distribution services to Virginia wineries. A new restricted wholesale wine license was created for this corporation, which allows the corporation to distribute up to 3,000 cases of wine, per Virginia winery, per year. While the legislation does not restore the farm wineries' self-distribution privilege, the new wholesale corporation's nonprofit status should enable it to distribute Virginia wine with less than the normal wholesale markup, allowing Virginia wineries a larger share of the shelf price.

Another privilege lost by the farm wineries as a result of the lawsuit was the ability to deliver product sold to consumers. Prior to the court order, all farm wineries



Legislative Synopsis (cont.)

and other wine and beer retailers in Virginia were allowed to deliver alcohol they sold as a privilege of their ABC license. The U.S. Court of Appeals struck down the delivery privilege for Virginia retailers because out-of-state retailers could not deliver to Virginia consumers. Two identical bills, House Bill 1784 and Senate Bill 1289, replaced the former delivery privilege with a delivery permit, available to any brewery, winery, farm winery or retailer authorized to sell wine or beer at retail, wherever located, which would allow the delivery of beer or wine to purchasers.

One law that was challenged in the federal lawsuit (*Brooks v. Vassar*), but was upheld by the U.S. Court of Appeals, was the statutory requirement limiting wine sales in Virginia ABC stores to products produced by Virginia farm wineries. Senate Bill 1371 establishes that the ABC Board may, with respect to the sale of wine in its stores, give preference to small wineries that produce 2,500 cases or less of wine per year.

Another issue of major concern to farm wineries in recent years has been the extent to which localities may regulate winery activities under their zoning or other ordinances. Two pieces of legislation were adopted by the 2007 General Assembly addressing this matter. House Bill 3120 amended §4.1-128 of the Code of Virginia, to provide that no local government may adopt any ordinance or resolution that prohibits or regulates the storage, warehousing, or wholesaling of wine by a licensed farm winery, so long as the winery acts in accordance with state and federal law and ABC regulations. House Bill 2493 amends the portion of the code dealing with local zoning power, and limits localities' regulation of certain winery activities.

As they have done frequently in recent sessions, the General Assembly also created new alcoholic beverage licenses for the Commonwealth. House Bill 1815 creates a new wine and beer license for meal-assembly kitchens, defined as any commercial establishment that offers to its customers, for off-premises consumption, ingredients for the preparation of meals and entrees in professional kitchen facilities located at the establishment. Under the terms of the license, a licensee is authorized to serve up to two glasses of wine or

This page: Grapes hanging on the vine at a Virginia winery. Recent legislation has put Virginia wines back on the shelves of ABC stores.

beer on the premises of the licensee to any customer attending either a private gathering or a special event. House Bill 2637 creates a new limited mixed beverage restaurant license, which authorizes the licensee to sell and serve no more than six varieties of liqueurs, which liqueurs shall be combined with coffee or other nonalcoholic beverages for consumption in dining areas of the restaurant. This license may be granted only to persons who operate a restaurant and in no event shall the sale of such liqueur-based drinks exceed 10 percent of the total annual gross sales. Senate Bill 984 creates an Internet wine retailer license. The bill defines an Internet wine retailer as a person who owns or operates an establishment with adequate inventory, shelving, and storage facilities, where in consideration of payment, Internet or telephone orders are taken and wine is shipped directly to consumers and which establishment is not a retail store open to the public. Finally, House Bill 1980 creates a new mixed beverage limited caterer's license, which may be granted only to a person regularly engaged in the business of providing food and beverages to others for service at private gatherings or at special events, not to exceed 12 gatherings or events per year.



Two pieces of legislation will affect the operation of Virginia's government stores. Senate Bill 807 authorizes ABC to establish a government store on the property of a distiller owned by "a duly organized nonprofit association holding title to real property, together with improvements thereon, that are significant in American history, under a charter from the Commonwealth to preserve such property, and which association accepts no federal, state, or local funds." This will allow ABC to have a store at historic Mt. Vernon, which has constructed a reproduction of George Washington's distillery. Senate Bill 1149 adds to the product mix sold at ABC stores, authorizing ABC to sell products used in connection with distilled spirits, including any garnish or garnishment applied to the rim of a glass of distilled spirits. This legislation is designed to allow ABC to sell "rimmers," generally sugar or salt mixtures to be applied to the rim of a cocktail glass.

House Bill 1910 revised §4.1-201.1 of the Virginia Code, the section created by the 2006 General Assembly authorizing manufacturers or wholesalers to conduct consumer tastings at on-premises retail outlets. The new legislation clarifies that the \$100 limit on expenditures by a manufacturer or wholesaler at such a tasting event refers only to the amount of alcoholic beverages purchased, exclusive of tax or gratuities. The new language authorizes the sponsor of the event to pay a gratuity of no more than 20 percent.

Alcoholic beverage retailers will be able to display a few more types of point-of-sale advertising materials under the provisions of House Bill 2491. This legislation expands upon the types of non-illuminated advertising materials that may be displayed by retailers. New items having a value of no more than \$40 may be provided by manufacturers or wholesalers, and retailers may purchase items of up to \$250 value, provided they are not obtained from a manufacturer or its authorized vendor or a wholesaler.

New legislation allows ABC to sell "rimmers," generally sugar or salt mixtures applied to the rim of a cocktail glass.





Financial Reports

A Message from the Chair and Chief Operating and Financial Officers

We are pleased to present the Fiscal Year 2007 Annual Report for the Virginia Department of Alcoholic Beverage Control. These facts and figures represent a ninth 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 financial statements of the agency are audited annually by the Auditor of Public Accounts as required by the Code of Virginia.

This page: Chair Susan R. Swecker, center, meets with Chief Financial Officer J. Craig Vanderland, left, and Chief Operating Officer W. Curtis Coleburn.



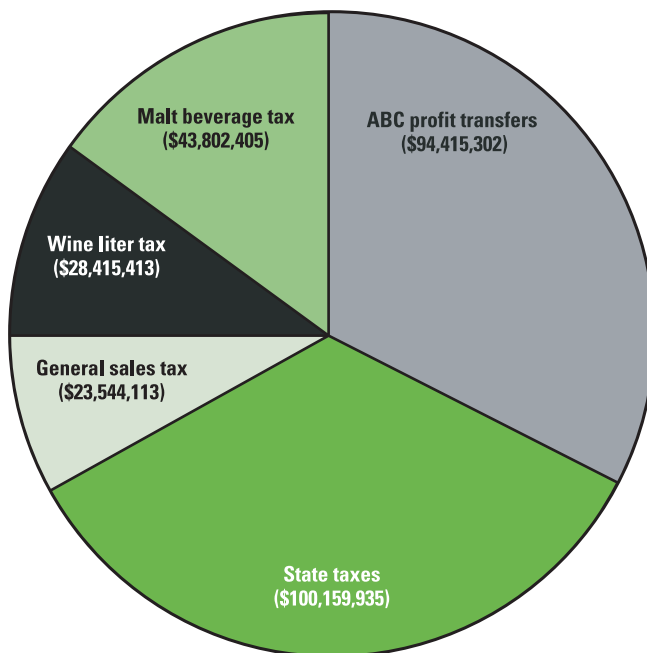
This page: The rum section in Store 101 in Richmond. Sales of rum accounted for 11 percent of total beverage sales in Fiscal Year 2007. (See page 24 for a complete listing of market share by product type.)

Results in Brief, Fiscal Year 2007 (Pre-Audit)

Revenue Source	FY 07
ABC profit transfers (1)	\$ 94,415,302
State taxes (2)	100,159,935
General sales tax (3)	23,544,113
Wine liter tax (4)	28,415,413
Malt beverage tax (5)	43,802,405
Total	\$ 290,337,168

NOTES:

- (1) *Source:* Statement of Revenues, Expenses and Changes in Net Assets (p. 63). Profits are reported in accordance with generally accepted accounting principles. Profits include licensing fees and ABC's portion of the wine liter tax. \$4,150,000 of ABC profit is transferred to localities.
- (2) *Source:* Notes to Financial Statements 4.B. Receipts (p. 66). State tax on distilled spirits = 20 percent. State tax on wine sold in ABC stores = 4 percent.
- (3) *Source:* Notes to Financial Statements 4.C. Collections (p. 67). General sales tax rate is 5 percent.
- (4) *Source:* Notes to Financial Statements 4.B. Receipts (p. 66). The non-ABC portion of the wine liter tax = \$.40 per liter. \$4,350,000 of the wine liter tax is transferred to localities. \$9,866,363 of the wine liter tax is transferred to the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services.
- (5) *Source:* Notes to Financial Statements 9. Collected (p. 70).



This pie chart represents the Results in Brief, Fiscal Year 2007, showing the relative proportion of each revenue stream in the agency.

Sales of All Beverages, Fiscal Year 2007 (Pre-Audit)

State Store Sales

Product	Gallons*	Liters	Percentage of Total Gallons	Gross Dollars	Percentage of Gross Sales
Distilled spirits	8,729,455.7	33,044,569	95.8%	\$601,823,365	99.1%
Virginia wine	6,964	26,360	0.1%	\$248,078	0.0%
Vermouth	40,674.0	153,968	0.4%	\$1,323,017	0.2%
Miscellaneous mixers	2,030.3	7,685	0.0%	\$85,263	0.0%
Alcohol	140.2	531	0.0%	\$9,986	0.0%
Non-alcoholic mixers	333,933.5	1,264,075	3.7%	\$3,755,593	0.6%
Total	9,113,197.2	34,497,188	100.0%	\$607,245,302	100.0%

Direct Sales from Wholesalers

Product	Gallons*	Liters	Percentage of Total Gallons	Gross Tax	Percentage of Gross Tax
Wines (\$0.40 Liter) (1)	18,766,404	71,039,534	10.7%	\$28,415,414	39.0%
Beer (\$7.95 Barrel)	157,044,039	594,476,076	89.3%	\$44,380,312	61.0%
Total	178,810,443	665,514,610	100.0%	\$72,795,726	100.0%

NOTES:

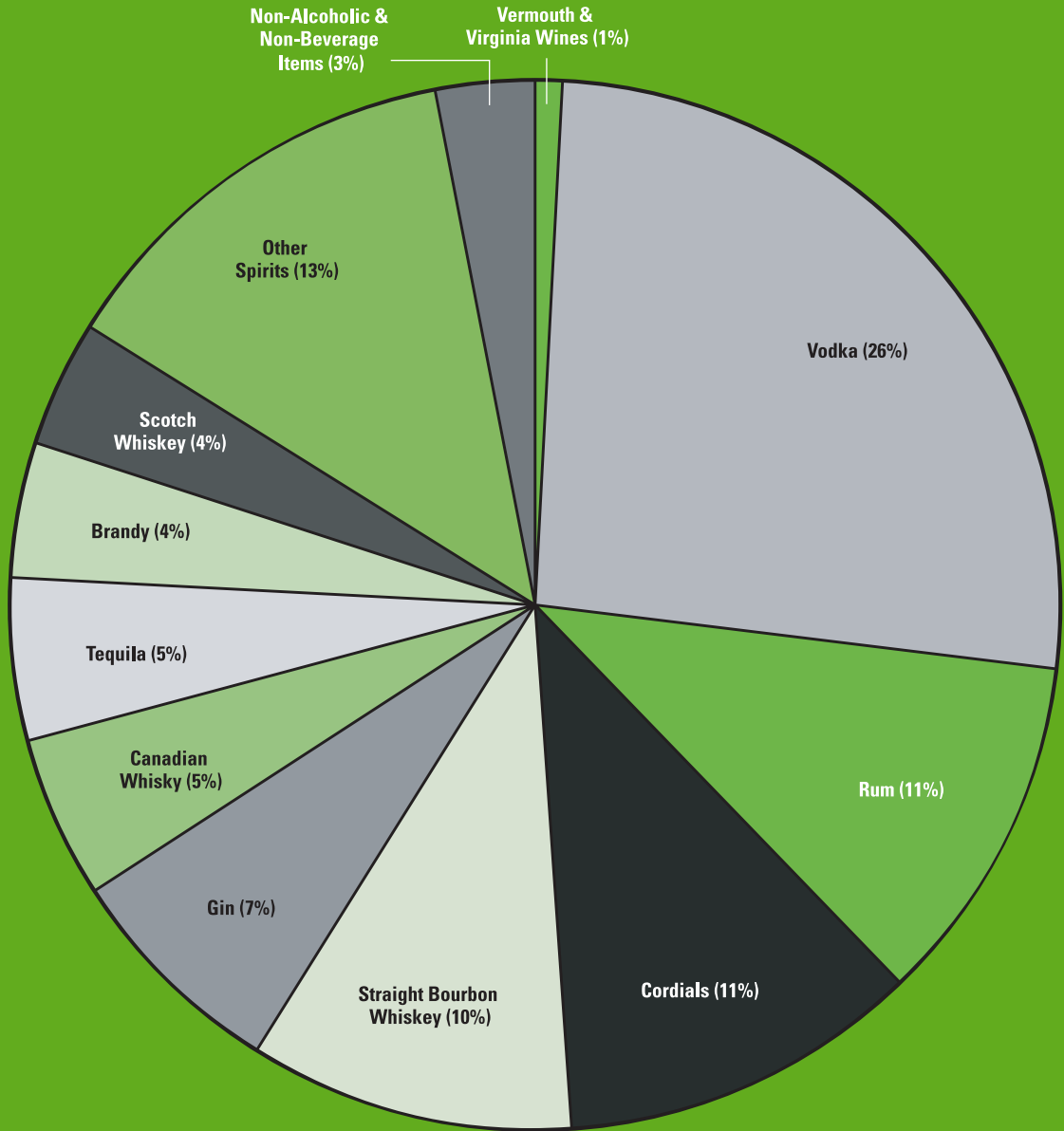
- * Excludes miscellaneous records, non-beverage and confiscated items.
 (1) Gross Liter Tax for Wines after 12 percent allocated to ABC Revenue
Source: Policy Analysis and Support Services (PASS)

Comparison of Products Sold / Market Share, Fiscal Year 2007 vs. Fiscal Year 2006

Products	Cases Sold		Market Share (%)		Change (%)
	FY 07	FY 06	FY 07	FY 06	
Total Vodka	963,871	897,700	26.7	25.9	7.4
Domestic	611,207	595,507	16.9	17.2	2.6
Imported	237,305	200,844	6.6	5.8	18.2
Flavored	115,360	101,349	3.2	2.9	13.8
Total Rum	397,977	385,822	11.0	11.1	3.2
Domestic	345,573	336,753	9.6	9.7	2.6
Imported	52,404	49,069	1.5	1.4	6.8
Straight Bourbon Whiskey	354,298	355,232	9.8	10.3	(0.3)
Total Cordials	384,044	374,885	10.6	10.8	2.4
Imported	215,708	209,010	6.0	6.0	3.2
Domestic	168,336	165,875	4.7	4.8	1.5
Total Gin	255,097	253,378	7.1	7.3	0.7
Domestic	188,316	189,575	5.2	5.5	(0.7)
Imported	56,327	54,245	1.6	1.6	3.8
Flavored	9,519	8,572	0.3	0.2	11.1
Sloe	934	986	0.0	0.0	(5.2)
Canadian Whisky	172,181	173,846	4.8	5.0	(1.0)
Brandy	151,584	154,155	4.2	4.4	(1.7)
Grape	130,912	133,358	3.6	3.8	(1.8)
Imported	9,755	9,896	0.3	0.3	(1.4)
Blackberry	2,710	2,895	0.1	0.1	(6.4)
Apricot	2,514	2,556	0.1	0.1	(1.6)
Peach	2,440	2,511	0.1	0.1	(2.8)
Apple	1,082	1,093	0.0	0.0	(0.9)
Cherry	1,176	1,095	0.0	0.0	7.4
Flavored	995	752	0.0	0.0	32.4
Cognac/Armagnac	77,455	71,424	2.1	2.1	8.4
Scotch Whiskey	142,729	142,206	4.0	4.1	0.4
Total Cocktails	79,223	76,640	2.2	2.2	3.4
Domestic	64,053	61,787	1.8	1.8	3.7
Imported	15,170	14,854	0.4	0.4	2.1
Tequila	167,567	151,843	4.6	4.4	10.4
Tennessee Whiskey	97,602	95,890	2.7	2.8	1.8
Blended Whiskey	76,573	78,681	2.1	2.3	(2.7)
Domestic Whiskey	40,279	40,898	1.1	1.2	(1.5)
Specialty Bottles	67,967	43,447	1.9	1.3	56.4
Imported	53,488	37,236	1.5	1.1	43.6
Domestic	14,479	6,211	0.4	0.2	133.1
Miscellaneous Mixers	1,396	1,921	0.0	0.1	(27.3)
Irish Whiskey	14,030	11,848	0.4	0.3	18.4
Egg Nog	10,970	10,507	0.3	0.3	4.4
Corn Whiskey	3,212	2,798	0.1	0.1	14.8
Rock & Rye	1,341	1,363	0.0	0.0	(1.6)
Bottled in Bond	1,296	1,472	0.0	0.0	(11.9)
Straight Rye Whiskey	695	529	0.0	0.0	31.5
Alcohol	52	60	0.0	0.0	(13.1)
Vermouth	16,765	17,114	0.5	0.5	(2.0)
Imported	9,936	9,902	0.3	0.3	0.3
Domestic	6,828	7,212	0.2	0.2	(5.3)
Virginia Wine	5,561	4,265	0.2	0.1	30.4
Non-Alcoholic Mixers	111,556	105,673	3.1	3.1	5.6
Non-Beverage Item	10,847	10,957	0.3	0.3	(1.0)
Statewide Total*	3,606,169	3,464,553	100.0	100.0	4.1

NOTES:

* Excludes miscellaneous records and confiscated items.
Source: Wholesale/Retail Operations



Product Market Share represented graphically. This division of market share closely resembles patterns in previous years. Non-alcoholic items include mixers; non-beverage items include gift bags and boxes.

Distribution of Profits and Wine Taxes to Cities

Counties	Total Profits FY 07	Wine Tax FY 07
Alexandria	\$ 75,204.43	\$ 78,828.75
Bedford	3,692.72	3,870.68
Bristol	10,181.20	10,671.86
Buena Vista	3,722.03	3,901.40
Charlottesville	23,507.58	24,640.47
Chesapeake	116,769.33	122,396.77
Colonial Heights	9,905.67	10,383.05
Covington	3,695.06	3,873.14
Danville	28,380.39	29,748.12
Emporia	3,321.04	3,481.09
Fairfax	12,602.96	13,210.33
Falls Church	6,083.40	6,376.57
Franklin	4,892.75	5,128.54
Fredericksburg	11,302.09	11,846.77
Galax	4,008.11	4,201.27
Hampton	85,847.01	89,984.21
Harrisonburg	23,715.11	24,858.00
Hopewell	13,059.64	13,689.02
Lexington	4,025.70	4,219.71
Lynchburg	38,263.20	40,107.21
Manassas	20,597.49	21,590.14
Manassas Park	6,032.39	6,323.11
Martinsville	9,037.45	9,472.99
Newport News	105,931.54	111,036.67
Norfolk	137,416.06	144,038.53
Norton	2,288.68	2,398.97
Petersburg	19,779.69	20,732.93
Poquoson	6,780.43	7,107.20
Portsmouth	58,955.07	61,796.28
Radford	9,297.16	9,745.21
Richmond	115,952.11	121,540.17
Roanoke	55,640.48	58,321.95
Salem	14,507.64	15,206.81
Staunton	13,983.55	14,657.45
Suffolk	37,329.91	39,128.94
Virginia Beach	249,302.03	261,316.59
Waynesboro	11,443.38	11,994.86
Williamsburg	7,033.69	7,372.66
Winchester	13,826.44	14,492.77
Total	\$ 1,377,314.61	\$ 1,443,691.19

Distribution of Profits and Wine Taxes to Counties and Towns

Counties	Total Profits FY 07	Wine Tax FY 07
Accomack	\$ 16,025.42	\$ 16,797.73
Accomac	320.67	336.13
Belle Haven	281.39	294.96
Bloxom	236.25	247.64
Chincoteague	2,530.79	2,652.76
Hallwood	170.01	178.20
Keller	101.42	106.31
Melfa	263.81	276.52
Onancock	894.01	937.10
Onley	290.77	304.79
Painter	144.21	151.16
Parksley	490.68	514.33
Saxis	197.56	207.08
Tangier	0.00	0.00
Wachapreague	138.35	145.02
Subtotal	22,085.34	23,149.73
Albermarle	49,042.37	51,405.86
Scottsville	325.36	341.04
Subtotal	49,367.73	51,746.90
Alleghany	7,340.88	7,694.66
Clifton Forge	2,514.38	2,635.55
Iron Gate	236.84	248.25
Subtotal	10,092.10	10,578.46
Amelia	6,683.12	7,005.20
Subtotal	6,683.12	7,005.20
Amherst	17,377.87	18,215.36
Amherst	1,319.62	1,383.22
Subtotal	18,697.49	19,598.58
Appomattox	6,889.47	7,221.50
Appomattox	1,032.37	1,082.12
Pamplin City	116.66	122.28
Subtotal	8,038.50	8,425.90
Arlington	111,064.64	116,417.16
Subtotal	111,064.64	116,417.16
Augusta	37,889.77	39,715.78
Craigsville	573.93	601.59
Subtotal	38,463.70	40,317.37
Bath	2,959.33	3,101.95
Subtotal	2,959.33	3,101.95
Bedford	35,391.80	37,097.43
Subtotal	35,391.80	37,097.43
Bland	4,028.04	4,222.17
Subtotal	4,028.04	4,222.17
Botetourt	16,691.38	17,495.79
Buchanan	722.83	757.67
Fincastle	210.46	220.60
Troutville	253.26	265.46
Subtotal	17,877.93	18,739.52

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Brunswick	\$ 9,711.63	\$ 10,179.66
Alberta	179.39	188.03
Brodnax	185.84	194.79
Lawrenceville	747.45	783.48
Subtotal	10,824.31	11,345.96
Buchanan	15,167.75	15,898.73
Grundy	647.79	679.01
Subtotal	15,815.54	16,577.74
Buckingham	8,896.76	9,325.52
Dillwyn	262.05	274.68
Subtotal	9,158.81	9,600.20
Campbell	27,197.95	28,508.69
Altavista	2,007.87	2,104.63
Brookneal	738.07	773.64
Subtotal	29,943.89	31,386.96
Caroline	12,319.80	12,913.53
Bowling Green	548.72	575.16
Port Royal	99.66	104.46
Subtotal	12,968.18	13,593.15
Carroll	15,474.35	16,220.10
Hillsville	1,670.19	1,750.68
Subtotal	17,144.54	17,970.78
Charles City	4,060.29	4,255.96
Subtotal	4,060.29	4,255.96
Charlotte	6,147.88	6,444.17
Charlotte Court House	271.43	284.51
Drakes Branch	295.46	309.70
Keysville	478.96	502.04
Phenix	117.25	122.90
Subtotal	7,310.98	7,663.32
Chesterfield	152,365.14	159,708.05
Subtotal	152,365.14	159,708.05
Clarke	5,425.05	5,686.50
Berryville	1,742.30	1,826.27
Boyce	249.74	261.77
Subtotal	7,417.09	7,774.54
Craig	2,879.60	3,018.38
New Castle	104.94	109.99
Subtotal	2,984.54	3,128.37
Culpeper	14,420.29	15,115.25
Culpeper	5,665.41	5,938.44
Subtotal	20,085.70	21,053.69
Cumberland	5,006.48	5,247.75
Subtotal	5,006.48	5,247.75

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Dickenson	\$ 8,345.69	\$ 8,747.89
Clinchco	248.57	260.54
Clintwood	908.08	951.85
Haysi	109.04	114.30
Subtotal	9,611.38	10,074.58
Dinwiddie	14,099.62	14,779.12
McKenney	282.57	296.18
Subtotal	14,382.19	15,075.30
Essex	4,602.56	4,824.37
Tappahannock	1,253.38	1,313.78
Subtotal	5,855.94	6,138.15
Fairfax	547,227.85	573,600.28
Clifton	108.45	113.68
Herndon	12,694.99	13,306.80
Vienna	8,472.91	8,881.24
Subtotal	568,504.20	595,902.00
Fauquier	27,892.64	29,236.87
Remington	365.81	383.44
The Plains	155.94	163.45
Warrenton	3,910.21	4,098.65
Subtotal	32,324.60	33,882.41
Floyd	7,880.22	8,259.99
Floyd	253.26	265.46
Subtotal	8,133.48	8,525.45
Fluvanna	11,708.94	12,273.23
Columbia	28.73	30.11
Subtotal	11,737.67	12,303.34
Franklin	25,170.15	26,383.17
Boones Mill	167.08	175.13
Rocky Mount	2,383.65	2,498.52
Subtotal	27,720.88	29,056.82
Frederick	33,343.49	34,950.40
Middletown	595.03	623.71
Stephens City	772.08	809.28
Subtotal	34,710.60	36,383.39
Giles	5,784.42	6,063.18
Glen Lyn	88.52	92.79
Narrows	1,237.55	1,297.19
Pearisburg	1,599.84	1,676.95
Pembroke	664.79	696.83
Rich Creek	389.85	408.64
Subtotal	9,764.97	10,235.58
Gloucester	20,389.38	21,372.00
Subtotal	20,389.38	21,372.00
Goochland	9,885.74	10,362.16
Subtotal	9,885.74	10,362.16

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Grayson	\$ 8,853.37	\$ 9,280.04
Fries	359.95	377.30
Independence	569.24	596.67
Troutdale	113.73	119.21
Subtotal	9,896.29	10,373.22
Greene	8,657.57	9,074.80
Stanardsville	279.05	292.50
Subtotal	8,936.62	9,367.30
Greensville	6,531.87	6,846.66
Subtotal	6,531.87	6,846.66
Halifax	15,919.89	16,687.12
Halifax	814.29	853.53
Scottsburg	90.87	95.25
South Boston	4,977.75	5,217.64
Virgilina	93.21	97.70
Subtotal	21,896.01	22,951.24
Hanover	46,723.79	48,975.54
Ashland	3,880.31	4,067.32
Subtotal	50,604.10	53,042.86
Henrico	153,770.36	161,180.98
Subtotal	153,770.36	161,180.98
Henry	33,477.15	35,090.51
Ridgeway	483.65	506.96
Subtotal	33,960.80	35,597.47
Highland	1,394.08	1,461.26
Monterey	92.63	97.09
Subtotal	1,486.71	1,558.35
Isle of Wight	12,344.42	12,939.34
Smithfield	3,707.37	3,886.04
Windsor	1,375.90	1,442.21
Subtotal	17,427.69	18,267.59
James City	28,199.24	29,558.24
Subtotal	28,199.24	29,558.24
King and Queen	3,886.76	4,074.08
Subtotal	3,886.76	4,074.08
King George	9,850.57	10,325.29
Subtotal	9,850.57	10,325.29
King William	6,026.53	6,316.97
West Point	1,680.16	1,761.13
Subtotal	7,706.69	8,078.10
Lancaster	5,475.47	5,739.35
Irvington	394.54	413.55
Kilmarnock	729.28	764.43
White Stone	209.87	219.99
Subtotal	6,809.16	7,137.32

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Lee	\$ 12,108.17	\$ 12,691.70
Jonesville	583.31	611.42
Pennington Gap	1,044.09	1,094.41
Saint Charles	93.21	97.70
Subtotal	13,828.78	14,495.23
Loudoun	79,159.78	82,974.72
Hamilton	329.47	345.34
Hillsboro	56.28	58.99
Leesburg	16,597.00	17,396.85
Lovettsville	500.06	524.16
Middleburg	370.50	388.36
Purcellville	2,101.08	2,202.34
Round Hill	311.29	326.29
Subtotal	99,425.46	104,217.05
Louisa	13,947.20	14,619.35
Louisa	821.32	860.90
Mineral	248.57	260.54
Subtotal	15,017.09	15,740.79
Lunenburg	5,830.73	6,111.73
Kenbridge	808.42	847.38
Victoria	1,067.54	1,118.99
Subtotal	7,706.69	8,078.10
Madison	7,216.60	7,564.38
Madison	123.11	129.04
Subtotal	7,339.71	7,693.42
Mathews	5,397.50	5,657.62
Subtotal	5,397.50	5,657.62
Mecklenburg	13,513.38	14,164.63
Boynton	279.64	293.11
Chase City	1,440.39	1,509.80
Clarksville	779.11	816.66
LaCrosse	362.30	379.76
South Hill	2,581.21	2,705.60
Subtotal	18,956.03	19,869.56
Middlesex	5,504.19	5,769.46
Urbanna	318.33	333.67
Subtotal	5,822.52	6,103.13
Montgomery	15,891.17	16,657.01
Blacksburg	23,200.39	24,318.48
Christiansburg	9,934.98	10,413.78
Subtotal	49,026.54	51,389.27
Nelson	8,468.22	8,876.32
Subtotal	8,468.22	8,876.32
New Kent	7,891.94	8,272.28
Subtotal	7,891.94	8,272.28

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Northampton	\$ 5,563.40	\$ 5,831.52
Cape Charles	664.79	696.83
Cheriton	292.53	306.63
Eastville	119.01	124.74
Exmore	665.97	698.06
Nassawadox	335.33	351.49
Subtotal	7,641.03	8,009.27
Northumberland	7,158.56	7,503.55
Subtotal	7,158.56	7,503.55
Nottoway	5,383.43	5,642.87
Blackstone	2,154.43	2,258.25
Burkeville	286.67	300.49
Crewe	1,394.08	1,461.26
Subtotal	9,218.61	9,662.87
Orange	11,883.64	12,456.35
Gordonsville	878.19	920.51
Orange	2,417.06	2,533.55
Subtotal	15,178.89	15,910.41
Page	8,853.37	9,280.04
Luray	2,855.57	2,993.19
Shenandoah	1,100.96	1,154.01
Stanley	777.35	814.82
Subtotal	13,587.25	14,242.06
Patrick	10,813.76	11,334.90
Stuart	563.38	590.53
Subtotal	11,377.14	11,925.43
Pittsylvania	33,927.97	35,563.05
Chatham	784.39	822.19
Gretna	736.90	772.42
Hurt	748.04	784.09
Subtotal	36,197.30	37,941.75
Powhatan	13,118.26	13,750.46
Subtotal	13,118.26	13,750.46
Prince Edward	7,823.35	8,200.38
Farmville	4,012.80	4,206.19
Subtotal	11,836.15	12,406.57
Prince George	19,418.56	20,354.40
Subtotal	19,418.56	20,354.40
Prince William	160,439.99	168,172.04
Dumfries	2,894.26	3,033.74
Haymarket	515.30	540.14
Occoquan	444.96	466.40
Quantico	328.88	344.73
Subtotal	164,623.39	172,557.05
Pulaski	13,698.05	14,358.20
Dublin	1,341.31	1,405.96
Pulaski	5,553.44	5,821.07
Subtotal	20,592.80	21,585.23

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Rappahannock	\$ 3,986.42	\$ 4,178.54
Washington	107.28	112.45
Subtotal	4,093.70	4,290.99
Richmond	4,358.10	4,568.13
Warsaw	806.08	844.93
Subtotal	5,164.18	5,413.06
Roanoke	45,724.26	47,927.84
Vinton	4,562.11	4,781.97
Subtotal	50,286.37	52,709.81
Rockbridge	11,347.23	11,894.09
Glasgow	613.21	642.76
Goshen	238.01	249.48
Subtotal	12,198.45	12,786.33
Rockingham	30,914.11	32,403.95
Bridgewater	3,050.20	3,197.20
Broadway	1,323.14	1,386.91
Dayton	787.90	825.88
Elkton	1,197.10	1,254.79
Grottoes	1,239.31	1,299.03
Mount Crawford	167.66	175.74
Timberville	1,019.47	1,068.60
Subtotal	39,698.89	41,612.10
Russell	14,466.02	15,163.18
Castlewood	0.00	0.00
Cleveland	86.76	90.94
Honaker	554.00	580.69
Lebanon	1,918.76	2,011.23
Subtotal	17,025.54	17,846.04
Scott	11,142.64	11,679.63
Clinchport	45.14	47.32
Duffield	36.35	38.10
Dungannon	185.84	194.79
Gate City	1,265.69	1,326.69
Nickelsville	262.63	275.29
Weber City	781.46	819.12
Subtotal	13,719.75	14,380.94
Shenandoah	13,233.16	13,870.90
Edinburg	476.61	499.58
Mount Jackson	975.50	1,022.51
New Market	1,015.37	1,064.30
Strasburg	2,365.47	2,479.47
Toms Brook	149.49	156.70
Woodstock	2,346.71	2,459.81
Subtotal	20,562.31	21,553.27
Smyth	13,463.55	14,112.40
Chilhowie	1,071.06	1,122.68
Marion	3,722.03	3,901.40
Saltville	1,292.07	1,354.34
Subtotal	19,548.71	20,490.82

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

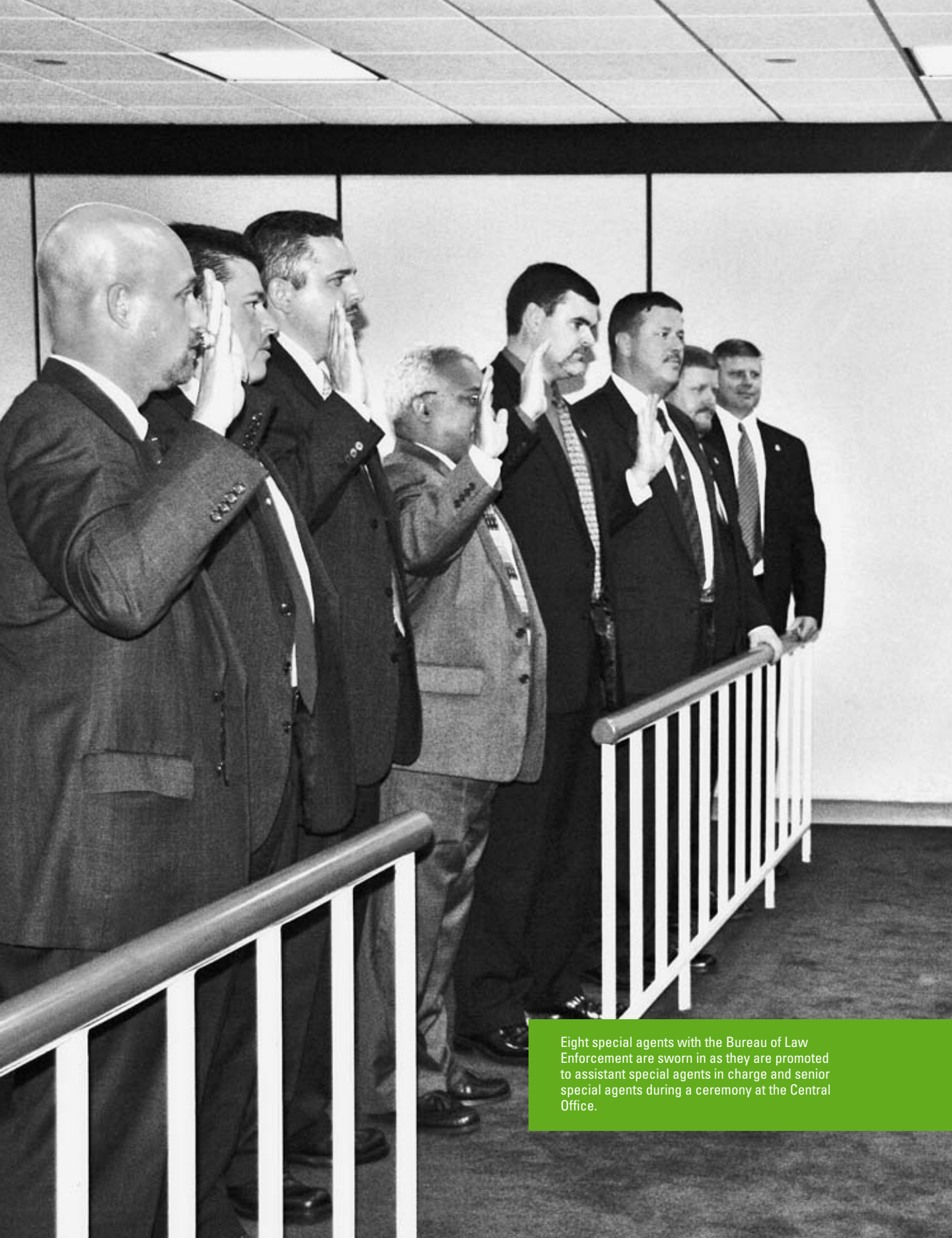
Counties	Total Profits FY 07	Wine Tax FY 07
Southampton	\$ 8,610.67	\$ 9,025.64
Boykins	363.47	380.98
Branchville	72.11	75.58
Capron	101.42	106.31
Courtland	744.52	780.40
Ivor	187.60	196.64
Newsoms	168.84	176.97
Subtotal	10,248.63	10,742.52
Spotsylvania	52,993.03	55,546.91
Subtotal	52,993.03	55,546.91
Stafford	54,195.40	56,807.23
Subtotal	54,195.40	56,807.23
Surry	3,474.64	3,642.09
Claremont	201.08	210.77
Dendron	174.11	182.50
Surry	153.59	161.00
Subtotal	4,003.42	4,196.36
Sussex	5,149.52	5,397.69
Jarratt	345.29	361.94
Stony Creek	118.42	124.13
Wakefield	608.52	637.84
Waverly	1,353.62	1,418.86
Subtotal	7,575.37	7,940.46
Tazewell	16,370.71	17,159.66
Bluefield	3,108.24	3,258.03
Ceder Bluff	636.07	666.72
Pocahontas	258.53	270.99
Richlands	3,305.80	3,465.11
Tazewell	2,465.72	2,584.55
Subtotal	26,145.07	27,405.06

Distribution of Profits and Wine Taxes to Counties and Towns (cont.)

Counties	Total Profits FY 07	Wine Tax FY 07
Warren	\$ 10,549.36	\$ 11,057.77
Front Royal	7,966.39	8,350.32
Subtotal	18,515.75	19,408.09
Washington	23,861.67	25,011.63
Abingdon	4,560.94	4,780.74
Damascus	575.10	602.82
Glade Spring	805.49	844.31
Subtotal	29,803.20	31,239.50
Westmoreland	7,723.69	8,095.92
Colonial Beach	1,892.38	1,983.58
Montross	184.67	193.56
Subtotal	9,800.74	10,273.06
Wise	16,027.76	16,800.18
Appalachia	1,078.09	1,130.05
Big Stone Gap	3,462.32	3,629.18
Coeburn	1,170.13	1,226.52
Pound	638.41	669.18
Saint Paul	586.24	614.49
Wise	1,908.21	2,000.17
Subtotal	24,871.16	26,069.77
Wythe	10,813.17	11,334.29
Rural Retreat	791.42	829.56
Wytheville	4,575.01	4,795.49
Subtotal	16,179.60	16,959.34
York	33,003.47	34,594.00
Yorktown	0.00	0.00
Subtotal	33,003.47	34,594.00
Total	\$ 2,772,280.27	\$ 2,905,884.20



Youth Alcohol and Drug Abuse Prevention Project (YADAPP), summer 2007 at Longwood University. ABC provides planning, administrative, financial and staffing support to this popular, statewide high school prevention effort.



Eight special agents with the Bureau of Law Enforcement are sworn in as they are promoted to assistant special agents in charge and senior special agents during a ceremony at the Central Office.

Analysis of Store Performance, Fiscal Year 2007

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales
Statewide Total		9,113,214	\$607,298,724	\$100,241,961	\$507,056,764
137	692 Hwy 58, E Norton City	18,586	\$1,179,698	\$194,804	\$984,893
218	Main St., Rt. 23, S Scott Co.	9,059	\$477,263	\$78,978	\$398,285
194	16427-E Wise St. Wise Co.	8,101	\$476,971	\$79,145	\$397,826
206	18 East 4th St., N Wise Co.	11,050	\$625,526	\$103,489	\$522,038
	Far Southwest	46,797	\$2,759,458	\$456,416	\$2,303,042
174	One Plaza Dr. Buchanan Co.	8,366	\$507,365	\$83,864	\$423,501
365	Food City Shp. Ctr. Dickenson Co.	6,878	\$391,769	\$64,868	\$326,901
87	4027 College Ave. Tazewell Co.	13,820	\$876,151	\$144,859	\$731,292
197	2004 Second St. Tazewell Co.	17,163	\$985,907	\$162,710	\$823,197
230	722 East Riverside Tazewell Co.	8,176	\$484,760	\$80,078	\$404,682
	Southwest	54,404	\$3,245,951	\$536,378	\$2,709,573
58	3002 Lee Hwy. Bristol City	23,949	\$1,550,631	\$256,192	\$1,294,439
343	2123 Euclid Ave. Bristol City	22,550	\$1,286,859	\$212,188	\$1,074,672
141	441 West Stuart Dr. Carroll Co.	14,374	\$758,426	\$124,934	\$633,492
96	974 East Stuart Dr. Galax City	20,271	\$1,105,309	\$182,546	\$922,763
135	1173 North Main St. Smyth Co.	23,073	\$1,290,466	\$213,332	\$1,077,134
201	545 West Main St. Washington Co.	35,334	\$2,138,154	\$353,227	\$1,784,926
153	325 West Main St. Wythe Co.	23,254	\$1,382,351	\$227,728	\$1,154,623
	Wytheville/Hillsville	162,805	\$9,512,196	\$1,570,147	\$7,942,049
199	3745 Virginia Ave. Giles Co.	13,163	\$692,052	\$114,574	\$577,478
67	290 Peppers Ferry Rd. Montgomery Co.	26,746	\$1,695,017	\$279,635	\$1,415,382
195	100 North Franklin St. Montgomery Co.	24,496	\$1,401,168	\$231,776	\$1,169,392
327	1300 South Main St. Montgomery Co.	75,757	\$4,736,222	\$783,460	\$3,952,762
345	1072 Memorial Square Dr. Pulaski Co.	18,946	\$1,016,452	\$168,286	\$848,166
356	97 Walker St. Radford City	37,658	\$2,153,311	\$356,005	\$1,797,307
	Radford/Blacksburg	196,765	\$11,694,222	\$1,933,736	\$9,760,486
364	56 Kingston Dr. Botetourt Co.	22,687	\$1,354,735	\$223,281	\$1,131,454
123	531 Main St. Clifton Forge City	6,052	\$334,830	\$55,382	\$279,448
124	123 West Main St. Covington City	13,875	\$801,317	\$132,849	\$668,467
115	1423 Williamson Rd., NE Roanoke City	60,270	\$4,010,569	\$662,568	\$3,348,001
229	3434 Orange Ave., NE Roanoke City	15,766	\$908,439	\$150,444	\$757,995
259	1398 Towne Square Blvd. Roanoke City	35,354	\$2,151,659	\$354,804	\$1,796,855
269	602 Brandon Ave., SW Roanoke City	60,541	\$3,760,969	\$620,447	\$3,140,522
289	3341 Melrose Ave., NW Roanoke City	30,605	\$1,953,203	\$324,252	\$1,628,952
309	3901 Brambleton Ave., SW Roanoke Co.	54,789	\$3,232,084	\$531,863	\$2,700,221
337	1113 Vinyard Rd. Roanoke Co.	29,941	\$1,642,640	\$270,803	\$1,371,837
186	1483 West Main St. Salem City	41,760	\$2,410,134	\$398,158	\$2,011,976
	Roanoke	371,641	\$22,560,578	\$3,724,850	\$18,835,727
339	Augusta Plaza, Rt. 612 Augusta Co.	12,973	\$758,581	\$125,663	\$632,918
113	39 1/2 East Main St. Bath Co.	7,437	\$574,501	\$94,887	\$479,613
68	1739 South High St. Harrisonburg City	25,329	\$1,485,087	\$244,677	\$1,240,410
145	398 North Main St. Harrisonburg City	28,635	\$1,663,291	\$275,521	\$1,387,770
147	Water St. Highland Co.	2,069	\$111,725	\$18,305	\$93,420
140	445 East Nelson St. Lexington City	38,590	\$2,263,425	\$373,451	\$1,889,974
184	2035 East Market St. Rockingham Co.	63,562	\$4,042,304	\$665,219	\$3,377,085
57	Harner Center Shp. Ctr. Staunton City	14,692	\$921,962	\$152,397	\$769,565
122	201 State St. Staunton City	22,204	\$1,373,934	\$227,177	\$1,146,757
302	1331 Greenville Ave. Staunton City	23,397	\$1,384,438	\$227,950	\$1,156,488

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$305,517,666	\$201,539,098	\$73,309,374	\$128,229,724	\$33,409,244	\$94,820,480	32.1%
\$592,936	\$391,958	\$158,249	\$233,709	\$64,893	\$168,816	30.8%
\$240,552	\$157,733	\$98,256	\$59,477	\$26,242	\$33,235	23.5%
\$238,706	\$159,120	\$92,279	\$66,842	\$26,212	\$40,629	25.1%
\$314,777	\$207,261	\$85,553	\$121,709	\$34,396	\$87,312	30.5%
\$1,386,970	\$916,072	\$434,336	\$481,736	\$151,744	\$329,992	28.5%
\$255,326	\$168,175	\$115,608	\$52,567	\$27,904	\$24,663	21.4%
\$196,332	\$130,569	\$114,726	\$15,844	\$21,539	(\$5,695)	15.1%
\$441,125	\$290,168	\$184,745	\$105,423	\$48,184	\$57,239	23.1%
\$496,252	\$326,945	\$136,295	\$190,650	\$54,239	\$136,411	30.3%
\$243,458	\$161,224	\$109,350	\$51,873	\$26,664	\$25,209	21.7%
\$1,632,493	\$1,077,081	\$660,724	\$416,356	\$178,530	\$237,827	23.9%
\$779,887	\$514,552	\$206,115	\$308,438	\$85,289	\$223,149	30.9%
\$648,693	\$425,979	\$171,066	\$254,913	\$70,809	\$184,104	30.8%
\$382,187	\$251,306	\$112,867	\$138,439	\$41,740	\$96,699	29.2%
\$555,580	\$367,183	\$128,010	\$239,173	\$60,800	\$178,374	32.7%
\$648,271	\$428,863	\$158,941	\$269,922	\$70,971	\$198,951	31.9%
\$1,077,655	\$707,272	\$205,050	\$502,222	\$117,606	\$384,616	34.5%
\$694,994	\$459,629	\$118,242	\$341,387	\$76,076	\$265,311	35.7%
\$4,787,265	\$3,154,784	\$1,100,290	\$2,054,494	\$523,290	\$1,531,203	32.6%
\$348,539	\$228,939	\$115,501	\$113,438	\$38,049	\$75,389	27.4%
\$853,918	\$561,464	\$221,378	\$340,086	\$93,257	\$246,828	31.1%
\$705,496	\$463,896	\$187,719	\$276,176	\$77,050	\$199,127	30.8%
\$2,382,858	\$1,569,904	\$305,924	\$1,263,980	\$260,442	\$1,003,539	37.7%
\$511,589	\$336,577	\$182,863	\$153,714	\$55,884	\$97,829	26.2%
\$1,082,942	\$714,365	\$193,616	\$520,749	\$118,422	\$402,327	35.2%
\$5,885,343	\$3,875,144	\$1,207,001	\$2,668,143	\$643,104	\$2,025,039	33.9%
\$685,394	\$446,061	\$183,616	\$262,445	\$74,550	\$187,895	30.4%
\$168,751	\$110,697	\$100,130	\$10,567	\$18,412	(\$7,845)	14.2%
\$403,224	\$265,244	\$125,993	\$139,250	\$44,044	\$95,206	28.5%
\$2,008,844	\$1,339,157	\$257,930	\$1,081,227	\$220,595	\$860,632	38.0%
\$458,199	\$299,796	\$125,944	\$173,852	\$49,943	\$123,909	30.2%
\$1,086,410	\$710,445	\$238,653	\$471,792	\$118,392	\$353,400	32.9%
\$1,896,453	\$1,244,070	\$407,385	\$836,685	\$206,925	\$629,760	33.2%
\$977,404	\$651,548	\$187,825	\$463,723	\$107,329	\$356,394	34.8%
\$1,632,222	\$1,067,999	\$285,033	\$782,966	\$177,914	\$605,052	35.2%
\$828,385	\$543,452	\$160,894	\$382,558	\$90,388	\$292,170	34.3%
\$1,214,111	\$797,865	\$242,310	\$555,555	\$132,566	\$422,989	34.1%
\$11,359,395	\$7,476,332	\$2,315,713	\$5,160,620	\$1,241,059	\$3,919,561	33.9%
\$381,831	\$251,087	\$110,045	\$141,041	\$41,702	\$99,339	29.7%
\$288,805	\$190,808	\$121,784	\$69,024	\$31,601	\$37,423	23.0%
\$747,743	\$492,667	\$173,575	\$319,091	\$81,729	\$237,363	32.5%
\$834,976	\$552,794	\$207,595	\$345,198	\$91,438	\$253,760	31.8%
\$56,576	\$36,844	\$42,181	(\$5,337)	\$6,155	(\$11,492)	6.1%
\$1,139,629	\$750,346	\$263,078	\$487,268	\$124,528	\$362,740	32.5%
\$2,037,286	\$1,339,799	\$340,824	\$998,975	\$222,511	\$776,463	35.7%
\$463,921	\$305,644	\$234,780	\$70,865	\$50,706	\$20,159	18.7%
\$691,425	\$455,332	\$168,284	\$287,047	\$75,558	\$211,489	31.9%
\$697,246	\$459,242	\$217,582	\$241,660	\$76,199	\$165,461	28.4%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales
338 801-B West Broad St.	Waynesboro City	45,737	\$2,738,393	\$451,334	\$2,287,059
Staunton/Waynesboro		284,624	\$17,317,640	\$2,856,581	\$14,461,059
167 21 Crowe St.	Clarke Co.	12,793	\$808,490	\$133,753	\$674,736
56 182 Delco Plz.	Frederick Co.	28,885	\$1,892,881	\$312,130	\$1,580,751
139 235 Sunnyside Cir.	Frederick Co.	32,261	\$2,036,600	\$335,590	\$1,701,010
173 14817 Spotswood Trl.	Page Co.	13,596	\$804,725	\$132,806	\$671,919
193 1412 West 211 Bypass	Page Co.	17,652	\$1,012,631	\$167,266	\$845,365
52 786 Shopping Center Rd.	Shenandoah Co.	13,987	\$851,604	\$140,785	\$710,819
293 5814 Main St.	Shenandoah Co.	12,807	\$726,361	\$120,222	\$606,139
318 462 North Main St.	Shenandoah Co.	14,604	\$826,796	\$136,554	\$690,242
75 226 Elizabeth Dr.	Stephens City	8,880	\$577,523	\$95,521	\$482,002
142 411-F South St.	Warren Co.	41,564	\$2,591,295	\$428,001	\$2,163,293
47 380 Gateway Dr.	Winchester City	3,490	\$225,929	\$37,217	\$188,712
261 2218 Valley Ave.	Winchester City	42,794	\$2,875,762	\$474,631	\$2,401,131
Winchester/Front Royal		243,314	\$15,230,595	\$2,514,475	\$12,716,120
42 7702 Richmond Hwy.	Alexandria City	12,106	\$873,955	\$144,334	\$729,622
80 6206 Little River Tnpk.	Alexandria City	23,624	\$1,816,393	\$297,835	\$1,518,558
81 6230-J North Kings Hwy.	Alexandria City	27,648	\$1,946,358	\$320,080	\$1,626,278
119 901 North Saint Asaph St.	Alexandria City	48,556	\$3,792,334	\$626,766	\$3,165,568
203 3678 King St.	Alexandria City	31,149	\$2,284,477	\$376,459	\$1,908,018
297 4607 Duke St.	Alexandria City	18,267	\$1,359,505	\$224,475	\$1,135,029
372 3161 Duke St.	Alexandria City	21,656	\$1,637,356	\$270,534	\$1,366,822
49 881 North Quincy St.	Arlington Co.	17,064	\$1,268,758	\$208,848	\$1,059,911
109 1731 Wilson Blvd.	Arlington Co.	25,198	\$1,978,104	\$323,862	\$1,654,241
168 1001 North Fillmore St.	Arlington Co.	25,014	\$1,908,249	\$313,307	\$1,594,942
215 320 23rd St., S	Arlington Co.	12,385	\$1,013,104	\$166,441	\$846,663
248 4709 Lee Hwy.	Arlington Co.	28,449	\$1,987,898	\$326,025	\$1,661,873
319 2435 North Hamilton St.	Arlington Co.	18,169	\$1,334,112	\$219,292	\$1,114,820
358 2201 North Pershing Dr.	Arlington Co.	111,947	\$9,331,053	\$1,547,050	\$7,784,003
374 2955-A South Glebe Rd.	Arlington Co.	36,387	\$2,588,152	\$427,076	\$2,161,076
241 11260 James Swart Cir.	Fairfax City	49,528	\$3,804,862	\$628,566	\$3,176,296
317 9512 Main St.	Fairfax City	35,192	\$2,499,903	\$412,734	\$2,087,169
45 8428 Old Keene Mill Rd.	Fairfax Co.	12,569	\$869,971	\$143,339	\$726,632
63 8951 Ox Rd.	Fairfax Co.	15,068	\$1,084,621	\$178,464	\$906,157
78 5331 Merchants View Square	Fairfax Co.	4,192	\$310,186	\$50,906	\$259,280
82 46930 Cedar Lakes Plz.	Fairfax Co.	44,393	\$3,378,857	\$555,818	\$2,823,038
83 7263 Arlington Blvd.	Fairfax Co.	13,178	\$987,807	\$162,349	\$825,458
84 13053 East Jackson Hwy.	Fairfax Co.	22,844	\$1,682,238	\$277,185	\$1,405,053
85 2928 Chain Bridge Rd.	Fairfax Co.	23,284	\$1,724,887	\$283,379	\$1,441,508
90 12965 Fair Lakes Shp. Ctr.	Fairfax Co.	23,412	\$1,853,780	\$302,381	\$1,551,399
93 6124 Rose Hill Dr.	Fairfax Co.	10,900	\$747,129	\$123,080	\$624,048
111 5722 Union Mill Rd.	Fairfax Co.	18,845	\$1,446,793	\$238,530	\$1,208,264
120 5926 Kingstowne Ctr.	Fairfax Co.	41,071	\$3,195,652	\$526,822	\$2,668,830
127 13300 Franklin Farm Rd.	Fairfax Co.	14,405	\$1,051,832	\$173,227	\$878,605
131 Bradlick Shp. Ctr.	Fairfax Co.	2,101	\$142,370	\$23,438	\$118,932
170 1238 Elden St.	Fairfax Co.	36,321	\$2,785,166	\$460,486	\$2,324,681
210 11160 South Lakes Dr.	Fairfax Co.	11,484	\$875,701	\$143,717	\$731,984
219 8338 Leesburg Pike	Fairfax Co.	85,922	\$8,244,638	\$1,359,477	\$6,885,162
224 13944 Lee Jackson Hwy.	Fairfax Co.	41,808	\$3,208,316	\$528,842	\$2,679,473
228 1524 Belle View Blvd.	Fairfax Co.	26,237	\$1,873,866	\$307,248	\$1,566,618
231 436 East Maple Ave.	Fairfax Co.	38,741	\$2,845,648	\$467,266	\$2,378,382
234 9574 Old Keene Mill Rd.	Fairfax Co.	23,296	\$1,594,249	\$262,811	\$1,331,438
235 8628 Richmond Hwy.	Fairfax Co.	40,824	\$3,083,049	\$509,542	\$2,573,508

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$1,379,551	\$907,509	\$292,068	\$615,441	\$150,691	\$464,750	33.5%
\$8,718,988	\$5,742,071	\$2,171,797	\$3,570,274	\$952,818	\$2,617,455	31.6%
\$407,195	\$267,542	\$132,906	\$134,635	\$44,457	\$90,178	27.7%
\$952,490	\$628,261	\$180,929	\$447,333	\$104,153	\$343,179	34.6%
\$1,027,093	\$673,917	\$183,727	\$490,190	\$112,077	\$378,112	35.0%
\$404,073	\$267,847	\$115,199	\$152,647	\$44,272	\$108,375	30.0%
\$509,959	\$335,406	\$135,198	\$200,208	\$55,700	\$144,508	30.8%
\$428,920	\$281,899	\$119,926	\$161,973	\$46,835	\$115,138	30.1%
\$366,143	\$239,996	\$48,153	\$191,843	\$39,938	\$151,906	37.5%
\$416,938	\$273,304	\$112,640	\$160,664	\$45,479	\$115,185	30.4%
\$289,863	\$192,138	\$106,843	\$85,295	\$31,758	\$53,537	25.8%
\$1,306,935	\$856,358	\$363,394	\$492,964	\$142,536	\$350,428	30.0%
\$113,579	\$75,133	\$104,647	(\$29,514)	\$12,434	(\$41,948)	(2.1%)
\$1,449,189	\$951,942	\$220,115	\$731,827	\$158,207	\$573,620	36.5%
\$7,672,377	\$5,043,743	\$1,823,676	\$3,220,067	\$837,847	\$2,382,220	32.2%
\$439,464	\$290,157	\$199,977	\$90,181	\$48,074	\$42,107	21.3%
\$912,588	\$605,969	\$281,968	\$324,002	\$100,056	\$223,946	28.7%
\$979,413	\$646,865	\$262,626	\$384,239	\$107,153	\$277,086	30.7%
\$1,903,495	\$1,262,073	\$340,508	\$921,565	\$208,575	\$712,990	35.3%
\$1,151,967	\$756,052	\$350,801	\$405,250	\$125,717	\$279,534	28.7%
\$683,959	\$451,071	\$299,509	\$151,562	\$74,785	\$76,776	22.2%
\$825,094	\$541,728	\$260,601	\$281,126	\$90,058	\$191,068	28.2%
\$637,690	\$422,220	\$288,874	\$133,347	\$69,836	\$63,511	21.5%
\$998,495	\$655,747	\$294,713	\$361,033	\$108,996	\$252,038	29.1%
\$962,986	\$631,956	\$286,418	\$345,538	\$105,088	\$240,449	29.0%
\$509,044	\$337,619	\$247,769	\$89,850	\$55,785	\$34,065	19.8%
\$1,005,370	\$656,503	\$303,286	\$353,218	\$109,498	\$243,719	28.7%
\$672,767	\$442,053	\$285,255	\$156,798	\$73,454	\$83,344	22.7%
\$4,662,536	\$3,121,467	\$498,558	\$2,622,909	\$512,877	\$2,110,032	39.2%
\$1,300,724	\$860,352	\$332,887	\$527,465	\$142,390	\$385,075	31.4%
\$1,911,957	\$1,264,338	\$355,092	\$909,246	\$209,282	\$699,965	34.9%
\$1,258,100	\$829,069	\$342,326	\$486,743	\$137,521	\$349,222	30.5%
\$438,673	\$287,959	\$204,560	\$83,399	\$47,877	\$35,522	20.6%
\$548,635	\$357,522	\$228,267	\$129,255	\$59,705	\$69,550	22.9%
\$156,404	\$102,875	\$117,310	(\$14,435)	\$17,084	(\$31,518)	6.3%
\$1,701,904	\$1,121,134	\$355,026	\$766,108	\$186,006	\$580,102	33.6%
\$498,571	\$326,887	\$242,876	\$84,011	\$54,388	\$29,623	19.4%
\$849,757	\$555,296	\$253,368	\$301,928	\$92,577	\$209,351	28.9%
\$870,526	\$570,982	\$314,526	\$256,456	\$94,979	\$161,477	25.8%
\$934,083	\$617,316	\$277,244	\$340,072	\$102,219	\$237,853	29.1%
\$376,984	\$247,064	\$196,681	\$50,383	\$41,118	\$9,266	17.7%
\$728,449	\$479,815	\$251,768	\$228,047	\$79,611	\$148,437	26.7%
\$1,609,141	\$1,059,689	\$360,828	\$698,861	\$175,845	\$523,016	32.9%
\$531,233	\$347,372	\$236,711	\$110,661	\$57,890	\$52,771	21.5%
\$71,338	\$47,595	\$67,395	(\$19,801)	\$7,836	(\$27,637)	(2.9%)
\$1,399,082	\$925,599	\$342,558	\$583,041	\$153,170	\$429,871	32.0%
\$442,190	\$289,794	\$215,305	\$74,489	\$48,229	\$26,260	19.4%
\$4,124,392	\$2,760,770	\$1,057,999	\$1,702,771	\$453,653	\$1,249,117	31.6%
\$1,616,823	\$1,062,651	\$391,361	\$671,289	\$176,547	\$494,743	31.9%
\$946,945	\$619,673	\$330,419	\$289,254	\$103,222	\$186,032	26.3%
\$1,440,790	\$937,592	\$420,370	\$517,222	\$156,708	\$360,513	29.1%
\$805,934	\$525,504	\$305,836	\$219,668	\$87,727	\$131,941	24.8%
\$1,548,543	\$1,024,964	\$428,477	\$596,487	\$169,565	\$426,923	30.4%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales	
236	7200 Little River Tnpk., E	Fairfax Co.	42,426	\$2,963,395	\$488,605	\$2,474,789
260	6198 Arlington Blvd.	Fairfax Co.	23,002	\$1,652,649	\$272,411	\$1,380,238
267	1446 Chain Bridge Rd.	Fairfax Co.	46,866	\$3,728,279	\$612,433	\$3,115,846
268	6400 Springfield Plz.	Fairfax Co.	50,855	\$3,683,732	\$608,432	\$3,075,300
273	9421 Lorton Market St.	Fairfax Co.	6,086	\$458,062	\$75,314	\$382,748
294	3556-E South Jefferson St.	Fairfax Co.	42,374	\$3,095,870	\$509,270	\$2,586,600
296	8966 Burke Lake Rd.	Fairfax Co.	25,740	\$1,724,927	\$284,505	\$1,440,422
322	14151 Germain Dr.	Fairfax Co.	51,863	\$3,902,004	\$643,294	\$3,258,710
346	8105 Lee Hwy	Fairfax Co.	33,252	\$2,417,690	\$394,445	\$2,023,245
352	2555 John Milton Dr.	Fairfax Co.	23,393	\$1,673,840	\$275,944	\$1,397,895
357	1454 North Point Village Shp. Ctr.	Fairfax Co.	42,068	\$3,431,510	\$564,372	\$2,867,138
368	10308 Willard Way	Fairfax Co.	23,853	\$1,672,136	\$275,956	\$1,396,180
371	5739 Burke Centre Pkwy.	Fairfax Co.	27,194	\$1,876,292	\$309,156	\$1,567,136
76	1212 West Broad St.	Falls Church City	22,587	\$1,663,170	\$273,962	\$1,389,207
212	167 Hillwood Ave.	Falls Church City	13,066	\$873,873	\$143,532	\$730,341
369	Barcroft Plaza Shp. Ctr.	Falls Church City	18,586	\$1,308,409	\$215,780	\$1,092,629
99	601 Post Dr.	Herndon City	22,700	\$1,713,446	\$282,879	\$1,430,567
54	42015 Village Center Plz.	Loudoun Co.	13,148	\$1,075,268	\$177,501	\$897,767
61	22330 Sterling Blvd.	Loudoun Co.	24,476	\$1,810,478	\$298,718	\$1,511,760
73	43150 Broadlands Shp. Ctr. Plz.	Loudoun Co.	22,052	\$1,723,063	\$282,421	\$1,440,642
136	18 Fairfax St., SE	Loudoun Co.	31,982	\$2,277,265	\$375,270	\$1,901,995
166	210 Fort Evans Rd.	Loudoun Co.	37,914	\$2,854,519	\$469,675	\$2,384,844
181	106 Washington St.	Loudoun Co.	9,077	\$680,909	\$112,292	\$568,617
208	44110 Ashburn Village Shp. Ctr.	Loudoun Co.	24,230	\$1,893,244	\$311,806	\$1,581,437
323	609-O East Main St.	Loudoun Co.	26,276	\$1,866,265	\$307,518	\$1,558,747
362	100 Edds Lane	Loudoun Co.	32,609	\$2,429,656	\$399,001	\$2,030,655
367	20070 Ashbrook Commons Plaza	Loudoun Co.	13,564	\$1,067,050	\$175,691	\$891,358
55	9528 Liberia Ave.	Manassas City	33,696	\$2,565,912	\$422,598	\$2,143,314
133	9130 Mathis Ave.	Manassas City	27,685	\$1,949,218	\$322,035	\$1,627,183
264	16661 Rivers Ridge Blvd.	Prince William Co.	25,569	\$1,840,186	\$304,228	\$1,535,957
271	13586 Jefferson Davis Hwy.	Prince William Co.	47,831	\$3,530,021	\$583,877	\$2,946,145
286	7555 New Linton Hall Rd.	Prince William Co.	50,696	\$3,707,505	\$610,196	\$3,097,309
295	8095 Sudley Rd.	Prince William Co.	69,645	\$5,035,061	\$830,638	\$4,204,422
301	4220 Merchants Plz.	Prince William Co.	49,329	\$3,525,125	\$580,852	\$2,944,273
316	4108 Fortuna Village Ctr.	Prince William Co.	21,817	\$1,559,099	\$256,605	\$1,302,495
353	4255 Cheshire Plz.	Prince William Co.	56,474	\$4,105,793	\$677,466	\$3,428,328
Northern Virginia			2,227,212	\$167,746,243	\$27,640,668	\$140,105,574
37	15149 Montanus Dr.	Culpeper Co.	1,171	\$102,593	\$16,890	\$85,703
329	185 Southgate Shp. Ctr.	Culpeper Co.	41,496	\$2,664,326	\$440,525	\$2,223,800
66	11083-E Marsh Rd.	Fauquier Co.	18,445	\$1,165,426	\$192,538	\$972,888
88	4199-B Winchester Rd.	Fauquier Co.	13,401	\$858,918	\$141,745	\$717,173
303	175 Lee Hwy.	Fauquier Co.	59,195	\$4,033,180	\$665,621	\$3,367,559
51	265 Turkey Sag Trl.	Fluvanna Co.	15,530	\$917,978	\$150,900	\$767,078
274	28 Madison Plaza Dr.	Madison Co.	10,333	\$614,274	\$101,322	\$512,952
72	5309-A Lyndon Dr.	Orange Co.	24,153	\$1,465,657	\$240,908	\$1,224,750
163	583 North Madison Rd.	Orange Co.	15,052	\$882,740	\$146,311	\$736,430
227	South Main St.	Orange Co.	8,239	\$482,024	\$79,767	\$402,257
Warrenton/Culpeper			207,016	\$13,187,116	\$2,176,527	\$11,010,590
125	304 Pantops Ctr.	Albemarle Co.	37,729	\$2,399,594	\$395,660	\$2,003,934
189	Scottsville Shp. Ctr.	Albemarle Co.	8,672	\$503,684	\$83,226	\$420,458
359	1653 Seminole Trl.	Albemarle Co.	39,473	\$2,567,507	\$422,607	\$2,144,900
46	183 Community St.	Charlottesville City	4,397	\$310,307	\$51,139	\$259,168
185	500 West Main St.	Charlottesville City	38,799	\$2,713,428	\$449,712	\$2,263,717

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$1,482,760	\$992,030	\$241,608	\$750,421	\$163,060	\$587,361	36.3%
\$834,380	\$545,858	\$287,360	\$258,498	\$90,942	\$167,556	26.6%
\$1,888,035	\$1,227,810	\$385,859	\$841,952	\$205,299	\$636,653	33.5%
\$1,862,449	\$1,212,851	\$423,356	\$789,495	\$202,627	\$586,868	32.4%
\$230,001	\$152,747	\$174,513	(\$21,766)	\$25,219	(\$46,985)	6.2%
\$1,555,953	\$1,030,646	\$475,112	\$555,534	\$170,427	\$385,107	28.9%
\$869,889	\$570,533	\$312,710	\$257,823	\$94,907	\$162,916	25.9%
\$1,960,197	\$1,298,512	\$462,799	\$835,713	\$214,712	\$621,001	32.4%
\$1,217,164	\$806,081	\$307,826	\$498,256	\$133,309	\$364,947	31.4%
\$845,907	\$551,989	\$283,865	\$268,124	\$92,105	\$176,019	27.0%
\$1,731,995	\$1,135,143	\$354,831	\$780,312	\$188,912	\$591,400	33.7%
\$841,967	\$554,213	\$239,971	\$314,242	\$91,992	\$222,249	29.8%
\$949,358	\$617,778	\$185,263	\$432,515	\$103,256	\$329,259	34.0%
\$839,890	\$549,318	\$311,104	\$238,214	\$91,533	\$146,681	25.3%
\$441,848	\$288,493	\$249,953	\$38,540	\$48,121	(\$9,581)	15.3%
\$659,246	\$433,383	\$238,635	\$194,748	\$71,992	\$122,756	25.9%
\$862,436	\$568,131	\$277,526	\$290,605	\$94,258	\$196,347	28.0%
\$541,764	\$356,003	\$252,937	\$103,066	\$59,153	\$43,914	20.6%
\$913,631	\$598,130	\$255,820	\$342,309	\$99,608	\$242,702	29.9%
\$870,927	\$569,714	\$261,486	\$308,228	\$94,922	\$213,306	28.8%
\$1,147,135	\$754,860	\$303,964	\$450,896	\$125,320	\$325,576	30.8%
\$1,440,454	\$944,389	\$283,636	\$660,753	\$157,134	\$503,619	34.1%
\$343,473	\$225,144	\$95,976	\$129,168	\$37,465	\$91,702	30.0%
\$956,161	\$625,276	\$280,340	\$344,936	\$104,199	\$240,737	29.2%
\$942,623	\$616,124	\$259,728	\$356,395	\$102,704	\$253,692	30.1%
\$1,228,742	\$801,913	\$316,447	\$485,465	\$133,797	\$351,668	30.9%
\$537,744	\$353,615	\$265,874	\$87,740	\$58,730	\$29,010	19.2%
\$1,292,295	\$851,019	\$292,100	\$558,919	\$141,220	\$417,699	32.7%
\$981,193	\$645,990	\$319,815	\$361,175	\$107,213	\$218,962	27.8%
\$922,922	\$613,036	\$260,732	\$352,303	\$101,202	\$251,101	30.2%
\$1,771,247	\$1,174,898	\$391,168	\$783,730	\$194,117	\$589,613	33.2%
\$1,871,371	\$1,225,938	\$317,153	\$908,785	\$204,077	\$704,707	35.5%
\$2,532,872	\$1,671,550	\$508,127	\$1,163,423	\$277,023	\$886,400	34.1%
\$1,776,896	\$1,167,377	\$375,450	\$791,927	\$193,994	\$597,933	33.4%
\$786,574	\$515,920	\$261,282	\$254,638	\$85,819	\$168,819	27.3%
\$2,067,245	\$1,361,083	\$569,580	\$791,503	\$225,888	\$565,615	30.3%
\$84,454,791	\$55,650,784	\$22,913,958	\$32,736,826	\$9,231,356	\$23,505,470	30.5%
\$51,447	\$34,256	\$46,992	(\$12,735)	\$5,647	(\$18,382)	(1.5%)
\$1,341,353	\$882,448	\$288,607	\$593,841	\$146,523	\$447,318	33.3%
\$587,767	\$385,121	\$198,830	\$186,290	\$64,102	\$122,188	27.0%
\$433,599	\$283,574	\$114,165	\$169,409	\$47,253	\$122,155	30.7%
\$2,034,654	\$1,332,905	\$338,783	\$994,122	\$221,884	\$772,238	35.7%
\$463,784	\$303,295	\$131,109	\$172,185	\$50,542	\$121,644	29.7%
\$309,430	\$203,522	\$134,538	\$68,984	\$33,798	\$35,186	22.2%
\$740,011	\$484,739	\$172,384	\$312,355	\$80,697	\$231,658	32.2%
\$443,223	\$293,207	\$142,440	\$150,767	\$48,522	\$102,244	28.2%
\$242,129	\$160,127	\$102,412	\$57,715	\$26,504	\$31,211	23.0%
\$6,647,396	\$4,363,193	\$1,670,260	\$2,692,933	\$725,472	\$1,967,461	31.4%
\$1,210,305	\$793,630	\$240,265	\$553,365	\$132,036	\$421,329	34.0%
\$253,274	\$167,184	\$105,321	\$61,864	\$27,703	\$34,160	23.3%
\$1,295,204	\$849,695	\$304,622	\$545,074	\$141,324	\$403,749	32.2%
\$156,676	\$102,492	\$87,544	\$14,948	\$17,076	(\$2,128)	15.8%
\$1,357,147	\$906,569	\$255,908	\$650,661	\$149,153	\$501,508	35.1%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales	
202	1902 Emmet St.	Charlottesville City	57,503	\$4,271,156	\$706,533	\$3,564,622
253	1147 Emmet St.	Charlottesville City	47,978	\$3,184,473	\$524,132	\$2,660,341
70	8875 Seminole Trl.	Greene Co.	13,938	\$831,991	\$137,191	\$694,800
138	Rts. 22 & 23	Louisa Co.	22,890	\$1,252,684	\$206,685	\$1,045,999
126	Rt. 151	Nelson Co.	8,768	\$592,092	\$96,753	\$495,339
321	85 Calloway Dr.	Nelson Co.	8,884	\$516,803	\$85,575	\$431,229
	Charlottesville		289,032	\$19,143,719	\$3,159,213	\$15,984,506
281	4049 South Amherst Hwy.	Amherst Co.	22,680	\$1,265,036	\$209,335	\$1,055,701
285	Ambriar Shp. Ctr.	Amherst Co.	10,982	\$630,789	\$104,401	\$526,387
354	U.S. Rt. 460, W	Appomattox Co.	15,332	\$839,962	\$139,183	\$700,779
160	1128 East Lynchburg Salem Tnpk.	Bedford City	24,417	\$1,383,936	\$228,709	\$1,155,227
279	18013 Forest Rd.	Bedford Co.	33,649	\$2,103,391	\$347,242	\$1,756,149
176	Hwys 501 & 40, S	Campbell Co.	8,092	\$437,007	\$72,581	\$364,426
262	20401 Timberlake Rd.	Campbell Co.	35,359	\$2,076,768	\$342,844	\$1,733,924
347	1301-I North Main St.	Campbell Co.	18,461	\$1,053,219	\$174,291	\$878,927
117	309 Twelfth St.	Lynchburg City	39,495	\$2,349,332	\$389,762	\$1,959,570
266	2118 Wards Rd.	Lynchburg City	32,245	\$1,984,704	\$328,306	\$1,656,398
287	Boonsboro Shp. Ctr.	Lynchburg City	20,539	\$1,289,255	\$212,105	\$1,077,150
	Lynchburg		261,252	\$15,413,398	\$2,548,760	\$12,864,637
146	639 West Main St.	Danville City	20,474	\$1,175,138	\$194,528	\$980,609
154	235 North Union St.	Danville City	10,951	\$579,986	\$96,159	\$483,827
276	221 Nor-Dan Dr.	Danville City	26,984	\$1,664,360	\$275,743	\$1,388,617
373	3308 Riverside Dr.	Danville City	24,135	\$1,496,649	\$246,668	\$1,249,981
191	942 Tanyard Rd.	Franklin Co.	30,732	\$1,711,861	\$283,371	\$1,428,490
213	12990 B.T. Washington Hwy.	Franklin Co.	32,352	\$1,978,818	\$325,468	\$1,653,349
132	4960 Greenboro Rd.	Henry Co.	17,725	\$1,006,623	\$166,774	\$839,849
277	985 Fairstone Park Hwy.	Henry Co.	22,041	\$1,163,238	\$192,497	\$970,741
291	243 West Commonwealth Blvd.	Martinsville City	38,686	\$2,274,494	\$376,154	\$1,898,340
324	301 South Main St.	Patrick Co.	8,935	\$483,949	\$80,228	\$403,721
283	Tightsqueeze Plz.	Pittsylvania Co.	11,999	\$652,324	\$107,900	\$544,425
	Danville/Martinsville		245,015	\$14,187,439	\$2,345,490	\$11,841,949
157	302 New Hicks St.	Brunswick Co.	10,527	\$587,322	\$97,631	\$489,691
143	812 East Atlantic St.	Mecklenburg Co.	34,965	\$1,993,075	\$330,184	\$1,662,891
172	112 North Main St.	Mecklenburg Co.	10,402	\$520,128	\$86,506	\$433,623
214	608 Virginia Ave.	Mecklenburg Co.	12,897	\$711,514	\$117,733	\$593,781
59	3136 Halifax Rd.	South Boston	36,787	\$2,106,645	\$348,883	\$1,757,762
	South Boston		105,578	\$5,918,684	\$980,937	\$4,937,747
351	15127 Patrick Henry Hwy.	Amelia Co.	9,760	\$548,089	\$91,009	\$457,080
178	Main St.	Buckingham Co.	9,530	\$508,319	\$84,423	\$423,896
196	Main St.	Charlotte Co.	6,278	\$323,375	\$53,617	\$269,757
159	1805 Main St.	Lunenburg Co.	6,943	\$361,310	\$60,104	\$301,206
161	501-F Main St.	Lunenburg Co.	4,783	\$243,531	\$40,486	\$203,045
164	107 East Carolina Ave.	Nottoway Co.	8,110	\$445,070	\$73,973	\$371,097
275	1527 South Main St.	Nottoway Co.	15,282	\$874,876	\$145,351	\$729,525
152	1506 South Main St.	Prince Edward Co.	40,416	\$2,361,220	\$390,451	\$1,970,768
	Farmville		101,103	\$5,665,789	\$939,414	\$4,726,375
104	7028 Woodlake Commons	Chesterfield Co.	26,684	\$1,763,993	\$288,979	\$1,475,014
116	12635 Jefferson Davis Hwy.	Chesterfield Co.	51,923	\$3,308,725	\$543,001	\$2,765,724
190	13121 Rittenhouse Dr.	Chesterfield Co.	41,100	\$2,787,539	\$459,850	\$2,327,688
284	13214 Midlothian Tnpk.	Chesterfield Co.	32,124	\$1,998,809	\$329,310	\$1,669,499

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$2,144,104	\$1,420,519	\$419,610	\$1,000,908	\$234,868	\$766,040	34.5%
\$1,609,946	\$1,050,395	\$357,120	\$693,275	\$175,286	\$517,989	32.7%
\$418,594	\$276,206	\$141,299	\$134,907	\$45,779	\$89,128	27.2%
\$630,835	\$415,164	\$135,554	\$279,611	\$68,919	\$210,691	33.3%
\$299,477	\$195,862	\$122,474	\$73,388	\$32,637	\$40,751	23.2%
\$260,054	\$171,174	\$108,219	\$62,956	\$28,413	\$34,543	23.2%
\$9,635,615	\$6,348,891	\$2,277,934	\$4,070,957	\$1,053,196	\$3,017,761	32.3%
\$635,406	\$420,295	\$182,510	\$237,785	\$69,559	\$168,226	29.8%
\$317,182	\$209,205	\$114,564	\$94,641	\$34,683	\$59,958	26.1%
\$421,432	\$279,346	\$127,031	\$152,316	\$46,173	\$106,142	29.2%
\$696,987	\$458,240	\$169,670	\$288,570	\$76,116	\$212,453	31.9%
\$1,059,579	\$696,570	\$220,219	\$476,351	\$115,710	\$360,641	33.7%
\$218,322	\$146,104	\$117,670	\$28,434	\$24,012	\$4,422	17.6%
\$1,045,584	\$688,340	\$243,304	\$445,036	\$114,246	\$330,790	32.4%
\$528,673	\$350,254	\$146,075	\$204,180	\$57,911	\$146,269	30.4%
\$1,175,453	\$784,116	\$224,909	\$559,208	\$129,113	\$430,094	34.9%
\$995,381	\$661,017	\$271,809	\$389,208	\$109,138	\$280,070	30.7%
\$653,153	\$423,997	\$191,021	\$232,976	\$70,972	\$162,004	29.0%
\$7,747,152	\$5,117,485	\$2,008,781	\$3,108,704	\$847,633	\$2,261,071	31.2%
\$590,614	\$389,996	\$219,800	\$170,196	\$64,611	\$105,585	25.5%
\$290,928	\$192,899	\$98,363	\$94,536	\$31,879	\$62,657	27.4%
\$833,268	\$555,348	\$199,144	\$356,205	\$91,494	\$264,711	32.5%
\$752,507	\$497,474	\$208,280	\$289,193	\$82,359	\$206,834	30.3%
\$861,109	\$567,382	\$185,186	\$382,196	\$94,121	\$288,074	33.4%
\$1,001,680	\$651,669	\$216,458	\$435,211	\$108,937	\$326,274	32.9%
\$505,798	\$334,051	\$190,569	\$143,482	\$55,336	\$88,146	25.3%
\$584,413	\$386,328	\$167,743	\$218,585	\$63,961	\$154,624	29.8%
\$1,142,799	\$755,541	\$258,460	\$497,081	\$125,079	\$372,002	32.9%
\$242,991	\$160,730	\$74,331	\$86,399	\$26,601	\$59,799	28.9%
\$327,677	\$216,748	\$131,369	\$85,379	\$35,871	\$49,507	24.1%
\$7,133,783	\$4,708,166	\$1,949,704	\$2,758,462	\$780,249	\$1,978,213	30.5%
\$295,305	\$194,386	\$132,942	\$61,443	\$32,265	\$29,178	21.6%
\$1,003,478	\$659,413	\$182,801	\$476,612	\$109,566	\$367,046	35.0%
\$260,117	\$173,506	\$143,608	\$29,898	\$28,571	\$1,327	16.9%
\$357,550	\$236,231	\$99,635	\$136,596	\$39,123	\$97,473	30.2%
\$1,057,279	\$700,483	\$271,351	\$429,131	\$115,816	\$313,315	31.4%
\$2,973,729	\$1,964,018	\$830,338	\$1,133,680	\$325,341	\$808,339	30.2%
\$274,930	\$182,150	\$120,457	\$61,693	\$30,116	\$31,576	22.4%
\$254,776	\$169,121	\$101,117	\$68,004	\$27,930	\$40,074	24.5%
\$161,948	\$107,810	\$105,804	\$2,006	\$17,774	(\$15,768)	11.7%
\$180,666	\$120,540	\$96,532	\$24,008	\$19,846	\$4,162	17.8%
\$121,618	\$81,427	\$72,239	\$9,188	\$13,378	(\$4,191)	14.9%
\$222,762	\$148,335	\$102,745	\$45,590	\$24,451	\$21,139	21.4%
\$439,070	\$290,455	\$157,053	\$133,401	\$48,067	\$85,334	26.4%
\$1,185,829	\$784,939	\$243,373	\$541,566	\$129,851	\$411,715	34.0%
\$2,841,600	\$1,884,775	\$999,320	\$885,455	\$311,414	\$574,040	26.7%
\$887,621	\$587,393	\$240,810	\$346,583	\$97,187	\$249,397	30.5%
\$1,666,005	\$1,099,719	\$287,204	\$812,515	\$182,230	\$630,285	35.5%
\$1,404,344	\$923,344	\$285,762	\$637,582	\$153,368	\$484,214	33.9%
\$1,009,945	\$659,554	\$221,677	\$437,877	\$110,001	\$327,876	32.9%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales	
315	7048 Commons Plz.	Chesterfield Co.	27,901	\$1,754,935	\$289,605	\$1,465,331
330	5722 Hopkins Rd.	Chesterfield Co.	35,338	\$2,243,936	\$371,181	\$1,872,755
350	11108 Midlothian Tnkp.	Chesterfield Co.	67,942	\$4,675,903	\$772,512	\$3,903,391
363	9949 Hull St.	Chesterfield Co.	39,312	\$2,433,841	\$402,018	\$2,031,823
89	34-A Broad Street Rd.	Goochland Co.	18,126	\$1,177,386	\$194,372	\$983,014
304	2734 Fairground Rd.	Goochland Co.	13,628	\$813,775	\$134,685	\$679,090
44	18035 Jefferson Davis Hwy.	Hanover Co.	13,108	\$810,659	\$133,692	\$676,967
243	209 North Washington Hwy.	Hanover Co.	35,594	\$2,099,879	\$346,743	\$1,753,136
300	9502 Chamberlayne Rd.	Hanover Co.	18,806	\$1,118,868	\$184,624	\$934,245
334	7057 Mechanicsville Tnkp.	Hanover Co.	40,730	\$2,486,254	\$410,504	\$2,075,750
108	10242 Staples Mill Rd.	Henrico Co.	19,549	\$1,237,150	\$203,051	\$1,034,099
150	5654 Brook Rd.	Henrico Co.	27,899	\$1,800,536	\$297,507	\$1,503,029
171	8700 West Broad St.	Henrico Co.	40,089	\$2,837,800	\$469,515	\$2,368,285
180	500 Goddin St.	Henrico Co.	7,281	\$431,923	\$71,795	\$360,128
205	2288 John Rolfe Pkwy.	Henrico Co.	14,457	\$948,279	\$156,090	\$792,188
207	10106 Brook Rd.	Henrico Co.	33,514	\$2,424,642	\$396,436	\$2,028,206
242	1601 Willow Lawn Dr.	Henrico Co.	30,756	\$2,023,527	\$333,387	\$1,690,140
247	9685 West Broad St.	Henrico Co.	27,170	\$1,842,740	\$303,604	\$1,539,137
254	7015 Three Chopt Rd.	Henrico Co.	25,320	\$1,675,405	\$275,499	\$1,399,906
270	809 East Parham Rd.	Henrico Co.	32,660	\$1,966,662	\$324,775	\$1,641,887
292	1521 Parham Rd.	Henrico Co.	29,360	\$1,916,699	\$316,325	\$1,600,374
305	3910 Mechanicsville Tnkp.	Henrico Co.	30,994	\$1,993,551	\$331,011	\$1,662,540
308	11252 Patterson Ave.	Henrico Co.	11,943	\$752,488	\$124,250	\$628,238
314	4338 South Laburnum Ave.	Henrico Co.	65,263	\$4,238,630	\$697,313	\$3,541,318
331	3406 Pump Rd.	Henrico Co.	48,637	\$3,655,105	\$600,921	\$3,054,184
332	4018 Glenside Dr.	Henrico Co.	18,782	\$1,060,114	\$175,212	\$884,902
366	1370 Gaskins Rd.	Henrico Co.	28,557	\$1,929,192	\$315,693	\$1,613,499
77	1800 South Creek Dr.	Powhatan Co.	10,630	\$699,484	\$115,754	\$583,731
326	2105 Academy Rd.	Powhatan Co.	14,531	\$870,685	\$144,037	\$726,648
86	2610 Buford Rd.	Richmond City	27,248	\$1,810,358	\$297,973	\$1,512,385
97	6504 Hull St.	Richmond City	27,955	\$1,954,476	\$323,634	\$1,630,841
101	3100-A West Broad St.	Richmond City	30,957	\$2,080,069	\$344,082	\$1,735,987
102	1901 West Main St.	Richmond City	10,668	\$612,365	\$101,367	\$510,998
169	10 North Thompson St.	Richmond City	56,139	\$4,130,596	\$678,351	\$3,452,245
182	1217 West Broad St.	Richmond City	19,910	\$1,222,130	\$202,296	\$1,019,833
187	2421 Venable St.	Richmond City	21,014	\$1,256,195	\$209,121	\$1,047,074
251	2924 North Ave.	Richmond City	11,518	\$684,980	\$113,498	\$571,482
252	618 West Southside Plz.	Richmond City	43,086	\$2,861,323	\$474,834	\$2,386,489
348	7036 Forest Hill Ave.	Richmond City	40,878	\$2,675,676	\$440,589	\$2,235,087
360	2901 Hermitage Rd.	Richmond City	100,412	\$7,649,277	\$1,265,710	\$6,383,567
Richmond			1,369,489	\$90,716,555	\$14,964,703	\$75,751,852
239	320 West Broadus Ave.	Caroline Co.	7,011	\$397,079	\$65,744	\$331,335
62	1416 Carl D. Silver Pkwy.	Fredericksburg City	35,756	\$2,632,939	\$434,431	\$2,198,508
74	10857 & 10859 Tidewater Trl.	Fredericksburg City	13,630	\$872,005	\$143,911	\$728,094
121	507 William St.	Fredericksburg City	23,907	\$1,586,413	\$262,283	\$1,324,130
245	1271 Jefferson Davis Hwy.	Fredericksburg City	21,694	\$1,413,736	\$233,757	\$1,179,980
221	15423 Dahlgren Rd.	King George Co.	7,574	\$465,387	\$77,040	\$388,347
103	6348 Jefferson Davis Hwy.	Spotsylvania Co.	17,252	\$1,045,763	\$172,446	\$873,317
209	5055 Jefferson Davis Hwy.	Spotsylvania Co.	44,220	\$2,937,383	\$484,293	\$2,453,090
313	4189 Plank Rd.	Spotsylvania Co.	37,828	\$2,462,616	\$405,809	\$2,056,806
64	43 Town & Country Dr.	Stafford Co.	20,392	\$1,293,078	\$212,864	\$1,080,214
183	560 Celebrate Virginia Pwky.	Stafford Co.	21,343	\$1,417,367	\$233,226	\$1,184,141
200	356 Garrisonville Rd.	Stafford Co.	55,453	\$3,881,284	\$639,951	\$3,241,332
Fredericksburg			306,059	\$20,405,051	\$3,365,757	\$17,039,295

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$884,029	\$581,302	\$226,593	\$354,709	\$96,549	\$258,161	31.2%
\$1,128,438	\$744,317	\$241,735	\$502,582	\$123,393	\$379,188	33.4%
\$2,354,043	\$1,549,348	\$316,279	\$1,233,069	\$257,189	\$975,880	37.4%
\$1,225,204	\$806,620	\$283,523	\$523,096	\$133,874	\$389,222	32.5%
\$595,148	\$387,866	\$156,157	\$231,708	\$64,769	\$166,939	30.7%
\$409,987	\$269,102	\$123,776	\$145,327	\$44,744	\$100,582	28.9%
\$407,477	\$269,490	\$128,172	\$141,318	\$44,604	\$96,714	28.4%
\$1,058,173	\$694,962	\$206,968	\$487,994	\$115,512	\$372,482	34.3%
\$564,595	\$369,650	\$201,016	\$168,634	\$61,556	\$107,078	26.1%
\$1,254,951	\$820,798	\$218,132	\$602,666	\$136,768	\$465,898	35.2%
\$625,267	\$408,832	\$177,924	\$230,907	\$68,135	\$162,772	29.6%
\$903,833	\$599,196	\$265,607	\$333,589	\$99,032	\$234,557	29.6%
\$1,426,651	\$941,634	\$261,392	\$680,242	\$156,043	\$524,199	35.0%
\$216,055	\$144,073	\$114,739	\$29,334	\$23,728	\$5,606	17.9%
\$479,091	\$313,098	\$161,717	\$151,380	\$52,196	\$99,184	26.9%
\$1,220,902	\$807,304	\$236,449	\$570,855	\$133,636	\$437,219	34.4%
\$1,021,316	\$668,824	\$289,296	\$379,528	\$111,361	\$268,167	29.7%
\$928,610	\$610,527	\$237,566	\$372,960	\$101,412	\$271,549	31.2%
\$846,917	\$552,989	\$219,078	\$333,911	\$92,238	\$241,673	30.9%
\$990,466	\$651,421	\$267,128	\$384,294	\$108,182	\$276,112	30.6%
\$966,157	\$634,217	\$210,046	\$424,172	\$105,446	\$318,725	33.1%
\$995,763	\$666,778	\$254,533	\$412,245	\$109,542	\$302,703	31.8%
\$380,457	\$247,781	\$120,943	\$126,838	\$41,394	\$85,444	27.9%
\$2,128,309	\$1,413,008	\$388,732	\$1,024,276	\$233,332	\$790,944	35.1%
\$1,842,667	\$1,211,517	\$349,697	\$861,820	\$201,236	\$660,585	34.5%
\$533,120	\$351,782	\$150,036	\$201,746	\$58,305	\$143,441	30.1%
\$976,449	\$637,050	\$298,694	\$338,356	\$106,311	\$232,045	28.4%
\$353,093	\$230,638	\$110,984	\$119,654	\$38,461	\$81,192	28.2%
\$437,893	\$288,755	\$131,015	\$157,740	\$47,878	\$109,862	29.2%
\$913,992	\$598,394	\$194,636	\$403,758	\$99,649	\$304,109	33.3%
\$983,652	\$647,189	\$230,037	\$417,153	\$107,454	\$309,699	32.4%
\$1,047,881	\$688,106	\$299,937	\$388,169	\$114,382	\$273,787	29.7%
\$307,503	\$203,495	\$207,660	(\$4,164)	\$33,669	(\$37,833)	10.4%
\$2,079,144	\$1,373,101	\$284,606	\$1,088,495	\$227,463	\$861,032	37.3%
\$613,725	\$406,108	\$148,718	\$257,390	\$67,195	\$190,194	32.1%
\$625,055	\$422,018	\$147,787	\$274,231	\$68,990	\$205,241	33.0%
\$341,251	\$230,231	\$129,065	\$101,165	\$37,654	\$63,511	25.8%
\$1,427,985	\$958,504	\$223,170	\$735,334	\$157,242	\$578,092	36.8%
\$1,349,141	\$885,946	\$228,668	\$657,278	\$147,267	\$510,011	35.5%
\$3,820,518	\$2,563,049	\$286,084	\$2,276,966	\$420,604	\$1,856,361	40.8%
\$45,632,823	\$30,119,029	\$9,763,749	\$20,355,280	\$4,991,181	\$15,364,099	33.4%
\$199,331	\$132,003	\$92,041	\$39,962	\$21,831	\$18,131	21.1%
\$1,323,088	\$875,421	\$283,333	\$592,088	\$144,857	\$447,231	33.5%
\$439,264	\$288,831	\$155,795	\$133,035	\$47,973	\$85,062	26.3%
\$797,601	\$526,529	\$187,250	\$339,278	\$87,245	\$252,033	32.4%
\$711,566	\$468,413	\$214,452	\$253,961	\$77,747	\$176,214	29.0%
\$234,220	\$154,127	\$76,432	\$77,696	\$25,588	\$52,108	27.8%
\$526,466	\$346,852	\$171,668	\$175,183	\$57,542	\$117,642	27.7%
\$1,478,932	\$974,158	\$258,978	\$715,180	\$161,631	\$553,549	35.3%
\$1,242,662	\$814,145	\$227,893	\$586,252	\$135,520	\$450,731	34.8%
\$651,989	\$428,225	\$189,317	\$238,909	\$71,174	\$167,735	29.4%
\$714,441	\$469,701	\$251,946	\$217,755	\$78,021	\$139,733	26.3%
\$1,953,993	\$1,287,340	\$335,695	\$951,645	\$213,567	\$738,078	35.5%
\$10,273,551	\$6,765,744	\$2,444,801	\$4,320,943	\$1,122,695	\$3,198,248	32.2%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales	
192	101 South Main St.	Lancaster Co.	38,700	\$2,225,267	\$367,542	\$1,857,725
238	Rt. 360	Northumberland Co.	15,104	\$828,317	\$136,684	\$691,633
149	Times Square Shp. Ctr.	Richmond Co.	9,167	\$504,506	\$83,624	\$420,883
130	Beachgate Shp. Ctr.	Westmoreland Co.	9,797	\$566,883	\$93,810	\$473,073
220	109 East End Pl.	Westmoreland Co.	7,789	\$445,032	\$73,603	\$371,430
Northern Neck			80,557	\$4,570,006	\$755,262	\$3,814,744
198	Rappahannock Shp Ctr.	Essex Co.	18,734	\$1,073,938	\$177,391	\$896,547
155	York River Shp. Ctr.	Gloucester Co.	28,673	\$1,751,846	\$289,632	\$1,462,213
233	Main St.	Gloucester Co.	22,954	\$1,365,750	\$225,757	\$1,139,993
175	14th & Kirby St.	King William Co.	19,700	\$1,138,458	\$187,587	\$950,871
257	4915 Tappahannock Hwy.	King William Co.	13,802	\$788,100	\$130,348	\$657,752
333	Rt. 198	Mathews Co.	13,421	\$722,741	\$119,352	\$603,388
32	16498 General Puller Hwy.	Middlesex Co.	6,729	\$370,310	\$61,060	\$309,250
179	Virginia St.	Middlesex Co.	12,625	\$707,560	\$116,888	\$590,672
West Point/Mathews			136,637	\$7,918,702	\$1,308,014	\$6,610,688
232	3107-3 Boulevard	Colonial Heights City	38,289	\$2,314,141	\$381,235	\$1,932,906
60	4330 Westgate Dr.	Dinwiddie Co.	30,630	\$1,811,016	\$300,405	\$1,510,611
144	301 Market Dr.	Emporia City	25,714	\$1,492,928	\$247,862	\$1,245,066
151	210 North Main St.	Hopewell City	19,388	\$1,064,202	\$176,405	\$887,797
118	18 Washington St., W	Petersburg City	20,824	\$1,359,817	\$226,360	\$1,133,457
255	3330 South Crater Rd.	Petersburg City	36,039	\$2,236,417	\$370,273	\$1,866,145
310	5232 Oaklawn Blvd.	Prince George Co.	35,345	\$2,286,845	\$379,310	\$1,907,534
240	Rt. 460	Sussex Co.	10,980	\$603,455	\$99,959	\$503,495
Petersburg/Hopewell			217,209	\$13,168,820	\$2,181,809	\$10,987,012
43	235 Carmichael Way	Chesapeake City	2,038	\$125,106	\$20,449	\$104,657
69	1620 Cedar Rd.	Chesapeake City	24,687	\$1,590,647	\$262,704	\$1,327,942
79	1437 Sam's Dr.	Chesapeake City	31,136	\$2,158,109	\$356,770	\$1,801,339
165	550 East Liberty St.	Chesapeake City	22,011	\$1,402,477	\$233,070	\$1,169,407
280	1103 South Military Hwy.	Chesapeake City	90,295	\$6,408,268	\$1,059,233	\$5,349,035
328	836 Eden Way Ln.	Chesapeake City	30,031	\$2,070,728	\$342,089	\$1,728,639
349	237 South Battlefield Blvd.	Chesapeake City	37,991	\$2,509,034	\$414,548	\$2,094,486
355	4300 Portsmouth Blvd.	Chesapeake City	36,028	\$2,379,007	\$392,874	\$1,986,133
216	1100 Armory Dr.	Franklin City	29,140	\$1,728,758	\$286,790	\$1,441,969
53	11409 Windsor Blvd.	Isle of Wight Co.	9,496	\$537,529	\$88,969	\$448,559
299	1917 South Church St.	Isle of Wight Co.	33,923	\$2,017,212	\$333,723	\$1,683,489
107	434 St. Paul's Blvd.	Norfolk City	70,144	\$5,283,982	\$877,738	\$4,406,244
128	159 West Ocean View Dr.	Norfolk City	44,496	\$2,778,391	\$460,034	\$2,318,357
134	2301 Colley Ave.	Norfolk City	55,388	\$3,812,644	\$631,443	\$3,181,201
226	7525 Tidewater Dr.	Norfolk City	63,107	\$4,054,401	\$672,335	\$3,382,066
249	2350 East Little Creek Rd.	Norfolk City	39,574	\$2,455,417	\$406,629	\$2,048,788
263	5900 Virginia Beach Blvd.	Norfolk City	53,766	\$3,683,037	\$609,480	\$3,073,557
110	1136 London Blvd.	Portsmouth City	14,520	\$937,023	\$155,871	\$781,152
237	3812 George Washington Hwy.	Portsmouth City	24,917	\$1,592,532	\$264,308	\$1,328,224
288	5700 Churchland Blvd.	Portsmouth City	33,009	\$2,176,748	\$359,952	\$1,816,797
311	4020 Victory Blvd.	Portsmouth City	29,203	\$1,916,962	\$317,421	\$1,599,541
361	812 Airline Blvd.	Portsmouth City	38,422	\$2,543,202	\$421,319	\$2,121,883
325	22718 Main St.	Southampton Co.	7,517	\$390,052	\$64,820	\$325,232
211	6550 Town Point Rd.	Suffolk City	19,071	\$1,307,448	\$215,841	\$1,091,607
298	821 West Constance Rd.	Suffolk City	35,928	\$2,038,561	\$338,816	\$1,699,745
312	2815-G Godwin Blvd.	Suffolk City	25,641	\$1,637,911	\$270,605	\$1,367,305
71	213 Virginia Beach Blvd.	Virginia Beach City	6,160	\$388,311	\$64,081	\$324,230
98	2476 Nimmo Pkwy.	Virginia Beach City	9,076	\$585,980	\$96,180	\$489,801

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$1,123,535	\$734,190	\$280,461	\$453,729	\$122,403	\$331,326	31.4%
\$417,685	\$273,948	\$109,812	\$164,137	\$45,571	\$118,566	30.8%
\$253,788	\$167,095	\$140,522	\$26,572	\$27,731	(\$1,159)	16.3%
\$285,161	\$187,912	\$115,075	\$72,837	\$31,170	\$41,667	23.9%
\$223,724	\$147,706	\$67,004	\$80,702	\$24,473	\$56,229	29.2%
\$2,303,893	\$1,510,851	\$712,874	\$797,977	\$251,348	\$546,629	28.5%
\$540,554	\$355,993	\$182,403	\$173,591	\$59,072	\$114,518	27.2%
\$882,875	\$579,339	\$200,408	\$378,930	\$96,343	\$282,587	32.7%
\$687,987	\$452,006	\$172,357	\$279,649	\$75,113	\$204,537	31.5%
\$574,906	\$375,965	\$200,629	\$175,336	\$62,652	\$112,685	26.4%
\$396,736	\$261,016	\$111,749	\$149,268	\$43,338	\$105,929	30.0%
\$366,096	\$237,292	\$128,308	\$108,985	\$39,756	\$69,228	26.1%
\$186,770	\$122,480	\$57,089	\$65,391	\$20,376	\$45,015	28.6%
\$357,501	\$233,172	\$118,325	\$114,847	\$38,919	\$75,928	27.3%
\$3,993,424	\$2,617,264	\$1,171,268	\$1,445,996	\$435,569	\$1,010,428	29.3%
\$1,163,213	\$769,692	\$253,949	\$515,743	\$127,356	\$388,387	33.3%
\$909,737	\$600,874	\$201,576	\$399,298	\$99,532	\$299,766	33.1%
\$751,217	\$493,849	\$215,302	\$278,547	\$82,036	\$196,511	29.8%
\$536,186	\$351,611	\$135,095	\$216,516	\$58,496	\$158,020	31.4%
\$678,480	\$454,977	\$197,926	\$257,051	\$74,682	\$182,369	30.1%
\$1,123,865	\$742,279	\$293,780	\$448,499	\$122,958	\$325,542	31.1%
\$1,148,215	\$759,319	\$243,162	\$516,157	\$125,685	\$390,472	33.7%
\$304,201	\$199,295	\$116,570	\$82,725	\$33,175	\$49,551	24.8%
\$6,615,116	\$4,371,896	\$1,657,359	\$2,714,536	\$723,918	\$1,990,618	31.7%
\$62,837	\$41,820	\$88,612	(\$46,792)	\$6,896	(\$53,688)	(26.6%)
\$802,298	\$525,644	\$227,793	\$297,851	\$87,496	\$210,355	29.7%
\$1,084,554	\$716,785	\$233,464	\$483,321	\$118,688	\$364,633	33.4%
\$702,549	\$466,858	\$138,241	\$328,618	\$77,051	\$251,567	34.6%
\$3,210,809	\$2,138,226	\$332,348	\$1,805,878	\$352,440	\$1,453,437	39.2%
\$1,042,459	\$686,180	\$241,950	\$444,230	\$113,898	\$330,333	32.5%
\$1,264,723	\$829,763	\$272,841	\$556,923	\$138,003	\$418,920	33.2%
\$1,198,079	\$788,054	\$260,916	\$527,138	\$130,863	\$396,274	33.2%
\$870,092	\$571,876	\$198,973	\$372,903	\$95,009	\$277,894	32.7%
\$270,819	\$177,740	\$87,036	\$90,704	\$29,555	\$61,149	27.9%
\$1,016,796	\$666,693	\$214,835	\$451,858	\$110,923	\$340,935	33.4%
\$2,642,191	\$1,764,052	\$389,169	\$1,374,884	\$290,321	\$1,084,563	37.1%
\$1,394,331	\$924,027	\$260,072	\$663,955	\$152,753	\$511,201	35.0%
\$1,912,959	\$1,268,242	\$332,321	\$935,920	\$209,605	\$726,316	35.6%
\$2,031,397	\$1,350,669	\$359,522	\$991,147	\$222,840	\$768,308	35.5%
\$1,232,253	\$816,535	\$240,487	\$576,049	\$134,992	\$441,057	34.5%
\$1,848,776	\$1,224,782	\$373,483	\$851,299	\$202,512	\$648,787	34.2%
\$468,015	\$313,137	\$169,426	\$143,711	\$51,469	\$92,242	26.5%
\$797,245	\$530,979	\$217,944	\$313,036	\$87,515	\$225,521	30.8%
\$1,092,062	\$724,735	\$238,377	\$486,358	\$119,706	\$366,652	33.4%
\$961,150	\$638,391	\$285,700	\$352,691	\$105,391	\$247,299	29.5%
\$1,274,668	\$847,214	\$285,839	\$561,375	\$139,808	\$421,567	33.1%
\$196,464	\$128,768	\$63,782	\$64,986	\$21,429	\$43,557	27.8%
\$655,802	\$435,805	\$216,353	\$219,452	\$71,924	\$147,527	27.8%
\$1,023,723	\$676,023	\$185,213	\$490,810	\$111,994	\$378,816	35.2%
\$824,546	\$542,759	\$236,800	\$305,959	\$90,090	\$215,869	29.7%
\$195,208	\$129,022	\$102,067	\$26,955	\$21,363	\$5,592	17.9%
\$296,630	\$193,171	\$172,675	\$20,496	\$32,272	(\$11,776)	14.4%

NOTES:

(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.

Analysis of Store Performance, Fiscal Year 2007 (cont.)

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirit and Wine (2)	Net Sales	
105	869 Lynnhaven Pkwy.	Virginia Beach City	24,826	\$1,697,471	\$280,081	\$1,417,390
106	2973 Shore Dr.	Virginia Beach City	38,475	\$2,553,087	\$420,871	\$2,132,215
129	1615 General Booth Blvd.	Virginia Beach City	30,883	\$2,054,523	\$338,531	\$1,715,992
188	4334 Holland Rd.	Virginia Beach City	35,818	\$2,341,596	\$385,864	\$1,955,732
225	405 30th St.	Virginia Beach City	66,365	\$4,425,066	\$731,791	\$3,693,275
246	5020 Ferrell Pkwy.	Virginia Beach City	20,869	\$1,402,635	\$231,658	\$1,170,976
256	774-A Hilltop North Shp. Ctr.	Virginia Beach City	144,794	\$10,525,657	\$1,734,600	\$8,791,056
278	3333 Virginia Beach Blvd.	Virginia Beach City	86,393	\$5,968,609	\$986,275	\$4,982,335
306	2085 Lynnhaven Pkwy.	Virginia Beach City	39,756	\$2,687,622	\$443,399	\$2,244,223
307	Fairfield Shp. Ctr.	Virginia Beach City	37,626	\$2,444,783	\$403,424	\$2,041,359
336	1079 Independence Blvd.	Virginia Beach City	61,308	\$3,853,187	\$636,767	\$3,216,420
370	1169 Nimmo Pkwy.	Virginia Beach City	37,943	\$2,483,866	\$408,337	\$2,075,529
Norfolk/Virginia Beach			1,541,771	\$102,947,577	\$17,019,688	\$85,927,889
92	227 Fox Hill Rd.	Hampton City	14,407	\$895,653	\$147,701	\$747,952
112	199 West Queen's Way	Hampton City	23,975	\$1,582,076	\$262,298	\$1,319,778
244	4909 West Mercury Blvd.	Hampton City	45,051	\$2,918,596	\$483,853	\$2,434,743
250	2078 Nickerson Blvd.	Hampton City	23,633	\$1,482,189	\$244,851	\$1,237,339
258	3831 Kecoughtan Rd.	Hampton City	19,434	\$1,241,311	\$205,577	\$1,035,734
265	20 Towne Centre Way	Hampton City	17,871	\$1,174,057	\$194,177	\$979,880
282	1118-A & B West Mercury Blvd.	Hampton City	58,457	\$4,288,155	\$708,309	\$3,579,846
148	4640-3 Monticello Ave.	James City Co.	59,154	\$4,044,267	\$665,322	\$3,378,945
158	3214 Jefferson Ave.	Newport News City	24,823	\$1,622,120	\$269,574	\$1,352,546
217	619 Pilot House Dr.	Newport News City	28,810	\$2,036,911	\$337,511	\$1,699,399
272	55 Hidenwood Shp. Ctr.	Newport News City	19,466	\$1,230,278	\$202,794	\$1,027,485
340	13002 Warwick Blvd., Ste. A & B	Newport News City	36,084	\$2,470,810	\$407,796	\$2,063,014
341	621 Stoney Creek Ln.	Newport News City	51,800	\$3,576,515	\$590,632	\$2,985,883
342	10872 Warwick Blvd.	Newport News City	22,035	\$1,422,843	\$235,452	\$1,187,391
48	6610-1 Mooretown Rd.	Williamsburg City	21,378	\$1,322,411	\$218,041	\$1,104,369
320	1246 Richmond Rd.	Williamsburg City	30,288	\$1,943,687	\$318,009	\$1,625,678
222	209 Village Ave.	York Co.	36,501	\$2,500,497	\$411,856	\$2,088,641
290	5226 George Washington Hwy.	York Co.	28,550	\$1,757,618	\$290,114	\$1,467,504
335	801-F Merrimac Trl.	York Co.	39,984	\$2,688,794	\$442,950	\$2,245,844
Newport News/Hampton			601,703	\$40,198,786	\$6,636,816	\$33,561,970
162	7107 Lankford Hwy.	Accomack Co.	7,972	\$483,525	\$79,889	\$403,636
177	6371 Pension St.	Accomack Co.	10,291	\$618,525	\$101,652	\$516,873
344	Four Corners Plaza Shp. Ctr.	Accomack Co.	16,250	\$1,049,139	\$173,734	\$875,405
156	22485 Lankford Hwy.	Northampton Co.	14,246	\$821,569	\$135,582	\$685,988
223	4090-B Lankford Hwy.	Northampton Co.	14,473	\$762,442	\$126,099	\$636,343
Eastern Shore			63,232	\$3,735,199	\$616,955	\$3,118,245
34	Distillery Store—Belmont Farms Distillery			\$55,000	\$9,367	\$45,633
33	[opens in 2008]					\$5,488
35	[opens in 2008]					\$1,447
38	[opens in 2008]					\$39
95	[opens in 2008]					\$49
204	[closed (Virginia Beach)]					\$5,181
Statewide Total			9,113,214	\$607,298,724	\$100,241,961	\$507,056,764

NOTES:

- (1) Includes state taxes, but does not include 5 percent sales tax.
- (2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Alloc. of Gen. and Admin. Expenses (4)	Adj. Net Store Profit	Rate of Return to Va.
\$851,515	\$565,875	\$153,153	\$412,722	\$93,390	\$319,332	35.3%
\$1,291,120	\$841,096	\$253,016	\$588,080	\$140,489	\$447,591	34.0%
\$1,033,984	\$682,008	\$240,580	\$441,428	\$113,064	\$328,364	32.5%
\$1,177,622	\$778,110	\$223,788	\$554,322	\$128,860	\$425,461	34.6%
\$2,224,147	\$1,469,128	\$401,018	\$1,068,111	\$243,345	\$824,766	35.2%
\$705,902	\$465,074	\$186,919	\$278,155	\$77,154	\$201,001	30.8%
\$5,278,179	\$3,512,878	\$576,509	\$2,936,369	\$579,230	\$2,357,139	38.9%
\$3,000,017	\$1,982,318	\$394,129	\$1,588,189	\$328,279	\$1,259,910	37.6%
\$1,352,650	\$891,573	\$293,823	\$597,750	\$147,869	\$449,881	33.2%
\$1,230,936	\$810,423	\$230,662	\$579,760	\$134,502	\$445,258	34.7%
\$1,939,048	\$1,277,372	\$323,998	\$953,373	\$211,925	\$741,448	35.8%
\$1,253,758	\$821,771	\$238,533	\$583,238	\$136,754	\$446,484	34.4%
\$51,712,311	\$34,215,578	\$9,942,368	\$24,273,210	\$5,661,666	\$18,611,544	34.6%
\$450,908	\$297,045	\$168,625	\$128,419	\$49,282	\$79,138	25.3%
\$791,552	\$528,225	\$252,380	\$275,845	\$86,958	\$188,887	28.5%
\$1,461,387	\$973,356	\$228,198	\$745,159	\$160,422	\$584,737	36.6%
\$744,424	\$492,914	\$190,434	\$302,480	\$81,526	\$220,954	31.4%
\$622,409	\$413,325	\$201,665	\$211,660	\$68,243	\$143,417	28.1%
\$591,046	\$388,834	\$159,575	\$229,259	\$64,563	\$164,696	30.6%
\$2,150,854	\$1,428,992	\$371,619	\$1,057,373	\$235,871	\$821,502	35.7%
\$2,042,429	\$1,336,515	\$383,281	\$953,235	\$222,634	\$730,601	34.5%
\$807,471	\$545,075	\$224,728	\$320,346	\$89,117	\$231,229	30.9%
\$1,022,678	\$676,721	\$193,412	\$483,309	\$111,971	\$371,338	34.8%
\$618,992	\$408,493	\$199,000	\$209,492	\$67,699	\$141,793	28.0%
\$1,240,834	\$822,180	\$230,860	\$591,320	\$135,929	\$455,391	34.9%
\$1,794,147	\$1,191,736	\$353,660	\$838,075	\$196,736	\$641,340	34.4%
\$714,776	\$472,615	\$273,217	\$199,398	\$78,235	\$121,162	25.1%
\$667,580	\$436,789	\$170,698	\$266,091	\$72,765	\$193,326	31.1%
\$981,849	\$643,829	\$228,714	\$415,115	\$107,114	\$308,001	32.2%
\$1,260,141	\$828,500	\$234,659	\$593,840	\$137,618	\$456,223	34.7%
\$887,039	\$580,465	\$221,257	\$359,207	\$96,692	\$262,516	31.4%
\$1,351,445	\$894,399	\$276,681	\$617,718	\$147,975	\$469,742	33.9%
\$20,201,964	\$13,360,007	\$4,562,665	\$8,797,341	\$2,211,350	\$6,585,991	32.9%
\$243,292	\$160,344	\$134,605	\$25,740	\$26,595	(\$855)	16.3%
\$311,084	\$205,789	\$124,060	\$81,729	\$34,056	\$47,673	24.1%
\$526,778	\$348,627	\$164,158	\$184,469	\$57,679	\$126,790	28.6%
\$413,767	\$272,220	\$116,155	\$156,065	\$45,199	\$110,866	30.0%
\$384,396	\$251,947	\$134,062	\$117,886	\$41,928	\$75,958	26.5%
\$1,879,317	\$1,238,928	\$673,040	\$565,888	\$205,457	\$360,431	26.2%
\$28,370	\$17,263	\$5,214	\$12,050	\$3,007	\$9,043	33.5%
\$305,517,666	\$201,539,098	\$73,309,374	\$128,229,724	\$33,409,244	\$94,820,480	32.1%

NOTES:

(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.

2007 Establishments by License Category—Cities

Cities	Liquor by the Drink (1)	Bed and Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Winery	All Others (3)	Grand Total (4)
Alexandria	wet	0	7	6	3	1	4	6	28	2	0	12	28	19	9	129	170	0	6	430
Bedford	wet	0	0	0	0	0	0	0	2	0	0	0	1	6	1	3	5	1	1	20
Bristol	wet	0	0	1	0	0	1	0	12	0	0	2	4	12	1	16	24	0	0	73
Buena Vista	wet	0	0	0	0	0	0	0	2	0	0	1	0	5	0	1	5	0	0	14
Charles County	wet	2	0	0	0	0	0	0	1	0	0	0	0	4	0	2	4	0	0	13
Charlottesville	wet	1	4	4	1	0	7	7	20	1	0	4	21	21	3	88	131	0	3	316
Chesapeake	wet	0	4	7	0	0	1	10	63	0	0	11	26	53	2	94	147	2	3	423
Colonial Heights	wet	0	0	0	0	0	0	2	9	0	0	4	0	8	1	17	27	0	0	68
Covington	wet	0	0	0	0	0	0	0	5	0	0	1	0	2	0	1	4	0	0	13
Danville	wet	0	0	1	0	0	0	8	33	0	0	3	1	38	1	23	42	0	2	152
Emporia	wet	0	0	0	0	0	0	0	10	0	0	2	0	4	0	3	4	0	1	24
Fairfax	wet	0	0	0	0	0	1	3	6	0	0	5	8	10	0	37	55	0	0	125
Falls Church	wet	0	0	0	0	0	0	1	4	0	0	3	0	9	0	15	29	0	0	61
Franklin	wet	0	0	0	0	0	0	1	5	0	0	0	0	4	0	4	9	0	0	23
Fredericksburg	wet	0	0	0	0	0	2	2	20	0	0	3	9	9	3	60	88	0	2	198
Galax	wet	0	0	0	0	0	0	1	3	0	0	1	1	4	0	7	10	0	0	27
Hampton	wet	2	0	2	2	1	2	19	39	0	0	8	7	48	5	57	98	0	8	298
Harrisonburg	wet	0	0	0	1	0	1	6	22	0	0	4	7	14	3	34	54	0	1	147
Hopewell	wet	0	0	0	0	0	0	6	15	0	0	1	1	9	0	16	22	0	1	71
James County	wet	1	1	2	1	0	4	2	11	3	1	4	10	15	2	41	55	2	1	156
Lexington	wet	1	0	0	0	0	2	0	0	0	0	1	4	1	1	7	13	0	2	32
Lynchburg	wet	1	0	5	0	0	3	6	20	0	0	5	8	29	4	47	74	0	2	204
Manassas	wet	0	0	0	0	1	0	2	10	0	0	2	4	13	0	23	31	0	0	86
Manassas Park	wet	0	0	0	0	0	1	0	7	0	0	0	0	2	0	4	8	0	0	22
Martinsville	wet	0	0	0	0	0	0	3	9	0	0	0	2	7	0	6	10	0	1	38
Newport News	wet	0	3	3	0	0	3	14	67	1	0	6	13	64	6	96	166	0	5	447
Norfolk	wet	2	0	3	0	3	5	30	52	0	0	11	21	77	9	167	237	0	11	628
Norton	wet	0	0	2	0	0	0	0	1	4	0	1	0	2	1	1	3	0	0	15
Petersburg	wet	0	2	4	0	0	1	9	32	0	0	2	2	19	1	18	34	0	1	125
Poquoson	wet	0	0	0	0	0	0	1	1	0	0	1	2	3	0	4	11	0	0	23
Portsmouth	wet	0	0	0	1	1	0	14	27	0	0	8	3	36	1	38	55	0	5	189
Radford	wet	0	0	0	0	0	1	1	5	1	0	1	2	8	0	11	12	0	1	43
Richmond	wet	1	9	10	3	1	11	25	112	5	1	17	19	79	8	227	297	0	10	835
Roanoke	wet	0	0	2	0	2	2	10	70	0	0	3	10	38	4	78	118	0	2	339
Salem	wet	0	1	1	0	0	1	5	21	0	0	3	3	6	1	15	34	0	4	95
Staunton	wet	1	0	0	2	0	2	3	10	1	0	2	5	10	4	14	25	2	0	81
Suffolk	wet	0	0	0	0	0	0	6	21	2	0	4	7	32	3	29	40	0	2	146
Virginia Beach	wet	1	1	1	1	5	4	14	84	2	1	25	55	121	12	399	537	0	12	1,275
Waynesboro	wet	0	0	0	0	0	0	2	8	1	0	2	3	15	0	11	20	0	0	62
Williamsburg	wet	7	0	0	0	0	4	0	5	0	0	2	4	3	10	41	58	0	4	138
Winchester	wet	1	4	2	1	0	1	6	9	2	0	4	9	16	1	33	48	0	1	138
Grand Total		21	36	56	16	15	64	225	881	25	3	169	300	875	97	1,917	2,814	7	92	7,613

NOTES:

- (1) "Liquor by the Drink": "Dry"—not approved for liquor by the drink; "Wet"—approved for liquor by the drink.
- (2) Restaurants (Mixed Beverage) represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are not in the grand total column and should not be counted if you desire the total number of establishments.
- (3) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. Does not include banquets.
- (4) Report excludes 40 day spa and 634 state shipper's licenses.

Source: CORE, July 2007

2007 Establishments by License Category—Counties

Counties	Liquor by the Drink (1)	Bed and Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Winery	All Others (3)	Grand Total (4)
Accomack	wet	8	1	3	0		0	5	30	1	0	2	2	17	3	20	42	2	3	139
Albemarle	wet	4	2	2	3	0	5	8	24	1	1	2	27	27	5	36	67	16	6	236
Alleghany	wet	0	0	0	0	0	0	5	8	0	0	1	1	12	0	7	17	0	0	51
Amelia	wet	0	0	0	0	0	0	1	11	0	0	1	0	3	0	1	4	0	0	21
Amherst	wet	0	0	0	0	0	1	2	14	0	0	3	0	18	0	7	14	1	2	62
Appomattox	wet	0	0	0	0	0	0	2	5	0	0	0	1	13	0	2	6	0	0	29
Arlington	wet	0	4	2	2	5	2	6	46	2	0	21	22	41	24	195	265	0	1	638
Augusta	wet	0	0	3	0	0	0	3	25	0	0	3	2	28	1	9	20	0	0	94
Bath	wet	1	0	0	0	0	1	0	8	0	0	0	3	4	2	4	9	0	1	33
Bedford	wet	3	0	0	0	0	1	6	21	0	0	3	2	18	1	18	34	4	5	116
Bland	dry	0	0	0	0	0	0	0	1	0	0	0	0	8	0	0	1	0	0	10
Botetourt	wet	0	2	3	0	0	0	1	16	0	0	1	2	12	0	3	16	3	0	59
Brunswick	wet	0	0	1	0	0	0	0	17	0	0	1	0	8	1	4	10	0	1	43
Buchanan	dry	0	0	0	0	0	0	1	14	2	0	2	1	13	0	0	4	0	0	37
Buckingham	wet	0	0	0	0	0	0	1	6	1	0	0	0	14	0	1	2	0	1	26
Campbell	wet	0	0	0	0	0	0	3	33	0	0	2	1	29	1	7	19	1	0	96
Caroline	wet	1	0	0	0	0	0	1	22	0	0	1	1	9	0	3	13	0	1	52
Carroll	wet	0	0	0	0	0	0	1	19	0	0	0	0	13	1	3	6	2	0	45
Charles City	wet	2	0	0	0	0	0	0	1	0	0	0	0	4	0	2	4	0	0	13
Charlotte	dry	1	0	0	0	0	0	1	7	0	0	1	0	20	1	0	3	0	0	34
Chesterfield	wet	0	1	0	2	0	4	8	93	2	0	21	18	68	4	120	185	2	3	531
Clarke	wet	0	0	0	0	0	0	3	8	0	0	0	3	7	0	6	12	1	3	43
Craig	dry	0	0	0	0	0	0	0	4	0	0	0	0	2	0	0	0	0	0	6
Culpeper	wet	1	0	1	0	0	0	5	14	0	1	3	3	28	1	17	28	2	2	106
Cumberland	wet	0	0	0	0	0	0	0	5	0	0	0	0	3	0	0	5	0	0	13
Dickenson	wet	0	0	0	0	0	0	1	8	2	0	0	0	8	0	0	4	0	0	23
Dinwiddie	wet	0	0	0	0	0	0	1	19	0	0	1	0	16	0	2	7	0	2	48
Essex	wet	2	0	0	0	0	0	1	10	1	0	1	0	8	0	5	12	0	2	42
Fairfax	wet	0	59	47	3	0	10	29	101	8	1	58	121	122	39	552	814	0	15	1979
Fauquier	wet	3	5	6	0	0	3	4	26	1	0	4	12	23	4	35	50	15	0	191
Floyd	dry	1	0	0	0	0	0	2	5	0	0	0	1	4	0	1	7	3	0	24
Fluvanna	wet	0	0	0	0	0	0	0	6	0	0	0	1	6	0	4	9	0	0	26
Franklin	wet	0	0	0	0	0	1	2	26	0	0	1	6	25	0	19	31	0	4	115
Frederick	wet	2	2	6	0	0	1	4	23	1	0	2	11	31	3	19	28	5	1	139
Giles	wet	1	0	0	0	0	0	4	10	4	0	2	0	14	1	1	5	0	0	42
Gloucester	wet	0	0	0	0	0	0	4	15	2	0	3	5	14	0	16	24	0	2	85
Goochland	wet	1	2	0	0	0	0	3	8	0	0	0	0	9	0	12	19	1	0	55
Grayson	dry	0	0	0	0	0	0	0	5	1	0	0	1	4	0	0	3	0	1	15
Greene	wet	0	0	1	0	0	0	1	5	0	0	0	2	6	0	4	7	2	0	28
Greensville	wet	0	0	0	0	0	0	1	14	0	0	0	0	2	0	1	1	0	0	19
Halifax	wet	0	0	2	0	0	0	3	16	0	0	1	0	42	1	8	25	1	3	102
Hanover	wet	0	0	0	0	0	3	6	41	1	0	7	6	28	1	38	75	1	2	209
Henrico	wet	0	10	13	0	0	7	17	119	1	0	26	31	68	17	180	251	0	7	747
Henry	wet	0	0	0	0	0	1	8	32	0	0	4	2	38	2	5	24	0	2	118
Highland	dry	0	0	0	0	0	0	0	1	0	0	0	0	8	1	0	1	0	0	11
Isle of Wight	wet	2	0	0	0	0	0	3	20	0	0	2	5	15	1	9	18	0	1	76
James City	wet	1	1	2	1	0	4	2	11	3	1	4	10	15	2	41	55	2	1	156
King & Queen	wet	0	0	0	0	0	0	0	4	1	0	0	0	5	0	1	1	0	0	12
King George	wet	0	0	0	0	0	0	0	10	0	0	0	0	6	0	4	12	1	0	33
King William	wet	0	0	0	0	0	0	3	8	0	0	1	0	8	0	2	7	0	0	29
Lancaster	wet	1	0	0	0	1	0	4	3	0	0	1	2	14	2	16	23	3	3	73
Lee	dry	0	0	0	0	0	0	3	20	1	0	1	0	9	0	0	4	0	0	38

2007 Establishments by License Category—Counties (cont.)

Countries	Liquor by the Drink (1)	Bed and Breakfast	Beer/Wine Importers	Beer/Wine Wholesalers	Brewery	Carrier Licensee	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distillery	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Winery	All Others (3)	Grand Total (4)
Loudoun	wet	2	6	9	4	13	9	8	48	1	0	9	46	39	8	149	233	17	8	609
Louisa	wet	0	2	2	0	0	0	2	12	0	0	1	0	21	2	5	12	2	3	64
Lunenburg	wet	0	0	0	0	0	0	4	9	0	0	0	0	11	0	0	3	0	1	28
Madison	wet	3	0	1	0	0	0	0	5	0	0	0	1	7	1	4	6	6	0	34
Mathews	wet	0	0	0	0	0	0	2	8	0	0	0	1	2	0	2	4	0	0	19
Mecklenburg	wet	1	0	1	0	0	0	11	28	0	0	3	0	27	0	15	22	0	1	109
Middlesex	wet	1	0	0	0	0	0	1	2	0	0	0	2	10	0	10	13	0	4	43
Montgomery	wet	0	0	0	0	0	4	2	22	2	0	2	6	30	2	45	74	0	0	189
Nelson	wet	5	0	2	0	0	0	2	12	1	0	0	1	15	3	3	5	10	3	62
New Kent	wet	0	0	0	0	0	0	1	8	1	0	2	0	9	0	7	15	0	0	43
Northampton	wet	1	2	5	0	1	1	1	14	0	0	1	1	5	2	14	21	2	2	73
Northumberland	wet	0	0	0	0	1	0	2	4	0	0	1	0	10	0	6	12	2	2	40
Nottoway	wet	0	0	3	0	0	0	4	11	0	0	0	0	7	1	3	11	0	0	40
Orange	wet	4	0	1	0	0	0	3	16	0	0	2	2	7	0	10	20	3	2	70
Page	wet	4	0	0	0	0	0	6	10	0	0	0	1	14	3	7	16	1	3	65
Patrick	dry	3	0	0	0	0	0	1	11	0	0	1	0	16	0	0	8	1	0	41
Pittsylvania	wet	1	1	3	0	0	0	5	24	0	0	1	0	40	0	1	16	1	1	94
Powhatan	wet	0	0	0	0	0	1	1	15	0	0	0	1	2	0	8	11	0	0	39
Prince Edward	wet	0	0	0	0	0	2	2	15	0	0	2	1	12	0	10	20	1	0	65
Prince George	wet	0	0	0	0	0	0	2	10	0	0	2	0	11	0	5	11	0	1	42
Prince William	wet	0	6	8	0	1	4	13	83	3	0	10	39	77	5	145	225	1	8	628
Pulaski	wet	0	0	1	0	0	1	6	10	2	0	2	1	31	0	3	14	1	2	74
Rappahannock	wet	6	0	1	0	0	0	0	3	0	1	0	1	5	1	4	7	8	2	39
Richmond	wet	0	0	4	0	0	1	0	1	0	0	1	1	8	0	1	5	1	1	24
Roanoke	wet	0	4	7	0	0	0	4	30	0	0	5	7	15	0	33	60	2	0	167
Rockbridge	wet	4	0	0	0	0	2	3	17	0	0	0	0	15	5	4	11	2	1	64
Rockingham	wet	1	0	1	2	0	0	5	34	0	0	2	2	16	0	7	25	0	1	96
Russell	dry	0	0	0	0	0	0	2	9	6	0	1	1	4	0	2	5	0	0	30
Scott	dry	0	0	0	0	0	0	0	10	2	0	1	1	18	0	0	5	0	0	37
Shenandoah	wet	3	0	0	0	0	0	9	13	0	0	2	1	34	2	16	35	4	4	123
Smyth	wet	0	3	4	0	0	0	2	18	1	0	1	1	14	1	4	15	3	0	67
Southampton	wet	0	0	0	0	0	0	2	14	0	0	1	1	11	0	2	4	0	0	35
Spotsylvania	wet	0	0	2	2	0	1	6	47	2	2	9	11	26	1	39	60	2	5	215
Stafford	wet	0	3	4	0	0	1	5	42	1	0	7	6	22	0	44	73	2	6	216
Surry	wet	0	0	0	0	0	0	0	8	0	0	0	0	2	0	2	3	0	0	15
Sussex	wet	0	1	1	0	0	1	1	19	0	0	0	1	12	0	1	8	0	0	45
Tazewell	wet	1	1	0	0	0	0	3	22	1	0	2	1	34	0	7	20	0	1	93
Warren	wet	2	0	0	0	0	0	6	13	0	0	1	3	22	0	19	26	0	1	93
Washington	wet	6	1	2	0	0	1	3	30	4	0	1	4	17	2	7	18	2	1	99
Westmoreland	wet	1	0	1	0	0	0	7	8	0	0	2	0	16	0	15	19	3	5	77
Wise	wet	0	0	0	0	0	0	1	21	8	0	3	2	11	0	5	17	1	0	69
Wythe	wet	0	1	1	0	0	0	3	15	3	0	1	0	23	0	10	12	2	0	71
York	wet	0	0	1	2	0	0	3	25	0	0	5	10	17	4	28	58	2	5	160
Grand Total		84	120	157	21	22	73	313	1794	74	7	271	462	1,712	162	2,142	3561	150	149	11,274

NOTES:

- (1) "Liquor by the Drink": "Dry"—not approved for liquor by the drink; "Wet"—approved for liquor by the drink.
- (2) Restaurants (Mixed Beverage) represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are not in the grand total column and should not be counted if you desire the total number of establishments.
- (3) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. Does not include banquets.
- (4) Report excludes 40 day spa and 634 state shipper's licenses.

Source: CORE, July 2007



This page: ABC Special Agent Franklin Fleming leaves to investigate reported violations of the law.



Financial Statements

The financial statements of the agency are audited annually by the Auditor of Public Accounts as required by the Code of Virginia. The Auditor of Public Accounts is part of the legislative branch of Virginia government and reports through the Joint Legislative Audit and Review Commission (JLARC) of the General Assembly. This structure provides independence from the executive and judicial branch agencies they audit.

Visit www.abc.virginia.gov for a copy of the complete online 2007 Annual Report that contains financial information for Fiscal Year 2007 and a downloadable, printable version of this entire report.



This page: The newly automated Central Warehouse system is capable of processing an average of 20,000 cases in a normal shift.



COMMONWEALTH of VIRGINIA

COMMISSIONERS
SUSAN R. SWECKER, CHAIR
PAMELA O'BERRY EVANS
ESTHER H. VASSAR

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

Department of Alcoholic Beverage Control

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MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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, 2007.

FINANCIAL HIGHLIGHTS

- The Department's operating revenues increased 5.9 percent in Fiscal Year 2007, due in part to the continued expansion of the retail store network and national trends for increased distilled spirit consumption.
- ABC operations returned record profits to the Commonwealth in Fiscal Year 2007 of \$94.4 million.
- Fourteen new stores were opened throughout Fiscal Year 2007 generating \$7.5 million in additional sales. Four stores were relocated to improved market areas and nine were remodeled.
- 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, reaching sales of \$9.7 million in Fiscal Year 2007.

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 Depart-

ment's assets and liabilities and reflects the financial position as of June 30, 2007. The Statement of Revenues, Expenses, and Changes in Net Assets reports the operating revenue activity and the expenses related to such activity for the twelve-month period ended June 30, 2007. The Statement of Cash Flows outlines the cash inflows and outflows relating to the operations for the same twelve-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 noncurrent information about the Department's financial position.

FINANCIAL ANALYSIS

- ABC ended Fiscal Year 2007 with a total of \$52.1 million in current assets including \$42.5 million in inventory of alcohol merchandise for resale, a \$3.7 million increase. The increase in inventory is a result of 14 new stores being opened in Fiscal Year 2007 in addition to the 12 opened throughout Fiscal Year 2006, new products being introduced in the market and vendor price increases to ABC.
- As seen on the Statement of Net Assets, the Department's total invested in noncurrent assets is \$22,985,554 with \$213,116 representing other assets, net of amortization. \$20,162,895 is invested in capital assets, net of related debt of \$2,609,543.

Management's Discussion & Analysis (cont.)

- In total, assets increased from \$74.5 million in Fiscal Year 2006 to \$75.1 million in Fiscal Year 2007.

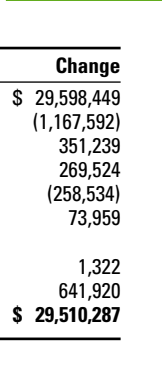
Net Assets	FY 07	FY 06	Change
Current and other assets	\$ 52,315,526	\$ 47,152,329	\$ 5,163,197
Capital assets, net	<u>22,772,438</u>	<u>27,312,732</u>	<u>(4,540,294)</u>
Total assets	<u>75,087,964</u>	<u>74,465,061</u>	<u>622,903</u>
Current liabilities	67,787,507	66,654,437	1,133,070
Noncurrent liabilities	<u>4,587,296</u>	<u>5,352,447</u>	<u>(765,151)</u>
Total liabilities	<u>72,374,803</u>	<u>72,006,884</u>	<u>367,919</u>
<i>Net assets:</i>			
Invested in capital assets	20,162,895	22,445,973	(2,283,078)
Unrestricted	<u>(17,449,734)</u>	<u>(19,987,796)</u>	<u>2,538,062</u>
Total net assets	\$ <u>2,713,161</u>	\$ <u>2,458,177</u>	\$ <u>254,984</u>

- Total liabilities were up slightly from last fiscal year end. Current liabilities owed by the Department increased \$1.1 million from last fiscal year. This amount largely represents accounts payable as well as payments due to the Commonwealth for line-of-credit repayment, taxes payable (see Note 4) and the undistributed balance of profits. Noncurrent liabilities netted a slight decrease due to the normal scheduled monthly payments according to the Master Equipment Leasing Program (MELP) through the Department of Treasury used to obtain the point of sale cash registers and software in Fiscal Years 2002 and 2003 plus the \$3.7 million MELP increase in Fiscal Years 2005 and 2006 to finance a portion of the new warehouse racking system (see Note 6).
- The Department lacks working capital (current assets in excess of current liabilities) to fund all business needs at year-end including accelerated payments of taxes and profits before June 30. Given this periodic lack of necessary working capital, the Department depends on a \$60 million line of credit with the State Comptroller to meet day-to-day operations. At June 30, 2007, the amount borrowed was \$28,622,894. ABC requested and received an increase to the line of credit from \$40 million to \$60 million in Fiscal Year 2007 to ensure sufficient working capital in Fiscal Years 2007 and 2008.
- ABC's gross margin (percent of revenue including state tax on sales left after subtracting cost of goods sold and state tax on sales) remained steady at 33 percent in Fiscal Year 2007 consistent with Fiscal Year 2006.

Revenue The vast majority of the Department's revenues come from the sale of alcoholic beverages. These revenues are achieved through the 327+ state-run stores located throughout the state. Gross sales including state tax on sales in Fiscal Year 2007 reached an all time high of \$607 million, up \$35.3 million over Fiscal Year 2006. Sales of Virginia wine declined during Fiscal Year 2006 due to the removal of the product from the retail stores as a result of litigation. A reversal of the decision in Fiscal Year 2007 allowed ABC to again sell and replenish Virginia Wine products. Sales totaled \$248,078 for the year. The gross revenue after state tax on sales of alcohol increased from \$477.6 million to \$507.2 million or 6.2 percent. License and permit fees increased in Fiscal Year 2007 by 3.3 percent from \$10.7 million to \$11 million. Federal grants and contracts receipts as well as miscellaneous revenues were up slightly. Other sources of revenue include lottery, wine wholesalers tax, penalties and mixed beverage taxes on common carriers.

Operating Revenues	FY 07	FY 06	Change
Sales of alcohol	\$ 507,153,566	\$ 477,555,117	\$ 29,598,449
Sales of lottery tickets	3,647,414	4,815,006	(1,167,592)
License and permit fees	11,047,147	10,695,908	351,239
Wine wholesalers tax	2,517,929	2,248,405	269,524
Penalties	1,637,445	1,895,979	(258,534)
Federal grants and contracts	924,954	850,995	73,959
Mixed beverage tax on common carriers	25,458	24,136	1,322
Miscellaneous	1,018,827	376,907	641,920
Net operating revenues	\$ 527,972,740	\$ 498,462,453	\$ 29,510,287

Expenses In Fiscal Year 2007 operating expenses (not including cost of sales, alcohol and lottery) increased from \$112.5 million to \$123.8 million an increase of 10 percent. 70.6 percent of the Department's total expenses are for the cost of sales of distilled spirits and mixers sold through ABC stores and less than 1 percent for lottery cost of sales. Following cost of merchandise is personal services, which accounts for 17.4 percent of total expenses. The remaining 11.2 percent is made up of contractual services (e.g. store rents), continuous charges (utilities) and other miscellaneous charges. Expenses for personal services, rents and utilities increased in Fiscal Year 2007 in order to support the growth in ABC's sales and profits. Other drivers of expense increases are depreciation, technology, credit card fees and store communications. These trends are expected to continue as the Department strives to open additional new stores.



Facing page: Order fulfillment equipment in the Central Warehouse.

This page: Gonjoe Winn of Store 184 in Harrisonburg checks a customer's ID before making a sale.

Management's Discussion & Analysis (cont.)

Operating Expenses	Amount FY 07	Amount FY 06	Difference	% Expenses FY 07
Cost of sales, alcohol	\$ 305,975,833	\$ 288,229,219	\$ 17,746,614	70.6%
Cost of sales, lottery	3,448,637	4,640,447	(1,191,810)	0.8%
	309,424,470	292,869,666	16,554,804	71.4%
Personal services	75,446,941	68,466,938	6,980,003	17.4%
Continuous charges	19,551,506	17,368,687	2,182,819	4.5%
Contractual services	18,119,290	18,237,914	(118,624)	4.2%
Supplies and materials	2,435,516	2,451,753	(16,237)	0.6%
Depreciation	6,104,685	4,059,590	2,045,095	1.4%
Expendable equipment	1,750,193	1,548,983	201,210	0.4%
Other	395,819	389,509	6,310	0.1%
	123,803,950	112,523,374	11,280,576	28.6%
Total operating expenses	\$ 433,228,420	\$ 405,393,040	\$ 27,835,380	100.0%

Profits The Code of Virginia governs the distribution of the Department's net profits. Effective July 1, 2004, \$4,150,000 is apportioned by the Comptroller and distributed to the counties, cities and towns of the Commonwealth on the basis of population. The remaining profit is transferred to the General Fund.

Prior to the statutory distribution of quarterly net profits to the General Fund, transfers required in the Appropriation Act for each fiscal year must be executed. In Fiscal Year 2007, approximately \$66.2 million of the agency's \$94.4 million in net profits, were transferred to other state agencies. The majority, \$64.1 million, transfers to the Department of Mental Health, Mental Retardation and Substance Abuse Services incurred for care, treatment, study and rehabilitation of alcoholics. The remaining \$28.2 million was distributed to local governments and the General Fund in accordance with the Code of Virginia.

Revenues, Expenses and Changes in Net Assets	FY 07	FY 06	Change
Net operating revenues	\$ 527,972,740	\$ 498,462,453	\$ 29,510,287
Total operating expenses	433,228,420	405,393,040	27,835,380
Nonoperating revenues / (expenses)	<u>(74,034)</u>	<u>1,380,309</u>	<u>(1,454,343)</u>
Net profit before transfers	<u>94,670,286</u>	<u>94,449,722</u>	<u>220,564</u>
Transfers of profits to the General Fund of the Commonwealth	(28,249,305)	(26,826,014)	(1,423,291)
Appropriation Act transfers	<u>(66,165,997)</u>	<u>(66,461,341)</u>	<u>295,344</u>
Total transfers	<u>(94,415,302)</u>	<u>(93,287,355)</u>	<u>(1,127,947)</u>
Net increase after transfers	254,984	1,162,367	(907,383)
Total net assets—beginning	2,458,177	1,295,810	1,162,367
Total net assets—ending	\$ <u>2,713,161</u>	\$ <u>2,458,177</u>	\$ <u>254,984</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- During Fiscal Year 2008, the Department anticipates slowing the growth in opening new stores to a maximum of eight as markets reach service level targets. Fourteen new locations were opened in Fiscal Year 2007.
- For Fiscal Year 2008, ABC expects growth in sales of alcohol of 6.2 percent, equal to Fiscal Year 2007 but less than the levels seen for Fiscal Years 2004-2006.
- Expense growth is expected to outpace revenue growth in Fiscal Year 2008, largely because of mandated increases in expenses for salaries and benefits, escalating store rents, depreciation charges, and increases in the cost of technology.
- With expense growth outpacing revenue growth, level profits are expected for Fiscal Year 2008.

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, Virginia 23220 or visit us on the Web at www.abc.virginia.gov.



Facing page: Truck unloading at an ABC store.

This page: Shopping carts available for customer use at an ABC store.



This page: ABC Special Agent in Charge Roger Stevens (far right) presents an alcohol breathalyzer to Allen Williamson (center), special operations coordinator with the emergency department at the University of Virginia (UVA) Medical Center and Lt. Shawn Schwertfeger, Albemarle County Police Department. ABC was able to present this breathalyzer through a prevention grant from the Education section to assist the UVA Medical Center in determining alcohol levels in patients.



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

September 24, 2007

The Honorable Timothy M. Kaine,
Governor of Virginia

The Honorable Thomas K. Norment, Jr.,
Chairman, Joint Legislative Audit and Review Commission

Alcoholic Beverage Control Board,
Department of Alcoholic Beverage Control

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, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these 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 of Alcoholic Beverage Control 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 Commonwealth of Virginia's overall financial position as of June 30, 2007, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Auditor's Report on Financial Statements (cont.)

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, 2007, and the changes in its financial position and its cash flow for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 53 through 57 are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 24, 2007 on our consideration of the Department of Alcoholic Beverage Control's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That 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

This page: ABC Central Office in Richmond.

Facing page: Region 3 ABC Office in Staunton.

VIRGINIA
ABC
BOARD

VA. DEPT.
OF ABC.



Department of Alcoholic Beverage Control

Statement of Net Assets

As of June 30, 2007

ASSETS

Current assets:

Cash and cash equivalents (Note 2 and 8)	\$ 2,209,884
Petty cash	160,000
Receivables	5,398,401
Inventory—Alcohol (Note 1)	42,478,701
Inventory— Lottery tickets (Note 1)	101,780
Prepaid expenses	1,270,593
Investments held by Treasurer of Virginia (Note 8)	<u>483,051</u>
Total current assets	<u>52,102,410</u>

Noncurrent assets:

Nondepreciable capital assets (Note 3)	1,827,702
Depreciable capital assets, net (Note 3)	20,944,736
Other assets, net	<u>213,116</u>
Total noncurrent assets	<u>22,985,554</u>
Total assets	<u>75,087,964</u>

LIABILITIES

Current liabilities:

Accounts payable	28,558,694
Installment notes payable (Note 6)	875,027
Unearned revenue	211,572
Due to Commonwealth of Virginia (Note 4)	35,064,377
Obligations under securities lending (Note 8)	605,666
Compensated absences payable (Note 7)	<u>2,472,171</u>
Total current liabilities	<u>67,787,507</u>

Noncurrent liabilities:

Installment notes payable (Note 6)	1,734,516
Compensated absences payable (Note 7)	<u>2,852,780</u>
Total noncurrent liabilities	<u>4,587,296</u>
Total liabilities	<u>72,374,803</u>

NET ASSETS

Invested in capital assets, net of related debt	20,162,895
Unrestricted net assets	<u>(17,449,734)</u>
Total net assets	<u>\$ 2,713,161</u>

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

Fiscal Year 2007 Financial Statements

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2007

<i>Operating revenues:</i>	
Sales of alcohol	\$ 507,153,566
Sales of lottery tickets	3,647,414
License and permit fees	11,047,147
Wine wholesalers tax	2,517,929
Penalties	1,637,445
Federal grants and contracts	924,954
Mixed beverage tax on common carriers	25,458
Miscellaneous	<u>1,018,827</u>
Total operating revenues	<u>527,972,740</u>
<i>Operating expenses:</i>	
Cost of sales of alcohol	305,975,833
Cost of sales of lottery tickets	3,448,637
Personal services	75,446,941
Continuous charges	19,551,506
Contractual charges	18,119,290
Supplies and materials	2,435,516
Depreciation and amortization	6,104,685
Expendable equipment	1,750,193
Other	<u>395,819</u>
Total operating expenses	<u>433,228,420</u>
Operating income	<u>94,744,320</u>
<i>Nonoperating revenues (expenses):</i>	
Rents	39,740
Income from security lending transactions (Note 8)	618,090
Expenses from security lending transactions (Note 8)	(618,090)
Interest expense	(362,629)
Seized assets	<u>248,855</u>
Total nonoperating revenues (expenses)	<u>(74,034)</u>
Net profit before transfers	<u>94,670,286</u>
<i>Transfers out:</i>	
Transfers of profits to the General Fund of the Commonwealth	(28,249,305)
Appropriation Act transfers	<u>(66,165,997)</u>
Total transfers	<u>(94,415,302)</u>
Net increase after transfers	254,984
Total net assets—July 1, 2006	<u>2,458,177</u>
Total net assets—June 30, 2007	<u>\$ 2,713,161</u>

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

Statement of Cash Flows

For the Year Ended June 30, 2007

<i>Cash flows from operating activities:</i>	
Cash received from sales	\$ 510,470,879
Cash received from licenses and fees	11,102,349
Cash received from other revenue	4,791,806
Cash payments for cost of sales	(303,076,091)
Cash payments for personal services	(72,846,052)
Cash payments for other expenses	<u>(42,370,429)</u>
Net cash provided by operating activities	<u>108,072,462</u>
<i>Cash flows from noncapital financing activities:</i>	
Note payable to the Commonwealth	28,622,894
Due to the Commonwealth repayments	(39,089,784)
Cash received from nonoperating activities	754,590
Cash received from taxes	152,119,462
Transfers of tax collections to the General Fund of the Commonwealth	(129,109,724)
Transfers of tax collections to the Department of Taxation	(23,320,723)
Transfers of profit to the General Fund of the Commonwealth	(27,554,975)
Appropriation Act transfers	<u>(66,165,997)</u>
Net cash used for noncapital financing activities	<u>(103,744,257)</u>
<i>Cash flows from capital and related financing activities:</i>	
Acquisition of equipment	(1,465,244)
Sale of depreciable assets	6,044
Note payable principal payments	(2,257,216)
Note payable interest payments	<u>(362,629)</u>
Net cash used for capital financing activities	(4,079,045)
Net increase in cash and cash equivalents	249,160
Cash and cash equivalents—July 1, 2006	<u>1,998,109</u>
Cash and cash equivalents—June 30, 2007	<u>\$ 2,247,269</u>
<i>Reconciliation of cash and cash equivalents</i>	
Cash and cash equivalents	2,209,884
Petty cash	160,000
Securities lending cash equivalent	<u>(122,615)</u>
	<u>\$ 2,247,269</u>
<i>Reconciliation of net profit to net cash provided by operating activities:</i>	
Operating income	94,744,320
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>	
Depreciation and amortization	6,104,685
<i>Change in assets and liabilities:</i>	
Increase in accounts receivable	(1,662,910)
Increase in inventory	(3,707,968)
Increase in compensated absences	123,903
Decrease in accounts payable	12,533,334
Increase in prepaid items	(118,104)
Decrease in unearned revenue	<u>55,202</u>
Net cash provided by operating activities	<u>\$ 108,072,462</u>

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

Notes to Financial Statements

As of June 30, 2007

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 over 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 and amortization, 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



This page: MTV's Ruthie Alcaide addresses the 21st Annual College Conference.

Fiscal Year 2007 Financial Statements (cont.)

GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34.

The Department has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Department has elected to apply FASB pronouncements issued after the applicable date.

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 §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 and Cash Equivalents" 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, 2006	Acquired	Deleted	Balance at June 30, 2007
<i>Nondepreciable capital assets:</i>				
Land	\$ 1,827,702	\$ —	\$ —	\$ 1,827,702
Construction in-progress	—	—	—	—
Total nondepreciable capital assets	<u>1,827,702</u>	<u>—</u>	<u>—</u>	<u>1,827,702</u>
<i>Depreciable capital assets:</i>				
Buildings	9,571,382	—	—	9,571,382
Equipment	44,684,332	1,465,244	(445,019)	45,704,557
Total depreciable capital assets	<u>54,255,714</u>	<u>1,465,244</u>	<u>(445,019)</u>	<u>55,275,939</u>
<i>Less accumulated depreciation:</i>				
Building	9,229,519	12,552	—	9,242,071
Equipment	19,541,165	5,986,942	(438,975)	25,089,132
Total accumulated depreciation	<u>28,770,684</u>	<u>5,999,494</u>	<u>(438,975)</u>	<u>34,331,203</u>
Depreciable capital assets, net	<u>25,485,030</u>	<u>(4,534,250)</u>	<u>(6,044)</u>	<u>20,944,736</u>
Total capital assets, net	<u>\$ 27,312,732</u>	<u>\$ (4,534,250)</u>	<u>\$ (6,044)</u>	<u>\$ 22,772,438</u>



Notes to Financial Statement (cont.)

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 capital 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 \$60,000,000 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, 2007, the Department had outstanding \$28,622,894 of its available line of credit to extinguish a cash overdraft.

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

<u>Balance at July 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2007</u>
<u>\$ 39,089,784</u>	<u>\$ 28,622,894</u>	<u>\$ (39,089,784)</u>	<u>\$ 28,622,894</u>

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 2007 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, 12 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 \$4,350,000 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, 2007, is summarized below.

	State Tax on Sales	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2006	\$ 1,443,012	\$ 568,800	\$ 2,011,812
Receipts for fiscal year	100,159,935	28,415,413	128,575,349
Transfers to the General Fund	(101,058,535)	(28,051,189)	(129,109,724)
Balance due to the General Fund, June 30, 2007	\$ 544,412	\$ 933,025	\$ 1,477,437

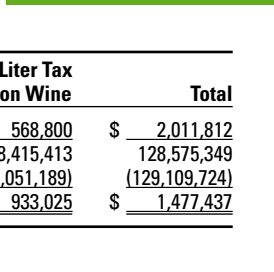
C. Department of Taxation—Sales Tax

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, 2007, is summarized below.

Balance due to the Department of Taxation, July 1, 2006	\$ 1,880,974
Sales tax collections	23,544,113
Transfers to the Department of Taxation	(23,320,723)
Balance due to the Department of Taxation, June 30, 2007	\$ 2,104,364

D. Earned Surplus

The Appropriation Act, Chapter 847 of the 2007 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, §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 \$2,859,682 due to the General Fund at June 30, 2007.



Facing page: Warehouse employee Ken Clarke stacks products for an outgoing shipment.

This page: Front view of Store 098 in Virginia Beach.

Notes to Financial Statement (cont.)

5. LEASE COMMITMENTS

The Department is committed under various operating lease agreements for retail store buildings. Rent expense under operating lease agreements amounted to \$16,499,798 for the year. A summary of future obligations under lease agreements as of June 30, 2007, follows.

Year Ending June 30,	
2008	\$ 14,385,889
2009	11,966,945
2010	9,670,129
2011	7,109,611
2012	3,159,081
2013-2017	<u>2,223,823</u>
Total obligations	\$ <u>48,515,478</u>

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. During Fiscal Years 2005 and 2006 the Department entered into an additional five-year installment purchase agreement for the warehouse racking system. The interest rate charges range from 2.7397 percent to 3.5922 percent. Principal and interest payments of this commitment for fiscal years subsequent to June 30, 2007 are as follows.

Balance at Year Ending June 30,	Principal	Interest	Total Obligations
2008	\$ 875,027	\$ 72,473	\$ 947,500
2009	770,681	46,587	817,268
2010	776,891	20,579	797,470
2011	<u>186,944</u>	<u>1,963</u>	<u>188,907</u>
Total	\$ <u>2,609,543</u>	\$ <u>141,602</u>	\$ <u>2,751,145</u>

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

Balance at July 1, 2006	Increase	Decrease	Balance at June 30, 2007
\$ <u>4,866,759</u>	\$ <u>0</u>	\$ <u>(2,257,216)</u>	\$ <u>2,609,543</u>

This page: ABC Training Development Coordinator Senior John Carvalho leads an employee training session in May 2007.

Facing page: Spencer Albright at Store 202 in Charlottesville discusses a product with a customer.



Notes to Financial Statement (cont.)

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, 2007. 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 at July 1, 2006	Increases	Decreases	Balance at June 30, 2007	Amounts due within one year
<u>\$ 5,201,048</u>	<u>\$ 2,838,543</u>	<u>\$ (2,714,640)</u>	<u>\$ 5,324,951</u>	<u>\$ 2,472,171</u>

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, 2007, the Department collected \$43,802,405 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

Legal Proceedings

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.

Bailment Inventory

The Department houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by the Department or returned to the supplier. The Department uses the bailment system for payment of merchandise for resale. The Department initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2007, the bailment inventory was valued at \$35,868,177.



Virginia ABC values its employees. The agency relies on a professional and well-trained workforce to accomplish its goals. Shown here are employees from the Central Office in Richmond.

ABC Offices and Warehouse Information

Location	Mailing Address	Phone	Fax
CENTRAL OFFICE AND WAREHOUSE			
Richmond			
2901 Hermitage Rd. Richmond, VA 23220	PO Box 27491 Richmond, VA 23261-7491	(804) 213-4400	
REGIONAL OFFICES			
Abingdon (Satellite Office)			
545 West Main St. Abingdon, VA 24210	PO Box 205 Abingdon, VA 24210-0205	(276) 676-5502	(276) 676-5549
Alexandria			
6308 Grovedale Dr. Alexandria, VA 22310	6308 Grovedale Drive Alexandria, VA 22310	(703) 313-4432	(703) 313-4444
Charlottesville (Satellite Office)			
900 Natural Resources Dr., Ste 700 Fountaine Research Park 22903	900 Natural Resources Dr., Ste 700 Charlottesville, VA 22903	(434) 977-2974	(434) 977-4772
Chesapeake			
1103 South Military Hwy. Chesapeake, VA 23320	1103 South Military Hwy Chesapeake, VA 23320	(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 Rd., Ste A Lynchburg, VA 24502	20353 Timberlake Rd., Ste A Lynchburg, VA 24506-0336	(434) 582-5136	(434) 582-5140
Richmond North (Central Office)			
2901 Hermitage Rd. Richmond, VA 23220	PO Box 27491 Richmond, VA 23261-7491	(804) 213-4620	(804) 213-4638
Richmond South (Central Office)			
2901 Hermitage Rd. Richmond, VA 23220	PO Box 27491 Richmond, VA 23261-7491	(804) 213-4624	(804) 213-4638
Roanoke			
2943-D Peters Creek Rd. Roanoke, VA 24019	2943-D Peters Creek Rd. Roanoke, VA 24019	(540) 562-3604	(540) 560-3612
Staunton			
460 Commerce Square Staunton, VA 24401	460 Commerce Square Staunton, VA 24401-4432	(540) 332-7800	(540) 332-7814



Region 2 ABC Office in Lynchburg.



Region 8 ABC Office in Chesapeake.

Virginia Department of Alcoholic Beverage Control

2901 Hermitage Road, Richmond, VA 23220
P.O. Box 27491, Richmond, VA 23261-7491
Phone: (804) 213-4400

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