Moving Forward Together

Annual Comprehensive Financial Report
For Fiscal Year Ended June 30, 2023
Component Unit of the Commonwealth of Virginia

a: Employees from the Authority's Real Estate and Property Management Division, Retail staff, Communications Division and executive leadership worked together to open several Virginia ABC stores throughout fiscal year 2023. (Top) Store 524's opening in January 2023 drew the largest crowd for a post-pandemic grand opening event, bringing with it excited customers, media and Virginia ABC leadership and teammates. The store was also a homecoming of sorts for Virginia ABC as Store 524 entered the retail fleet in the same building at 121 Campbell Ave SE that Store 115 called home from 1952-83. The store is managed by Brian Knighting and District Manager Brian Hyde. (Right) Virginia ABC, along with Winchester City Councilman Evan Clark (left of Travis Hill, center) celebrated the opening of Store 522 in Winchester in October 2022. The store is the sixth in Frederick County and measures 2,814 square feet. Located at 181 Kernstown Commons Blvd., the store runs with a staff of five employees, led by Store Manager Lindsay Thompson and District Manager Donna Santmyers. (Bottom) Located at 9843 Georgetown Pike, Store 523 opened in April 2023 with a staff of five in Great Falls, the first in this Fairfax County community. Store 523 is the 399th Virginia ABC store in the Commonwealth. The store manager is Bhawana Upreti Thapa and the district manager is Tejbir Pahal. Photo Credits: Billy Fellin

b: Grayson County gained its first ABC store when Store 521 opened at 576 E. Main Street in the town of Independence. Opened in September 2022, the store measures 2,418 square feet and is led by Store Manager Teresa Simone, District Manager Chase Thurman and a staff of four. This store was a member of Virginia ABC's rural initiative, which aims to expand stores beyond the major cities and communities of the state and provide more and more Virginians with quicker and easier access to spirits. Photo Credit: Billy Fellin

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2023
prepared by Financial Management Services

Editorial by Virginia ABC Communications Division
Designed by Virginia ABC Digital and Brand Operations

Virginia Alcoholic Beverage Control Authority is a
Component Unit of the Commonwealth of Virginia

LETTER FROM THE BOARD CHAIRMAN

Success is often seen in forward movement. Whether it's a football team advancing the ball down the gridiron or a sales team reaching its projected numbers, these successes happen when people work together with a common purpose and toward shared goals.

Virginia ABC's fiscal year 2023 was all about Moving Forward Together.

As the state's sole retailer of distilled spirits, Virginia ABC celebrated a 25th consecutive record-breaking fiscal year. Overall sales revenue for the Authority in fiscal year 2023 grew by $54.3 million to $1.5 billion. Total sales volume grew from 6.32 million cases to 6.46 million cases. Throughout the year, sales rose on each day of the week, except for Thursdays.

Sunday sales increased by $3.4 million to $102.3 million. Saturday led all days, with $280.4 million in sales.

As our sales increased, so did our contribution of funds to the Commonwealth. Virginia ABC's total contribution for the fiscal year reached $609.7 million.

Virginia ABC's fiscal success can be directly attributed to the efforts of the 4,838 people who work for the Authority. Teammates in our distribution center shipped 6,489,601 cases of product to ABC stores across the Commonwealth where associates completed 37,443,090 customer transactions. Teammates in our Hearings, Appeals and Judicial Services Division handled 565 cases, with 338 settled by expedited consent. Our Office of Legal Counsel handled 91 negotiated resolutions and responded to 254 FOIA and general requests. Our Bureau of Law Enforcement worked with 18,630 licensed retail establishments, issued 20,737 retail licenses and another 24,330 banquet and special event licenses. We put our customers first in every area of our business.

Our retail footprint increased with the opening of four new stores in Independence, Winchester, Roanoke and Great Falls. We expanded seven stores, relocated 13 stores and modernized others with new flooring, closing out the fiscal year with 399 stores across the Commonwealth.

The Authority recognized teammates at four separate service awards banquets and hosted its third annual ABC Honors Awards program, distributing more than $20,000 in cash awards to winners.

Virginia ABC continued to focus on its mission of strengthening the Commonwealth through public safety, education and revenue derived from the responsible regulation and sale of alcoholic beverages. I am pleased to lead such a dedicated group of public servants.

Timothy D. Hugo

Virginia ABC Chairman Tim D. Hugo

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2023 KEY AUTHORITY HIGHLIGHTS

Number of Stores	399
Total Employees	4,838
ABC Retail Licenses	20,737
ABC Profit Disbursements	$220,561,526
Active Items on Price List	2,781
Total Gross Sales	$1,469,259,768
Total Transfer to the Commonwealth	$609,657,322

Virginia Alcoholic Beverage Control Authority

MISSION
To strengthen the Commonwealth through public safety, education and revenue derived from the responsible regulation and sale of alcoholic beverages.

VISION
To bring good spirits and excellent service to Virginia.

VALUES
Accountability · Service
Integrity · Performance Excellence

www.abc.virginia.gov

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Mechanicsville, VA 23116
(804) 213-4400

LETTER OF TRANSMITTAL

The Honorable Glenn Youngkin
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Youngkin:

It is my pleasure to present the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023, in accordance with Section 4.1-101.07 of the Code of Virginia.

This report consists of management's representations concerning Virginia Alcoholic Beverage Control Authority's (the Authority) finances. Management assumes full responsibility for the completeness and reliability of all information presented. Data presented in this report is believed to be accurate in all material respects and provides all disclosures that are necessary to enable the reader to obtain a thorough understanding of Virginia ABC's financial activities and results.

BACKGROUND

On March 22, 1934, the General Assembly voted to create the Alcoholic Beverage Control Board with three board members. Virginia ABC opened its first four stores in Richmond on May 15, 1934, and continued to grow over the decades to 159 stores statewide by 1959. In 1971, the ABC warehouse moved from Harrison and West Broad Streets in Richmond to 2901 Hermitage Road. By the end of the 1970's, ABC was operating over 250 stores and generating more than $240 million in gross store sales. In 2009, when the Department celebrated its 75th anniversary, 332 stores were in operation statewide. By June 30, 2021, ABC had moved to a new larger headquarters and distribution center located at 7450 Freight Way in Mechanicsville.

During fiscal year 2018, under Virginia Code Title 4.1, Virginia ABC transitioned from a Department to an Authority. Virginia ABC is currently considered a Blended Component Unit Enterprise Fund by the Commonwealth for financial reporting purposes in accordance with accounting principles generally accepted in the United States. Five part-time board members govern the Authority, which as of June 30, 2023, operated 399 stores and employed almost 5,000 employees throughout the Commonwealth. The Authority works closely with the 11 public safety agencies under the Secretariat of Public Safety and Homeland Security for the Commonwealth. Virginia ABC administers ABC laws with an emphasis on public service and a focus on protecting citizens by ensuring a safe, orderly and regulated system for the convenient distribution and responsible consumption of alcohol.

ABC is a leading revenue producer for Virginia and a vital source of future economic growth and innovation for the Commonwealth. On the retail side, profits come from the sale of distilled spirits within ABC stores. The Authority's Bureau of Law Enforcement generates revenue from taxes collected on beer and wine sales, violation penalties and license fees. The money that Virginia ABC disperses to the Commonwealth provides much needed funding for use in programs across all secretariats, thus benefitting citizens in all areas of the state whether they choose to drink or not. Since its establishment in 1934, Virginia ABC has dispersed almost $13.3 billion to the Commonwealth's General Fund, which supports major education, health and transportation initiatives.

As one of 17 control states across the United States—where the state government manages the sale and distribution of distilled spirits at the wholesale level—ABC stores are the only retail outlets in Virginia where consumers may purchase distilled spirits.

ECONOMIC CONDITION AND OUTLOOK

The rapid pace of growth in distilled spirits experienced during the pandemic and through the end of fiscal year 2023 is unlikely to continue in the next couple years due to economic uncertainty, with estimates from zero to 5% growth. For fiscal year 2023, ongoing disruptions in the global supply chain, the pace of consumer goods inflation, and an economic recession are areas of concern, and expectations for growth in this fiscal year are guarded at best during this moment of caution.

continued on next page

ABC's profit is a factor of two elements: sales performance and trends in expenses.

In fiscal year 2023, ABC's total gross alcohol revenue, including state tax on distilled spirits and wine, was $1.4 billion, $66.1 million over prior year or 4.8%. Gross sales of alcoholic beverages in the retail stores accounted for 97.7% of overall gross revenue. The remaining 2.3% of gross revenue was generated largely through the ABC's regulatory and licensing activities.

ABC contributed $220.6 million of net profits to the Commonwealth and collected $320.1 million of taxes on ABC store sales (distilled spirits and wine) and wine and beer wholesaler taxes, and an additional $69.0 million of general sales tax totaling $609.7 million.

The increase in profits over the prior year was primarily driven by increased sales, which in turn, was primarily driven by:

Premiumization — During fiscal year 2023, $25.8 million of the increase in store sales was driven by consumers selecting higher quality premium brands.

Incremental Units — During fiscal year 2023, $46.2 million of the increase in store sales was driven by an increase in the number of bottles/units sold.

The Authority's operating expenses increased 7.3% in fiscal year 2023. Personal services cost increased by $22.1 million from fiscal year 2022, primarily due to a state mandated salary increase, as well as increased number of employees. Depreciation and amortization increased by $6.2 million from fiscal year 2022, due to the implementation of a new Governmental Accounting Standards Board (GASB) pronouncement, Accounting for Subscription-based Information Technology Arrangements (GASB 96) in the fiscal year 2023. $3.2 million of the increase is due to the amortization of right to use intangible assets — subscription assets. Additional $2.0 million of the overall increase is due to the amortization of right to use intangible assets — building, from continued accounting application of Accounting for Leases (GASB 87), which was effective in fiscal year 2022. Continuous charges increased by $4.7 million from fiscal year 2022, primarily due to the service charge from the Commonwealth for the Authority's use of its Human Capital Management payroll system, and increase in computer rental needs.

Personnel costs account for 56.3% of ABC's non-merchandise expenditures, 19.1% are for contractual charges such as credit card fees, shipping products to stores and telecommunications, 13.4% are for depreciation and amortization of the Authority's capital assets, including amortization for right to use intangible assets, and 11.2% are for miscellaneous expenses such as supplies and materials and equipment.

Numerous efforts are underway to address efficient management of labor costs and controlling significant costs towards ongoing improvements to our IT infrastructure. The Authority will implement a retail staffing plan that will focus on efficient use of labor hours to operate the stores while continuing to maintain customer service as a top priority, eliminate unnecessary vacant positions, reduce active projects and initiatives to divert focus and resources to use existing Virginia ABC systems effectively and efficiently, and limit discretionary spending to maintain accountability for cost reductions.

For more detailed information regarding Virginia ABC's finances for the fiscal year, please see our Management's Discussion & Analysis section of this report found on pages 44-49.

FINANCIAL CONTROLS

The accounting system of the Authority is dependent upon a strong system of internal accounting controls to ensure that financial information is both accurate and reliable. The Authority's internal controls are designed to ensure that the assets of the Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled for financial statements.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance that the objectives listed above are obtained. Reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of costs and benefits is an estimate determined by management.

All internal control evaluations occur within the above framework. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording transactions. The Authority's internal controls are reviewed as necessary and tested annually as part of the Commonwealth's Agency Risk Management and Internal Control Standards program.

Respectfully submitted,

David Alfano | *Chief Administrative Officer*

EXECUTIVE INFORMATION

Organizational Structure





Chief Executive Officer
Travis G. Hill

Governor Glenn Younkin

Secretary of Public Safety
and Homeland Security
Terrance Cole

ABC Board of Directors *(photos above, left to right)*

Board Chairman . . . . Timothy D. Hugo*
Board Vice Chair . . . . Maria J.K. Everett
Board Member . . . . Mark E. Rubin
Board Member . . . . Gregory F. Holland
Board Member . . . . William D. Euille

Executive Leadership

Chief Executive Officer . . . . Travis G. Hill
Chief Administrative Officer . . . . David Alfano*
Chief Digital & Brand Officer . . . . Vida Williams
Deputy Secretary to the Board . . . . Christopher Curtis
Chief Bureau of Law Enforcement . . . . Tom Kirby
Chief Government Affairs Officer . . . . John Daniel
Chief Information Officer . . . . Paul Williams
Chief Retail Operating Officer . . . . Mark Dunham
Chief Transformation Officer . . . . Elizabeth Chu

Division Directors

Change Management . . . . Tracey Lorraine
Communications . . . . Nick Schimick
Digital Operations . . . . Ernest Moore
Diversity, Equity and Inclusion . . . . Cortley West
Education and Prevention . . . . Katie Crumble
Financial Management Services . . . . Douglas Robinson
Hearings, Appeals and Judicial Services . . . . John Patrick Griffin
Human Resources . . . . John Singleton
Internal Audit . . . . Michael Skrocki*
Logistics . . . . Tracey Heilborn
Marketing . . . . John Shiffer
Procurement and Support Services . . . . Melissa Watts
Real Estate & Facilities Management . . . . Susan W. Johnson
Retail Operations . . . . Jennifer Burke
Strategy and Analytics . . . . Mike Berman

**All Board members, executive staff and division directors served throughout the fiscal year with exception of the following: Board Vice Chair Beth Hungate-Noland resigned in February 2023. Timothy Hugo was appointed as a Board Member in February 2023. David Alfano was hired as Chief Administrative Officer in August 2022. Nannette Williams resigned as Internal Audit Director in September 2022. Michael Skrocki was hired as Internal Audit Director in February 2023.*

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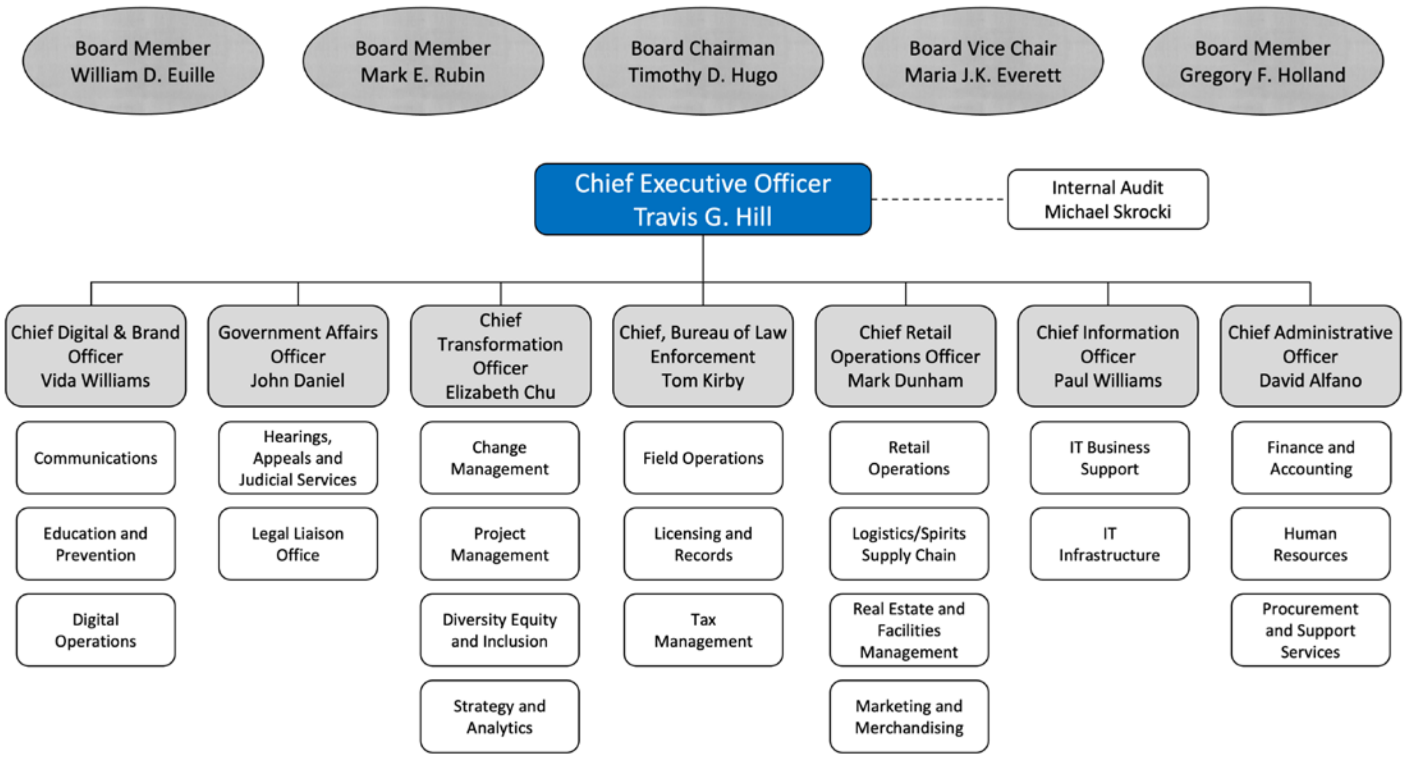
EXECUTIVE INFORMATION

Organizational Structure



LEGISLATIVE SYNOPSIS

New Alcohol-Related Laws — Effective July 1, 2023

Crossover Product Rules

HB1979 *and* **SB809** *(Chapters 213 and 214 of the 2023 Acts of Assembly)* Both bills established guidelines for licensees regarding the display of alcoholic beverages near non-alcoholic beverages of the same or similar branding, logo or packaging. The new law was created to address innovative "crossover products" that contain alcohol and may cause consumer confusion or appeal to an underage audience.

Virginia ABC developed resources addressing crossover products for licensees. These items included stickers and a product guide with plans for Bureau of Law Enforcement agents to distribute the resources once the law took effect.

Employment Restrictions Relaxed

HB1730 *(Chapter 774 of the 2023 Acts of Assembly)* This law streamlines the process for licensees to hire individuals with a felony conviction. Prospective employees must be two years past their conviction, with all terms of probation or parole completed (or have written permission from Virginia ABC and consultation with the probation and parole officer).

Seasonal Marketplace License Fee

HB2336 *(Chapter 551 of the 2023 Acts of Assembly)* This law lowers the annual state license fee from $1,000 to $500 and the annual local license tax from $200 to $100 for marketplace licenses, when licensing privileges are exercised for six or less consecutive months, if such a period is specified prior to the beginning of the license year.

Local Alcohol Safety Action Boards

HB2370 *and* **SB841** *(Chapters 561 and 562 of the 2023 Acts of Assembly)* Both bills modified the jurisdiction and composition of local alcohol safety action boards.

Moving Forward
Together

Success for organizations as large and diverse as Virginia ABC is only possible when teams work together. Goals are achieved through moving forward with a common purpose and toward shared goals.

*Virginia ABC's fiscal year 2023 was all about **Moving Forward Together.***

c: Virginia ABC's top 40 products are pulled for store shipments via an automated system. All other products are pulled manually in the distribution center's case pick area. Patrick Ochei (foreground) and David Wasilewski scan cases as they load them onto a conveyor belt.
Photo Credit: Doug Buerlein

d: Change Management Specialist Jenn Nixon was among volunteers to help distribute the "Sleighin' It" shirts to distribution center employees during a kickoff event prior to the busy holiday season in fiscal year 2023. The shirts provided a boost in morale for employees as part of the Warehouse Optimization Workgroup (WOW) project. Photo Credit: Nick Vandeloecht

e: Automation Control and Inventory Specialist Kate Sheehan was one of several retail employees who joined forces with the distribution center during the WOW project to ensure holiday readiness and make for a positive employee experience. Sheehan liked the new working environment so much she made the switch permanent.
Photo Credit: Nick Vandeloecht

f: Senior Distribution Center Manager Tyler Moore was one of many employees who received an award at the 2023 Distribution Center Awards ceremony, which celebrated the accomplishments of distribution center teammates from the busy October-November-December (OND) season. Photo Credit: Billy Fellin

g: Virginia ABC CEO Travis Hill (left) and Board Vice Chair Maria Everett (right) were on hand to congratulate and take photos with award winners such as (L to R) Orlando Allen, Shawn Allen and Patrick Ochei at the 2023 Distribution Center Awards ceremony. The occasion included lunch with senior leaderss, such as Hill, Everett, Board Member Bill Euille and Chief Retail Operations Officer Mark Dunham, to name a few. Award recipients were presented with a certificate and a Top Shelf award. Photo Credit: Billy Fellin

"WOW"ING THE HOLIDAY SEASON

The fourth quarter of the calendar year continued to be the busiest time for the Authority. During the fourth quarter, the distribution center received and shipped thousands of cases daily in preparation for increased sales of the holiday season. This workforce faced the post-COVID challenges of supply chain issues, employee turnover and IT system integration issues.

A diverse, cross-organizational team of experts, led by distribution center leadership and the change team, partnered to ensure holiday readiness and a positive employee experience. The team included representation from multiple divisions including, but not limited to, Retail Operations, Logistics, Safety, Strategy and Analytics and Human Resources.

When the fiscal year began on July 1, 2022, a warehouse optimization workgroup was already engaged in a project that would support the stabilization of distribution center operations in preparation for a successful October, November, December (OND). Dubbed Team WOW (for Warehouse Optimization Workgroup), the team was charged with preparing the distribution center workforce, the larger Authority and ABC customers for a positive and productive holiday experience. The team designed quick, nimble and effective solutions that delivered readiness in four key areas—operations and logistics; people, performance and culture; safety and enforcement; and communications and training.

Working in sync to deliver on business goals, while building a positive, productive work environment, the team achieved 54 distinct deliverables in a few short months. Examples included a new and more effective onboarding program along with training that not only grew technical and leadership capabilities, but also embedded opportunities to grow and deepen relationships across the Authority.

The most powerful innovation lever was the team members themselves who demonstrated commitment not just to their own deliverables but to helping their peers cross the finish line together. Distribution center employees devised their own marketing slogan "Sleighin' It" for the upcoming holiday to which the Communications Division created art and produced branded hats and t-shirts, which further inspired staff.

The WOW Team's focus on digital and high-touch communications, paired with work to optimize learning, roles and structure, led to a 32% decrease in part-time turnover and a 5% decrease in full-time turnover. The experience included a continuous feedback loop through establishment of a new employee engagement committee.

Team WOW broke records in the domains of safety, productivity, and retention and sustained those results. During OND 2022, the team achieved a jump from 30,623 to 37,346 cases shipped per day. The clear communications, training and onboarding enabled a production increase from 70 to 118 cases packed per hour. The distribution center logged only one safety incident, down significantly from 15 the quarter before, and remarkably, the team went 146 days without a recordable injury, an all-time record for Virginia ABC's distribution center. The team's efforts also resulted in efficient use of staff, creating leaner operations and enhanced performance results with accountability across the distribution center.

LICENSING ANYTIME

Committed to an emphasis on customer service, Virginia ABC continued a phased approach to rolling out its VAL (Virginia ABC Licensing) platform. The comprehensive online licensing system, which the Authority launched the previous fiscal year, allows licensees to conduct their business with Virginia ABC whenever it is convenient for them — day, night or on weekends. Additionally, VAL provides internal customers with a new "back-office" software product that allows for maximum efficiencies.

A cross-divisional team led by personnel from ABC's Bureau of Law Enforcement and IT Division and comprised of staff from its Change Management and Project Management divisions exemplified ABC's mantra of moving forward.

When launched, VAL incorporated the new licensing structure and enabled new licensees to apply for retail licenses, banquets and permits online, as well as pay fees and fines online. VAL's progress eliminated the need for licensees to drive to regional offices to conduct financial transactions. New licensees could also use corporate credit cards instead of having to deliver paper checks. Additionally, VAL incorporated the hearings and appeals processes into the online system. As an added convenience, after creating a VAL account, licensees could receive communications, renewal notices and licenses electronically.

In May 2022, just prior to the beginning of fiscal year 2023, ABC began onboarding existing retail and industry licensees. The Authority followed a phased approach of onboarding these licensees by renewal month and completed the first round in May 2023 recording an industry standard adoption rate of approximately 25%. The VAL adoption rate for banquet licenses has maintained a historic level of 71%.

IMPLEMENTING A DEDICATED CALL CENTER

Continually delivering value through technology is a fundamental objective that successful IT support teams pursue. Virginia ABC's Customer Support and Help Desk Team lives by this mindset. The implementation of two Software as a Solution (SaaS) applications enabled ABC to deliver on its promise for swift responses and dependable solutions via a new call center and ticketing system called ServiceNow in April 2023. Both internal and external customers encountering technical problems or issues with orders benefitted from this enhanced customer service that was available via phone or email.

Prior to the introduction of the call center, analysts were managing approximately 700 calls per month, achieving 40% success. After implementation, the team successfully handled over 30,000 calls through the end of the fiscal year, boasting a remarkable 97% success rate post-deployment. In fact, the team achieved 100% answer rate on 69 days throughout the year and fielded 100 or more calls on 105 days. Users include store personnel, headquarters and Bureau of Law Enforcement staff and citizens of the Commonwealth. Call center analysts are available weekdays from 7:30 a.m. until 30 minutes after ABC's last store closes. On weekends, the center is staffed 30 minutes before the first store opens until 30 minutes after it closes.

h: Customer and End User Support Manager Joe Sattelmaier and Super/Lead Production Support Analyst Shelley Jones have been two key players in the success of the call center. Calls went from managing 700 calls per month to over 30,000 through the end of the fiscal year with a 97% success rate post-deployment of two Software as a Solution (SaaS) installations. Photo Credit: Doug Buerlein

LAUNCHING SERVICENOW

ServiceNow is a comprehensive platform that centralized and automated legacy tasks handled by the Authority's preceding ticketing system. The platform handles standard service requests and incident submissions for Information Technology, Facilities Management and other specialized areas such as Financial System Support, Procurement and VAL. It offers a central location for reporting a password issue, requesting a new PC and nearly everything in between. When users call or email the help desk, a ticket or "incident" is automatically created and emailed to the user. This integration guarantees precise logging, resolution or escalation of all issues.

The metrics and insights promptly showcased the impact of implementing ServiceNow. In the first full month, data revealed a 68% surge in ticket activity. Before ServiceNow, the help desk managed approximately 80 tickets per day. By the end of the fiscal year, ServiceNow managed 130 tickets daily and 4,000 per month with 96% of these resulting in same-day resolution, far exceeding industry standards of 80%.

ServiceNow created a bridge between IT and other divisions, reducing manual efforts and providing real-time insights. Its simple, effective dashboards facilitated ABC teammates and Authority customers in moving forward together in an efficient and collaborative manner.

The launch of the call center and ServiceNow provided the Authority with a way to manage call queues, harvest data strategically and glean insights on customer needs.

SUPPORTING ABC'S INFRASTRUCTURE

Even with the launch of these new initiatives, the IT Division ended the fiscal year 8% under budget with annual costs of $36.6 million. The division supported the entire infrastructure for ABC operations, including 5,000 users on 1,100 computers and 1,100 registers in over 400 locations across the Commonwealth. ABC's messaging environment handled nearly 1 million emails and 250,000 spam and malware interceptions each month.

IT's uptime for network and all enterprise technology services exceeded 99.9% for the year with no significant service interruptions.

ENHANCING TRAINING OPPORTUNITIES

In June 2022, Virginia ABC introduced a free Responsible Alcohol Delivery Driver (RADD) online course designed to educate licensees and alcoholic beverage delivery drivers on delivery best practices and prepare them for situations that might occur while making a delivery. The 45-minute course encourages licensees and drivers to stay informed of alcoholic beverage delivery laws and regulations in Virginia governing responsible alcohol delivery.

RADD training includes four learning modules: Virginia ABC laws and regulations, checking IDs, delivery compliance and Virginia ABC resources. Following the modules is a test at the end of the course.

Since Virginia ABC made the RADD training available in June 2022 (before the law changed in July to require successful completion of a training program for delivery drivers to qualify to deliver alcohol), delivery personnel and third-party licensees had the opportunity to become compliant even before the new requirement was in place. The response was impressive with 4,484 delivery personnel completing the RADD online course during the first month. Participants must pass the course with at least a score of 80% however the average score was higher — around 91%. Participants with a passing score are provided a RADD certificate of completion.

Per an evaluation survey that trainees completed after taking RADD, 89% agreed that the material was relevant to their job duties, 87% of them gained new knowledge from the course and 87% felt more confident in their ability to make responsible alcohol deliveries.

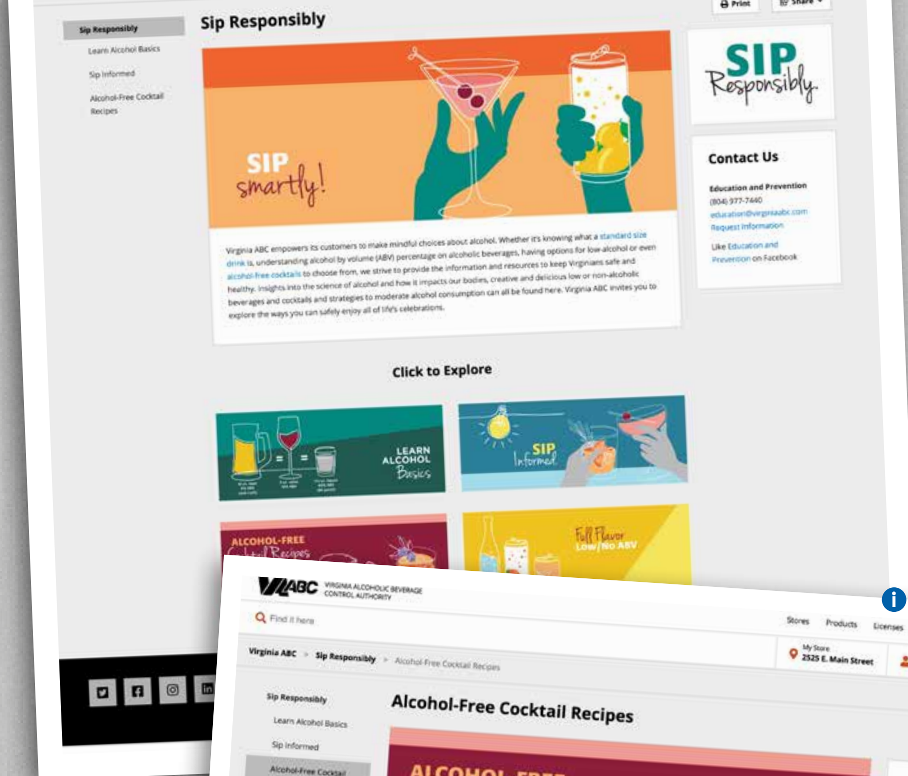
ACKNOWLEDGING RESPONSIBILITY

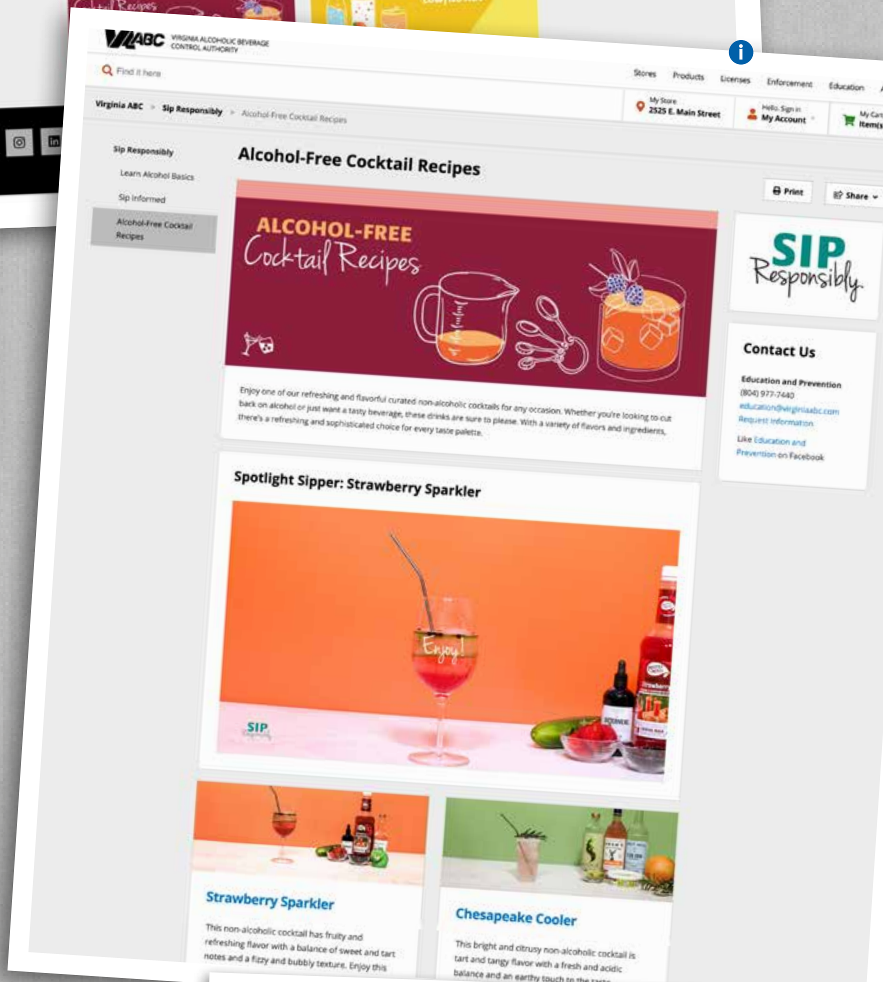
Virginia ABC reinforced its unwavering commitment to keep Virginians and visitors safe and healthy with the debut of Sip Responsibly, featured on Virginia ABC's website in January 2023.

The goal of the campaign was to encourage people of legal drinking age to consume responsibly without specifically dictating what customers can or cannot consume. The campaign featured both low-alcohol and no-alcohol beverages.

With Sip Responsibly, customers had a one-stop shop for informative and easy-to-understand resources that empowered them to make mindful choices about alcohol. They could also learn more about the low- and no-alcohol beverages ABC offers.

Resources on the Sip Responsibly page included charts and definitions on blood alcohol concentration and standard drink sizes, recipes for alcohol-free cocktails, an overview of "Dry January" along with the benefits of sipping responsibly and a lineup of nonalcoholic or low-alcohol products that are available at ABC stores.





i: Virginia ABC created the Sip Responsibly campaign, which featured its own dedicated webpage on the ABC site. The goal was to encourage people of legal drinking age to consume responsibly while also making customers aware of the low- or non-alcoholic options available in ABC stores.

j: Special Agents Teniesha Pringle (left) and Tyrell Nickens (right) presented Managers' Alcohol Responsibility Training (MART) in the Newport News Regional Office in January 2023. MART is a program designed to provide managers and owners of licensed establishments with the tools and knowledge needed to be compliant with Virginia's current laws and regulations. This program is offered online and in-person, free of charge, throughout the state.
Photo Credit: Billy Fellin

BUREAU OF LAW ENFORCEMENT

Sworn Enforcement Personnel Demographics	
• Native Americans (Includes Alaska) (%)	2
• Asian (Includes Pakistan/India/Pacific Islanders) (%)	3
• Black (includes Jamaica/Bahamas/Carribean/Africa) (%)	14
• Hispanic (Includes Mexico/Spain/Central South America/Puerto Rico) (%)	5
• White (Includes Arabian) (%)	61
• Other (%)	15
• Total filled sworn positions	97
• Non-minority (%)	71
• Minority (%)	29
Professional Standards Summary	
Internal affairs investigations conducted	**5**
• Citizen complaints	3
• Authority initiated	2
Findings	
• Justified	0
• No further action, citizen request	0
• Not substantiated	1
• Substantiated	2
• Unfounded	0
• Pending	2
Total training hours for sworn officers	**3,491**
Law Enforcement Activity	
• Criminal incidents	2,654
• Arrests	647
• Illegal still investigations	2
• Inspections of licensed establishments	17,176
• Observations of licensed establishments	310
• Underage Buyer (UAB) compliance checks	3,307
• Written warning reports	3,320
• Written violation reports	711
Tobacco Compliance	
• Synar compliance rate (%)	83
• Total tobacco checks by ABC agents	1,834

Licensing and Licenses	
Retail Licenses Granted	20,737
• Industry (%)	19
• On-premise (%)	4
• Off-premise (%)	34
• On- and Off-premise (%)	43
New retail and wholesale licenses	1,976
New permits	1,001
Licensed retail establishments	18,630
Private or corporate owners	14,823
One-day banquet and special-event licenses	24,330
Alcohol compliance rates for retail licensees (%)	84
Median processing time for new retail applications (in days)	102
Wine, beer and mixed-beverage application, state license fees and permits collected ($)	17,368,012
New applications processed	2,474
Walk-in customers	7,721
Renewals processed	19,997
MBAR processed	3,259
FOIAs processed	145

k: These highly sought-after products were made available on a first-come, first-served basis. Photo Credit: Doug Buerlein

l: Virginia ABC's social media surged in followers and engagement following the implementation of the drop system and its notifications on ABC's Facebook and Instagram pages. Instagram followers grew 1,300%, Facebook grew 88% and the Spirited Virginia newsletter grew 49%.

m: Virginia ABC distribution center employees Catricia Gray (foreground) and Rashead Turner work diligently in the bottle pick line. These bottles can sometimes include the sought-after bourbons that are part of ABC's drop system. Photo Credit: Doug Buerlein

EDUCATING VISITORS TO THE COMMONWEALTH

Out-of-state visitors who traveled to Virginia's scenic beaches and riverfronts in Summer 2023 were offered an informative and engaging guide to Virginia spirits.

The inaugural Coastal Visitors summer edition of Spirited Virginia Magazine, made available May 2023 in select Virginia Welcome Centers along I-85 North, I-95 South, I-64 East, and US-13 South heading toward the beach, provided travelers with information about Virginia ABC and purchasing spirits in the Commonwealth.

Featured information included the benefits of the control state model, guidance on locating the nearest ABC store, recipes for simple summer cocktails, options for canned cocktails and ready-to-drink beverages and a guide to Virginia's distilleries with a convenient map and descriptions of the spirits available at those distilleries.

Readers also learned where Virginia ABC stores are located, discovered the Virginia ABC Chair's seasonal selection of favorite spirits and were treated to a Behind the Bar profile spotlighting Waterman's restaurant in Virginia Beach.

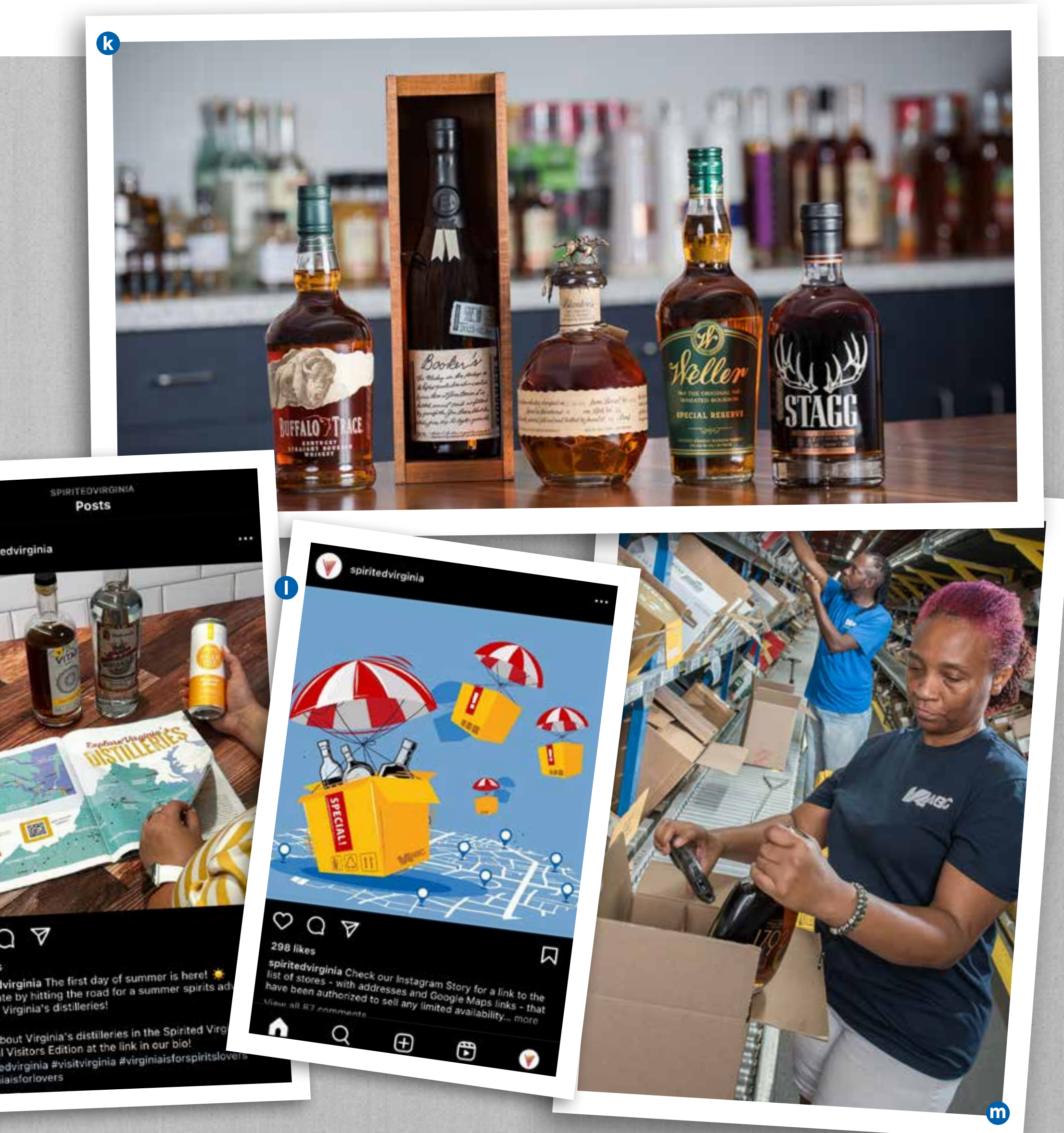
The Coastal Visitors Edition of Spirited Virginia Magazine was also available on Virginia ABC's website with previous issues of the quarterly magazine.

COMMUNICATIONS DIVISION

Public Relations	
• News Releases	32
• Media Inquiries	140
• Intranet (Mixer) “ABC Now” articles	277
• Requests for writing/editing	200
Licensee e-Newsletter Statistics	
• New/Total Subscribers	409/4,092
• Avg. Open Rate (industry standard 25.9%) (%)	50.5
• Avg. Click Rate (industry standard 2.8%) (%)	15
Distillery e-Newsletter Statistics	
• New/Total Subscribers	11/98
• Avg. Open Rate (industry standard 43.2%) (%)	67.4
• Avg. Click Rate (industry standard 6.1%) (%)	10.8
Spirited Virginia Magazine	
• Q3 2022 Issues distributed (76 pages)	65,000
• Q4 2022 Issues distributed (84 pages)	75,000
• Q1 2023 Issues distributed (84 pages)	65,000
• Q2 2023 Issues distributed (76 pages)	65,000
Virginia ABC Twitter Account	
• New/Total Twitter followers	402/13,078
• Tweet impressions	270,749
• Tweet engagements	13,859
Virginia ABC Facebook Account	
• New/Total Facebook followers	2,633/20,717
• Page reach	524,423
Creative Services	
• Graphic design projects completed	228
• Photography services completed	19
• Videography services completed	10
• New products photographed	189

DIGITAL OPERATIONS DIVISION

	FY 23	FY 22
Users	5,224,630	5,332,839
Page views	32,346,171	44,207,369
Online orders placed	107, 413	98,903
Bottles sold	327,222	322,781
Total Online Sales ($)	**8,759,187**	**8,149,896**



RESPONDING TO THE CALL FOR BOURBON

In an effort to address retail inequities when distributing highly sought-after products that the Authority receives in very limited quantities from suppliers, Virginia ABC launched a new “drop system” in April 2022. As part of the process, ABC’s distribution center still shipped limited-availability products as part of the stores’ regular shipments, but stores were not permitted to “drop” them (sell or disclose the availability of these products to customers) until receiving notification from headquarters. Drop store locations and times were randomized, and once a drop occurred, store employees were provided a five-minute heads-up via two internal systems notifying them that the products were now available for sale.

Shortly after notifying stores, Virginia ABC announced the drops across its Facebook and Instagram social media accounts and via its Spirited Virginia e-newsletter. Products were then made available to customers on a first-come, first-served basis, with a limit of one product per person.

EDUCATION AND PREVENTION DIVISION

Youth Prevention Programming	
Elementary School	
Elementary School Reach (1) (%)	6.07
Elementary School Publications Distributed	24,086
Miss Virginia School Tour	
• Miss Virginia School Tour stops	68
• Miss Virginia School Tour reach	19,308
Middle School	
Middle School Reach (2) (%)	11.25
Middle School Publications Distributed	834
Participants Trained	20
High School	
High School Reach (3) (%)	10.70
High School School Publications Distributed	1,558
Youth Alcohol and Drug Abuse Prevention Project (YADAPP) 2022	
• YADAPP participants (4)	24
• YADAPP 2022 individuals reached	2,092
Parents	
Parents Publications Distributed	1,516
Power of Parents	
• Participants Trained	20
• Handbooks Distibuted	5,897
Adult Education and Prevention Programming	
Institutions of Higher Education	
Institutions of Higher Education Reach (5) (%)	100.00
College Publications Distributed	2,181
Higher Education Alcohol and Drug Strategic Unified Prevention (HEADS UP)	
• HEADS UP educational materials distributed	9,440
• HEADS UP individuals reached	1,477
Virginia Higher Education Substance Use Advisory Committee (VHESUAC)	
• Recognition Program Award Applications	5

(1) Reached or partnered with 71 out of 1,169 public elementary schools across Virginia.
(2) Reached or partnered with 37 out of 329 public middle schools across Virginia.
(3) Reached or partnered with 35 out of 327 public high schools across Virginia.

Adults 21 years old and older	
Project Sticker Shock	
• Project Sticker Shock events	7
• Project Sticker Shock participants	61
• Project Sticker Shock individuals reached	9,800
• Retail delivery customers reached	36,198
21+ Publications Distributed	646
Older Adult Publications Distributed	89
Licensee Programming	
Licensee Publications Distributed	480
Classroom Trainings	31
Classroom Participants	693
Online Training Participants	18,207
Resources Distributed	2,032
Capacity Building Resources	
Health Care Professional Publications Distributed	142
Education and Prevention Social Media Reach	203,496
Community Engagement	
YADAPP 2022 Grants Presented (6)	4
YADAPP 2022 Grants Awarded ($)	1,250
YADAPP 2022 Grants Individuals Reached	2,092
Alcohol Education and Prevention Grants (7)	10
Alcohol Education and Prevention Grants Awarded ($)	83,958
Alcohol Education and Prevention Grants Individuals Reached	6,389,422
In-Store Fundraising Events	46
Authority-Wide Employee Volunteering Events	2
External Requests To Use Headquarters Meeting Space	11

(4) YADAPP annual kick off conference held virtually, July 11-14, 2022, where six teams of students and adult sponsors represented schools and communities across Virginia.
(5) Reached or partnered with 64 out of 64 institutions of higher education across Virginia.
(6) These include both YADAPP mini-grants ($250 each) and Wheeler Award ($500). The 2022 Wheeler Award recipient was Youth Page Alliance for Community Action.
(7) Alcohol Education and Prevention grantees: Capital Area Health Education Center, Hampton Newport News CSB, James Madison University, Mecklenburg County Public Schools, Page Alliance for Community Action, Planning District 1, Region Ten, Substance Abuse Free Environment, Inc., Substance Abuse Taskforce in Rural Appalachia, VCU Recreation and Well-Being.

IMPACTING THE AUTHORITY'S SOCIAL MEDIA PRESENCE

The drop system contributed to unprecedented growth across ABC's social media channels and email newsletter. Instagram grew over 1,300% from 1,495 followers in March 2022 to 21,462 in February 2023; Facebook grew 88% from 24,568 followers to 46,167; and the newsletter grew 49% from 112,615 to 167,366 subscribers in that same time period. Seventy drop events were held during the 12 month period. Signage promoting the agency's social channels was featured on displays in stores.

Social media drop posts performed above platform averages for impressions and engagement. On Facebook, drop posts received about 19% of overall impressions but 35% of engagements. Instagram drop posts drew 10% more impressions and 82% higher engagements than average organic posts.

In November 2022, messages were reformatted to replace a lengthy text list of stores with a list accessible via a URL. This required a new tactic on Instagram – posting the link via Stories, then directing followers from its feed posts. Responding to feedback, ABC updated post copy to include directions for those unfamiliar with the Instagram platform.

Consumers were highly engaged with these posts. Following the change, 19% of Facebook posts were about drops, but they drew 81% of total link clicks. On Instagram, 12 drop stories averaged 52.8% clicks on the link sticker.

Drops also boosted traffic in stores when business was slow. Quite often customers arrived at a store for the limited-availability products but ended up buying additional items or alternative items if the limited-availability item had sold out.

HEARINGS, APPEALS AND JUDICIAL SERVICES DIVISION

Cases Referred For Hearings

Case Activity	**FY 23**
Disciplinary Matters Received	534
Contested Applications Received	12
• Approved	8
• Denied	2
• Withdrawn before hearing*	2
Contested Banquet Applications	7
• Approved	1
• Denied	3
• Withdrawn before hearing	3
Summary Suspensions**	3
Wine and beer franchise cases	9
Total hearings requested	**565**

Hearings Dispositions

Case Activity (1)	**FY 23**	**% of Cases Received**
Settled by expedited consent	338	69.6
Initial Decision Rendered by ALJ	36	7.4
Settled by Negotiation	85	17.5
Settled by Mediation	0	0.0
Heard by ABC Board on Appeal	4	0.8
Withdrawn or Dismissed Prior to Hearing	23	4.7
Total hearings dispositions (2)	**486**	**100**

Appealed Decisions

Activity	**Count**	**% of Total**
Initial Decision of ALJs to ABC Board of Appeal	7	19.4
Final Decision of ABC Board to Circuit Court	2	28.6

Civil Penalties

Activity	**Count**
Civil Penalties Collected ($)	891,979
Average Civil Penalty Per Case ($)	2,341
Total Number of Days Suspended (days)	1,206
Average suspension period per case (days) (3)	19.77

(*) Two applications were received in FY23 but were resolved in FY24.

(**) We received a total of three summary suspension matters to process for a Hearing. Five additional Summary Suspension matters were resolved prior to coming to Hearings.

(1) 30 hearings were held on 55 charges/objections filed. Single cases with multiple charges or licensees with numerous Requests for Hearings are heard in one hearing.

(2) Cases that were in process at the end of fiscal year 2022 and were completed during FY23. Cases that were in process at the end of FY23 will be completed during FY24.

(3) Most ABC cases result in the imposition of a civil penalty and/or suspension period. This average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and negotiations for FY23. The Board may allow licensees to choose between a civil penalty or suspension period. Some penalties, however, contain civil penalties and mandatory suspension periods.

Distilleries

Activity	**Count**
Number of New Applications	12
Number of Approved Distillery Store Applications	6
Number of Closed Distillery Stores	4
Total Active Distillery Stores as of June 23, 2023	66

LEADING AT THE NATIONAL LEVEL

The theme of moving forward together extended past Virginia ABC's headquarters, as Virginia ABC's Bureau of Law Enforcement took on a leadership role at the national level. Virginia ABC's Chief Law Enforcement Officer Tom Kirby was installed as the 2022-23 president of the National Liquor Law Enforcement Association. NLLEA is a nonprofit association made up of more than 1,100 sworn and non-sworn state, provincial, county, municipal and campus enforcement personnel tasked with enforcing liquor laws in the United States and Canada.

Kirby was sworn in on Sept. 27 during the 35th Annual NLLEA Conference in Pittsburgh. He was the fourth agent in Virginia ABC history to be named NLLEA president, joining Joseph Cannon (2014-15), Shawn Walker (2006-07) and Chris Curtis (1996-97).

HUMAN RESOURCES DIVISION

Employees and Hiring	FY 23
Total employees (as of June 30, 2023)	4,838
• Full-time salary employees	1,472
• Wage employees	3,366
Full-time salary hired	262
Wage employees hired	2,522

These 4,838 Authority employees work throughout the Commonwealth operating 399 retail stores and nine regional offices. Approximately 532 Authority employees and 74 contractual workers are physically located in Hanover at the ABC Headquarters and Distribution Center.

Employee Demographics	FY 23	FY 22
Average age (years)	44	43
Average years of service, classified employees	7	7
Gender		
• male (%)	49.0	49.0
• female (%)	51.0	51.0
Minority (%)	51.0	50.0

The demographics for ABC's workforce have remained consistent from the previous year. The average age of an ABC full-time employee is 44 years with an average length of service to the Commonwealth of 7 years. Approximately 5% are eligible for an unreduced retirement as of June 30th, 2023 and 14% will be eligible in 5 years.

Tuition Assistance Program and Learning and Development

Description of Training Types	Courses Offered	Units Completed*
Tuition Assistance Program (TAP)	20	20
In-Person (ILT)	17	136
Virtual (VILT)*	16	172
Retail Field Training/Certifications (IST-ILT)	40	40
Online (MyABC/COVLC)	42	128,012
Manager's Excellence Training (MET)	10	174
Enforcement — Online (Certification Program - General Orders)	12	41
(VILT) Special Projects: Performance Management**	42	795
(VILT) Special Pojects: ServiceNow**	15	323
Total	**214**	**129,713**

(*) "Units Completed" represents a single unit of training/learning completed by an ABC employee.
(**) Special Projects Training: Training conducted especially for organizational initiatives/projects

MARKETING AND MERCHANDISING DIVISION

Spirited Virginia	
Spirited Virginia e-Newsletter	
• New/Total Subscribers	31,907/168,988
• Avg. Open Rate (industry standard 18.39) (%)	30.35
• Avg. Click Rate (industry standard 2.25) (%)	4.04
Spirited Virginia Facebook Account	
• New/Total Facebook Followers	11,786/48,017
• Page Reach	3,576,021
Spirited Virginia Instagram Account	
• New/Total Instagram Followers	14,338/27,030
• Profile Reach	12,734,824

PROCUREMENT AND SUPPORT SERVICES DIVISION

Small Purchase Credit Card (SPCC) Holders	120
Total Value of SPCC transactions ($)	7,443,004
Total SWaM qualified purchases (%)	32.23
Total SWaM qualified purchases ($)	17,196,774
Total Solicitations	43

OFFICE OF LEGAL COUNSEL

Legal Services	
Negotiated Resolutions	91
Representation in Formal Hearings	30
Representation in Board Appeals	6
Representation/Co-Counsel in Circuit Court Matters	9
Representation/Co-Counsel Court of Appeals Matters	1
Contracts Reviewed (Virginia ABC as a Party)	100
EEOC Complaints	3
Legal Training Provided	
• Internal	6
• External	2
Regulatory Actions	12
FOIA/General Requests	254
Volunteer Service Projects	1
Trademark Filings (USPTO)	3
Trademark Filings (SCC)	1
Risk Management Claims	35

MOVING FORWARD TOGETHER

These highlighted initiatives were examples of how ABC teammates continued to embrace the Authority's mission, vision and values through their daily work. In providing top-shelf service to our customers, industry partners and the community at large, Virginia ABC set the bar for public service in the Commonwealth.

Division Statistics, continued

LOGISTICS DIVISION

ABC Shipment to Stores	FY23	FY 22	FY 21	FY 20	FY 19
Average weekly bottles shipped from Bottle Pick Room (1)	4,754	9,519	16,760	14,935 (2)	11,719
Average delivery cost to ABC stores ($ per case)	1.27	1.06	0.98	0.93	0.92
Total shipments to ABC stores (cases)	6,489,601	6,343,335	6,305,184	5,858,916	5,316,778
Total shipments to ABC stores (weight, in lbs)	171,533,681	189,967,783	187,028,556	178,125,049	162,615,202

Special Orders					
Revenue Information	**FY23**	**FY 22**	**FY 21**	**Variance ($)**	**Variance (%)**
• Order Catalog ($)	18,388,324	15,232,948	17,147,645	3,155,376	20.7
• Non Catalog ($)	1,943,504	3,155,866	6,708,469	(1,212,362)	-38.4
• Totals	**20,331,828**	**18,388,814**	**23,856,114**	**1,943,014**	**10.6**
Logistics Information	**FY23**	**FY 22**	**FY 21**	**FY20**	**FY 19**
• Active items on special order catalog	1,515	1,399	1,145	1,317	1,142
• Active items on special order non-catalog	788	772	772	671	591
• Total Special Order Catalog purchases (cases) (2)	73,826	61,290	69,362	54,726	51,248
• Total Non-catalog purchases (cases) (3)	11,691	14,441	20,576	21,466	16,534

(1) Bottle Pick includes special orders, online orders, or limited availability products.
(2) These totals include only Special Order Catalog items.
(3) These totals include only Special-Order Non-Catalog items.

REAL ESTATE AND FACILITIES MANAGEMENT

Store Activities: July 1, 2022 – June 30, 2023

Store	Location	Activity	Opened	Total*
180	Richmond	relocation	07-22-22	395
037	Culpeper	relocation	07-27-22	395
316	Prince William	expansion	08-12-22	395
521	Independence	new store	09-24-22	396
133	Manassas	flooring	09-26-22	396
376	Lake Anna	relocation	09-29-22	396
186	Salem	relocation	10-01-22	396
070	Ruckersville	relocation	10-04-22	396
144	Emporia	relocation	10-11-22	396
213	Hardy	relocation	10-15-22	396
349	Chesapeake	expansion	10-25-22	396
522	Winchester	new store	10-28-22	397
261	Winchester	flooring	11-02-22	397
047	Winchester	modernization	11-05-22	397
280	Chesapeake	flooring	12-04-22	397
524	Roanoke	new store	01-24-23	398
262	Lynchburg	relocation	02-15-23	398
523	Great Falls	new store	02-26-23	399
169	Richmond	relocation	02-27-23	399
110	Portsmouth	relocation	04-07-23	399
051	Fluvanna	expansion	04-13-23	399
143	South Hill	modernization	04-16-23	399
375	Lake Ridge	relocation	04-18-23	399
095	Massaponax	relocation	04-22-23	399
370	Virginia Beach	expansion	05-07-23	399
371	Burke	relocation	06-02-23	399
381	Williamsburg	expansion	06-15-23	399
263	Norfolk	expansion	06-21-23	399
527	Hanover	mock store	N/A	399
188	Virginia Beach	expansion	06-28-23	399

(*) We had 395 stores open as of July 1, 2022; we have 399 stores as of June 30, 2023.

RETAIL OPERATIONS DIVISION

ABC Stores	
ABC Stores Gross Sales ($)	1,429,073,229
ABC Stores Transactions	37,443,090
Alcohol Compliance Rate for ABC Stores (%)	92.0
ABC Products	
Price List	
Total Standard Active items	3,055
• Virginia Wines	74
• Vermouth	15
• Non-Alcoholic items	87
Items Delisted	0
Total Special Order Revenue Increase (%)	10.6%

n: Virginia ABC honored members of its Bureau of Law Enforcement in March 2023 who were promoted within the bureau or had completed rigorous FBI training. (Back row L to R): Deputy Chief Donnie Brown, Special Agent in Charge Marc Haalman, Senior Manager Chris Linton, Special Agent in Charge Frank Monahan. (Front row L to R): Special Agent in Charge Billy Maiden, Deputy Chief Ryan Porter, Special Agent in Charge Barbara Storm, Special Agent in Charge Sergey Solodyankin, Special Agent in Charge Anthony Jimenez. Photo Credit: Billy Fellin

o: Virginia ABC's Bureau of Law Enforcement teamed up with members of the IT Division to ensure the successful implementation of VAL, a new solution for licensees to make conducting business with ABC easier. Back row: DevOps Engineer Donnie Ellis, Senior Software Engineering Supervisor Luke Trent, Special Agent in Charge Frank Monahan, IT Systems Engineering Supervisor Jessie Austin. Front row: Chief Information Officer Paul Williams and Chief, Bureau of Law Enforcement Tom Kirby. Photo Credit: Doug Buerlein

p: Retail Operations' Mavis Reid (left) and Jamie Malbone (right) were both honored at the 2022 Virginia ABC Honors awards with the Distinguished Service and The Chair Award, respectively. All told, Virginia ABC awarded over $20,000 in award money across 12 categories to employees for their above-and-beyond work for the Authority. Photo Credit: Billy Fellin

Top 50 Brands Sold, Fiscal Year 2023 vs. Fiscal Year 2022

Rank				Gross Dollars			
FY 23	FY22	Brand	Product Category	FY 23 ($)	FY 22 ($)	Change (%)	Variance ($)
			Statewide Total *	**$1,429,349,584**	**$1,363,785,592**	**4.8**	**$65,563,992**
			Top 50 Brands	**$648,827,895**	**$618,827,624**	**4.8**	**$30,000,271**
			All Others	**$780,521,689**	**$744,957,968**	**4.8**	**$35,563,721**
1	1	Tito's Handmade	domestic vodka	$72,032,280	$66,908,281	7.7	5,123,999
2	2	Hennessy VS[1]	cognac\armagnac	$43,974,774	$45,632,253	(3.6)	(1,657,479)
3	3	Jack Daniel's Old No. 7	Tennessee whiskey	$30,160,192	$30,387,548	(0.7)	(227,356)
4	4	Patron Silver	tequila	$28,590,210	$28,637,480	(0.2)	(47,270)
5	5	Jim Beam	straight bourbon	$23,932,399	$24,226,098	(1.2)	(293,699)
6	8	Jameson Irish	Irish whiskey	$21,527,137	$18,365,432	17.2	3,161,705
7	7	Maker's Mark	straight bourbon	$19,349,110	$20,275,098	(4.6)	(925,988)
8	6	Crown Royal	Canadian whisky	$19,085,683	$20,753,879	(8.0)	(1,668,196)
9	10	Grey Goose	imported vodka	$18,211,536	$16,251,167	12.1	1,960,369
10	20	Lunazul Blanco	tequila	$16,684,495	$9,773,518	70.7	6,910,977
11	22	Casamigos Blanco	tequila	$15,555,685	$9,340,552	66.5	6,215,133
12	13	Woodford Reserve	straight bourbon	$15,477,979	$13,461,734	15.0	2,016,245
13	11	Smirnoff 80	domestic vodka	$15,441,628	$15,194,246	1.6	247,382
14	9	Fireball Cinnamon	flavored whiskey	$14,214,866	$17,420,612	(18.4)	(3,205,746)
15	14	Bacardi Superior	rum	$13,327,217	$13,196,712	1.0	130,505
16	15	1800 Silver	tequila	$13,164,254	$12,235,032	7.6	929,222
17	19	Jose Cuervo Especial Silver	tequila	$12,687,194	$11,754,027	7.9	933,167
18	12	Crown Royal Regal Apple	flavored whiskey	$12,229,532	$14,422,040	(15.2)	(2,192,508)
19	18	Absolut	imported vodka	$12,114,933	$12,099,567	0.1	15,366
20	16	Jose Cuervo Especial Gold	tequila	$12,001,415	$12,211,892	(1.7)	(210,477)
21	17	Captain Morgan's Original Spiced	rum	$11,982,073	$12,160,555	(1.5)	(178,482)
22	28	Casamigos Reposado	tequila	$10,938,316	$8,037,526	36.1	2,900,790
23	21	Evan Williams Black	straight bourbon	$10,391,504	$9,715,982	7.0	675,522
24	26	Ketel One	imported vodka	$9,586,870	$8,549,290	12.1	1,037,580
25	27	Bulleit	straight bourbon	$9,277,111	$8,166,238	13.6	1,110,873
26	23	Don Julio Blanco	tequila	$8,932,965	$8,920,735	0.1	12,230
27	24	Pinnacle	imported vodka	$8,548,530	$8,820,242	(3.1)	(271,712)
28	25	D'usse VSOP	cognac\armagnac	$8,357,159	$8,649,976	(3.4)	(292,817)
29	29	Crown Royal Peach	flavored whiskey	$8,225,046	$7,680,420	7.1	544,626
30	31	Malibu Coconut	rum	$8,010,150	$7,637,089	4.9	373,061
31	33	Baileys Original Irish Cream	cordials	$7,670,143	$7,523,655	1.9	146,488
32	35	Johnnie Walker Black	Scotch whiskey	$7,537,753	$7,369,316	2.3	168,437
33	30	Tanqueray	imported gin	$7,487,043	$7,666,595	(2.3)	(179,552)
34	32	Aristocrat	domestic vodka	$7,426,718	$7,538,182	(1.5)	(111,464)
35	34	Svedka	imported vodka	$6,755,504	$7,429,152	(9.1)	(673,648)
36	37	Wild Turkey 101	straight bourbon	$6,550,475	$6,835,366	(4.2)	(284,891)
37	36	Jagermeister	cordials	$6,449,260	$6,961,197	(7.4)	(511,937)
38	41	Basil Hayden's	Straight Bourbon Whiskey	$6,240,845	$5,755,167	8.4	485,678
39	43	Bombay Sapphire	Gin - Imp	$6,165,150	$5,673,245	8.7	491,905
40	39	Grand Marnier	cordials	$6,040,045	$6,065,503	(0.4)	(25,458)
41	40	Elijah Craig Small Batch	straight bourbon	$5,947,547	$5,834,425	1.9	113,122
42	63	Teremana Reposado	tequila	$5,943,084	$3,783,664	57.1	2,159,420
43	59	Teremana Blanco	tequila	$5,917,978	$4,073,944	45.3	1,844,034
44	46	New Amsterdam	domestic vodka	$5,687,285	$5,479,147	3.8	208,138
45	----	Lunazul Reposado	tequila	$5,591,214	$2,464,491	126.9	3,126,723
46	42	Skyy	domestic vodka	$5,546,052	$5,713,480	(2.9)	(167,428)
47	48	Espolon Blanco	tequila	$5,537,891	$5,071,513	9.2	466,378
48	44	Paul Masson Grande Amber VS	brandy	$5,529,953	$5,670,459	(2.5)	(140,506)
49	45	Burnett's	domestic vodka	$5,406,224	$5,595,142	(3.4)	(188,918)
50	47	Bowman's	domestic vodka	$5,385,488	$5,438,760	(1.0)	(53,272)

*Statewide total includes subsequent point of sale adjustments
[1]Hennessy VS this is a correction to this brand's total made in FY2022

Comparison of Products / Market Share, Fiscal Year 2023 vs. Fiscal Year 2022

	Cases Sold			Market Share (%)	
Category	**FY 23**	**FY 22**	**Change (%)**	**FY 23**	**FY 22**
Vodka	1,635,643	1,650,203	(0.9)	25.3	26.1
Domestic	933,024	922,924	1.1	0.0	0.0
Imported	377,319	380,527	(0.8)	0.0	0.0
Flavored	325,301	346,752	(6.2)	0.0	0.0
Straight Bourbon Whiskey	780,777	755,521	3.3	12.1	11.9
Tequila	885,876	748,000	18.4	13.7	11.8
Cordials -Liqueurs-Specialties	514,517	478,956	7.4	8.0	7.6
Imported	322,558	295,062	9.3	0.0	0.0
Domestic	191,959	183,894	4.4	0.0	0.0
Rum	470,292	488,348	(3.7)	7.3	7.7
Domestic	37,023	39,641	(6.6)	0.0	0.0
Imported	433,269	448,707	(3.4)	0.0	0.0
Flavored Whiskey**	307,174	336,535	(8.7)	4.8	5.3
Gin	238,474	238,926	(0.2)	3.7	3.8
Domestic	105,187	110,564	(4.9)	0.0	0.0
Imported	118,587	114,982	3.1	0.0	0.0
Flavored	14,560	13,294	9.5	0.0	0.0
Sloe	141	86	64.0	0.0	0.0
Cocktails	197,274	182,814	7.9	3.1	2.9
Domestic	119,826	108,867	10.1	0.0	0.0
Imported	77,448	73,947	4.7	0.0	0.0
Cognac\Armagnac	172,451	201,905	(14.6)	2.7	3.2
Scotch Whiskey	166,044	178,106	(6.8)	2.6	2.8
Brandy	154,255	159,752	(3.4)	2.4	2.5
Grape	107,510	111,251	(3.4)	0.0	0.0
Imported	20,417	20,179	1.2	0.0	0.0
Flavored	26,329	28,322	(7.0)	0.0	0.0
Canadian Whisky	131,770	146,374	(10.0)	2.0	2.3
Tennessee Whiskey	124,271	117,345	5.9	1.9	1.9
Blended Whiskey	98,108	96,032	2.2	1.5	1.5
Irish Whiskey	87,590	86,424	1.3	1.4	1.4
Straight Rye Whiskey	76,273	69,446	9.8	1.2	1.1
Moonshine	62,490	49,735	25.6	1.0	0.8
Domestic Whiskey	45,191	47,096	(4.0)	0.7	0.7
Specialty Bottles	33,189	34,048	(2.5)	0.5	0.5
Imported	20,250	22,778	(11.1)	0.0	0.0
Domestic	12,939	11,270	14.8	0.0	0.0
Egg Nog	26,746	26,522	0.8	0.4	0.4
Rock & Rye	2,284	2,347	(2.7)	0.0	0.0
Alcohol(1)	1,941	1,922	1.0	0.0	0.0
Corn Whiskey	1,396	1,469	(5.0)	0.0	0.0
Vermouth	22,821	18,413	23.9	0.4	0.3
Virginia Wine	15,618	15,732	(0.7)	0.2	0.2
Non-Alcoholic Mixers	167,988	161,316	4.1	2.6	2.6
Non Beverage Item	37,037	30,320	22.2	0.6	0.5
Statewide totals*	**6,457,491**	**6,323,607**	**2.1**	**100.0**	**100.0**

** Excludes promotional items, miscellaneous records and confiscated items.*
***change, Flavored Whiskey is a new breakout category.*
(1) grain alcohol 151 proof available for sale in select ABC stores.
Source: Strategy & Analytics

Analysis of Store Performance— Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
Statewide Totals		**14,321,319**	**1,420,253,794**	**234,917,405**	**1,185,336,389**	**684,126,969**	**501,209,420**	**178,176,084**	**323,033,336**	**78,839,187**	**244,194,149**	**33.73%**
137 790 Commonwealth Dr.	City of Norton	26,493	2,060,537	340,664	1,719,873	984,887	734,986	337,123	397,863	114,585	283,279	30.28%
194 16427-E Wise St.	Wise County	8,624	679,787	112,635	567,152	323,049	244,103	239,510	4,593	37,811	(33,218)	11.68%
206 18 East 4th St. S	Wise County	16,279	1,276,851	211,467	1,065,384	608,043	457,340	264,235	193,105	71,215	121,890	26.11%
218 3982 Highway 23 N	Scott County	11,200	869,494	143,941	725,553	411,849	313,704	250,399	63,305	48,498	14,807	18.26%
Far Southwest		**62,596**	**4,886,669**	**808,707**	**4,077,962**	**2,327,829**	**1,750,133**	**1,091,266**	**658,867**	**272,109**	**386,758**	**24.46%**
87 4027 College Ave.	Tazewell County	29,644	2,545,652	423,515	2,122,138	1,225,739	896,398	368,710	527,688	141,764	385,925	31.80%
174 One Plaza Dr.	Buchanan County	10,281	844,468	139,941	704,527	400,491	304,036	256,974	47,063	47,083	(20)	16.57%
197 149 Clay Dr.	Tazewell County	20,199	1,672,405	276,846	1,395,559	795,542	600,017	317,332	282,685	93,305	189,381	27.88%
230 599 Freedom Ave.	Tazewell County	9,676	795,567	131,840	663,728	376,527	287,201	233,482	53,719	44,447	9,271	17.74%
365 340 Chase St.	Dickenson County	8,940	684,136	113,494	570,642	323,733	246,909	263,708	(16,800)	38,231	(55,031)	8.55%
427 167 Pittston Rd.	Russell County	13,713	1,098,433	181,812	916,620	521,974	394,647	289,160	105,487	61,146	44,341	20.59%
Southwest		**92,452**	**7,640,662**	**1,267,447**	**6,373,215**	**3,644,006**	**2,729,208**	**1,729,367**	**999,842**	**425,975**	**573,866**	**24.10%**
58 4226 Lee Hwy.	City of Bristol	31,509	2,649,207	438,721	2,210,486	1,264,187	946,299	340,312	605,986	147,441	458,545	33.87%
96 974 East Stuart Dr.	City of Galax	29,030	2,250,386	371,859	1,878,527	1,072,453	806,073	366,238	439,836	125,128	314,708	30.51%
135 1173-1177 N Main St.	Smyth County	29,938	2,305,969	382,196	1,923,773	1,098,968	824,805	337,832	486,973	128,616	358,357	32.11%
141 441 West Stuart Dr.	Carroll County	20,715	1,586,501	262,166	1,324,334	754,131	570,203	278,673	291,530	88,234	203,297	29.34%
153 325 West Main St.	Wythe County	33,021	2,758,358	459,568	2,298,791	1,332,907	965,884	327,915	637,969	153,327	484,642	34.23%
201 545 West Main St.	Washington County	49,106	4,366,430	724,773	3,641,657	2,091,358	1,550,299	344,033	1,206,265	243,156	963,109	38.66%
343 2155 Euclid Ave.	City of Bristol	30,306	2,477,950	413,265	2,064,685	1,192,752	871,933	302,345	569,588	137,824	431,764	34.10%
521 576 E. Main St.	Grayson County	5,864	490,970	81,213	409,758	232,654	177,103	258,099	(80,996)	27,614	(108,609)	-5.58%
Wytheville/Hillsville		**229,490**	**18,885,772**	**3,133,761**	**15,752,010**	**9,039,411**	**6,712,599**	**2,555,447**	**4,157,153**	**1,051,340**	**3,105,813**	**33.04%**
67 290 Peppers Ferry Rd.	Montgomery County	35,802	3,167,550	523,335	2,644,214	1,514,502	1,129,712	443,429	686,283	175,553	510,729	32.65%
195 100 North Franklin St.	Montgomery County	28,911	2,330,594	385,841	1,944,753	1,110,405	834,347	287,857	546,490	129,603	416,888	34.44%
199 140 Kinter Way	Giles County	21,031	1,605,599	265,542	1,340,057	764,513	575,544	263,537	312,007	89,306	222,700	30.41%
327 1332 South Main St.	Montgomery County	68,212	5,120,780	848,592	4,272,188	2,459,973	1,812,215	579,373	1,232,843	283,677	949,166	35.11%
345 5265 Alexander Rd.	Pulaski County	32,212	2,612,251	433,300	2,178,951	1,252,641	926,310	385,596	540,713	145,274	395,440	31.73%
356 97 Walker St.	City of Radford	39,084	2,991,216	498,582	2,492,634	1,433,954	1,058,681	375,073	683,607	166,087	517,521	33.97%
395 117 Parkview Rd. NE	Floyd County	19,135	1,587,647	264,289	1,323,357	765,637	557,721	285,649	272,072	88,334	183,738	28.22%
414 765 University City Blvd.	Montgomery County	37,463	3,125,950	515,602	2,610,349	1,499,500	1,110,849	507,444	603,405	173,347	430,058	30.25%
Radford/Blacksburg		**281,849**	**22,541,587**	**3,735,083**	**18,806,504**	**10,801,125**	**8,005,379**	**3,127,958**	**4,877,421**	**1,251,182**	**3,626,239**	**32.66%**
115 1423 Williamson Rd., N.E.	City of Roanoke	57,618	5,787,949	962,599	4,825,350	2,785,022	2,040,328	498,889	1,541,439	324,099	1,217,340	37.66%
123 531 Main St.	Alleghany County	9,059	745,843	124,765	621,079	358,631	262,448	241,486	20,961	41,320	(20,358)	14.00%
124 339 Thacker Ave.	City of Covington	20,529	1,760,742	291,060	1,469,682	839,580	630,102	365,275	264,827	98,056	166,772	26.00%
186 1471 West Main Street	City of Salem	52,958	4,472,453	743,307	3,729,146	2,153,064	1,576,082	520,544	1,055,537	248,374	807,163	34.67%
229 3940 Valley Gateway Blvd.	Roanoke County	29,470	2,656,339	439,402	2,216,937	1,267,411	949,526	344,313	605,212	147,621	457,591	33.77%
259 5050-C Rutgers St.	City of Roanoke	64,925	6,074,992	1,005,275	5,069,716	2,918,896	2,150,820	562,701	1,588,119	338,322	1,249,797	37.12%
269 646 Brandon Ave.	City of Roanoke	75,019	7,147,428	1,179,819	5,967,609	3,448,413	2,519,196	688,099	1,831,096	397,465	1,433,631	36.56%
289 3341 Melrose Ave., N.W.	City of Roanoke	37,370	3,866,238	642,189	3,224,048	1,842,941	1,381,107	400,676	980,431	216,229	764,202	36.38%
309 3901 Brambleton Ave., S.W.	Roanoke County	72,970	6,403,901	1,056,979	5,346,921	3,079,419	2,267,502	566,933	1,700,569	354,935	1,345,635	37.52%
337 1113 Vinyard Rd.	Roanoke County	42,207	3,500,272	582,630	2,917,642	1,678,065	1,239,576	329,906	909,670	194,523	715,147	37.08%
364 112 Kingston Dr.	Botetourt County	36,833	3,134,374	516,857	2,617,516	1,499,564	1,117,952	379,011	738,941	174,135	564,806	34.51%
524 121 Campbell Ave. SE	City of Roanoke	3,542	353,647	58,246	295,401	168,489	126,912	222,806	(95,894)	20,154	(116,048)	-16.34%
Roanoke		**502,501**	**45,904,178**	**7,603,130**	**38,301,048**	**22,039,496**	**16,261,552**	**5,120,642**	**11,140,910**	**2,555,232**	**8,585,678**	**35.27%**
57 1028 Richmond Ave.	City of Staunton	26,329	2,361,956	391,808	1,970,147	1,136,420	833,727	392,409	441,318	130,907	310,411	29.73%
68 2196 John Wayland Hwy.	Rockingham County	31,063	2,618,307	432,143	2,186,164	1,251,692	934,472	334,734	599,737	145,362	454,375	33.86%
113 2827 Main St.	Bath County	5,276	554,497	91,147	463,350	263,375	199,975	211,244	(11,269)	30,917	(42,186)	8.83%

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District		Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
122	201 State Street	City of Staunton	38,993	3,445,979	567,399	2,878,579	1,649,452	1,229,127	303,813	925,313	191,871	733,443	37.75%
140	445 East Nelson St.	City of Lexington	47,861	3,995,243	657,896	3,337,347	1,931,677	1,405,670	369,686	1,035,984	221,581	814,404	36.85%
145	398 North Main St.	City of Harrisonburg	43,822	3,958,011	649,584	3,308,428	1,895,045	1,413,382	334,155	1,079,227	220,568	858,659	38.11%
147	58 Water St.	Highland County	3,666	327,569	53,456	274,113	157,160	116,953	177,313	(60,359)	18,309	(78,669)	-7.70%
173	130 Downey Knolls Dr.	Rockingham County	22,517	1,930,962	317,563	1,613,399	922,088	691,310	321,120	370,190	107,614	262,576	30.04%
184	2035 East Market St.	City of Harrisonburg	54,380	5,107,861	841,523	4,266,338	2,448,325	1,818,013	551,071	1,266,942	283,507	983,435	35.73%
296	32 Windward Dr.	Augusta County	15,520	1,331,292	221,077	1,110,215	638,571	471,644	290,448	181,196	73,878	107,318	24.67%
338	125 Lucy Ln.	City of Waynesboro	33,889	2,931,119	485,183	2,445,937	1,408,821	1,037,116	398,131	638,984	162,764	476,220	32.80%
339	208 Laurel Hill Rd.	Augusta County	20,741	1,684,245	278,352	1,405,893	806,234	599,659	267,009	332,651	93,930	238,721	30.70%
383	1037 Port Republic Rd.	City of Harrisonburg	29,895	2,434,969	402,378	2,032,591	1,164,681	867,910	397,117	470,793	135,113	335,679	30.31%
386	2576 Stuarts Draft Hwy.	Augusta County	20,242	1,703,182	281,000	1,422,182	815,279	606,903	257,568	349,335	94,803	254,532	31.44%
396	12130 E. Lynchburg Salem Tpk.	Bedford County	15,004	1,364,704	225,351	1,139,353	655,316	484,037	320,211	163,826	76,182	87,644	22.93%
411	85 Augusta Ave.	Augusta County	11,224	935,295	154,485	780,811	446,608	334,203	234,078	100,125	51,976	48,149	21.67%
426	162 New Market Rd.	Rockingham County	21,604	1,746,620	289,391	1,457,229	833,639	623,590	344,060	279,530	97,223	182,308	27.01%
440	219 Arch Ave.	City of Waynesboro	26,639	2,273,641	375,892	1,897,749	1,088,752	808,997	366,175	442,822	126,863	315,959	30.43%
522	241 Kernstown Commons Blvd.	City of Winchester	6,803	660,422	108,472	551,950	315,417	236,533	307,412	(70,879)	37,155	(108,033)	0.07%
	Staunton/Waynesboro		**475,469**	**41,365,875**	**6,824,100**	**34,541,774**	**19,828,550**	**14,713,224**	**6,177,756**	**8,535,468**	**2,300,522**	**6,234,946**	**31.57%**
47	380 Gateway Dr.	Frederick County	35,519	3,286,107	543,247	2,742,860	1,571,299	1,171,561	428,147	743,414	182,218	561,196	33.61%
52	786 Shopping Center Rd.	Shenandoah County	18,414	1,501,615	248,024	1,253,592	714,930	538,661	263,476	275,185	83,622	191,564	29.27%
56	182 Delco Plz.	Frederick County	25,829	2,363,699	390,371	1,973,328	1,133,282	840,046	335,580	504,466	132,000	372,465	32.27%
75	116 Elizabeth Dr.	Frederick County	30,930	2,798,952	463,102	2,335,850	1,347,498	988,352	342,611	645,741	155,595	490,146	34.06%
139	160 Rivendell Ct.	Frederick County	42,063	3,600,513	595,718	3,004,795	1,735,937	1,268,857	375,759	893,099	199,974	693,125	35.80%
142	411-F South St.	Warren County	43,195	3,764,331	622,890	3,141,441	1,813,856	1,327,585	372,608	954,978	209,415	745,562	36.35%
167	21 Crow St.	Clarke County	24,675	2,234,942	368,652	1,866,289	1,074,751	791,538	309,844	481,694	124,323	357,371	32.49%
193	110 General Dr.	Page County	24,751	2,105,154	346,191	1,758,963	1,007,242	751,721	348,428	403,293	117,154	286,138	30.04%
261	3 W Jubal Early Dr.	City of Winchester	47,323	4,307,182	710,442	3,596,740	2,072,725	1,524,015	384,084	1,139,931	238,885	901,046	37.41%
293	5814 Main St.	Shenandoah County	11,483	965,969	159,493	806,475	460,474	346,001	208,681	137,320	53,750	83,570	25.16%
318	526 W. Reservoir Rd.	Shenandoah County	27,073	2,245,246	370,060	1,875,186	1,074,494	800,692	351,436	449,256	124,820	324,435	30.93%
387	135 Crooked Run Plz.	Warren County	31,365	2,875,192	473,683	2,401,509	1,381,280	1,020,228	437,450	582,779	159,297	423,481	31.20%
436	159 Market St.	Frederick County	27,314	2,662,671	438,269	2,224,402	1,282,167	942,236	387,286	554,950	147,836	407,113	31.75%
	Winchester/Front Royal		**389,935**	**34,711,572**	**5,730,142**	**28,981,430**	**16,669,937**	**12,311,493**	**4,545,390**	**7,766,104**	**1,928,890**	**5,837,214**	**33.32%**
33	12705 Galveston Ct.	Prince William County	28,411	3,104,072	513,325	2,590,747	1,499,762	1,090,985	469,029	621,956	172,138	449,818	31.03%
36	8038 & 8044 Crescent Park Dr.	Prince William County	22,722	2,523,009	416,292	2,106,717	1,220,225	886,492	459,787	426,704	140,466	286,238	27.84%
39	10410 Bristow Center Dr.	Prince William County	42,396	4,398,530	726,280	3,672,250	2,119,899	1,552,351	562,546	989,805	244,367	745,438	33.46%
40	22000 Dulles Retail Plz.	Loudoun County	26,962	3,400,669	561,568	2,839,101	1,640,920	1,198,181	536,111	662,070	188,938	473,132	30.43%
41	2435 Centreville Rd.	Fairfax County	28,713	3,543,987	585,735	2,958,252	1,715,850	1,242,401	629,690	612,711	195,436	417,276	28.30%
42	7469 & 7471 Richmond Hwy.	Fairfax County	27,410	2,875,565	474,582	2,400,983	1,379,287	1,021,696	475,594	546,103	159,876	386,226	29.94%
45	6230-I Rolling Rd.	Fairfax County	26,345	2,918,822	480,970	2,437,851	1,405,184	1,032,667	514,082	518,585	162,308	356,277	28.68%
49	881 N. Quincy St.	Arlington County	55,294	6,303,204	1,034,589	5,268,614	3,041,913	2,226,701	798,474	1,428,227	350,286	1,077,941	33.52%
54	42015 Village Center Plz.	Loudoun County	32,331	3,996,046	659,326	3,336,720	1,930,073	1,406,647	508,174	898,473	221,400	677,072	33.44%
55	9934 Liberia Ave.	City of Manassas	61,481	6,405,160	1,058,760	5,346,401	3,082,186	2,264,214	646,368	1,617,847	356,157	1,261,690	36.23%
61	22360 S. Sterling Blvd.	Loudoun County	27,970	3,060,199	507,558	2,552,640	1,470,433	1,082,208	455,470	626,738	170,760	455,977	31.49%
63	8951 Ox Rd.	Fairfax County	21,569	2,436,109	401,370	2,034,740	1,174,115	860,625	460,813	399,812	135,317	264,495	27.33%
73	43150 Broadlands Center Plz.	Loudoun County	37,724	4,258,236	701,146	3,557,090	2,057,368	1,499,723	502,707	997,016	235,865	761,151	34.34%
76	7121 Leesburg Pike	City of Falls Church	26,976	3,126,302	512,860	2,613,443	1,511,082	1,102,360	586,616	515,744	173,477	342,267	27.35%
78	5331 Merchants View Sqr.	Prince William County	28,187	3,244,833	535,030	2,709,803	1,567,942	1,141,861	507,886	633,975	180,259	453,716	30.47%
80	6206 Little River Tpk.	Fairfax County	30,744	3,690,248	609,916	3,080,333	1,762,060	1,318,273	526,995	791,278	205,117	586,161	32.41%
81	1301 S. Joyce St.	Arlington County	23,929	2,923,440	480,274	2,443,166	1,409,944	1,033,223	599,063	434,160	162,557	271,603	25.72%
82	46930 Cedar Lakes Plz.	Loudoun County	55,646	6,495,802	1,075,020	5,420,782	3,137,011	2,283,771	708,389	1,575,382	361,755	1,213,627	35.23%
83	7263-B Arlington Blvd.	Fairfax County	15,953	1,806,646	298,004	1,508,642	866,939	641,703	431,127	210,576	100,263	110,313	22.60%

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
84 3903 Fair Ridge Dr.	Fairfax County	22,895	2,595,944	428,727	2,167,217	1,254,476	912,741	471,235	441,506	144,423	297,083	27.96%
85 2930 Chain Bridge Rd.	Fairfax County	32,641	3,596,772	591,260	3,005,512	1,730,257	1,275,255	529,496	745,759	199,424	546,335	31.63%
90 12965 Fair Lakes Shp. Cntr.	Fairfax County	45,494	5,262,577	869,020	4,393,557	2,535,237	1,858,320	577,813	1,280,507	291,866	988,641	35.30%
93 6124 Rose Hill Dr.	Fairfax County	23,899	2,550,688	423,901	2,126,788	1,239,881	886,906	397,676	489,230	141,410	347,819	30.26%
94 42385 Ryan Rd.	Loudoun County	28,259	3,687,573	608,058	3,079,516	1,783,118	1,296,398	493,823	802,575	204,895	597,680	32.70%
99 378 Elden St.	Fairfax County	45,038	5,000,733	825,255	4,175,477	2,440,051	1,735,426	671,810	1,063,616	277,997	785,619	32.21%
109 1922 Wilson Blvd.	Arlington County	56,218	6,153,483	1,014,267	5,139,216	2,969,051	2,170,165	753,785	1,416,380	343,119	1,073,261	33.92%
1115 722 Union Mill Rd.	Fairfax County	35,871	3,638,872	600,918	3,037,953	1,745,733	1,292,220	566,958	725,262	201,980	523,282	30.89%
119 501 Montgomery St.	City of Alexandria	79,289	9,850,847	1,624,925	8,225,922	4,753,198	3,472,724	628,642	2,844,082	549,510	2,294,572	39.79%
120 5926 Kingstowne Cntr.	Fairfax County	42,109	4,813,977	793,697	4,020,280	2,326,056	1,694,223	580,917	1,113,306	267,040	846,266	34.07%
127 13300-C Franklin Farm Rd.	Fairfax County	17,867	2,062,976	340,772	1,722,204	998,516	723,688	400,966	322,721	113,714	209,008	26.65%
131 6920-E Bradlick Shp. Cntr.	Fairfax County	25,678	2,756,431	458,826	2,297,605	1,334,274	963,331	479,232	484,099	152,834	331,265	28.66%
133 9130 Mathis Ave.	City of Manassas	45,206	4,882,524	807,830	4,074,695	2,348,120	1,726,575	603,305	1,123,270	271,310	851,960	33.99%
136 32-F Catoctin Circle SE	Loudoun County	61,930	6,867,454	1,135,457	5,731,997	3,335,785	2,396,212	651,777	1,744,436	381,830	1,362,606	36.38%
166 506A Fort Evans Rd. NE	Loudoun County	60,720	6,915,550	1,143,162	5,772,388	3,353,169	2,419,218	728,524	1,690,694	383,508	1,307,186	35.43%
168 1001 North Fillmore St.	Arlington County	22,362	2,642,773	430,702	2,212,071	1,277,814	934,256	453,378	480,878	145,801	335,078	28.98%
170 1238 Elden St.	Fairfax County	28,496	3,300,140	548,860	2,751,281	1,595,864	1,155,416	510,688	644,729	184,818	459,910	30.57%
181 106 Washington St.	Loudoun County	12,926	1,771,315	291,406	1,479,909	853,624	626,286	244,961	381,324	98,222	283,102	32.43%
203 3678 King St.	City of Alexandria	46,162	5,552,632	915,152	4,637,480	2,683,331	1,954,149	632,460	1,321,690	308,973	1,012,717	34.72%
208 44110 Ashburn Village Blvd.	Loudoun County	31,822	3,603,960	595,316	3,008,644	1,749,760	1,258,884	474,140	784,743	200,817	583,926	32.72%
210 11160-A South Lakes Dr.	Fairfax County	31,805	3,773,787	624,173	3,149,613	1,829,093	1,320,520	519,344	801,177	209,813	591,364	32.21%
212 167 Hillwood Ave.	City of Falls Church	28,087	3,046,524	500,896	2,545,628	1,462,512	1,083,116	498,680	584,436	169,367	415,070	30.07%
215 320 23rd St. S	Arlington County	36,392	4,224,120	695,599	3,528,521	2,038,906	1,489,615	535,075	954,541	236,265	718,275	33.47%
219 8413 Old Courthouse Rd.	Fairfax County	103,139	13,416,820	2,226,985	11,189,835	6,458,770	4,731,066	1,278,478	3,452,588	752,366	2,700,221	36.72%
224 13944 Rt 50	Fairfax County	41,874	4,524,340	747,392	3,776,948	2,178,546	1,598,402	557,625	1,040,777	252,168	788,609	33.95%
228 1524 Belle View Blvd.	Fairfax County	49,252	5,606,892	925,345	4,681,547	2,718,716	1,962,831	580,994	1,381,837	311,605	1,070,232	35.59%
231 419-B Maple Ave. E	Fairfax County	33,834	4,128,604	680,353	3,448,251	2,005,694	1,442,557	816,000	626,557	229,123	397,434	26.11%
234 9574-76 Old Keene Mill Rd.	Fairfax County	29,382	3,156,268	520,661	2,635,607	1,518,094	1,117,513	494,887	622,626	175,204	447,421	30.67%
235 8628-B Richmond Hwy.	Fairfax County	35,449	3,708,979	610,889	3,098,090	1,781,628	1,316,462	585,771	730,692	205,981	524,711	30.62%
236 7200 Little River Tnpk.	Fairfax County	60,016	5,777,488	956,344	4,821,144	2,755,790	2,065,354	519,255	1,546,099	322,665	1,223,433	37.73%
241 11725 Lee Hwy.	Fairfax County	33,277	3,768,903	624,251	3,144,652	1,819,675	1,324,977	518,962	806,016	210,273	595,743	32.37%
248 4709-B Lee Hwy.	Arlington County	38,882	4,207,094	695,476	3,511,618	2,036,983	1,474,635	685,916	788,718	233,903	554,815	29.72%
260 6284 Arlington Blvd.	Fairfax County	25,008	2,866,475	471,790	2,394,684	1,382,481	1,012,203	470,580	541,623	159,228	382,395	29.80%
264 16661 River Ridge Blvd.	Prince William County	48,246	5,559,166	919,323	4,639,843	2,676,717	1,963,126	659,725	1,303,401	308,825	994,576	34.43%
267 1445B Chain Bridge Rd.	Fairfax County	55,978	7,374,107	1,216,672	6,157,435	3,584,563	2,572,872	882,305	1,690,567	409,187	1,281,381	33.88%
268 6402 Springfield Plz.	Fairfax County	64,427	7,432,639	1,228,952	6,203,686	3,577,212	2,626,475	835,143	1,791,332	413,562	1,377,770	35.07%
271 13991 Jefferson Davis Hwy.	Prince William County	48,759	5,841,409	970,031	4,871,378	2,805,959	2,065,419	632,746	1,432,673	325,366	1,107,308	35.56%
273 9421 Lorton Market St.	Fairfax County	26,871	2,956,107	487,827	2,468,280	1,422,848	1,045,432	465,919	579,513	164,424	415,089	30.54%
286 7555 Linton Hall Rd.	Prince William County	60,415	6,752,639	1,116,094	5,636,545	3,263,645	2,372,900	729,896	1,643,004	374,473	1,268,531	35.31%
294 3556E South Jefferson St.	Fairfax County	59,854	7,455,404	1,231,191	6,224,213	3,597,236	2,626,977	831,990	1,794,987	415,102	1,379,885	35.02%
295 11010 Sudley Manor Dr.	Prince William County	60,634	6,553,999	1,084,597	5,469,402	3,177,178	2,292,224	848,670	1,443,554	364,310	1,079,244	33.02%
301 4292 Merchants Plz.	Prince William County	40,245	4,310,816	715,362	3,595,454	2,088,029	1,507,425	525,594	981,831	239,496	742,335	33.81%
316 4108 Fortuna Center Plz.	Prince William County	31,591	3,484,877	576,340	2,908,537	1,678,493	1,230,044	609,425	620,619	194,368	426,250	28.77%
317 9600E Main St.	City of Fairfax	26,885	2,834,926	467,333	2,367,593	1,370,182	997,412	448,791	548,621	157,029	391,592	30.30%
319 2507 North Harrison St.	Arlington County	24,962	3,007,057	493,844	2,513,213	1,452,717	1,060,497	491,286	569,211	166,637	402,574	29.81%
322 14151 St. Germain Dr.	Fairfax County	48,234	4,787,963	793,174	3,994,790	2,288,145	1,706,645	589,247	1,117,398	267,084	850,314	34.33%
323 1020 East Main St.	Loudoun County	55,194	5,842,275	962,464	4,879,812	2,838,371	2,041,441	669,923	1,371,518	323,636	1,047,882	34.41%
346 8105 Lee Hwy.	Fairfax County	45,396	5,160,252	849,687	4,310,566	2,481,312	1,829,253	643,225	1,186,029	287,172	898,857	33.88%
352 2555 John Milton Dr.	Fairfax County	25,643	2,842,604	468,660	2,373,945	1,370,484	1,003,461	473,831	529,630	158,411	371,219	29.55%
353 4255 Cheshire Plz.	Prince William County	64,278	6,844,574	1,133,714	5,710,859	3,305,340	2,405,520	891,704	1,513,815	380,686	1,133,129	33.12%
357 1454 N. Point Village Shp. Cntr.	Fairfax County	37,876	4,494,462	742,847	3,751,614	2,164,521	1,587,093	638,047	949,046	249,037	700,009	32.10%
362 100 Edds Ln.	Loudoun County	40,977	4,241,074	697,234	3,543,840	2,042,990	1,500,850	638,297	862,553	235,193	627,360	31.23%
367 20070 Ashbrook Commons Plz.	Loudoun County	39,223	4,659,334	770,515	3,888,819	2,243,891	1,644,928	569,748	1,075,180	259,839	815,341	34.04%

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
368 10308 Willard Way	City of Fairfax	19,098	1,896,382	314,190	1,582,192	921,578	660,614	440,870	219,744	105,312	114,432	22.60%
369 6343A Columbia Pk.	Fairfax County	23,244	2,508,794	414,295	2,094,500	1,205,373	889,126	452,370	436,756	139,354	297,402	28.37%
371 5709 Burke Centre Pky.	Fairfax County	25,699	2,782,149	459,031	2,323,118	1,335,807	987,311	501,547	485,763	154,098	331,666	28.42%
372 3161 Duke St.	City of Alexandria	24,395	2,760,535	454,852	2,305,683	1,329,967	975,715	449,462	526,253	153,584	372,669	29.98%
374 2955A South Glebe Rd.	Arlington County	36,424	4,174,008	688,809	3,485,200	2,015,604	1,469,596	559,715	909,881	232,687	677,193	32.73%
375 2231A Old Bridge Rd.	Prince William County	29,185	3,010,534	497,740	2,512,794	1,443,217	1,069,577	531,827	537,751	167,709	370,042	28.82%
378 2940 Columbia Pk.	Arlington County	25,078	2,927,325	484,852	2,442,474	1,422,652	1,019,821	614,642	405,179	162,642	242,537	24.85%
380 3815-3817 Mount Vernon Ave.	City of Alexandria	29,911	3,213,334	529,941	2,683,394	1,561,954	1,121,439	585,680	535,759	178,326	357,434	27.62%
384 5109 Westfields Blvd.	Fairfax County	40,508	4,173,416	691,016	3,482,400	2,011,750	1,470,650	521,018	949,631	231,793	717,838	33.76%
385 9575 Braddock Rd.	Fairfax County	19,362	1,973,890	325,015	1,648,875	949,121	699,754	440,024	259,730	109,470	150,260	24.08%
388 8150 Leesburg Pk.	Fairfax County	14,375	2,376,346	395,031	1,981,315	1,160,662	820,653	435,788	384,865	131,775	253,091	27.27%
393 10685 Braddock Rd.	Fairfax County	22,057	2,379,504	392,728	1,986,776	1,148,615	838,161	470,111	368,050	132,549	235,501	26.40%
397 4349 Duke St.	City of Alexandria	60,858	6,995,507	1,161,227	5,834,280	3,355,345	2,478,936	934,281	1,544,654	389,809	1,154,845	33.11%
406 1630 Publix Way	Stafford County	25,449	2,936,827	483,919	2,452,908	1,411,871	1,041,037	447,055	593,982	78,409	515,573	34.03%
418 24570 Dulles Landing Dr.	Loudoun County	44,131	5,431,422	897,024	4,534,399	2,647,824	1,886,575	664,619	1,221,956	300,755	921,200	33.48%
419 8070 Rolling Rd.	Fairfax County	22,280	2,429,083	400,971	2,028,112	1,164,397	863,714	534,786	328,928	134,859	194,069	24.50%
421 10140 Fairfax Blvd.	Fairfax County	24,547	2,742,488	455,943	2,286,545	1,323,822	962,722	510,888	451,835	152,912	298,922	27.52%
424 44722 Brimfield Dr.	Loudoun County	28,105	3,564,920	588,968	2,975,952	1,715,283	1,260,669	529,912	730,757	198,747	532,010	31.44%
425 5940 Richmond Hwy.	City of Alexandria	36,591	4,027,692	664,368	3,363,324	1,949,406	1,413,918	516,858	897,060	224,474	672,586	33.19%
438 4604 Kenmore Ave.	City of Alexandria	24,128	2,523,369	414,926	2,108,442	1,215,353	893,090	519,715	373,375	140,280	233,095	25.68%
439 14220 Smoketown Rd.	Prince William County	30,971	3,570,595	590,712	2,979,883	1,714,453	1,265,430	462,144	803,286	198,866	604,421	33.47%
443 6464 Trading Squ.	Prince William County	22,832	2,492,728	410,577	2,082,151	1,198,499	883,651	506,196	377,455	138,553	238,903	26.05%
523 9843 Georgetown Pike	Fairfax County	3,542	437,716	72,003	365,713	210,202	155,511	166,634	(11,123)	9,156	(20,279)	11.82%
Northern Virginia		**3,470,499**	**393,988,645**	**65,074,270**	**328,914,376**	**190,128,987**	**138,785,389**	**54,163,727**	**84,621,662**	**21,808,151**	**62,813,511**	**32.46%**
37 15141 Montanus Dr.	Culpeper County	38,606	3,561,883	586,464	2,975,419	1,707,426	1,267,993	544,790	723,203	197,863	525,340	31.21%
51 265 Turkey Sag Trl.	Fluvanna County	16,905	1,450,914	240,673	1,210,242	697,718	512,524	368,493	144,031	78,495	65,537	21.10%
66 11083-E Marsh Rd.	Fauquier County	24,379	2,242,233	370,263	1,871,971	1,074,156	797,815	391,684	406,132	124,565	281,567	29.07%
72 5390-A Lyndon Dr.	Orange County	39,636	3,557,187	585,875	2,971,312	1,708,539	1,262,773	378,445	884,328	197,674	686,654	35.77%
88 4199-B Winchester Rd.	Fauquier County	22,556	2,295,640	379,382	1,916,258	1,106,364	809,894	350,119	459,776	127,333	332,443	31.01%
163 583 North Madison Rd.	Orange County	20,242	1,759,247	293,554	1,465,693	849,937	615,756	301,226	314,531	97,751	216,779	29.01%
227 201 S Main St.	Orange County	10,169	914,142	149,744	764,399	436,334	328,065	201,642	126,422	50,950	75,472	24.64%
274 28 Madison Plaza Dr.	Madison County	13,724	1,214,008	200,134	1,013,874	579,753	434,121	256,917	177,204	67,541	109,663	25.52%
297 45 Main St.	Fauquier County	7,335	861,102	140,935	720,167	409,553	310,615	256,604	54,011	47,905	6,106	17.08%
303 175 West Lee Hwy.	Fauquier County	66,189	6,529,365	1,077,020	5,452,344	3,151,250	2,301,094	613,797	1,687,298	362,414	1,324,884	36.79%
329 185 Southgate Shp. Cntr.	Culpeper County	32,623	2,959,311	488,482	2,470,829	1,420,384	1,050,445	331,479	718,966	164,418	554,548	35.25%
Warrenton/Culpeper		**292,365**	**27,345,032**	**4,512,525**	**22,832,508**	**13,141,413**	**9,691,095**	**3,995,194**	**5,695,901**	**1,516,909**	**4,178,992**	**31.78%**
46 183 Conner Dr.	Albemarle County	26,989	2,775,775	456,650	2,319,125	1,333,491	985,634	421,531	564,103	153,656	410,446	31.24%
50 325 Four Leaf Ln.	Albemarle County	25,001	2,585,811	425,309	2,160,502	1,241,306	919,196	374,862	544,334	143,707	400,627	31.94%
70 128 Cedar Grove Rd.	Greene County	30,964	2,695,841	444,768	2,251,073	1,299,870	951,203	510,948	440,255	149,831	290,424	27.27%
125 304 Pantops Cntr.	Albemarle County	37,624	3,696,540	609,425	3,087,115	1,780,003	1,307,111	357,495	949,616	205,676	743,941	36.61%
126 2819 Rock Fish Valley Hwy.	Nelson County	12,386	1,242,319	202,376	1,039,943	598,806	441,137	244,743	196,395	68,932	127,463	26.55%
138 501 East Main St.	Louisa County	24,736	1,939,914	322,304	1,617,610	929,892	687,719	347,567	340,152	107,647	232,505	28.60%
185 502 West Main St.	City of Charlottesville	41,365	4,064,904	673,517	3,391,388	1,962,581	1,428,806	386,166	1,042,640	226,797	815,843	36.64%
189 138 Scottsville Village Squ.	Albemarle County	12,816	1,098,950	181,412	917,538	523,533	394,004	268,949	125,055	61,304	63,751	22.31%
202 1902 Emmett St.	City of Charlottesville	67,236	7,323,673	1,214,274	6,109,399	3,534,078	2,575,321	651,362	1,923,960	408,608	1,515,352	37.27%
253 1169 Emmet St.	City of Charlottesville	46,582	4,701,046	773,636	3,927,410	2,279,720	1,647,691	509,803	1,137,887	260,346	877,541	35.12%
321 77 Callohill Dr.	Nelson County	12,278	1,033,044	169,319	863,725	487,471	376,254	252,789	123,465	57,492	65,973	22.78%
359 1872 Rio Hill Cntr.	Albemarle County	29,753	3,028,714	499,566	2,529,148	1,447,426	1,081,722	387,414	694,308	168,139	526,169	33.87%
376 11012 Kentucky Springs Rd.	Louisa County	32,736	2,894,877	475,966	2,418,911	1,388,408	1,030,502	434,037	596,466	161,032	435,433	31.48%

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(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
392 415 Merchant Walk Squ.	Albemarle County	41,324	4,313,441	710,651	3,602,790	2,079,599	1,523,191	454,538	1,068,653	239,758	828,896	35.69%
408 45 Market St.	Louisa County	35,470	3,291,424	543,638	2,747,786	1,591,547	1,156,240	395,720	760,520	183,646	576,874	34.04%
Charlottesville		**477,262**	**46,686,274**	**7,702,812**	**38,983,462**	**22,477,730**	**16,505,732**	**5,997,925**	**10,507,807**	**2,596,570**	**7,911,237**	**33.44%**
117 309 Twelfth St.	City of Lynchburg	54,721	5,108,269	846,830	4,261,439	2,439,898	1,821,542	437,728	1,383,814	285,600	1,098,214	38.08%
160 1128 E Lynchburg Salem Tpk.	Bedford County	25,730	2,104,235	348,110	1,756,124	1,004,726	751,398	301,304	450,094	116,925	333,169	32.38%
176 416 Lusardi Dr.	Campbell County	10,296	836,286	138,681	697,605	395,179	302,426	246,382	56,043	46,643	9,400	17.71%
262 103 West Edge Way	Campbell County	39,410	3,495,426	579,523	2,915,903	1,679,622	1,236,281	491,807	744,474	194,023	550,451	32.33%
266 3901 Wards Rd.	City of Lynchburg	44,301	3,975,091	659,735	3,315,357	1,905,705	1,409,652	595,221	814,431	221,114	593,317	31.52%
279 18013 Forest Rd.	Bedford County	34,096	3,047,318	506,273	2,541,045	1,462,725	1,078,320	346,093	732,227	169,167	563,060	35.09%
281 179 Madison Heights Squ.	Amherst County	31,119	2,642,387	437,204	2,205,183	1,264,051	941,132	353,673	587,459	146,837	440,623	33.22%
285 199 Ambriar Shopping Cntr.	Amherst County	16,305	1,331,613	221,855	1,109,758	639,845	469,913	279,780	190,133	73,912	116,221	25.39%
287 4925 Boonsboro Rd.	City of Lynchburg	33,132	3,165,792	520,785	2,645,007	1,516,363	1,128,644	369,595	759,049	175,395	583,655	34.89%
347 105 Clarion Rd.	Campbell County	27,029	2,211,972	366,354	1,845,618	1,048,327	797,290	299,057	498,234	122,924	375,310	33.53%
354 7795 Richmond Hwy.	Appomattox County	22,142	1,740,424	288,342	1,452,083	829,561	622,522	316,537	305,984	96,830	209,155	28.58%
399 1051 Village Hwy.	Campbell County	17,716	1,406,188	232,869	1,173,319	661,100	512,218	267,615	244,603	78,449	166,155	28.38%
400 14521 Forest Rd.	Bedford County	20,280	1,819,514	300,180	1,519,334	872,031	647,303	292,337	354,966	101,019	253,947	30.45%
410 14807 Moneta Rd.	Bedford County	22,444	1,959,111	322,220	1,636,891	936,034	700,856	289,048	411,808	108,676	303,132	31.92%
Lynchburg		**398,721**	**34,843,628**	**5,768,963**	**29,074,665**	**16,655,168**	**12,419,497**	**4,886,178**	**7,533,319**	**1,937,513**	**5,595,807**	**32.62%**
132 2777 Greensboro Rd.	Henry County	35,449	3,252,694	539,600	2,713,094	1,547,831	1,165,263	340,653	824,610	181,303	643,308	36.37%
146 639 West Main St.	City of Danville	23,256	2,182,235	362,138	1,820,098	1,042,845	777,253	359,814	417,439	121,227	296,211	30.17%
154 235 North Union St.	City of Danville	17,217	1,608,220	270,188	1,338,031	773,841	564,190	264,539	299,651	89,867	209,785	29.84%
191 400 Old Franklin Tpk.	Franklin County	45,893	3,797,539	629,634	3,167,905	1,819,156	1,348,749	413,441	935,308	211,131	724,177	35.65%
213 12990 B. T. Washington Hwy.	Franklin County	35,008	3,148,635	525,268	2,623,368	1,531,880	1,091,487	552,067	539,421	174,013	365,407	28.29%
276 221 Nor-Dan Dr.	City of Danville	40,594	4,181,001	694,590	3,486,411	1,990,427	1,495,984	445,548	1,050,436	233,959	816,476	36.14%
277 985 Fairystone Park Hwy.	Henry County	24,659	1,911,382	316,878	1,594,504	908,732	685,772	296,565	389,207	106,649	282,558	31.36%
283 Highways 29 & 703, Rt. 2	Pittsylvania County	18,042	1,573,793	261,073	1,312,720	751,394	561,326	255,258	306,068	87,858	218,210	30.45%
291 786 Commonwealth Blvd.	Henry County	40,870	3,737,337	623,206	3,114,131	1,786,519	1,327,612	406,704	920,908	207,812	713,096	35.76%
324 301 South Main St.	Patrick County	13,751	1,125,787	186,721	939,066	534,260	404,806	246,524	158,282	62,772	95,510	25.07%
373 3282 Riverside Dr.	City of Danville	48,818	4,756,977	788,155	3,968,823	2,278,027	1,690,796	428,898	1,261,898	264,828	997,069	37.53%
Danville/Martinsville		**343,556**	**31,275,602**	**5,197,451**	**26,078,150**	**14,964,912**	**11,113,238**	**4,010,011**	**7,103,227**	**1,741,419**	**5,361,808**	**33.76%**
59 3136 Halifax Rd.	Halifax County	50,070	4,401,156	730,261	3,670,894	2,100,615	1,570,280	447,057	1,123,222	245,351	877,871	36.54%
143 812 East Atlantic S.	Mecklenburg County	40,362	3,577,908	595,328	2,982,580	1,729,409	1,253,172	335,933	917,239	196,599	720,640	36.78%
157 93 Brunswick Square Ct.	Brunswick County	17,900	1,581,093	262,341	1,318,752	752,983	565,769	295,165	270,604	89,054	181,550	28.07%
172 112 North Main St.	Mecklenburg County	13,708	1,131,899	187,963	943,936	537,598	406,337	272,306	134,031	63,420	70,611	22.84%
214 608 Virginia Ave.	Mecklenburg County	22,012	1,844,849	305,838	1,539,011	884,049	654,963	275,974	378,989	103,009	275,980	31.54%
South Boston		**144,051**	**12,536,905**	**2,081,731**	**10,455,174**	**6,004,653**	**4,450,521**	**1,626,436**	**2,824,085**	**697,433**	**2,126,652**	**33.57%**
152 1544 South Main St.	Prince Edward County	44,907	3,826,758	634,235	3,192,523	1,830,202	1,362,321	394,490	967,831	213,249	754,582	36.29%
161 501F Main St.	Lunenburg County	9,533	780,916	129,750	651,165	371,046	280,119	229,520	50,599	43,717	6,882	17.50%
164 1618 West Virginia Ave.	Nottoway County	14,419	1,204,066	200,677	1,003,389	576,153	427,236	289,456	137,780	66,956	70,824	22.55%
178 974 Main St.	Buckingham County	11,733	1,024,969	169,877	855,092	487,167	367,924	256,108	111,816	57,202	54,614	21.90%
196 110 King St.	Charlotte County	11,817	930,548	154,097	776,451	441,426	335,025	236,672	98,353	51,923	46,430	21.55%
204 1592 Anderson Hwy.	Cumberland County	9,328	762,615	125,932	636,683	364,045	272,638	232,508	40,129	42,546	(2,416)	16.20%
275 1423 S. Main St.	Nottoway County	19,883	1,772,906	296,433	1,476,473	850,089	626,384	315,333	311,050	98,687	212,363	28.70%
351 15127 Patrick Henry Hwy.	Amelia County	16,741	1,449,419	241,689	1,207,730	693,875	513,855	287,378	226,477	80,625	145,852	26.74%
Farmville		**138,360**	**11,752,196**	**1,952,690**	**9,799,506**	**5,614,004**	**4,185,502**	**2,241,466**	**1,944,036**	**654,904**	**1,289,131**	**27.58%**
38 2501 New Kent Hwy.	New Kent County	43,182	3,816,220	633,256	3,182,964	1,830,630	1,352,334	384,700	967,634	212,033	755,601	36.39%
77 1800 South Creek One	Powhatan County	26,285	2,255,739	372,659	1,883,080	1,081,875	801,205	341,720	459,485	125,569	333,916	31.32%

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
86 3044 Stony Point Rd.	Chesterfield County	34,444	3,671,205	605,641	3,065,564	1,790,457	1,275,107	438,551	836,556	203,521	633,035	33.74%
89 34-A Broad Street Rd.	Goochland County	26,744	2,591,569	428,546	2,163,022	1,246,618	916,404	338,137	578,267	143,849	434,419	33.30%
97 6504 Hull St.	City of Richmond	40,572	4,639,812	770,450	3,869,362	2,255,509	1,613,854	455,704	1,158,149	258,801	899,348	35.99%
101 3100-A West Broad St.	City of Richmond	49,159	5,020,950	828,635	4,192,315	2,430,370	1,761,945	669,568	1,092,376	279,501	812,876	32.69%
102 1901 West Main St.	City of Richmond	46,075	4,537,090	751,876	3,785,213	2,188,167	1,597,046	463,323	1,133,724	252,778	880,946	35.99%
104 7028 Woodlake Commons Lp.	Chesterfield County	60,999	5,795,220	955,105	4,840,115	2,809,640	2,030,475	550,993	1,479,482	321,586	1,157,896	36.46%
108 10242 Staples Mills Rd.	Henrico County	30,047	2,847,749	469,071	2,378,677	1,378,855	999,822	361,557	638,264	158,160	480,104	33.33%
116 12635 Rt. 1	Chesterfield County	65,079	6,607,153	1,094,430	5,512,723	3,187,388	2,325,335	545,941	1,779,394	367,731	1,411,663	37.93%
150 6030 Brook Rd.	Henrico County	31,729	3,165,622	524,386	2,641,237	1,524,520	1,116,717	396,409	720,308	176,099	544,209	33.76%
159 201 Stonebridge Plaza Ave.	Chesterfield County	46,868	4,840,761	801,533	4,039,228	2,328,699	1,710,529	625,214	1,085,315	269,467	815,848	33.41%
169 20 South Nasemond	City of Richmond	81,198	8,457,175	1,398,749	7,058,426	4,115,433	2,942,993	772,126	2,170,867	471,198	1,699,669	36.64%
171 8700 West Broad St.	Henrico County	41,455	4,566,608	757,642	3,808,966	2,197,761	1,611,205	498,945	1,112,261	254,636	857,625	35.37%
180 2525 East Main St.	City of Richmond	51,892	5,993,513	992,042	5,001,471	2,920,944	2,080,528	626,558	1,453,970	335,983	1,117,987	35.21%
182 1217-19 West Broad St.	City of Richmond	28,672	2,845,717	469,521	2,376,196	1,386,450	989,747	396,942	592,804	158,614	434,190	31.76%
187 2421 Venable St.	City of Richmond	17,439	1,726,134	288,181	1,437,953	820,425	617,528	267,803	349,724	96,572	253,153	31.36%
190 13113 Rittenhouse Dr.	Chesterfield County	70,121	6,851,850	1,132,079	5,719,772	3,324,064	2,395,708	626,531	1,769,177	380,445	1,388,732	36.79%
205 2288 John Rolfe Pkwy.	Henrico County	21,192	2,031,457	335,379	1,696,078	973,969	722,109	327,013	395,096	112,920	282,175	30.40%
207 10106 Brook Rd.	Henrico County	42,616	4,290,839	709,386	3,581,452	2,067,283	1,514,170	408,087	1,106,082	238,273	867,809	36.76%
242 1601 Willow Lawn Dr.	Henrico County	49,381	5,232,152	863,988	4,368,164	2,541,466	1,826,698	547,871	1,278,827	290,560	988,267	35.40%
243 245-B N Washington Hwy.	Hanover County	44,622	3,967,627	655,492	3,312,135	1,898,564	1,413,571	440,962	972,609	220,274	752,335	35.48%
247 9685 West Broad St.	Henrico County	36,857	3,529,969	586,906	2,943,063	1,701,437	1,241,626	374,098	867,528	196,568	670,959	35.63%
251 2924 North Ave.	City of Richmond	16,959	1,532,949	258,573	1,274,375	738,872	535,504	294,847	240,657	85,706	154,951	26.98%
252 618 West Southside Plz.	City of Richmond	36,508	3,637,862	604,650	3,033,212	1,754,936	1,278,276	441,862	836,414	203,226	633,188	34.03%
254 7015 Three Chopt Rd.	City of Richmond	30,919	3,226,958	531,159	2,695,800	1,563,114	1,132,685	467,305	665,380	178,915	486,465	31.54%
270 809-823 East Parham Rd.	Henrico County	44,090	4,277,419	707,521	3,569,898	2,048,323	1,521,575	536,066	985,510	238,874	746,635	34.00%
284 148 Charter Colony Pkwy.	Chesterfield County	66,328	6,513,316	1,076,930	5,436,385	3,155,884	2,280,501	611,144	1,669,358	361,718	1,307,640	36.61%
292 1521 Parham Rd.	Henrico County	35,350	3,581,604	591,341	2,990,263	1,716,203	1,274,060	411,197	862,863	198,661	664,202	35.06%
300 9502 Chamberlayne Rd.	Hanover County	45,575	4,144,586	684,425	3,460,161	1,999,331	1,460,830	396,877	1,063,952	230,827	833,126	36.62%
304 2734 Fairground Rd.	Goochland County	22,079	2,058,394	340,033	1,718,361	982,431	735,930	301,671	434,259	114,741	319,518	32.04%
305 3816 Mechanicsville Tpk.	Henrico County	41,680	4,599,651	763,856	3,835,795	2,203,327	1,632,467	508,784	1,123,684	257,300	866,384	35.44%
308 11252 Patterson Ave.	Henrico County	17,792	1,650,008	273,854	1,376,154	796,842	579,312	313,653	265,659	91,576	174,082	27.15%
314 4504 S Laburnum Ave.	Henrico County	77,040	8,123,757	1,346,956	6,776,801	3,899,392	2,877,409	730,313	2,147,097	452,662	1,694,435	37.44%
315 9953 Ironbridge Rd.	Chesterfield County	62,391	6,100,011	1,008,093	5,091,918	2,944,822	2,147,096	662,977	1,484,119	339,111	1,145,008	35.30%
326 2105 Academy Rd.	Powhatan County	25,635	2,266,584	373,825	1,892,760	1,090,766	801,994	358,282	443,712	125,986	317,726	30.51%
330 5722 Hopkins Rd.	Chesterfield County	46,589	5,057,733	838,022	4,219,711	2,452,834	1,766,878	523,862	1,243,016	282,143	960,872	35.57%
331 3450-3452 Pump Rd.	Henrico County	91,075	10,467,819	1,731,272	8,736,547	5,086,003	3,650,545	859,668	2,790,877	581,882	2,208,995	37.64%
332 4018 Glenside Dr.	Henrico County	33,986	3,180,943	526,032	2,654,911	1,522,248	1,132,663	374,347	758,316	177,143	581,173	34.81%
334 7057 Mechanicsville Tpk.	Hanover County	66,478	5,934,101	981,781	4,952,320	2,868,106	2,084,214	639,690	1,444,525	328,987	1,115,537	35.34%
348 7036 Forest Hill Ave.	City of Richmond	39,647	3,892,574	642,998	3,249,576	1,871,296	1,378,280	465,418	912,862	216,036	696,825	34.42%
350 11108 Midlothian Tpk.	Chesterfield County	72,340	6,992,494	1,156,402	5,836,091	3,380,136	2,455,956	551,286	1,904,669	389,237	1,515,432	38.21%
360 4118 West Broad St.	City of Richmond	65,553	6,790,349	1,124,894	5,665,455	3,265,249	2,400,207	706,691	1,693,516	380,388	1,313,128	35.90%
363 9953 Hull Street Rd.	Chesterfield County	50,374	4,456,934	736,933	3,720,000	2,152,903	1,567,097	462,423	1,104,674	247,952	856,722	35.76%
366 1370 Gaskins Rd.	Henrico County	30,964	3,203,970	529,341	2,674,629	1,546,514	1,128,115	458,405	669,710	177,866	491,844	31.87%
389 5352 Wyndham Forest Dr.	Henrico County	28,734	3,112,703	515,635	2,597,068	1,513,506	1,083,562	476,734	606,828	172,612	434,216	30.52%
390 16605 Mountain Rd.	Hanover County	19,070	1,680,234	276,831	1,403,403	802,195	601,208	313,214	287,995	93,349	194,646	28.06%
402 11400 W. Huguenot Rd.	Chesterfield County	31,669	3,198,766	528,146	2,670,620	1,537,311	1,133,309	455,789	677,520	177,692	499,828	32.14%
404 521 Hull St.	City of Richmond	29,035	3,552,804	587,671	2,965,133	1,757,869	1,207,264	442,312	764,952	101,265	663,687	35.22%
407 13113 River's Bend Blvd.	Chesterfield County	31,382	3,165,582	522,986	2,642,596	1,525,112	1,117,484	382,863	734,621	176,608	558,013	34.15%
441 4991 Nine Mile Rd.	Henrico County	43,138	4,469,866	741,440	3,728,426	2,140,558	1,587,868	505,772	1,082,096	249,117	832,979	35.22%
Richmond		**2,189,006**	**220,152,102**	**36,426,551**	**183,725,551**	**106,316,607**	**77,408,944**	**24,512,207**	**52,896,737**	**12,156,718**	**40,740,019**	**35.05%**
35 2757 Jefferson Davis Hwy.	Stafford County	35,274	3,726,877	614,804	3,112,073	1,789,189	1,322,884	404,125	918,760	207,541	711,219	35.58%

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(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
44 18035 Patriot Hwy.	Caroline County	24,595	2,193,723	362,627	1,831,097	1,046,026	785,071	324,585	460,486	122,064	338,422	31.96%
62 1416 Carl D. Silver Pkwy.	City of Fredericksburg	51,709	5,767,644	952,822	4,814,822	2,770,513	2,044,309	589,222	1,455,086	320,103	1,134,983	36.20%
64 43 Town and Country Dr.	Stafford County	38,318	3,522,261	581,501	2,940,759	1,693,353	1,247,406	390,348	857,058	195,499	661,559	35.29%
74 10857 & 10859 Tidewater Trl.	Spotsylvania County	20,064	1,999,997	332,581	1,667,416	959,939	707,476	317,408	390,068	111,278	278,790	30.57%
95 10007 Patriot Hwy.	Spotsylvania County	52,709	5,292,730	875,122	4,417,608	2,550,000	1,867,608	568,605	1,299,003	294,321	1,004,681	35.52%
103 6348 Patriot Hwy.	Spotsylvania County	21,462	1,900,303	314,307	1,585,995	908,615	677,381	306,305	371,075	105,731	265,344	30.50%
121 507 William St.	City of Fredericksburg	35,895	3,812,516	627,374	3,185,142	1,828,819	1,356,323	294,585	1,061,738	213,218	848,520	38.71%
183 9 Village Center Dr.	Stafford County	38,973	3,795,100	626,815	3,168,285	1,820,999	1,347,285	490,871	856,414	210,341	646,073	33.54%
200 356 Garrisonville Rd.	Stafford County	40,973	4,388,994	724,523	3,664,471	2,112,050	1,552,421	563,750	988,671	243,867	744,804	33.48%
209 10724 Patriot Hwy.	Spotsylvania County	45,163	4,215,721	698,651	3,517,070	2,024,211	1,492,859	449,021	1,043,838	234,557	809,281	35.77%
221 16424 Consumer Row	King George County	24,246	2,330,648	384,552	1,946,095	1,111,958	834,138	338,600	495,538	129,592	365,946	32.20%
239 320 W Broaddus Ave.	Caroline County	12,518	1,070,061	177,085	892,976	509,056	383,920	276,352	107,568	59,540	48,028	21.04%
245 1249 Jemancipation Hwy.	City of Fredericksburg	25,658	2,426,790	402,773	2,024,017	1,171,770	852,248	376,882	475,366	134,863	340,502	30.63%
313 4185 Plank Rd.	Spotsylvania County	62,060	5,900,727	975,166	4,925,561	2,839,814	2,085,747	572,097	1,513,650	328,044	1,185,606	36.62%
412 50 N Stafford Complex	Stafford County	26,377	2,661,514	439,131	2,222,383	1,282,862	939,521	406,529	532,992	147,517	385,475	30.98%
Fredericksburg		**555,996**	**55,005,606**	**9,089,835**	**45,915,771**	**26,419,174**	**19,496,597**	**6,669,286**	**12,827,311**	**3,058,077**	**9,769,234**	**34.29%**
130 700 McKinney Blvd.	Westmoreland County	24,024	1,925,499	318,253	1,607,246	914,845	692,401	286,323	406,078	107,155	298,923	32.05%
149 4699 Richmond Rd.	Richmond County	18,672	1,619,204	266,909	1,352,295	773,570	578,726	290,374	288,352	90,077	198,275	28.73%
192 101 South Main St,	Lancaster County	49,496	4,247,238	700,008	3,547,230	2,043,190	1,504,040	353,972	1,150,068	236,132	913,936	38.00%
220 15765 Kings Hwy.	Westmoreland County	9,631	850,658	140,209	710,449	403,034	307,415	245,795	61,620	47,353	14,266	18.16%
238 142 Northumberland Hwy.	Northumberland County	18,665	1,391,871	228,818	1,163,053	664,663	498,389	261,088	237,301	77,238	160,063	27.94%
Northern Neck		**120,488**	**10,034,471**	**1,654,198**	**8,380,273**	**4,799,302**	**3,580,971**	**1,437,553**	**2,143,418**	**557,955**	**1,585,463**	**32.29%**
32 16314 General Puller Hwy.	Middlesex County	18,185	1,461,200	239,770	1,221,430	699,849	521,581	243,518	278,063	80,784	197,279	29.91%
155 2334 York Crossing Dr.	Gloucester County	33,618	2,825,944	466,541	2,359,403	1,352,301	1,007,102	345,717	661,385	156,625	504,760	34.37%
175 416 14th St.	King William County	24,944	2,120,403	349,472	1,770,931	1,014,051	756,880	302,249	454,631	117,777	336,854	32.37%
179 231 Virginia St.	Middlesex County	14,761	1,217,203	200,233	1,016,970	582,579	434,391	243,080	191,310	67,662	123,648	26.61%
198 1628 Tappahannock Blvd.	Essex County	25,347	2,129,986	354,337	1,775,649	1,026,539	749,110	345,456	403,655	118,417	285,238	30.03%
233 6736 Main St.	Gloucester County	39,075	3,249,319	537,392	2,711,927	1,559,937	1,151,990	327,287	824,703	180,463	644,240	36.37%
257 4917 Richmond Tappahannock Hwy.	King William County	24,346	2,055,444	339,878	1,715,566	983,608	731,958	337,330	394,629	114,262	280,366	30.18%
333 10972 Buckley Hall	Mathews County	18,800	1,495,935	245,943	1,249,992	719,190	530,802	256,704	274,098	82,706	191,392	29.23%
West Point/Mathews		**199,077**	**16,555,434**	**2,733,566**	**13,821,868**	**7,938,055**	**5,883,813**	**2,401,340**	**3,482,473**	**918,696**	**2,563,777**	**32.00%**
60 Unit 4330 Westgate Dr.	Dinwiddie County	51,959	4,962,957	824,510	4,138,447	2,377,940	1,760,507	431,361	1,329,146	277,527	1,051,619	37.80%
114 4575 Whitehill Blvd.	Prince George County	43,820	4,471,158	742,071	3,729,087	2,150,432	1,578,655	434,857	1,143,798	249,252	894,546	36.60%
118 18 Washington St., W	City of Petersburg	22,994	2,395,992	398,419	1,997,574	1,131,997	865,577	368,678	496,899	134,364	362,535	31.76%
144 222 E. Cloverleaf Dr.	City of Emporia	36,105	3,484,649	582,285	2,902,365	1,678,183	1,224,182	430,916	793,265	194,246	599,019	33.90%
151 210 North Main St.	City of Hopewell	28,545	2,607,351	432,169	2,175,182	1,241,041	934,141	331,135	603,006	145,648	457,358	34.12%
232 3107 Blvd.	City of Colonial Heights	45,221	4,135,179	684,642	3,450,537	1,983,116	1,467,421	434,988	1,032,433	229,644	802,789	35.97%
240 201 South Country Dr.	Sussex County	15,128	1,348,956	223,018	1,125,938	643,511	482,427	265,997	216,430	75,100	141,330	27.01%
255 3330 South Crater Rd.	City of Petersburg	50,289	4,903,751	815,621	4,088,130	2,359,235	1,728,894	449,071	1,279,823	273,515	1,006,309	37.15%
310 5232 Oaklawn Blvd.	Prince George County	39,234	3,846,420	637,635	3,208,785	1,840,051	1,368,734	376,782	991,953	214,451	777,502	36.79%
Petersburg/Hopewell		**333,296**	**32,156,413**	**5,340,370**	**26,816,044**	**15,405,506**	**11,410,538**	**3,523,786**	**7,886,753**	**1,793,748**	**6,093,005**	**35.56%**
43 236 Carmichael Way	City of Chesapeake	46,128	4,231,819	697,308	3,534,511	2,038,291	1,496,219	409,901	1,086,318	234,178	852,140	36.61%
53 11409 Windsor Blvd.	Isle of Wight County	19,249	1,600,094	265,080	1,335,014	766,511	568,504	287,940	280,564	89,100	191,464	28.53%
69 648 Grassfield Pkwy.	City of Chesapeake	46,030	4,312,014	711,066	3,600,948	2,086,697	1,514,251	423,146	1,091,105	239,161	851,945	36.25%
71 143 B Granby St,	City of Norfolk	10,670	1,193,332	195,908	997,424	574,928	422,496	278,973	143,523	66,626	76,897	22.86%
79 1434 Sam's Dr.	City of Chesapeake	58,283	5,633,164	932,326	4,700,838	2,717,631	1,983,207	611,613	1,371,594	313,875	1,057,718	35.33%
98 3312 Princess Anne Rd.	City of Virginia Beach	46,020	4,416,858	727,972	3,688,887	2,130,636	1,558,250	487,952	1,070,298	244,631	825,667	35.18%
105 869 Lynnhaven Pkwy.	City of Virginia Beach	46,949	4,562,652	754,558	3,808,095	2,189,943	1,618,152	560,592	1,057,560	254,469	803,091	34.14%

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
106 2973 Shore Dr.	City of Virginia Beach	50,067	4,436,958	733,482	3,703,476	2,148,585	1,554,892	447,883	1,107,009	247,244	859,765	35.91%
107 141 W Virginia Beach Blvd.	City of Norfolk	78,767	8,290,446	1,374,084	6,916,362	4,024,895	2,891,468	827,853	2,063,615	463,978	1,599,637	35.87%
110 1137 London Blvd.	City of Portsmouth	38,197	3,999,475	665,611	3,333,864	1,997,634	1,336,230	446,326	889,904	223,766	666,138	33.30%
128 159 West Ocean View Ave.	City of Norfolk	49,311	4,304,091	711,487	3,592,604	2,053,680	1,538,924	457,889	1,081,035	240,417	840,618	36.06%
129 1615 General Booth Blvd.	City of Virginia Beach	62,846	5,527,517	914,102	4,613,415	2,658,203	1,955,212	504,546	1,450,666	307,925	1,142,740	37.21%
134 2301 #M Colley Ave.	City of Norfolk	78,682	7,683,009	1,274,082	6,408,927	3,739,337	2,669,590	652,086	2,017,504	428,740	1,588,764	37.26%
165 550 East Liberty St.	City of Chesapeake	40,224	4,121,836	684,386	3,437,449	1,991,952	1,445,497	379,847	1,065,650	230,527	835,123	36.86%
188 4334 Holland Rd.	City of Virginia Beach	32,256	3,017,176	501,490	2,515,687	1,466,661	1,049,026	449,908	599,118	163,247	435,872	31.07%
211 5911 Harbour View Blvd.	City of Suffolk	41,243	4,492,810	742,651	3,750,159	2,161,358	1,588,801	472,453	1,116,348	250,127	866,221	35.81%
216 1100-102 Armory Dr.	City of Franklin	36,692	3,180,361	527,145	2,653,216	1,514,181	1,139,035	328,171	810,863	177,090	633,773	36.50%
225 408 Laskin Rd.	City of Virginia Beach	94,302	8,969,965	1,481,987	7,487,979	4,307,153	3,180,825	957,296	2,223,529	499,319	1,724,210	35.74%
226 7862 Tidewater Dr.	City of Norfolk	65,703	6,405,774	1,061,402	5,344,372	3,072,030	2,272,342	663,610	1,608,732	356,729	1,252,002	36.11%
237 2012 A Victory Blvd.	City of Portsmouth	56,403	6,432,757	1,063,302	5,369,455	3,088,488	2,280,968	490,492	1,790,476	363,296	1,427,180	38.72%
246 5020 Ferrell Pkwy.	City of Virginia Beach	33,572	3,276,598	543,111	2,733,487	1,572,815	1,160,672	448,154	712,518	182,915	529,603	32.74%
249 2350 E Little Creek Rd.	City of Norfolk	46,025	4,107,139	679,696	3,427,444	1,986,040	1,441,404	433,275	1,008,129	229,083	779,046	35.52%
256 1612 Laskin Rd.	City of Virginia Beach	113,346	11,989,922	1,992,813	9,997,109	5,812,324	4,184,784	940,615	3,244,170	667,390	2,576,779	38.11%
263 5900 Virginia Beach Blvd.	City of Norfolk	40,279	4,137,963	686,998	3,450,965	2,001,331	1,449,634	491,918	957,717	225,623	732,094	34.29%
278 3333 Virginia Beach Blvd.	City of Virginia Beach	97,326	8,962,434	1,483,815	7,478,619	4,315,034	3,163,585	741,704	2,421,881	500,599	1,921,282	37.99%
280 1103 S Military Hwy.	City of Chesapeake	92,432	8,823,977	1,463,614	7,360,364	4,285,888	3,074,475	625,005	2,449,470	495,048	1,954,422	38.74%
288 5909 High St. W	City of Portsmouth	49,290	4,811,019	797,805	4,013,214	2,327,621	1,685,593	465,169	1,220,424	268,113	952,311	36.38%
298 821 W Constance Rd.	City of Suffolk	35,081	3,232,175	536,771	2,695,404	1,537,400	1,158,004	369,073	788,932	180,661	608,270	35.43%
299 1917-19 S Church St.	Isle of Wight County	41,838	3,739,096	620,171	3,118,925	1,796,095	1,322,830	394,553	928,277	207,772	720,506	35.86%
306 2085 Lynnhaven Pkwy.	City of Virginia Beach	62,070	5,926,338	979,955	4,946,383	2,841,184	2,105,199	615,384	1,489,815	330,693	1,159,122	36.09%
307 957 & 959 Providence Squ.	City of Virginia Beach	54,639	4,898,027	809,570	4,088,457	2,358,367	1,730,090	473,011	1,257,079	273,259	983,820	36.61%
311 4020 Victory Blvd.	City of Portsmouth	59,707	5,935,026	984,964	4,950,061	2,866,775	2,083,287	580,615	1,502,672	331,960	1,170,712	36.32%
312 2815-G Godwin Blvd.	City of Suffolk	32,974	3,232,055	534,490	2,697,566	1,547,050	1,150,515	372,722	777,794	180,044	597,750	35.03%
325 22718 Main Street	Southampton County	11,968	985,421	163,096	822,325	470,584	351,741	253,821	97,920	55,007	42,913	20.91%
328 836 Eden Way N.	City of Chesapeake	42,533	4,409,429	730,104	3,679,325	2,128,946	1,550,379	412,306	1,138,074	245,318	892,756	36.80%
336 1067 Independence Blvd.	City of Virginia Beach	66,477	6,104,694	1,009,795	5,094,899	2,932,355	2,162,544	680,535	1,482,009	340,506	1,141,504	35.24%
349 237 South Battlefield Blvd.	City of Chesapeake	32,888	3,011,199	498,848	2,512,351	1,461,010	1,051,341	462,292	589,049	169,063	419,986	30.51%
355 4300 Portsmouth Blvd.	City of Chesapeake	52,664	5,047,523	834,998	4,212,525	2,450,973	1,761,552	474,066	1,287,487	280,598	1,006,889	36.49%
361 3014 Turnpike Rd.	City of Portsmouth	39,874	3,906,637	658,515	3,248,122	1,985,338	1,262,784	509,532	753,252	218,719	534,534	30.54%
370 2181 Upton Dr.	City of Virginia Beach	54,198	4,895,197	807,325	4,087,872	2,359,335	1,728,537	539,507	1,189,030	269,755	919,275	35.27%
377 3575 Bridge R.	City of Suffolk	37,587	3,717,223	614,312	3,102,911	1,800,146	1,302,766	405,338	897,427	206,504	690,923	35.11%
379 5832 Northampton Blvd.	City of Virginia Beach	56,190	5,922,637	981,556	4,941,081	2,847,992	2,093,089	580,492	1,512,597	332,147	1,180,450	36.50%
391 13478 Carrollton Blvd.	Isle of Wight County	25,990	2,479,940	409,760	2,070,180	1,192,025	878,155	335,011	543,144	137,928	405,216	32.86%
394 535 N Birdneck Rd.	City of Virginia Beach	28,663	2,677,147	442,464	2,234,683	1,282,412	952,271	399,832	552,439	149,044	403,395	31.60%
409 7550 Granby St.	City of Norfolk	40,897	4,036,592	668,174	3,368,417	1,974,305	1,394,112	429,900	964,212	225,144	739,068	34.86%
413 1407 N Main St.	City of Suffolk	29,047	2,770,396	459,400	2,310,996	1,322,784	988,212	383,303	604,910	153,984	450,925	32.86%
415 1340 N Great Neck Rd.	City of Virginia Beach	38,169	3,544,171	586,262	2,957,909	1,713,376	1,244,534	399,878	844,656	196,664	647,992	34.82%
423 1595 International Blvd.	City of Norfolk	48,174	4,719,591	781,893	3,937,698	2,297,553	1,640,145	467,974	1,172,171	264,812	907,359	35.79%
428 4807 Shore Dr.	City of Virginia Beach	33,662	3,014,115	495,982	2,518,133	1,460,441	1,057,692	444,496	613,195	167,050	446,145	31.26%
429 164 Central Park Ave.	City of Virginia Beach	36,659	4,044,984	666,993	3,377,991	1,962,079	1,415,913	486,601	929,312	226,219	703,093	33.87%
437 1400 Kempsville Rd.	City of Chesapeake	38,628	3,756,636	621,236	3,135,400	1,820,731	1,314,669	399,428	915,241	209,094	706,147	35.33%
444 315B Virginia Beach Blvd.	City of Virginia Beach	25,241	2,367,960	389,517	1,978,443	1,131,244	847,200	515,902	331,298	131,549	199,749	24.88%
Norfolk/Virginia Beach		**2,496,112**	**241,295,371**	**39,953,428**	**201,341,942**	**116,570,343**	**84,771,599**	**25,669,890**	**59,101,710**	**13,446,710**	**45,655,000**	**35.48%**
48 6497 Centerville Rd.	York County	66,697	6,063,687	999,466	5,064,221	2,915,630	2,148,591	639,780	1,508,810	337,279	1,171,531	35.80%
92 39 W Mercury Blvd.	City of Hampton	33,925	3,298,320	546,951	2,751,369	1,589,083	1,162,286	383,417	778,868	184,113	594,756	34.61%
112 61 N Mallory St.	City of Hampton	39,795	4,207,778	696,796	3,510,982	2,027,745	1,483,237	393,857	1,089,380	235,333	854,046	36.86%
148 4640-6 Monticello Ave.	James City County	66,862	6,594,305	1,085,436	5,508,869	3,184,997	2,323,873	753,854	1,570,018	365,334	1,204,685	34.73%
158 3099 Jefferson Ave.	City of Newport News	35,175	3,667,161	609,420	3,057,741	1,763,469	1,294,272	467,008	827,263	205,548	621,715	33.57%

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(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

Analysis of Store Performance—Fiscal Year 2023

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
217 619 Pilot House Dr.	City of Newport News	61,242	6,355,403	1,054,356	5,301,047	3,086,248	2,214,800	580,506	1,634,294	354,935	1,279,359	36.72%
222 5005 Victory Blvd.	York County	38,853	4,040,335	669,613	3,370,722	1,952,508	1,418,214	441,124	977,090	224,724	752,367	35.19%
244 4909 W Mercury Blvd.	City of Hampton	68,354	7,267,044	1,207,407	6,059,637	3,497,266	2,562,370	565,036	1,997,334	407,225	1,590,109	38.50%
250 2078 Nickerson Blvd.	City of Hampton	36,256	3,346,839	554,861	2,791,979	1,601,768	1,190,211	408,733	781,478	186,521	594,957	34.36%
258 3831 Kecoughtan Rd.	City of Hampton	40,559	4,084,934	678,641	3,406,293	2,003,034	1,403,259	435,339	967,920	228,516	739,404	34.71%
265 19 Towne Center Way	City of Hampton	30,650	3,100,001	513,543	2,586,457	1,490,153	1,096,304	405,700	690,604	172,923	517,682	33.27%
272 55 Hidenwood Shp. Cntr.	City of Newport News	33,290	3,011,983	498,612	2,513,371	1,448,752	1,064,618	375,314	689,304	167,736	521,568	33.87%
282 1118-A West Mercury Blvd.	City of Hampton	86,005	9,589,799	1,589,066	8,000,733	4,626,905	3,373,828	814,408	2,559,419	535,832	2,023,587	37.67%
290 5226 George Washington Hwy.	York County	32,060	2,838,678	468,094	2,370,584	1,364,080	1,006,504	386,778	619,725	157,466	462,260	32.77%
320 1244 Richmond Rd.	City of Williamsburg	53,873	5,467,205	901,981	4,565,224	2,631,940	1,933,284	565,741	1,367,543	303,477	1,064,066	35.96%
335 801-F Merrimac Trl.	York County	36,020	3,445,813	570,563	2,875,250	1,652,537	1,222,713	410,841	811,873	191,662	620,211	34.56%
340 309-A Oyster Point Rd.	City of Newport News	35,984	3,601,368	597,111	3,004,257	1,737,130	1,267,127	450,635	816,492	200,179	616,314	33.69%
341 621 Stoney Creek Ln.	City of Newport News	50,556	5,136,676	852,908	4,283,768	2,485,494	1,798,274	622,448	1,175,826	286,646	889,181	33.91%
342 10872 Warwick Blvd.	City of Newport News	27,597	2,613,970	433,275	2,180,695	1,253,435	927,260	354,076	573,185	146,169	427,015	32.91%
381 1480-3C Quarterpath Rd.	City of Williamsburg	12,171	1,222,100	202,675	1,019,425	593,293	426,132	307,304	118,828	67,031	51,798	20.82%
382 475 Wythe Creek Rd.	City of Poquoson	28,676	2,592,444	427,585	2,164,859	1,244,288	920,571	328,215	592,356	143,851	448,505	33.79%
417 201 Tradesman Way	York County	28,949	2,549,472	421,853	2,127,619	1,220,950	906,669	368,009	538,660	142,151	396,509	32.10%
420 980 J Clyde Morris Blvd.	City of Newport News	24,880	2,463,349	410,546	2,052,804	1,189,210	863,594	327,076	536,518	137,464	399,055	32.87%
422 14272 Warwick Blvd.	City of Newport News	51,635	5,221,339	867,032	4,354,306	2,522,649	1,831,657	491,513	1,340,144	291,152	1,048,992	36.70%
Newport News/Hampton		**1,020,065**	**101,780,001**	**16,857,791**	**84,922,211**	**49,082,564**	**35,839,647**	**11,276,712**	**24,562,935**	**5,673,265**	**18,889,670**	**35.12%**
156 22489 Lankford Hwy.	Northampton County	25,388	2,236,506	368,067	1,868,438	1,066,636	801,802	302,457	499,346	124,282	375,064	33.23%
162 7017 & 7019 Lankford Hwy.	Accomack County	17,197	1,471,866	243,611	1,228,254	701,395	526,859	284,079	242,781	82,146	160,635	27.46%
177 4371 Pension St.	Accomack County	18,114	1,402,687	229,095	1,173,592	674,599	498,993	230,703	268,290	77,719	190,571	29.92%
223 4090-B Lankford Hwy.	Northampton County	16,554	1,261,090	208,490	1,052,599	602,623	449,976	274,433	175,544	70,246	105,298	24.88%
344 25234 Lankford Hwy.	Accomack County	30,918	2,537,652	419,590	2,118,062	1,212,945	905,117	324,879	580,238	141,478	438,760	33.82%
Eastern Shore		**108,171**	**8,909,800**	**1,468,854**	**7,440,946**	**4,258,199**	**3,182,748**	**1,416,550**	**1,766,198**	**495,871**	**1,270,328**	**30.74%**
Statewide Totals		**14,321,319**	**1,420,253,794**	**234,917,405**	**1,185,336,389**	**684,126,969**	**501,209,420**	**178,176,084**	**323,033,336**	**78,839,187**	**244,194,149**	**33.73%**

(1) Includes state taxes, but does not include 5% sales tax.
(2) State taxes on distilled spirits (20%) and wine (4%) sold in ABC stores.
(3) Store expenses include miscellaneous revenue and net cash overages.
(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

Analysis of Distillery Store Performance — Fiscal Year 2023

	ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adjusted Net Profit	Rate of Return to Virginia (3)
	Statewide Distillery Totals	**$13,562,173**	**$2,243,893**	**$11,318,280**	**$6,421,127**	**$4,897,152**	**$2,726,847**	**$96,184**	**$1,100,298**	**$973,823**	**23.73%**
10	Three Brothers' Distillery, Inc.	369	61	308	175	132	74	4	34	20	22.15%
12	Belle Isle Craft Spirits, Inc.	614,403	87,855	526,548	307,727	218,821	128,320	13,766	61,914	14,821	16.71%
13	Vitae Spirits Distillery, LLC	17,904	2,985	14,920	9,043	5,877	3,581	16	1,570	710	20.64%
14	Dark Hollow Hooch LLC (dba Five Mile Mountain Distillery)	66,848	11,116	55,733	31,877	23,856	13,336	274	7,066	3,180	21.39%
15	Copper Fox Distillery Enterprises, L.L.C. [- Williamsburg]	479,670	79,897	399,772	232,847	166,926	95,858	2,760	48,634	19,674	20.76%
16	The Virginia Distillery Company, LLC	329,691	55,025	274,666	167,829	106,838	66,017	1,446	32,686	6,690	18.72%
17	James River Distillery, LLC	2,060	343	1,717	978	739	412	2	181	144	23.64%
18	Chesapeake Bay Distillery LLC	512,120	85,261	426,859	268,923	157,936	102,292	5,094	44,039	6,511	17.92%
19	Williamsburg Distillery, Inc.	121,622	20,319	101,302	55,717	45,586	24,378	732	12,378	8,097	23.36%
20	Karlson & O'Mara Distilleries LLC	420,502	69,938	350,564	211,438	139,126	83,909	1,402	40,964	12,850	19.69%
21	Old House Vineyards, LLC	193,961	32,327	161,634	94,457	67,178	38,785	718	19,560	8,115	20.85%
22	Reservoir Distillery, LLC	323,050	53,823	269,228	157,872	111,356	64,574	1,312	32,471	12,998	20.68%
23	Murlarkey Distilled Spirits, LLC	533,368	88,489	444,879	263,925	180,954	106,657	3,854	54,328	16,115	19.61%
24	Mount Defiance Cider & Distillery, LLC	171,006	28,507	142,499	83,241	59,258	34,201	1,256	16,728	7,073	20.81%
25	River Hill Wine and Spirits, LLC	77,439	12,909	64,530	35,487	29,043	15,488	598	8,011	4,946	23.06%
28	Silverback Spirits LLC	653,514	108,941	544,574	304,972	239,602	130,703	3,912	68,245	36,743	22.29%
29	Davis Valley Winery and Vineyard, Inc.	60,439	10,075	50,364	28,533	21,830	12,088	186	6,028	3,528	22.51%
30	Copper Fox Distillery Enterprises, L.L.C. [- Sperryville]	401,076	66,859	334,216	193,779	140,437	80,215	2,216	41,009	16,997	20.91%
31	The Mount Vernon Ladies' Association of the Union	852,489	142,110	710,379	407,570	302,809	170,498	6,348	83,323	42,639	21.67%
34	Belmont Farms of Virginia, Inc.	234,569	39,101	195,468	114,283	81,185	46,912	1,644	23,128	9,501	20.72%
65	Catoctin Creek Distilling Company, LLC	541,121	90,179	450,942	261,391	189,551	108,193	3,042	56,374	21,942	20.72%
91	Sazerac Distillers, LLC (dba A. Smith Bowman Distillery)	1,101,576	183,537	918,039	537,080	380,959	220,200	9,452	116,555	34,752	19.82%
430	Springfield Distillery, LLC	168,089	23,773	144,316	83,145	61,171	33,537	1,150	18,269	8,215	19.03%
431	Bondurant Brothers Distillery, LLC	5,275	879	4,395	2,486	1,909	1,055	24	608	223	20.89%
432	Parched Group, LLC	443,972	73,997	369,975	218,119	151,856	88,779	3,082	45,529	14,467	19.93%
433	Ragged Mountain Farm, LLC	552,837	92,158	460,679	273,834	186,845	110,567	3,380	56,256	16,641	19.68%
434	Filibuster Barrels, LLC	131,820	21,924	109,896	63,616	46,279	26,304	836	13,625	5,514	20.82%
435	AASS Distillery, LLC (dba Spirit Lab Distilling)	6,279	1,047	5,232	2,903	2,329	1,256	6	626	442	23.70%
450	Falls Church Distillers LLC	-	-	-	-	-	-	-	-	-	#DIV/0!
451	Ironclad Distillery, Inc.	650,441	108,388	542,053	307,283	234,770	130,039	2,972	68,261	33,499	21.81%
452	Twin Creeks Distillery, Inc.	59,282	9,882	49,399	28,360	21,039	11,856	336	6,009	2,838	21.46%
453	Blue Sky Distillery, LLC	41,767	6,422	35,344	22,221	13,123	8,366	244	3,950	564	16.73%
454	Glenway Farms, Inc. (dba Dida's Distillery)	89,648	14,944	74,704	44,164	30,540	17,930	306	8,672	3,633	20.72%
455	Buffalo Brands Inc. (dba Sleepy Fox Distillery)	14,095	2,350	11,745	6,634	5,111	2,819	82	1,365	845	22.66%
456	Franklin County Distilleries, L.L.C.	46,355	7,727	38,628	21,992	16,636	9,271	198	4,684	2,483	22.03%
460	Cavalier Ventures, LLC (dba Tarnished Truth)	1,091,652	176,733	914,919	535,880	379,038	218,668	9,034	113,622	37,714	19.64%
461	Mountain View Brewery, LLC (dba Devils Backbone Distilling Co.)	164,652	25,553	139,099	77,950	61,149	33,152	1,462	18,379	8,155	20.47%
462	Bombolini L.L.C. (dba Trial & Error Distillery)(Lolita Kreckman)	95,025	15,838	79,188	44,031	35,156	19,001	552	9,875	5,728	22.69%
463	The Vanguard Brewpub & Distillery LLC (dba Caiseal Beer and Spirits Company)	182,423	30,404	152,019	88,454	63,565	36,478	856	19,204	7,028	20.52%
464	Dry Fork Fruit Distillery, LLC	3,607	601	3,005	1,692	1,313	721	6	330	256	23.78%
465	Virago Spirits, LLC	239,970	39,943	200,027	115,529	84,498	47,922	2,176	25,099	9,301	20.52%
466	Cape Charles Distillery LLC	207,330	34,562	172,768	101,133	71,635	41,466	728	20,315	9,126	21.07%
467	Three Crosses Distilling Company, LLC (formerly Antebellum Spirit Company, LLC)	375,881	62,590	313,290	182,801	130,489	75,093	1,736	39,267	14,393	20.48%
468	Greenspur, Inc.	43,555	7,260	36,294	20,400	15,894	8,711	188	3,771	3,224	24.07%
469	Hill Top Distillery, LLC	164,887	27,288	137,600	78,934	58,666	32,738	560	17,372	7,995	21.40%
470	Buffalo Brands Inc. (dba Sleepy Fox)-Glasgow	36,935	6,157	30,778	17,257	13,521	7,387	240	3,805	2,088	22.32%
471	R.D. Wilhelm, LLC (dba Reverend Spirits)	125,565	20,935	104,630	60,654	43,976	25,117	660	13,066	5,134	20.76%

(1) Includes state taxes, but does not include 5% sales tax. (2) State taxes on distilled spirits sold in ABC stores (20%). (3) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales; Net Sales=Gross Sales - Spirits Taxes; Gross Profit = Net Sales–COGS; Adjusted Net Profit = Gross Profit–Commission–Case Handling Fee–Allocation of General & Administrative Expenses

(continued)

Analysis of Distillery Store Performance — Fiscal Year 2023

ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adujsted Net Profit	Rate of Return to Virginia (3)
474 Vitae Spirits Distillery, LLC (East Water St.)	107,308	17,888	89,420	53,115	36,306	21,462	236	10,695	3,913	20.32%
475 Old Virginia Hand Hewn Log Homes, Inc. (dba Axe Handle Distilling)	114,658	19,114	95,545	54,644	40,900	22,932	534	11,885	5,550	21.51%
476 Flying Ace Distillery, LLC	324,814	54,146	270,667	158,441	112,226	64,963	1,086	33,710	12,467	20.51%
477 7 Hollows Farm, LLC (dba Orkney Springs Distillery)]	47,547	7,878	39,670	23,066	16,604	9,451	172	4,759	2,221	21.24%
478 Smith River Spirits, LLC	22,714	3,786	18,927	11,006	7,922	4,543	92	2,207	1,079	21.42%
479 J.H. BARDS Spirit Co., LLC	214,491	35,703	178,788	100,263	78,525	42,835	852	22,242	12,597	22.52%
480 Vincent's Vineyard, Inc. (dba Big Cedar Creek Distillers)	3,359	560	2,799	1,560	1,239	672	16	307	245	23.96%
481 Highlands Distilling Company, LLC	50,191	8,572	41,619	25,114	16,505	10,284	150	5,141	930	18.93%
482 Roosters Rise -n- Shine Distillery, LLC	51,927	8,684	43,242	24,399	18,843	10,419	158	5,336	2,931	22.37%
483 Deep Creek Distilling Company LLC	31,891	5,294	26,597	15,189	11,409	6,351	138	3,416	1,503	21.31%
484 Dogged State Distilling Company	16,010	2,669	13,341	7,544	5,797	3,202	142	1,705	748	21.34%
485 Bold Rock Partners LP (dba Bold Rock Cidery & Brewpub)	229,210	38,209	191,001	104,309	86,692	45,842	2,656	23,787	14,407	22.96%
486 Appalachian Heritage Distillery LLC	252,699	42,121	210,578	124,944	85,634	50,535	886	24,976	9,237	20.32%
488 Brady Distilling LLC	238,921	39,828	199,093	114,244	84,849	47,784	2,086	24,726	10,253	20.96%
489 Sandy River Distillery, Inc.	72,370	13,473	58,897	37,507	21,390	16,164	288	7,297	(2,358)	15.36%
491 Salty Stash	12,125	2,021	10,104	5,707	4,397	2,425	56	1,279	637	21.93%
492 Virginia Beach Distilling	94,001	15,670	78,331	46,709	31,622	18,800	654	9,302	2,866	19.72%
493 Glenno Distillery, LLC	801	133	667	378	289	160	-	74	55	23.53%
650 Blue Shepherd Spirits	38,144	6,554	31,591	18,031	13,559	7,863	152	4,014	1,531	21.19%
651 Waterman Spirits	268,587	44,720	223,867	124,582	99,285	53,654	2,434	28,931	14,266	21.96%
652 New Realm Distillery	56,481	9,415	47,066	26,183	20,883	11,296	444	6,736	2,407	20.93%
653 Creek Bottom Distillery	9,924	1,654	8,269	4,609	3,661	1,985	70	1,135	471	21.41%
654 Urban Rum	1,899	317	1,582	843	740	380	32	217	111	22.50%
Statewide Distillery Totals	**14,910,209**	**2,459,423**	**12,450,786**	**7,251,003**	**5,199,783**	**2,988,924**	**104,182**	**1,521,058**	**585,619**	**20.42%**

(1) Includes state taxes, but does not include 5% sales tax. (2) State taxes on distilled spirits sold in ABC stores (20%). (3) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales; Net Sales=Gross Sales - Spirits Taxes; Gross Profit = Net Sales–COGS; Adjusted Net Profit = Gross Profit–Commission–Case Handling Fee–Allocation of General & Administrative Expenses

2023 Establishment's by License Category — By Cities

Cities	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Alexandria	11	0	2	2	3	1	8	6	47	1	0	13	24	3	4	55	193	3	376
Bedford	1	0	0	0	0	0	0	1	8	0	0	0	1	0	1	2	5	0	19
Bristol	2	0	0	2	3	0	1	0	29	1	0	2	4	0	0	13	27	0	84
Buena Vista	0	0	0	0	0	0	0	0	6	0	0	1	0	0	0	3	2	0	12
Charlottesville	22	0	3	5	8	0	14	5	33	0	5	4	17	6	2	47	121	6	298
Chesapeake	2	0	7	7	5	0	1	8	122	0	2	17	32	4	4	60	145	1	417
Colonial Heights	1	0	0	0	0	0	0	2	18	0	0	4	5	0	1	8	25	0	64
Covington	0	0	0	0	1	0	0	0	9	0	0	1	1	0	0	3	1	0	16
Danville	4	0	2	2	2	0	2	6	75	0	1	7	7	0	1	16	30	1	156
Emporia	0	0	0	0	0	0	0	0	16	0	0	1	2	0	0	1	3	0	23
Fairfax	0	0	1	2	5	0	2	2	17	0	0	4	10	2	1	26	40	0	112
Falls Church	1	0	0	0	3	0	2	0	8	0	0	1	3	0	0	24	38	0	80
Franklin	0	0	0	0	0	0	0	0	17	0	0	1	1	0	0	3	8	0	30
Fredericksburg	4	1	0	0	5	0	4	1	27	0	0	1	8	1	3	29	73	1	158
Galax	1	0	0	0	1	0	0	0	11	0	1	2	3	1	0	2	6	0	28
Hampton	10	1	2	3	5	0	2	11	100	0	1	10	15	3	2	28	82	1	276
Harrisonburg	6	2	1	3	4	0	2	6	42	0	0	4	10	5	0	31	51	1	168
Hopewell	3	0	0	1	0	0	0	5	29	0	0	3	2	0	0	4	10	1	58
Lexington	1	2	0	0	0	0	5	0	4	0	0	1	4	1	1	8	12	0	39
Lynchburg	4	0	0	5	2	0	4	6	63	0	0	6	13	2	0	37	68	0	210
Manassas	1	0	1	1	4	0	0	4	38	0	2	4	3	0	0	22	39	0	119
Manassas Park	0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	1	5	0	14
Martinsville	2	0	0	0	0	0	1	2	16	0	0	1	2	0	0	4	14	0	42
Newport News	6	0	2	2	2	1	4	8	135	1	1	10	19	1	2	49	116	0	359
Norfolk	12	0	1	1	10	10	9	22	122	0	1	15	30	2	11	60	219	1	526
Norton	1	0	0	0	0	0	0	0	6	1	0	0	1	0	0	2	7	1	19
Petersburg	1	0	1	0	1	0	0	5	55	0	0	2	2	0	0	14	23	1	105
Poquoson	0	0	0	0	0	0	0	1	6	0	0	2	3	0	0	4	9	0	25
Portsmouth	5	0	0	0	3	1	0	7	83	0	0	7	9	0	0	11	52	0	178
Radford	0	0	0	0	1	0	1	0	13	0	0	0	0	0	0	5	9	0	29
Richmond	40	1	16	17	26	0	12	14	233	1	6	12	30	3	12	90	357	9	879
Roanoke	13	1	0	1	9	0	5	8	112	0	1	7	12	2	1	41	106	2	321
Salem	2	0	2	2	2	0	3	4	22	0	0	3	4	2	1	11	17	0	75
Staunton	3	0	0	1	3	0	3	3	22	1	0	4	6	3	0	20	24	2	95
Suffolk	7	1	0	1	1	0	0	4	54	0	0	7	14	0	3	15	55	0	162
Virginia Beach	29	0	7	10	13	6	11	12	208	1	9	38	62	2	17	134	482	5	1,046
Waynesboro	3	0	3	3	0	0	1	2	23	0	1	2	6	1	0	12	21	2	80
Williamsburg	11	5	0	1	3	0	3	0	10	0	1	3	4	5	1	11	57	1	116
Winchester	6	0	2	4	5	0	4	4	22	0	0	5	6	1	0	21	46	1	127
Grand Total	**215**	**14**	**53**	**76**	**130**	**19**	**104**	**159**	**1,869**	**7**	**32**	**205**	**375**	**50**	**68**	**927**	**2,598**	**40**	**6,941**

(1) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.
(2) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.
Source: CORE, July 2023

2023 Establishment's by License Category — By Counties

Counties	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Accomack County	5	3	2	2	1	0	1	3	44	0	0	2	7	1	0	5	31	2	109
Albemarle County	48	3	2	34	10	0	5	5	45	0	4	5	26	4	1	40	55	51	338
Alleghany County	2	0	0	0	2	0	0	4	20	0	0	1	1	0	0	8	5	1	44
Amelia County	0	0	0	0	0	0	0	1	18	0	1	1	0	0	0	2	3	1	27
Amherst County	3	0	0	4	2	0	1	1	29	0	0	2	2	0	0	5	9	3	61
Appomattox County	3	0	0	0	1	0	0	2	18	0	0	1	2	1	0	2	5	1	36
Arlington County	9	0	2	4	2	4	9	6	72	1	0	20	32	4	5	85	271	0	526
Augusta County	5	1	2	10	3	0	2	3	57	0	0	2	6	0	0	16	11	9	127
Bath County	2	1	0	1	1	0	0	0	9	0	0	0	1	2	0	3	6	2	28
Bedford County	12	1	0	4	4	1	1	6	49	0	0	3	5	0	0	17	31	9	143
Bland County	0	0	0	0	0	0	0	0	9	0	0	0	0	0	0	0	0	0	9
Botetourt County	4	0	2	5	1	0	0	1	30	1	1	1	3	0	0	11	11	3	74
Brunswick County	1	0	0	0	0	0	0	0	22	0	0	1	1	0	0	1	2	0	28
Buchanan County	0	0	0	0	0	0	0	0	28	1	0	2	2	0	0	2	1	0	36
Buckingham County	2	0	0	0	0	0	0	0	18	0	0	0	2	0	0	2	1	1	26
Campbell County	2	0	0	2	0	0	0	3	63	0	1	4	5	1	0	7	14	5	107
Caroline County	3	0	0	0	0	0	0	1	37	0	0	1	2	1	0	7	10	1	63
Carroll County	1	0	0	2	0	0	0	1	31	0	0	1	1	2	0	4	6	2	51
Charles City County	1	3	0	1	1	0	0	0	8	0	0	0	0	0	0	1	4	0	19
Charlotte County	1	0	0	0	0	0	0	1	23	0	0	0	0	0	0	3	2	0	30
Chesterfield County	9	1	3	3	6	0	5	8	160	1	2	22	39	4	10	83	203	7	566
Clarke County	7	2	1	4	1	0	0	2	12	1	1	0	1	0	0	10	5	5	52
Craig County	0	0	0	0	0	0	0	0	8	0	0	0	0	1	0	0	1	0	10
Culpeper County	4	0	1	6	7	0	1	3	33	0	3	3	9	1	0	14	24	5	114
Cumberland County	0	0	0	0	0	0	0	0	11	0	1	0	0	0	0	2	2	0	16
Dickenson County	0	0	0	0	0	0	0	0	16	2	0	0	1	0	0	1	0	0	20
Dinwiddie County	2	0	0	0	0	0	0	1	31	0	0	2	2	0	0	2	5	0	45
Essex County	3	0	0	2	0	0	0	1	14	0	0	0	2	1	0	3	10	2	38
Fairfax County	44	0	59	61	19	0	39	26	226	1	3	50	129	21	11	302	749	7	1,747
Fauquier County	26	0	5	28	10	0	3	5	42	1	2	2	13	1	0	27	42	32	239
Floyd County	1	0	0	0	1	0	1	2	12	0	0	0	2	1	0	5	5	3	33
Fluvanna County	2	0	0	3	0	0	0	0	10	0	0	1	4	0	1	4	6	3	34
Franklin County	6	0	1	3	2	0	2	1	47	0	5	3	3	0	0	12	27	3	115
Frederick County	7	2	5	12	1	0	1	5	54	1	0	5	17	4	1	20	34	8	177
Giles County	0	1	0	0	0	0	0	2	26	2	0	2	1	0	0	2	5	1	42
Gloucester County	4	0	0	1	1	0	0	3	28	1	0	3	5	0	1	11	17	1	76
Goochland County	6	1	0	3	5	0	1	4	17	0	1	0	2	0	0	5	14	7	66
Grayson County	0	0	0	0	0	0	0	0	12	0	0	0	1	1	0	3	2	0	19
Greene County	2	0	0	0	1	0	0	2	12	0	0	0	2	1	0	9	6	2	37
Greensville County	0	0	0	0	0	0	0	1	12	0	0	0	0	0	0	0	0	0	13
Halifax County	6	1	0	2	1	0	0	3	46	0	0	2	2	2	0	7	13	3	88
Hanover County	7	0	9	12	2	0	3	4	75	2	1	5	17	3	3	28	68	9	248
Henrico County	18	1	17	18	5	0	15	14	197	2	0	26	49	14	24	101	247	6	754
Henry County	4	0	0	1	2	0	1	4	74	0	1	6	1	1	0	12	8	1	116
Highland County	1	0	0	1	0	0	0	0	5	0	0	0	0	0	0	2	0	1	10
Isle of Wight County	0	0	0	1	2	0	0	4	29	0	1	3	7	1	0	9	14	5	76
James City County	4	0	1	1	4	0	1	3	25	0	2	3	14	1	3	15	59	5	141
King and Queen County	1	0	0	0	1	0	0	0	8	0	0	0	0	0	0	1	1	1	13
King George County	0	0	0	0	1	0	0	0	19	0	0	0	3	1	0	2	7	3	36
King William County	0	0	0	0	0	0	0	0	16	0	0	1	3	0	0	5	8	1	34
Lancaster County	2	0	0	1	1	0	1	4	17	0	0	2	4	0	1	11	22	1	67
Lee County	0	0	0	0	0	0	0	1	28	1	1	1	2	0	0	1	3	0	38
Loudoun County	50	5	12	52	37	18	17	7	118	2	8	15	49	14	8	134	303	73	922
Louisa County	8	0	0	5	5	0	0	2	39	0	0	2	3	1	0	10	18	6	99
Lunenburg County	2	0	0	0	0	0	0	4	16	0	0	0	1	0	0	3	1	0	27
Madison County	5	2	0	6	3	0	1	1	12	0	0	0	2	0	0	2	5	7	46
Mathews County	2	1	0	0	0	0	0	2	9	0	0	0	1	0	0	5	4	0	24
Mecklenburg County	6	1	0	4	1	0	0	9	61	1	1	3	2	2	0	7	13	4	115
Middlesex County	2	0	0	0	0	0	0	1	15	0	0	0	6	0	0	5	12	0	41
Montgomery County	10	0	0	4	7	0	6	0	59	0	0	3	10	5	0	23	68	2	197

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2023 Establishment's by License Category — By Counties

Counties	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Nelson County	14	5	1	8	6	0	1	1	26	0	5	0	1	1	0	6	6	16	97
New Kent County	4	3	0	3	1	0	0	0	22	0	0	2	4	0	0	6	16	4	65
Northampton County	2	2	2	3	3	0	1	1	24	0	1	1	0	1	0	7	20	1	69
Northumberland County	2	0	0	2	1	0	0	3	12	0	0	1	1	0	0	4	8	4	38
Nottoway County	0	0	2	2	0	0	0	3	24	0	1	0	2	0	0	3	9	0	46
Orange County	7	0	0	7	3	0	3	1	24	0	1	2	5	1	0	11	20	13	98
Page County	5	5	0	0	1	0	0	3	27	0	3	1	2	0	0	14	10	4	75
Patrick County	1	0	0	3	0	0	0	1	23	0	0	2	2	0	0	5	5	3	45
Pittsylvania County	2	0	2	4	0	0	1	3	70	0	0	1	2	0	0	7	12	3	107
Powhatan County	0	0	0	0	2	0	0	1	17	0	1	1	1	0	0	8	17	1	49
Prince Edward County	0	0	0	0	1	0	2	2	25	0	1	2	2	1	0	5	15	0	56
Prince George County	2	0	0	0	1	0	0	2	25	0	0	1	1	0	0	3	10	1	46
Prince William County	12	0	12	14	14	0	5	9	159	1	3	16	48	6	9	100	223	11	642
Pulaski County	5	0	1	6	2	0	0	3	34	0	1	5	4	0	0	7	10	4	82
Rappahannock County	11	3	0	7	3	0	0	0	8	0	2	0	2	0	0	2	11	14	63
Richmond County	1	0	2	3	0	0	2	0	11	0	0	1	1	0	0	4	2	0	27
Roanoke County	1	1	4	4	3	0	3	3	53	0	0	3	10	1	2	26	47	1	162
Rockbridge County	3	6	0	4	5	0	4	2	32	0	2	0	2	1	0	6	9	7	83
Rockingham County	7	0	0	4	5	0	2	3	49	0	0	1	8	1	0	18	21	6	125
Russell County	0	0	0	1	0	0	0	2	23	0	1	0	2	0	0	3	3	1	36
Scott County	0	0	0	0	0	0	0	0	37	0	0	1	2	0	0	1	2	0	43
Shenandoah County	8	0	1	9	3	0	0	8	43	0	2	3	6	1	0	23	11	11	129
Smyth County	1	0	0	0	1	0	0	1	33	0	3	2	3	0	0	4	10	2	60
Southampton County	1	0	0	0	0	0	0	2	19	0	0	1	0	0	0	2	2	0	27
Spotsylvania County	6	1	0	6	3	0	2	7	75	0	1	11	17	1	3	29	60	8	230
Stafford County	9	1	1	4	5	0	3	6	55	1	0	5	16	2	1	26	45	3	183
Surry County	1	0	0	1	0	0	0	0	6	0	0	0	0	0	0	1	1	2	12
Sussex County	0	0	0	0	0	0	1	1	26	0	0	0	2	0	0	4	4	0	38
Tazewell County	3	0	0	1	1	0	1	2	53	1	0	2	7	0	0	8	14	1	94
Warren County	5	1	0	5	2	0	0	3	34	0	0	1	5	2	1	16	23	7	105
Washington County	3	1	2	5	4	0	0	2	56	0	1	2	8	2	0	10	27	3	126
Westmoreland County	7	1	0	3	4	0	1	6	21	0	0	2	2	0	0	11	16	4	78
Wise County	4	0	0	1	4	0	0	1	36	0	0	2	4	1	0	5	14	1	73
Wythe County	3	0	0	1	3	0	0	3	45	0	0	2	2	2	0	4	15	0	80
York County	5	0	2	4	4	1	1	3	34	1	1	7	8	3	1	25	40	1	141
Grand Total	**490**	**60**	**156**	**418**	**239**	**24**	**150**	**255**	**3,542**	**25**	**70**	**293**	**689**	**124**	**86**	**1,533**	**3,267**	**442**	**11,863**

(1) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.
(2) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.
Source: CORE, July 2023

VIRGINIA COUNTIES AND CITIES

Counties in ALL CAPS
Cities denoted with a ●

A Message from the Chairman and Chief Executive Officer

It is our pleasure to present the 2023 fiscal year annual report for the Virginia Alcoholic Beverage Control Authority. These facts and figures represent ABC's 25th consecutive record-breaking year for retail sales for a fifth time generating more than $1 billion in alcohol sales. Virginia ABC operations contributed $220.6 million in profits from retail sales. These profits combined with $307.7 million in retail taxes as well as $81.4 million collected in wine and beer taxes resulted in $609.7 million transferred to Virginia's general fund. A major source of revenue for the Commonwealth, ABC has contributed over $13 billion to the general fund since 1934. We stand behind these figures with pride in the accomplishments made possible by the dedicated employees of Virginia ABC.

To the best of our knowledge, these figures accurately represent ABC operations during the fiscal year. Virginia ABC's financial statements are audited annually by the Auditor of Public Accounts as required by the Code of Virginia.

q: CEO Travis Hill and Board Chairman Tim D. Hugo
Photo Credit: Doug Buerlein

Financial Results in Brief, Fiscal Year 2023

SOURCE	FY 23	FY 22	FY 21	FY 20	FY 19	FY 18
ABC profit disbursements (1) (6)	$220,561,526	$243,607,393	$237,299,273	$212,090,014	$196,657,876	$179,190,609
State Taxes (2)	238,693,025	227,552,086	220,077,922	193,674,997	174,144,519	160,909,741
General Sales tax (3)	68,965,409	67,253,281	73,866,526	57,644,636	48,846,783	45,357,513
Wine Liter Tax (4)	41,211,381	42,262,277	41,986,750	39,628,720	38,465,862	37,649,424
Malt beverage tax (5)	40,225,981	42,080,957	43,128,431	42,219,288	41,383,922	41,633,945
Total	**$609,657,322**	**$622,755,995**	**$616,366,250**	**$545,257,655**	**$499,498,962**	**$464,741,232**

(1) Source: "Statement of Revenues, Expenses and Changes in Net Position." Profits are reported in accordance with generally accepted accounting principles. Profits include licensing fees and ABC's portion of the wine liter tax.

(2) Source: "Notes to Financial Statements 4.B. General Fund." State tax on distilled spirits = 20%. State tax on wine sold in ABC stores = 4%.

(3) Source: "Notes to Financial Statements 4.C. Department of Taxation--Sales Tax." General sales tax rate is 6.0% in the localities that make up the Northern Virginia and Hampton Roads regions, and 5.3% statewide.

(4) Source: "Notes to Financial Statements 4.B. General Fund." The non-ABC portion of the wine liter tax = $.40 per liter. $9,141,363 of the wine liter tax is transferred to the Virginia Department of Behavioral Health and Developmental Services.

(5) "Notes to Financial Statements 8. Collections of Malt Beverage Tax."

(6) FY 22 ABC Profit Disbursement included $15M related to sale profit of Hermitage property.

Sales of All Beverages, Fiscal Year 2023

	Gallons*	Liters	Total Gallons (%)	Gross Dollars ($)*	Gross Sales (%)
State Store Sales					
Distilled Spirits	13,838,094	52,382,859	96.9%	$1,414,514,046	96.9%
Virginia Wine	36,985	140,003	0.3%	$2,882,103	0.3%
Vermouth	39,834	150,788	0.3%	$2,502,471	0.3%
Alcohol	4,630	17,526	0.0%	$647,578	0.0%
Non-Alcoholic Mixers	367,430	1,390,873	2.6%	$8,599,942	2.6%
Total	**14,286,973**	**54,082,050**	**100.0%**	**$1,429,146,140**	**100.0%**
Direct Sales from Wholesalers					
Wines ($0.40 Liter) (1)	28,828,657	109,128,287	16.9%	$43,679,035	16.9%
Beer ($7.95 Barrell)	141,942,597	537,310,926	83.1%	$40,225,981	83.1%
Total	**170,771,254**	**646,439,213**	**100.0%**	**$83,905,016**	**100.0%**

*excludes promotional items, non-beverage items, confiscated items, distillery store sales

(1)Gross Liter Tax for Wines after 12 percent allocated to ABC Revenue

Source: Strategy and Analytics

2023 Financial Statements

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Contacting Virginia Alcoholic Beverage Control Authority

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of ABC's finances and to demonstrate ABC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Virginia ABC at 7450 Freight Way Mechanicsville, Virginia 23116 or visit us at www.abc.virginia.gov.

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 12, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

Thomas Kirby, Interim CEO
Virginia Alcoholic Beverage Control Authority

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Virginia Alcoholic Beverage Control Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1, 3, and 5 of the accompanying financial statements, the Authority implemented Governmental Accounting Standards Board Statement No. 96, Subscription Based Information Technology

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continued on next page

Arrangements. Net capital assets and subscription-based information technology arrangement liabilities have been restated in Notes 3 and 5 of the accompanying financial statements, respectively, to reflect the provisions of this standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 44 through 49; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 97 through 98; the Schedule of Employer's Share of Net OPEB Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, and Line of Duty programs on pages 100 through 103; the Schedule of Employer's Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on page 99. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Introduction, Authority Highlights, Division Statistics, Licensed Establishments' Statistics, Fiscal Year Highlights, Financial Statistical Section, Transition to Authority Enactment Clause, and Six-Year Financial Forecast, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 in considering the Authority's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This unaudited Management's Discussion and Analysis (MD&A) of the Alcoholic Beverage Control Authority's financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2023. The MD&A is required supplemental information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an overall view of the Authority's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the Authority's financial condition and results of operation for fiscal year ended June 30, 2023. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying financial statements, including notes and other supplementary information. The Authority's management is responsible for all the information presented, including this discussion and analysis.

The Authority is considered a Blended Component Unit Enterprise Fund by the Commonwealth for financial statement purposes due to our unique nature of operation.

The Authority utilizes a cloud-based financial system as its Enterprise Resource Planning (ERP) system.

FINANCIAL HIGHLIGHTS

The Authority's operating revenues increased 4.9% in fiscal year 2023. This increase in revenue is primarily due to a $46.2 million incremental increase in the number of bottles/units sold and $25.8 million due to premiumization where customers selected higher quality premium brands.

The Authority's Cost of Goods Sold (COGS) for alcohol increased by $32.6 million from 2022 mainly due to the increased sales volume and the addition of 4 new stores. Historically, COGS is about 48.0% of gross sales. In fiscal year 2023, COGS was 48.3% of gross alcohol sales. Cost of Goods Sold trends are available in the Financial Statistical Section.

The Authority's operating expenses increased 7.3% in fiscal year 2023. Personal services cost increased by $22.1 million from fiscal year 2022, a 14.7% increase, primarily due to state mandated salary increase, as well as increased number of employees. Depreciation and amortization has not been a main driver of operating expenses fluctuations for the Authority until last year, with the implementation of new leasing standards. The Authority had a continued overall depreciation and amortization increase of $6.2 million from fiscal year 2022, a 17.8% increase, with the implementation of another new GASB pronouncement, *GASB 96-Accounting for Subscription-based Information Technology Arrangements (GASB 96)* in the fiscal year 2023. $3.2 million of the increase is due to the amortization of right to use intangible assets – subscription assets, stemming from the new accounting treatment over Subscription-based Information Technology Arrangements (SBITA), which was effective July 1, 2023. The GASB pronouncement required subscription arrangements entered into by the Authority to be recognized as SBITA liabilities, with corresponding right to use intangible assets – subscription assets in the Statement of Net Position (SNP). Additionally, $2.0 million of the overall increase, is due to the amortization of right to use intangible assets – building, from continued accounting application of *GASB 87-Accounting for Leases (GASB 87)*, which was effective in the prior year. Continuous charges increased by $4.7 million from fiscal year 2022, a 28.9% increase, primarily due to the service charge from the Commonwealth for the Authority's use of its Human Capital Management payroll system, and increase in computer rental needs.

The Authority's operations earned profits, before recognition of Pension and Other Postemployment Benefits (OPEB) adjustments, was $220.6 million and it has disbursed $220.6 million to the Commonwealth. In addition, the Authority collected state excise tax on sales of $238.7 million. The Authority's operations earned total profits of $226.6 million, after the recognition of $6.0 million of net Pension and OPEB adjustments.

OVERVIEW OF FINANCIAL STATEMENTS

The audited annual report consists of the following financial statements as required by GAAP.

The Statement of Net Position (SNP) provides information about the Authority's assets, liabilities, and deferred flows of resources, and reflects the financial position of the Authority to readers as of June 30, 2023. The data presented aids readers in determining the assets

continued on next page

available to continue operations of the Authority. It also allows readers to determine the liability of the Authority to vendors. Finally, the SNP provides a picture of the Authority's net position and the restrictions for expenditure of the components of net position.

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents operating and non-operating activities that are creating changes in the Authority's total net position for the twelve-month period ended June 30, 2023. The purpose of this statement is to present all revenues received and accrued, all expenses paid and accrued, and all gains and losses from capital assets. Operating revenues are generally received through providing goods and services to all clients of the Authority. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for the operating revenue. Salaries and benefits for staff are the largest type of operating expense. Non-operating revenues are revenues received for which goods and services are not directly provided and the same applies for non-operating expenses.

The Statement of Cash Flows outlines the cash inflows and outflows relating to the operations for the same twelve-month period. This statement presents detailed information about the cash activity of the Authority during the year. Cash flows from operating activities will always differentiate from the operating activity on the SRECNP. This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expense, whereas the Statement of Cash Flows presents cash inflows and outflows without regards to accrual items. The Statement of Cash Flows intends to help readers assess the ability the Authority possesses to generate sufficient cash flows necessary to meet its obligations.

The financial statements also include "notes" that provide additional information that is essential for a full understanding of the data provided in the statements. These statements provide current and noncurrent information about the Authority's financial position.

FINANCIAL ANALYSIS

The Authority ended fiscal year 2023 with a total of $508.9 million in total assets and deferred outflows of resources, a 5.2% increase over the prior fiscal year. $152.3 million of total assets is attributed to current and other assets. Included in the $152.3 million is $103.9 million in inventory of alcohol merchandise for resale, a $3.7 million increase over fiscal year 2022. This increase is primarily attributed to advance buy opportunities during the year and the addition of four new stores. The Authority does not purchase alcohol products in its bailment inventory until it is shipped to one of its stores. The Authority's bailment inventory are alcohol products, still owned by the alcohol distributors. At periodic times throughout the year, the Authority are given opportunities to purchase inventory in the bailment inventory, prior to vendors implementing a price increase, referred to as an Advance Buy.

Net Position	FY 2023	FY 2022	Change ($)	Change (%)
Current and other assets	$ 152,308,483	$ 145,707,524	$ 6,600,959	4.5%
Capital assets, net	313,046,482	304,781,247	8,265,235	2.7%
Other assets - OPEB	4,961,602	4,864,281	97,321	2.0%
Total assets	470,316,567	455,353,052	14,963,515	3.3%
Deferred outflows of resources, Pension	29,490,123	21,781,962	7,708,161	35.4%
Deferred outflows of resources, OPEB	9,044,761	6,730,464	2,314,297	34.4%
Total assets and deferred outflows of resources	508,851,451	483,865,478	24,985,973	5.2%
Current liabilities	186,177,994	187,140,071	(962,077)	-0.5%
Noncurrent liabilities	285,016,314	241,524,978	43,491,336	18.0%
Total liabilities	471,194,308	428,665,049	42,529,259	9.9%
Deferred inflows of resources, Pension	15,532,737	37,230,865	(21,698,128)	-58.3%
Deferred inflows of resources, OPEB	11,221,867	13,134,406	(1,912,539)	-14.6%
Total liabilities and deferred inflows of resources	497,948,912	479,030,320	18,918,592	3.9%
Net position:				
Investment in capital assets	104,627,579	113,822,702	(9,195,123)	-8.1%
Restricted	4,961,602	4,864,281	97,321	2.0%
Unrestricted	(98,686,642)	(113,851,825)	15,165,183	-13.3%
Total net position	**$ 10,902,539**	**$ 4,835,158**	**$ 6,067,381**	**125.5%**

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Total Assets and Deferred Outflows of Resources

Current assets – increased $6.6 million from the 2022 fiscal year, primarily due to a $6.1 million increase in credit card receivables and a $3.7 million increase in inventory, offset by a $1.9 million decrease in cash and cash equivalents and $1.3 million decrease in prepaid expenses. The decrease in cash is due to net cash used for operating activities and the decrease in prepaid expenses is primarily due to the implementation of GASB 96, where IT subscription prepayments are now applied to the SBITA obligations. The Authority's credit card receivables are deposited in the Commonwealth's account within one to two business days. This delay creates a credit card receivable. The increase in receivable balance follows the increase in the sale of alcohol and the calendar timing of the year end cutoff.

Capital assets, net - capital assets saw a $8.3 million increase to $313.0 million in fiscal year 2023 primarily due to $14.4 million increase in net right to use intangible assets – subscription assets. The Authority adopted GASB 96 in fiscal year 2023, that required the Authority to recognize a right to use intangible asset – subscription assets in the SNP.

Deferred outflows of resources - combined deferred outflows of resources for both pension and OPEB increased by $10.0 million in fiscal year 2023 based on actuarially determined adjustments.

Total Liabilities and Deferred Inflows of Resources

Current liabilities - decreased $1.0 million or 0.5% from fiscal year 2022, primarily due to $2.2 million decrease in due to the Commonwealth of Virginia.

Noncurrent liabilities - increased $43.5 million primarily due to $26.9 million of actuarially determined pension liability adjustment and $10.1 million of long-term subscription-based information technology arrangement liabilities from adopting GASB 96 in fiscal year 2023.

Deferred inflows of resources - decreased by $23.6 million primarily due to actuarially determined deferred inflows of resources for pension.

Total Net Position

Investment in capital assets represents the Authority's total investment in depreciable and non-depreciable capital assets, construction-in-progress, and right to use intangible assets reduced by outstanding lease and SBITA liabilities. This decreased by $9.2 million in fiscal year 2023.

The restricted component of net position is the $5.0 million Virginia Retirement System Disability Insurance Program (VSDP OPEB) that can only be used to pay for VSDP OPEB benefits. The unrestricted component of net position increased by $15.2 million from the prior year while total net position increased $6.1 million in fiscal year 2023.

The Authority lacks working capital (current assets in excess of current liabilities) to fund all its business needs at year-end including accelerated payments of taxes and profits before June 30. Given this periodic lack of necessary working capital, the Authority depends on a $80.0 million line of credit with the State Comptroller to meet day-to-day operations. At June 30, 2023, the amount borrowed was $52.5 million. (See Note 4)

REVENUE

The vast majority of the Authority's revenue comes from the sale of alcoholic beverages. This revenue is generated through the 399 state-run stores located throughout the Commonwealth. During fiscal year 2023, gross alcohol sales, including state tax on sales, reached an all-time high of $1,435.7 million, up $66.1 million over fiscal year 2022. The net revenue without state tax on sales of alcohol increased from $1,142 million in fiscal year 2022 to $1,197 million in fiscal year 2023 or a 4.8% increase. Merchandise sales which makes up a significant portion of the Miscellaneous operating revenues increased from $9.2 million to $10.4 million, a 13.6% increase.

Premiumization - During fiscal year 2023, $25.8 million of the increase in store sales was driven by consumers selecting higher quality premium brands.

Incremental units – During fiscal year 2023 $46.2 million of the increase in store sales was driven by an increase in the number of bottles/units sold.

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Operating Revenue	FY 2023	FY 2022	Change ($)	Change (%)
Sales of alcohol (net of excise taxes)	$ 1,196,871,583	$ 1,141,950,801	$ 54,920,782	4.8%
License and permit fees	17,368,012	17,147,748	220,264	1.3%
Wine wholesalers tax	4,559,756	4,517,027	42,729	0.9%
Penalties	1,084,709	253,980	830,729	327.1%
Mixed beverage tax on common carriers	120,398	97,133	23,265	24.0%
Miscellaneous operating revenues	10,418,524	9,169,936	1,248,588	13.6%
Net operating revenues	**$ 1,230,422,982**	**$ 1,173,136,625**	**$ 57,286,357**	4.9%

EXPENSES

In fiscal year 2023, operating expenses (not including cost of sales for alcohol) increased from $270.8 million to $306.4 million, an increase of 13.1%. Approximately 69.4% of the Authority's total operating expenses are for the cost of sales of alcohol sold through the Authority's stores. Personal services (cost of personnel and benefits) accounts for 17.3% of the Authority's total operating expenses. The remaining 13.3% are made up of contractual charges (e.g., credit card fees, computer software development & maintenance), continuous charges (e.g., short-term store rental leases) and other miscellaneous charges. Personal services increased by $22.1 million primarily due to state mandated salary increase during the fiscal year, one-half of the year impact of $15 minimum wage increase and one-half of the year impact of compensation study. Depreciation and amortization increased by $6.2 million from fiscal year 2022, a 17.8% increase. $3.2 million of the increase is due to the amortization of right to use intangible assets – subscription assets, and $2.0 million is due to the amortization of right to use intangible assets – building. Continuous charges increased by $4.7 million over the prior year primarily due to the service charge from the Commonwealth, for the Authority's use of its Human Capital Management payroll system and increased computer rental needs.

Operating Expenses	FY2023	FY 2023 % Expenses	FY 2022	Change ($)	Change (%)
Cost of goods - Alcohol	$ 693,270,047	69.4%	$ 660,689,814	$ 32,580,233	4.9%
Personal services	172,575,236	17.3%	150,455,712	22,119,524	14.7%
Continuous charges	20,947,829	2.1%	16,251,275	4,696,554	28.9%
Contractual charges	58,506,328	5.8%	55,652,151	2,854,177	5.1%
Supplies and materials	5,477,919	0.5%	6,930,860	(1,452,941)	-21.0%
Depreciation & amortization	40,995,658	4.1%	34,809,666	6,185,992	17.8%
Expendable equipment	6,620,372	0.7%	6,321,406	298,966	4.7%
Other	1,268,912	0.1%	397,266	871,646	219.4%
	306,392,254	30.6%	270,818,336	35,573,918	13.1%
Total operating expenses	**$ 999,662,301**	**100.0%**	**$ 931,508,150**	**$ 68,154,151**	**7.3%**

The Authority's operating expenses are driven by sales. In fiscal year 2023, the Authority's operating expenses increased by 7.3% over fiscal year 2022; but as a percentage of sales, the Authority had increases in three main cost drivers. Personal services, continuous charges, and depreciation and amortization saw percentage of sales increase of 1.2%, 0.4% and 0.4%, respectively.

Operating Expenses as a Percentage of Sales	FY 2023	% of Sales	FY 2022	% of Sales	% Change
Sales - Alcohol	$ 1,196,871,583		$ 1,141,950,801		
Cost of goods - Alcohol	693,270,047	57.9%	660,689,814	57.9%	0.0%
Personal services	172,575,236	14.4%	150,455,712	13.2%	1.2%
Continuous charges	20,947,829	1.8%	16,251,275	1.4%	0.4%
Contractual charges	58,506,328	4.9%	55,652,151	4.9%	0.0%
Depreciation and amortization	40,995,658	3.4%	34,809,666	3.0%	0.4%

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PROFITS

Prior to the statutory distribution of quarterly net profits to the General Fund, disbursements required in the Appropriation Act for each fiscal year must be executed promptly and accurately. In fiscal year 2023, approximately $69.4 million was disbursed to other state agencies. The remaining $151.1 million was disbursed to the General Fund in accordance with the *Code of Virginia*.

Revenues, Expenses and Change in Net Position	FY 2023	FY 2022	Change ($)
Net operating revenues	$ 1,230,422,982	$ 1,173,136,625	$ 57,286,357
Total operating expenses	999,662,301	931,508,150	68,154,151
Non-operating revenues / (expenses)	(4,131,774)	11,338,714	(15,470,488)
Net profit before contributions and disbursements	226,628,907	252,967,189	(26,338,282)
Capital asset contribution	-	3,712,542	(3,712,542)
Disbursements of profit to the General Fund of the Commonwealth	(151,133,416)	(174,179,283)	23,045,867
Appropriation Act disbursements	(69,428,110)	(69,428,110)	-
Total disbursements	(220,561,526)	(243,607,393)	23,045,867
Change in net position	6,067,381	13,072,338	(7,004,957)
Total net position - beginning	4,835,158	(8,237,180)	13,072,338
Total net position - ending	**$ 10,902,539**	**$ 4,835,158**	**$ 6,067,381**

CASH FLOWS

In fiscal year 2023, cash flows from operating activities increased from $255.4 million to $257.9 million, primarily due to the increase in cash received from sales. Cash flows used for noncapital financing activities decreased by $26.6 million, from $247.2 million to $220.6 million, due to increase in cash received from taxes, and the decrease in due to Commonwealth repayments. Cash flows used by capital and related financing activities increased by $25.2 million, from $13.7 million in fiscal year 2022 to $38.9 million, mainly due to the $15.1 million profit from sale of Hermitage property in fiscal year 2022.

Statement of Cash Flows	FY2023	FY 2022	Change ($)
Net cash provided by operating activities	$ 257,888,192	$ 255,435,213	$ 2,452,979
Net cash used for noncapital financing activities	(220,585,500)	(247,180,914)	26,595,414
Net cash used for capital and related financing	(38,900,225)	(13,698,748)	(25,201,477)
Net decrease in cash and cash equivalent	(1,597,533)	(5,444,449)	3,846,916
Cash and cash equivalents-July 1, 2022	30,816,663	36,261,112	(5,444,449)
Cash and Cash equivalents- June 30, 2023	$ 29,219,130	$ 30,816,663	$ (1,597,533)

Economic Factors and Next Year's Budget

In fiscal year 2024, considering the impact of the variables and operational activities described in more detail above, the Authority expects to see a slight increase in the retail sales sector, and will continue to monitor mixed beverage licensee sales. The Authority is currently forecasting gross sales, including state tax on sales, of $1,517.1 million, or 5.7% increase over fiscal year 2023 year-end gross sales of $1,435.7 million. The Authority expects sales to grow in the retail segment. The strain from the forecasted recession in the fiscal year 2023 will contribute to the slow growth in the economy in fiscal year 2024, as consumers recover from the pressures of rising prices. Like other industries, the spirits industry continues to be challenged with materials needed for the production, bottling, and transportation of spirits. It, however, expects to see continued growth in the store network and the purchasing of premium products by retail customers.

Risks include continued product shortages resulting from continued global supply chain disruptions, and weather fluctuations, particularly during the holiday season, inflation impact on consumer spending and projected increases in expenses due to higher prices.

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The Authority will continue to focus on growing revenue while controlling its costs and enhancing services to licensees and customers in fiscal year 2024. The Authority's adopted fiscal year 2024 budget continues its investment in its personnel services in the form of employee training and continuing education, maintains its core business systems, and continues to enhance regulatory services to ABC licensees. The Authority will implement a retail staffing plan that will focus on efficient use of labor hours to operate the stores while continuing to maintain customer service as top priority, eliminate unnecessary vacant positions, reduce active projects and initiatives to divert focus and resources to use existing Virginia ABC systems effectively and efficiently, and limit discretionary spending to maintain accountability for cost reductions. The Authority will preserve its practice of rewarding employees through bonuses, incentives, and professional development, and will continue to honor its commitment to support increased regulatory services to licensees.

The Authority's Board of Directors has approved two capital projects in the next fiscal year. First of which is to upgrade its order management system. Technology enhancement to its order management system will improve efficiencies at the distribution center to add positive customer experience. And secondly, to replace its inventory management system. The Authority's current inventory management system is a home-grown system with very limited in-house knowledge and support, and involves manual maintenance processes that can present a significant risk to the Authority's operations. Investing in a new inventory management system will improve scalability and resilience of the Authority's inventory system by enhancing data quality and visibility, and improving reporting capabilities.

FINANCIAL STATEMENTS

Statement of Net Position — As of June 30, 2023

Assets	
Current assets:	
Cash and cash equivalents (Note 2)	$ 31,937,554
Petty cash	423,550
Receivables (Note 1D)	14,797,330
Inventory - Alcohol (Note 1E, 12)	103,860,816
Prepaid expenses (Note 1M)	1,289,233
Total current assets	152,308,483
Noncurrent assets:	
Nondepreciable capital assets - Land (Note 3)	10,882,996
Depreciable capital assets, net (Note 3)	97,375,649
Right to use intangible assets - Building, net (Note 3)	187,324,802
Right to use intangible assets - Subscription assets, net (Note 3)	14,430,099
Nondepreciable construction in progress (Note 3)	3,032,936
Total noncurrent assets (capital assets, net)	313,046,482
Other Assets - OPEB (Note 10)	4,961,602
Total noncurrent & other assets	318,008,084
Deferred Outflows of Resources (Pension) (Note 1H, 9)	29,490,123
Deferred Outflows of Resources (OPEB) (Note 1H, 10)	9,044,761
Total deferred outflows of resources	38,534,884
Total assets and deferred outflows of resources	508,851,451
Liabilitites	
Current liabilities:	
Accounts payable (Note 7)	87,074,313
Unearned revenue (Note 1C)	1,881,090
Short-term lease liabilities (Note 5A)	20,806,232
Short-term subscription-based information technology arrangements liabilities (SBITA) (Note 5B)	2,185,538
Due to Commonwealth of Virginia (Note 4)	62,477,631
Obligations under securities lending (Note 1F, 2)	3,141,974
Compensated absences payable (Note 6)	8,041,852
OPEB liability (Note 10)	569,364
Total current liabilities	186,177,994
Noncurrent liabilities:	
Compensated absences payable (Note 6)	593,449
Long-term lease liabilities (Note 5A)	175,318,913
Long-term subscription-based information technology arrangements liabilities (SBITA) (Note 5B)	10,108,220
Net pension liability (Note 9)	80,255,693
OPEB liability (Note 10)	18,740,039
Total noncurrent liabilities	285,016,314
Deferred Inflows of Resources (Pension) (Note 1I, 9)	15,532,737
Deferred Inflows of Resources (OPEB) (Note 1I, 10)	11,221,867
Total deferred inflows of resources	26,754,604
Total liabilities and deferred inflows of resources	497,948,912
Net Position	
Investment in capital assets	104,627,579
Restricted net position (Note 1J)	4,961,602
Unrestricted net position	(98,686,642)
Total net position	**$ 10,902,539**

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

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FINANCIAL STATEMENTS, *continued*

Statement of Revenues, Expenses, and Changes in Net Position — For the Period Ended June 30, 2023

Operating revenues:	
Sales of alcohol (net of excise taxes)	$ 1,196,871,583
License and permit fees	17,368,012
Wine wholesalers tax	4,559,756
Penalties	1,084,709
Mixed beverage tax on common carriers	120,398
Miscellaneous operating revenues	10,418,524
Total operating revenues	1,230,422,982
Operating expenses:	
Cost of sales of alcohol	693,270,047
Personal services	172,575,236
Continuous charges	20,947,829
Contractual charges	58,506,328
Supplies and materials	5,477,919
Depreciation and amortization	40,995,658
Expendable equipment	6,620,372
Other operating expenses	1,268,912
Total operating expenses	999,662,301
Operating income	230,760,681
Nonoperating revenues (expenses):	
Income from Public Assistance grants and contracts	1,865,289
Interest income (expense)	1,258,385
Income from security lending transactions (Note 1F)	412,447
Rents	2,165
Interest expense on long-term leases	(6,747,321)
Interest expense on SBITA	(787,483)
Expenses from security lending transactions	(412,447)
Seized assets & other Federal funds	(20,152)
Other nonoperating revenue	297,343
Total nonoperating expenses before disbursements	(4,131,774)
Net profit before contributions & disbursements	226,628,907
Disbursements:	
Disbursements of profits to the General Fund of the Commonwealth	(151,133,416)
Appropriation Act disbursements	(69,428,110)
Total disbursements	(220,561,526)
Total nonoperating revenues after disbursements	6,067,381
Total net position - July 1, 2022	4,835,158
Total net position - June 30, 2023	**$ 10,902,539**

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

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Statement of Cash Flows — For the Period Ended June 30, 2023

Cash flows from operating activities:		
Cash received from sales	$	1,196,456,769
Cash received from licenses and fees		18,247,666
Cash received from other revenues		10,333,586
Cash payments for cost of sales		(698,849,562)
Cash payments for personal services		(144,396,831)
Cash payments for other expenses		(123,903,436)
Net cash provided by operating activities		257,888,192
Cash flows from noncapital financing activities:		
Note payable to the Commonwealth		52,507,190
Due to the Commonwealth repayments		(43,688,626)
Cash received from Public Assistance Program, seized assets, rental income & others		2,144,645
Cash received from taxes		348,602,564
Transfers of tax collections to the General Fund of the Commonwealth		(277,993,729)
Transfers of tax collections to the Commonwealth's Department of Taxation		(68,399,692)
Transfers of profit to the General Fund of the Commonwealth		(164,329,742)
Appropriation Act Transfers		(69,428,110)
Net cash used for noncapital financing activities		(220,585,500)
Cash flows from capital and related financing activities:		
Construction in-progress		(3,809,791)
Acquisition of capital assets		(2,424,812)
Proceeds from sale of depreciable assets		24,910
Principal paid on long-term lease liabilities and SBITA liabilities		(26,414,113)
Interest paid on long-term lease liabilities and SBITA liabilities		(7,534,804)
Interest Income		1,258,385
Net cash used for capital and related financing activities		(38,900,225)
Net decrease in cash and cash equivalents		(1,597,533)
Cash and cash equivalents - July 1, 2022		30,816,663
Cash and cash equivalents - June 30, 2023	$	29,219,130
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$	31,937,554
Petty cash		423,550
Securities lending cash equivalents		(3,141,974)
	$	29,219,130
Reconciliation of net profit to net cash provided by operating activities:		
Operating income	$	230,760,681
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		40,995,658
Gain on disposal of depreciable capital assets and right to use intangible assets		(224,723)
Impairment loss		1,047,994
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Increase in accounts receivable		(6,144,984)
Increase in inventory		(3,675,606)
Increase in compensated absences		647,109
Decrease in accounts payable		(1,944,032)
Decrease in prepaid items		1,369,436
Increase in unearned revenues		1,118,365
Increase in pension liabilities		26,896,805
Increase in pension deferred outflows		(7,708,161)
Decrease in pension deferred inflows		(21,698,128)
Increase in OPEB deferred outflows		(2,314,297)
Increase in OPEB liabilities		771,935
Decrease in OPEB deferred inflows		(1,912,539)
Increase in OPEB assets		(97,321)
Net cash provided by operating activities	**$**	**257,888,192**
Noncash investing, noncapital financing, capital and related financing transactions		
Lease liabilities assumed related to right-to-use asset	$	26,478,304
SBITA liabilities assumed related to right-to-use asset		4,676,913
Total noncash investing, noncapital financing, capital and related financing transactions	$	31,155,217

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Alcoholic Beverage Control Authority (the "Authority") 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 of Virginia (the "Commonwealth").

A separate report is prepared for the Commonwealth, 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 Authority is considered a blended component unit of the Commonwealth due to its fiscal dependence on the Commonwealth. Therefore, the Authority's financial position and results of operation are presented in the Commonwealth's Annual Comprehensive Financial Report (the "ACFR"). The Authority does not have any component units for financial reporting purposes.

The accounting policies of the Alcoholic Beverage Control Authority (the "Authority") conform to the accounting principles generally accepted in the United States of America (the "GAAP") as applicable to governmental entities. The Authority's significant accounting policies are described below.

B. Fund Accounting

The activities of the Authority 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 Authority's records are maintained on the accrual basis, with an economic resources measurement focus, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred. Unearned revenues are a liability that represents amounts received where the exchange transaction has not been completed.

Operating revenues and expenses include exchange activities related to the sale of alcohol and licenses, as well as enforcement activities. Non-operating revenues and expenses include activities that have the characteristics of noncapital financing activities, such as the collection of rent, as defined by GAAP.

D. Accounts Receivable

The Authority has an account receivable account, which is mostly comprised of credit card sales and a small portion from wine taxes due to the Authority from distributors. The credit card receivables are collected the following business day after sales are made. The Authority's total receivables are a small portion of the Authority 's assets. The Authority has a high collection rate on receipt of these receivables.

E. Inventories

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

F. Securities Lending

Investments held by the Treasurer of Virginia represent the Authority'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 ACFR. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

G. Pensions and Other Post-Employment Plans

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

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position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, the Authority no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

The VRS State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to § 9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/ deductions from the VRS Line of Duty Act Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family, and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

See Notes 9 and 10 for general information about Pension and the other post-employment benefits (OPEB) plans and calculation of the OPEB liability.

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H. Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net position similar to assets. The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets.

I. Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets that are applicable to a future reporting period. Deferred inflows have a natural credit balance, and therefore decrease net position similar to liabilities. The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities.

J. Restricted component of net position

The restricted component of net position includes resources for which the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, the Authority's policy is to use the restricted resources first.

K. Net Position

The Net Position at year-end includes results of recording the Authority's other assets – OPEB and pension and OPEB liability at year-end as required under GAAP.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses, and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

M. Prepaid Items

Prepaid items represent non-inventory transactions that do not qualify for expense recognition, and the cash flow occurred as of the end of the fiscal year but prior to meeting the requirements for expense recognition.

N. Right to Use Intangible Assets, Lease Liabilities and Subscription-Based Information Technology Arrangement Liabilities

The Authority adopts *GASB 87 – Leases*, which requires lessees to disclose key information about leasing arrangements and recognize lease liabilities and corresponding right to use intangible assets on its Statement of Net Position. Leases are recognized and measured using the facts and circumstances that existed at the commencement of a lease agreement.

The Authority adopted *GASB 96 – Subscription Based Information Technology Arrangements (SBITA)* on July 1, 2022, which required the Authority to disclose key information about SBITA and recognize SBITA liabilities and corresponding right to use intangible subscription assets on its Statement of Net Position. Assets and liabilities resulting from SBITAs were recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year of implementation. The SBITA liability was measured using the remaining SBITA term and discount rate as of the beginning of implementation. The right-to-use SBITA asset was measured based on the SBITA liability at that date and therefore, there is no net effect to beginning net position because the SBITA asset and the SBITA liability amounts are the same.

2. CASH WITH THE TREASURER OF VIRGINIA

All State funds of the Authority are held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et. seq*., Code of Virginia*, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled State funds is reported as "Cash and Cash Equivalents" on the Statement of Net Position and is not subject to custodial credit risk. Cash equivalents are investments with an original maturity of 90 days or less. The Authority participates in the State Treasury's securities lending program. Collateral held for security lending transactions of $3,141,974 represents the Authority's allocated share of cash collateral received and reinvested and securities received by the State Treasury 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 ACFR.

3. CAPITAL ASSETS

Generally, the standard for capitalization of tangible property is $5,000 or more per unit with an expected useful life of greater than one year. The standard for capitalization of computer software is $100,000 with an expected useful life greater than one year. Property, plant, equipment, and intangibles are stated at cost at the time of acquisition and are setup in a comprehensive capital asset system. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets useful lives are not capitalized.

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Contributed capital assets are recorded at acquisition value at the time of receipt. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is reflected in the results of operations in the financial statements. Depreciation of the cost of property, plant, equipment, and intangibles are provided on a straight-line basis over their estimated lives of from ten to forty years on buildings, from three to eight years on equipment, and from three to ten years on intangibles. Intangible assets are defined as assets that lack physical substance, are non-financial in nature and useful lives or benefit period exceed one or more years. Examples of intangible assets are software, land use rights (rights-of-way) and intellectual property (patents, copyrights, and trademarks). Right to use intangible asset – Buildings are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs, and amortized straight-line over the shorter of the lease term or the useful life of the underlying asset. An intangible right to use lease asset and lease liability are calculated for contracts with $50,000 or more in total future lease payments from July 1, 2021, or the date the lease begins if after July 1, 2021, to the end of the lease term. Right to use intangible assets – Subscription assets are measured at the amount of the initial measurement of the subscription-based information technology arrangements (SBITA) liability, plus any payments made to the vendor at or before the commencement of the SBITA term and certain direct costs and amortized straight-line over the shorter of the SBITA term or useful life of the underlying subscription asset. An intangible right to use subscription assets and SBITA liability are calculated for contracts with $5,000 or more in future SBITA payments from July 1, 2022, or the date the SBITA begins if after July 1, 2022, to the end of the SBITA term.

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

	Balance at July 1, 2022 *	Acquired	Deleted	Transferred	Balance at June 30, 2023
Non-depreciable capital assets:					
Land	$ 10,882,996	$ -	$ -		$ 10,882,996
Construction in-progress	12,900	3,809,791	(789,755)		3,032,936
Total non-depreciable capital assets	**10,895,896**	**3,809,791**	**(789,755)**	**-**	**13,915,932**
Depreciable capital assets:					
Buildings	56,004,078	-	-	-	56,004,078
Office equipment	1,804,376	-	-	-	1,804,376
Motor vehicle equipment	5,864,124	1,136,307	(189,858)	-	6,810,573
Stores equipment	14,413,027	1,164,847	-	-	15,577,874
Warehouse equipment	20,625,621	123,656	-	-	20,749,277
Intangibles	36,303,641	789,755	(1,309,992)	-	35,783,404
Furnitures and fixtures	3,124,591	-	-	-	3,124,591
Total depreciable capital assets	**138,139,458**	**3,214,565**	**(1,499,850)**	**-**	**139,854,173**
Right to use intangible assets:					
Subscription Assets	18,231,452	4,676,913	(5,865,757)	-	17,042,608
Buildings	210,323,396	26,478,304	-	-	236,801,700
Total depreciable capital assets and right to use intangible assets	**366,694,306**	**34,369,782**	**(7,365,607)**	**-**	**393,698,481**
Less accumulated depreciation:					
Buildings	4,607,393	1,779,270	-	-	6,386,663
Office equipment	1,431,144	86,988	-	-	1,518,132
Motor vehicle equipment	4,020,595	696,766	(189,858)	-	4,527,503
Stores Equipment	7,525,212	1,692,703	-	672,609	9,890,524
Warehouse equipment	2,391,566	1,229,898	-	(672,609)	2,948,855
Intangibles	10,526,715	6,317,213	(261,999)	-	16,581,929
Furnitures and fixtures	312,459	312,459	-	-	624,918
Total accumulated depreciation	**30,815,084**	**12,115,297**	**(451,857)**	**-**	**42,478,524**
Less accumulated amortization:					
Right to use intangible assets - Subscription assets	-	3,165,882	(553,373)	-	2,612,509
Right to use intangible assets - Buildings	23,762,419	25,714,479	-	-	49,476,898
Total accumulated amortization	**23,762,419**	**28,880,361**	**(553,373)**	**-**	**52,089,407**
Depreciable capital assets and right to use intangible assets, net	**312,116,803**	**(6,625,876)**	**(6,360,377)**	-	**299,130,550**
Total capital assets, net	**$ 323,012,699**	**$ (2,816,085)**	**$ (7,150,132)**	**$ -**	**$ 313,046,482**

* Amounts have been restated to include items related to the implementation of *GASB Statement 96, SBITA* .

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As a result of the implementation of GASB 96, the Authority recognized right to use intangible SBITA assets and SBITA liabilities at the SBITA commencement date and adjusted opening balance as of July 1, 2022 by $18,231,452. The most significant change to the financial statement relates to the recognition of right to use intangible SBITA assets and SBITA liabilities that were previously accounted for as expenses.

Depreciation and amortization of all exhaustible capital assets used by the Authority is charged as an expense in the Statement of Revenues, Expenses, and Changes in Net Position and accumulated depreciation and amortization is reported in the Statement of Net Position.

During the fiscal year, the Authority recorded an impairment loss on its licensing system in the amount of $1,047,994. The impairment loss is reported in the Statement of Revenues, Expenses, and Changes in Net Position as other operating expenses.

4. DUE TO THE COMMONWEALTH

A. Line of Credit

The Authority has a line of credit with the Treasurer of Virginia. Repayment is made from revenue collections pursuant to Title 4.1, Chapter 1 of the *Code of Virginia.* The line of credit increased to $80,000,000 on September 21, 2020, due to multiple large projects and the need to have cash available for operating expenses to prevent negative cashflow. As of June 30, 2023, the Authority had outstanding $52,507,190 of its available line of credit to extinguish a cash overdraft.

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

Balance at July 01, 2022	Acquired	Deleted	Balance at June 30, 2023
$ 43,688,626	$ 52,507,190	$ (43,688,626)	$ 52,507,190

B. General Fund

The Authority collects certain taxes on behalf of the General Fund of the Commonwealth. The state tax on sales (excise tax) 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 2023 Virginia Acts of Assembly required $9,141,363 of the gross wine liter tax as specified in §4.1-234, *Code of Virginia* to be disbursed to the General Fund for expenses incurred for care, treatment, study, and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies. Of the remaining liter tax, twelve percent is retained by the Authority and reported as wine wholesalers' tax on the Authority's financial statements. The remaining 88 percent is paid to the General Fund of the Commonwealth quarterly. Collections and disbursements of state tax on sales and liter tax are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to the General Fund for the year ended June 30, 2023, is summarized below.

	Excise Tax	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2022	$ 1,034,186	$ 2,168,514	$ 3,202,700
Receipts for fiscal year	238,693,025	41,211,380	279,904,405
Disbursements to the General Fund	(237,628,259)	(40,365,470)	(277,993,729)
Balance due to the General Fund, June 30, 2023	**$ 2,098,952**	**$ 3,014,424**	**$ 5,113,376**

C. Department of Taxation - Sales Tax

The Authority collects sales tax on all sales of alcohol and remits collections monthly to the Commonwealth of Virginia's Department of Taxation ("Taxation"). Sales tax collections and disbursements are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to Taxation for the year ended June 30, 2023, is summarized below.

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Balance due to the Department Taxation, July 1, 2022	$	5,388,687
Sales Tax Collections		68,698,159
Disbursements to the Department of Taxation		(68,399,692)
Balance due to the Department Taxation, June 30, 2023	**$**	**5,687,154**

D. Earned Surplus

The Appropriation Act, Chapter 2 of the 2022 Acts of Assembly, Special Session I, requires the Authority to disburse an estimate of its fourth quarter profits in the month of June. In accordance with the Alcoholic Beverage Control Act, Section 4.1-116 of the *Code of Virginia*, the Authority disburses any additional net profit to the General Fund of the Commonwealth 50 days after the last day of the quarter. The Authority overestimated profit for the fourth quarter resulting in a deduction of $830,089 from the General Fund at June 30, 2023.

5. LEASE LIABILITIES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS LIABILITIES

A. Lease Liabilities

The Authority adopted *GASB 87 – Leases* on July 1, 2021, which required lessees to recognize leases on the Statement of Net Position and disclose key information about leasing arrangements. The Authority is committed under various lease agreements for retail store buildings.

Key estimates and judgments include how the Authority determines the: 1) discount rate it uses to discount the unpaid lease payments to present value; 2) lease term and 3) lease payments. GASB 87 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Authority cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Authority generally uses its incremental borrowing rate as the discount rate for the lease. The Authority's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Authority does not generally borrow on a collateralized basis, it uses the interest rate it pays on its line of credit agreement with the Commonwealth as an input to deriving an appropriate incremental borrowing rate, which is reasonably similar to prime rate. The lease term for all the Authority's leases includes the noncancellable period of the lease plus any additional periods covered by either an Authority option to extend (or not to terminate) the lease that the Authority is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor. Authority's lease maturities range from 2024-2045. Lease payments included in the measurement of the lease liability are comprised of fixed payments owed over the lease term.

Amortization of right to use intangible assets – building was recognized and presented separately from interest expense on the lease liability. Interest on lease liabilities in fiscal year 2023 was $6,747,321.

The following schedule presents the changes in lease liabilities activity:

Balance at July 01, 2022	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2023	Amounts due within one year
$ 190,958,545	$ 26,478,304	$ (21,311,704)	$ 196,125,145	$ 20,806,232

Maturities of lease liabilities and interest expense are as follows:

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	Principal	Interest	Total
2024	$ 20,806,232	$ 6,971,784	$ 27,778,016
2025	19,954,043	6,279,843	26,233,886
2026	18,647,266	5,596,650	24,243,916
2027	16,481,830	4,959,361	21,441,191
2028	14,466,898	4,395,427	18,862,325
2029-2033	58,436,827	14,813,486	73,250,313
2034-2038	35,619,554	5,705,744	41,325,298
2039-2043	11,563,525	964,910	12,528,435
2044-2045	148,970	4,500	153,470
Total lease liabilities	**$ 196,125,145**	**$ 49,691,705**	**$ 245,816,850**

B. Subscription-Based Information Technology Arrangements Liabilities

The Authority adopted *GASB 96 - Subscription-Based Information Technology Arrangements (SBITA)* on July 1, 2022, which required the Authority to recognize SBITA on the Statement of Net Position and disclosed key information about SBITA data. The Authority is committed under various SBITA for information technology software.

Key estimates and judgements include how the Authority determines the: 1) discount rate it uses to discount the unpaid SBITAs payments to present value; 2) SBITA term and 3) SBITA payments. GASB 96 requires the Authority to discount its unpaid subscription payments using the interest rate charged by the SBITA vendor, or if this is unknown, it's implicit borrowing rate. Generally, the Authority cannot determine the implicit interest rate in the arrangements because it does not have access to the vendor's estimated, residual value or the amount of the vendor's deferred initial direct costs. Therefore, the Authority generally uses the published prime interest rate at the beginning of the SBITA term. The subscription term for all the Authority's SBITAs includes the noncancellable period of the right-to-use underlying IT asset plus any additional periods covered by either an Authority or subscription vendor option to extend or terminate the SBITA if it is reasonably certain to exercise. The Authority's SBITA maturities range from 2024-2033. SBITA payments included in the measurement of the SBITA liability are comprised of fixed payments owed over the subscription term.

The Authority recognized SBITA liabilities of $17,975,117 and right to use intangible subscription assets of 18,231,452 as of July 1, 2022. As of June 30,2023, SBITA liabilities was $12,293,758 of which $2,185,538 is current and $10,108,220 is noncurrent.

Amortization of right to use intangible assets –SBITA was recognized and presented separately from interest expense on the SBITA liability. Interest on SBITA liabilities in fiscal year 2023 was $787,483.

The following schedule presents the changes in SBITA liabilities activity:

Balance at July 01, 2022	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2023	Amounts due within one year
$ 17,975,117	$ 4,676,913	$ (10,358,272)	$ 12,293,758	$ 2,185,538

Maturities of SBITA liabilities and interest expense are as follows:

	Principal	Interest	Total
2024	$ 2,185,538	$ 683,641	$ 2,869,179
2025	1,903,977	553,673	2,457,650
2026	1,917,204	435,996	2,353,200
2027	2,074,446	318,368	2,392,814
2028	1,294,558	190,753	1,485,311
2029-2033	2,918,035	243,534	3,161,569
Total SBITA liabilities	**$ 12,293,758**	**$ 2,425,965**	**$ 14,719,723**

The Authority monitors for events or changes in circumstances that require a reassessment of one of its leases or SBITAs. When a reassessment results in the remeasurement of a lease liability or SBITA liability, a corresponding adjustment is made to the carrying amount

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of the corresponding right to use intangible assets – building or SBITA unless doing so would reduce the carrying amount of the right to use intangible assets – building or SBITA to an amount less than zero. In that case, the amount of the adjustment that would result in a negative right to use intangible assets – building or SBITA balance is recorded as a profit or loss.

6. COMPENSATED ABSENCES

Compensated absences reflected in the Statement of Net Position represent the amounts of Paid Time Off (PTO), annual leave and compensatory leave earned by employees of the Authority, but not taken as of June 30, 2023. Employees accrue PTO leave at a rate of eight to 13 hours semi-monthly, depending on their length of service. The maximum leave accumulation per year is dependent upon years of service, but in no case may it exceed 360 hours at the end of the leave year. The maximum compensation for Annual Leave Bank and PTO payouts is 336 hours.

Balance at July 01, 2022	Short-Term Increase	Long-Term Increase	Balance at June 30, 2023	Amounts due within one year
$ 7,988,192	$ 53,660	$ 593,449	$ 8,635,301	$ 8,041,852

7. ACCOUNTS PAYABLE

The Authority's accounts payable and accrued liabilities consisted of the following as of June 30, 2023:

Vouchers payable	$ 46,481,736
Payroll payables	10,352,825
Disbursements pending	30,239,752
Total Accounts Payable	**$ 87,074,313**

Vouchers payable and payroll payable represent liabilities of the Authority that are related to the current fiscal year but are billed and scheduled to be paid in the next fiscal year. Disbursements pending represent liabilities of the Authority that are related to the current fiscal year and have been billed in the current fiscal year but for which payment is pending.

8. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2023, the Authority collected $40,225,981 in malt beverage taxes. These funds are deposited by the Authority directly with the Treasurer of Virginia for credit to the General Fund of the Commonwealth and are not available to the Authority to meet current operating needs and are not included in the financial statements.

9. PENSION PLAN

A. Plan Descriptions

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

B. Retirement Plan Provisions by Plan Structures

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	**Eligible Members**	**Eligible Members**
Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.	Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees. * • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Hybrid Opt-In Election	**Hybrid Opt-In Election**	
VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	Same as Plan 1.	

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.		
Retirement Contributions	**Retirement Contributions**	**Retirement Contributions**
State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	**Service Credit**	**Service Credit**
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	<u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting	**Vesting**	**Vesting**
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.	Same as Plan 1.	<u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Members are always 100% vested in the contributions that they make.		<u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit	**Calculating the Benefit**	**Calculating the Benefit**
The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	See definition under Plan 1.	<u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation	**Average Final Compensation**	**Average Final Compensation**
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	**Service Retirement Multiplier**	**Service Retirement Multiplier**
VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**VRS**: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	<u>Defined Benefit Component:</u> **VRS**: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**VaLORS**: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	**VaLORS**: Not applicable. Defined Contribution Component: Not applicable
Normal Retirement Age	**Normal Retirement Age**	**Normal Retirement Age**
VRS: Age 65. **VaLORS**: Age 60.	**VRS**: Normal Social Security retirement age. **VaLORS**: Same as Plan 1	Defined Benefit Component: **VRS**: Same as Plan 2. **VaLORS**: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	**Earliest Unreduced Retirement Eligibility**	**Earliest Unreduced Retirement Eligibility**
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **VaLORS**: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**VRS**: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **VaLORS**: Same as Plan 1.	Defined Benefit Component: **VRS**: Same as Plan 2. **VaLORS**: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	**Earliest Reduced Retirement Eligibility**	**Earliest Reduced Retirement Eligibility**
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **VaLORS**: Age 50 with at least five years of service credit.	**VRS**: Age 60 with at least five years (60 months) of service credit. **VaLORS**: Same as Plan 1.	Defined Benefit Component: **VRS**: Same as Plan 2. **VaLORS**: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	**Cost-of-Living Adjustment (COLA) in Retirement**	**Cost-of-Living Adjustment (COLA) in Retirement**
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Eligibility: Same as Plan 1	Eligibility: Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor, or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Exceptions to COLA Effective Dates: Same as Plan 1	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.
Disability Coverage	**Disability Coverage**	**Disability Coverage**
For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service	**Purchase of Prior Service**	**Purchase of Prior Service**
Members may be eligible to purchase service from previous public employment, active-duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	Defined Benefit Component: Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

C. Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2023, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on an actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $10,467,876 and $9,422,973 for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $1,935,081 and $1,422,127 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $219.1 million to the VRS State plan and $19.9 million to VaLORS. These special payments were authorized by Chapter 1 of the 2022 Appropriation Act, and are classified as special employer contributions.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of $68,127,584 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $12,128,109 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Authority's proportion of the Net Pension Liability was based on the Authority's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Authority's proportion of the VRS State Employee Retirement Plan was 1.50% as compared to 1.25% at June 30, 2021. At June 30, 2022, the Authority's proportion of the VaLORS Retirement Plan was 1.92% as compared to 1.53% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of $10,892,097 for the VRS State Employee Retirement Plan and $2,711,968 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2021, and June 30, 2022, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 138,471	$ 4,569,609
Net differences between projected and actual earnings on pension plan investments	-	10,924,291
Changes in assumptions	2,898,825	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,049,870	38,837
Employer contributions subsequent to the measurement date	12,402,957	-
Total	**$ 29,490,123**	**$ 15,532,737**

$12,402,957 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	
FY 2024	$ 2,668,866
FY 2025	$ (72,588)
FY 2026	$ (6,224,976)
FY 2027	$ 5,183,127
FY 2028	$ -

E. Actuarial Assumptions

1. The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follow:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

2. The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, postretirement, healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70

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Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

F. Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	$ 27,117,746	$ 2,474,068
Plan Fiduciary Net Position	22,579,326	1,841,041
Employers' Net Pension Liability (Asset)	$ 4,538,420	$ 633,027
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26%	74.41%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

G. Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP -Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return **	7.83%

** The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to*

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model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

H. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the Authority for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

I. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1. The following presents the Authority's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$ 116,431,842	$ 68,127,584	$ 28,091,700

2. The following presents the Authority's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$ 18,454,224	$ 12,128,109	$ 6,970,651

J. Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/ publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

K. Payables to the Pension Plan

At June 30, 2023, the Authority had accrued retirement contributions payable to the pension plan of $815,017 including $684,614 payable to the VRS State Employee Retirement Plan and $130,403 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by Authority employees through June 30, 2023, but not yet paid to the plan.

10. OTHER POSTEMPLOYMENT BENEFITS

A. Pre-Medicare Retiree Healthcare Plan

The Commonwealth provides a health benefits program established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare.

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1. Eligibility requirements

a. Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

**For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.*

b. Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

***This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.*

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 3,647 retirees and 92,839 active employees in the program as of June 30, 2022. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

2. Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2022. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 8.0 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2022 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.86 years
Discount Rate	3.54%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 8.00% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender

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Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date, which is June 30, 2022.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was decreased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

There were no plan changes in the valuation since the prior year.

3. Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources

At June 30, 2023 the employer reported a liability of $4,852,992 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of $363.4 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022. The covered employer's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. On June 30, 2022, the participating employer's proportion was 1.33538% as compared to 1.27063% at June 30, 2021. For the year ended June 30, 2023, the participating employer recognized Pre-Medicare Retiree Healthcare OPEB decrease in expense of $2,255,793.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ 2,216,246
Changes in assumptions	-	4,492,238
Changes in proportion	1,742,179	-
Subtotal	$ 1,742,179	$ 6,708,484
Amounts associated with transactions subsequent to the measurement date	530,637	-
Total	$ 2,272,816	$ 6,708,484

$530,637 reported as deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

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Year End June 30:		
FY 2024	$	(2,384,418)
FY 2025	$	(1,435,124)
FY 2026	$	(698,814)
FY 2027	$	(319,635)
FY 2028	$	(128,314)
Thereafter	$	-

4. Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.54%, as well as what the employer's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Rate (3.54%)	1% Decrease (4.54%)
OPEB Liability	$ 5,123,047	$ 4,852,992	$ 4,588,611

5. Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the employer's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 8.00% decreasing to 4.50%, as well as what the employer's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.00% decreasing to 3.50%) or one percentage point higher (9.00% decreasing to 5.50%) than the current rate:

	1% Decrease (7.00% decreasing to 3.50%)	Trend Rate (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
OPEB Liability	$ 4,418,092	$ 4,852,992	$ 5,353,787

B. State Employee Health Insurance Credit Program

General Information about the State Employee Health Insurance Credit Program

1. Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out below.

2. Provisions

a. Eligible Employees

The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

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b. Benefit Amounts

The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement – For State employees who retire with at least 15 years of service credit, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.

- Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

  For State police officer's employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

  For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

c. **Health Insurance Credit Program Notes**:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

3. Contributions

The contribution requirement for active employees is governed by § 51.1-1400(D) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2023, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS State Employee Health Insurance Credit Program were $985,941 and $868,767 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB

At June 30, 2023, the Authority reported a liability of $8,386,609 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2022 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Authority's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the Authority's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2022, the Authority's proportion of the VRS State Employee Health Insurance Credit Program was 1.0238% as compared to 0.8489% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized VRS State Employee Health Insurance Credit Program OPEB expense of $1,076,676. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,436	$ 506,867
Net differences between projected and actual earnings on State HIC OPEB plan investments	-	4,550
Changes in assumptions	280,566	4,233
Changes in proportionate share and differences between actual and expected contributions	1,741,902	67,065
Employer contributions subsequent to the measurement date	985,941	-
Total	**$ 3,009,845**	**$ 582,715**

$985,941 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30,	
FY 2024	$ 334,363
FY 2025	$ 320,600
FY 2026	$ 266,937
FY 2027	$ 295,355
FY 2028	$ 217,449
Thereafter	$ 6,485

4. Actuarial Assumptions

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation:	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation

For the following Mortality Rates, see "Notes to Financial Statements: Appendix"
• Mortality rates – General State Employees, page 90.
• Mortality rates – SPORS Employees, page 90.
• Mortality rates – VaLORS Employees, page 91.
• Mortality rates – JRS Employees, page 92.

5. Net State Employee HIC OPEB Liability

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

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		State Employee HIC OPEB Plan
Total State Employee HIC OPEB Liability	$	1,043,748
Plan Fiduciary Net Position		224,575
State Employee net HIC OPEB Liability (Asset)	$	819,173
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability		21.52%

The total State Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net State Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

6. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	**100.00%**		**5.33%**
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50% asset allocation.*

7. Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the Authority for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term

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expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

8. Sensitivity of the Authority's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority's proportionate share of the VRS State Employee HIC OPEB Plan Net OPEB Liability	$ 9,417,439	$ 8,386,609	$ 7,501,606

9. State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

10. Payables to the State Employee Health Insurance Credit Program OPEB Plan

At June 30, 2023, the Authority had accrued health insurance credit contributions payable to the OPEB plan of $64,905. The payable is based on OPEB contributions earned by Authority employees through June 30, 2023, but not yet paid to the plan.

C. Group Life Insurance

General Information about the Group Life Insurance Program

1. Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out below.

2. Provisions

a. Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

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b. Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

1. Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
2. Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
3. Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
   o Accidental dismemberment benefit
   o Seatbelt benefit
   o Repatriation benefit
   o Felonious assault benefit
   o Accelerated death benefit option

c. Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

d. Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

3. Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $476,019 and $419,487 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act

4. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, the participating employer reported a liability of $4,302,718 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.3573% as compared to 0.2971% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $359,710. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 340,721	$ 172,615
Net differences between projected and actual earnings on GLI OPEB program investments	-	268,856
Changes in assumptions	160,484	419,102
Changes in proportionate share	983,034	39,687
Employer contributions subsequent to the measurement date	476,019	-
Total	$ 1,960,258	$ 900,260

$476,019 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30,	
FY 2024	$ 146,885
FY 2025	$ 137,642
FY 2026	$ (19,382)
FY 2027	$ 211,369
FY 2028	$ 107,465
Thereafter	$ -

5. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

For the following Mortality Rates, see "Notes to Financial Statements: Appendix"

- Mortality rates – General State Employees, page 90.
- Mortality rates – Teachers, page 92.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – JRS Employees, page 92.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 93.

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- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 94.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 95.

6. Net GLI OPEB Liability

The net OPEB Liability (NOL) for the Group Life Insurance Program represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

7. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	**100.00%**		**5.33%**
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

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8. Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

9. Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 6,260,959	$ 4,302,718	$ 2,720,192

10. Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/ publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

11. Payables to the Group Life Insurance OPEB Plan

At June 30, 2023, the Authority had accrued group life insurance contributions payable to the OPEB plan of $77,979. The payable is based on OPEB contributions earned by Authority employees through June 30, 2023, but not yet paid to the plan.

D. VRS Disability Insurance Program

General Information about the *VRS Disability Insurance Program.*

1. Plan Description

All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999, are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The specific information for Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below.

2. Provisions

Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

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Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

a. Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- Leave – Sick, family, and personal leave. Eligible leave benefits are paid by the employer.
- Short-Term Disability: The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- Long-Term Disability (LTD): The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- Income Replacement Adjustment: The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- VSDP Long-Term Care Plan – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

b. Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

d. Cost-of-Living Adjustment (COLA)

1. During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
    - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
    - Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).

2. For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

3. For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

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3. Contributions

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2023, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the entity were $535,679 and $471,889 for the years ended June 30, 2023, and June 30, 2022, respectively.

4. Disability Insurance Program (VSDP) OPEB Liabilities (Assets), VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB

At June 30, 2023, the entity reported a asset of $4,961,602 for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2022, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Authority's proportion of the Net VSDP OPEB Liability (Asset) was based on the agency's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Authority's proportion was 1.68103% as compared to 1.41108% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized VSDP OPEB income of $113,555. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 499,459	$ 738,592
Net differences between projected and actual earnings on VSDP OPEB plan investments	-	273,962
Changes in assumptions	28,628	97,473
Changes in proportionate share	12,597	818,536
Employer contributions subsequent to the measurement date	535,679	-
Total	$ 1,076,363	$ 1,928,563

$535,679 reported as deferred outflows of resources related to the VSDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future reporting periods as follows:

Year ended June 30,	
FY 2024	$ (377,765)
FY 2025	$ (372,896)
FY 2026	$ (408,952)
FY 2027	$ (77,126)
FY 2028	$ (80,787)
Thereafter	$ (70,353)

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5. Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

For the following Mortality Rates, see “Notes to Financial Statements: Appendix”

- Mortality rates – General State Employees, page 90.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.

6. Net VSDP OPEB Liability (Asset)

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	VSDP
Total VSDP OPEB Liability	$ 307,764
Plan Fiduciary Net Position	602,916
Employers’ Net OPEB Liability (Asset)	$ (295,152)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	195.90%

The total VSDP OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB asset is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

7. Long-Term Expected Rate of Return

The long-term expected rate of return on System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	**100.00%**		**5.33%**
	Inflation		2.50%
	**Expected arithmetic nominal return		7.83%

** * The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

8. Discount Rate

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

9. Sensitivity of the Authority's Proportionate Share of the Net VSDP OPEB Asset to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net VSDP OPEB asset using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net VSDP OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority's proportionate share of the VSDP Net OPEB Liability (Asset)	$ (4,566,708)	$ (4,961,602)	$ (5,308,571)

10. VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/ pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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11. Payables to the VSDP OPEB Plan

At June 30, 2023, the Authority had accrued VSDP contributions payable to the OPEB plan of $35,251. The payable is based on OPEB contributions earned by Authority employees through June 30, 2023, but not yet paid to the plan.

E. Line of Duty Act Program

General Information about the Line of Duty Act Program.

1. Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is set out in the table below.

2. Plan Description

1. Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

2. Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

1. **Death** – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
   - $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
   - $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
   - An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
2. **Health Insurance** – The LODA program provides health insurance benefits.
   - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

3. Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023, was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $57,956 and $64,307 for the years ended June 30, 2023, and June 30, 2022, respectively.

4. Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2023, the entity reported a liability of $1,767,084 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.46692% as compared to 0.50017% at June 30, 2021.

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For the year ended June 30, 2023, the entity recognized LODA OPEB expense of $184,657. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 135,760	$ 330,264
Net differences between projected and actual earnings on LODA OPEB plan investments	-	7,557
Changes in assumptions	492,791	435,845
Changes in proportionate share	38,972	328,179
Employer contributions subsequent to the measurement date	57,956	-
Total	**$ 725,479**	**$ 1,101,845**

$57,956 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year ended June 30,	
FY 2024	$ (52,990)
FY 2025	$ (52,828)
FY 2026	$ (52,657)
FY 2027	$ (21,520)
FY 2028	$ (30,433)
Thereafter	$ (223,894)

5. Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023

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** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.*

For the following Mortality Rates, see “Notes to Financial Statements: Appendix”

- Mortality rates – General State Employees, page 90.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – Largest Ten Locality Employers with Public Safety Employees, page 95.
- Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees, page 96.

6. Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2022, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

	Line of Duty Act Program
Total LODA OPEB Liability	$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asst)	$ 378,455
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

The total LODA OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

7. Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

8. Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

9. Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.69% or one percentage point higher 4.69% than the current rate:

	1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
Covered Employers Proportionate Share of the LODA Net OPEB Liability	$ 2,017,110	$ 1,767,084	$ 1,562,534

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10. Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Current Discount Rate (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
Covered employers proportionate share of the LODA Net OPEB Liability	$ 1,489,153	$ 1,767,084	$ 2,115,931

11. LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/ pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

11. RISK MANAGEMENT

The Authority 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 Authority participates in insurance plans maintained by the Commonwealth. The Commonwealth employee health care and workers' 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 Authority 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 ACFR.

12. CONTINGENT LIABILITIES

A. Legal Proceedings

At any given time, the Authority may be a named party in legal proceedings. Normally these are worker compensation or human resources matters and administrative appeals. These matters are not considered to be significant legal proceedings. However, it is not possible to estimate the ultimate outcome or liability, if any, on the Authority. It is believed that any ultimate liability resulting from any legal proceedings known at this time will not have a material adverse effect on the financial condition of the Authority.

B. Bailment Inventory

The Authority 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 Authority or returned to the supplier. The Authority uses the bailment system for payment of merchandise for resale. The Authority initiates payments to the vendors based on shipments from the Authority's warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2023, the bailment inventory was valued at $82,649,950.

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- **Mortality rates – General State Employees**

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- **Mortality rates – SPORS Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- **Mortality rates – VaLORS Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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- **Mortality rates – Judicial Retirement System (JRS) Employees**

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No Change

- **Mortality rates – Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service

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Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

- **Mortality rates – Largest Ten Locality Employers - General Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- **Mortality rates – Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- **Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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- **Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- **Mortality rates – Largest Ten Locality Employers with Public Safety Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

- **Mortality rates – Non- Largest Ten Locality Employers with Public Safety Employees**

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan
For the Measurement Dates of June 30, 2014 through 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	1.50%	1.25%	1.17%	1.14%	1.11%	1.08%	1.05%	1.03%	1.01%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 68,127,584	$ 45,353,066	$ 85,049,558	$ 72,237,702	$ 60,199,000	$ 62,721,000	$ 69,227,000	$ 63,182,000	$ 56,734,000
Employer's Covered Payroll	$ 70,950,460	$ 55,682,209	$ 52,399,644	$ 48,154,635	$ 46,170,798	$ 43,178,236	$ 41,564,222	$ 39,813,992	$ 39,289,362
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	96.02%	81.45%	162.31%	150.01%	130.38%	145.26%	166.55%	158.69%	144.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer Contributions VRS State Employee Retirement Plan
For the Years Ended June 30, 2015 through 2023

Date	Contractually Required Contribution *	Contribution in Relation to Contractually Required Contribution *	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 10,467,876	$ 10,467,876	$ -	$ 80,009,440	13.08%
2022	$ 9,422,973	$ 9,422,973	$ -	$ 70,950,460	13.28%
2021	$ 7,459,792	$ 7,459,792	$ -	$ 55,682,209	13.40%
2020	$ 7,310,652	$ 7,310,652	$ -	$ 52,399,644	13.95%
2019	$ 5,875,052	$ 5,875,052	$ -	$ 48,154,635	12.20%
2018	$ 5,731,608	$ 5,731,608	$ -	$ 46,170,798	12.41%
2017	$ 5,140,864	$ 5,140,864	$ -	$ 43,178,236	11.91%
2016	$ 5,753,321	$ 5,753,321	$ -	$ 41,564,222	13.84%
2015	$ 4,863,085	$ 4,863,085	$ -	$ 39,813,992	12.21%

** Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.*

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REQUIRED SUPPLEMENTARY INFORMATION, *continued*

Cost-Sharing employer Plans — VaLORS State Employee Retirement Plan
For the Fiscal Year Ended June 30, 2023

Schedule of Employer's Share of Net Pension Liability VaLORS State Employee Retirement Plan
For the Measurement Dates of June 30, 2014 through 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	1.92%	1.53%	1.54%	1.60%	1.65%	1.69%	1.78%	1.99%	2.00%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 12,128,109	$ 8,005,822	$ 12,031,606	$ 11,095,665	$ 10,284,000	$ 11,067,000	$ 13,798,000	$ 14,143,000	$ 13,470,000
Employer's Covered Payroll	$ 6,463,623	$ 5,364,106	$ 5,450,181	$ 5,569,913	$ 5,700,678	$ 5,754,835	$ 6,172,009	$ 6,734,463	$ 6,916,426
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	187.64%	149.25%	220.76%	199.21%	180.40%	192.31%	223.56%	210.01%	194.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer Contributions VaLORS State Employee Retirement Plan
For the Years Ended June 30, 2015 through 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 1,934,425	$ 1,935,081	$ (656)	$ 7,863,516	24.61%
2022	$ 1,415,533	$ 1,422,127	$ (6,594)	$ 6,463,623	22.00%
2021	$ 1,171,738	$ 1,171,738	$ -	$ 5,364,106	21.84%
2020	$ 1,363,952	$ 1,363,952	$ -	$ 5,450,181	25.03%
2019	$ 1,218,291	$ 1,218,291	$ -	$ 5,569,913	21.87%
2018	$ 1,200,324	$ 1,200,324	$ -	$ 5,700,678	21.06%
2017	$ 1,222,092	$ 1,222,092	$ -	$ 5,754,835	21.24%
2016	$ 1,160,053	$ 1,160,053	$ -	$ 6,172,009	18.80%
2015	$ 1,189,987	$ 1,189,987	$ -	$ 6,734,463	17.67%

Notes to Required Supplementary Information -- *For the Year Ended June 30, 2023*

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS - State Employee Retirement Plan as a result of the experience study and VRS Board action may be viewed on page 90.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action may be viewed on page 91 .

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SCHEDULE OF EMPLOYER'S SHARE OF TOTAL OPEB LIABILITY

For the Fiscal Year Ended, June 30, 2023

	2023*	2022*	2021*	2020*	2019*	2018*
Employer's proportion of the collective total OPEB liability	1.34%	1.27%	1.19%	1.17%	1.15%	1.11%
Employer's proportionate share of the collective total OPEB liability	$ 4,852,992	$ 5,703,784	$ 6,789,374	$ 7,966,474	$ 11,535,795	$ 14,448,345
Employer's covered-employee payroll	$ 87,872,956	$ 77,414,083	$ 61,046,315	$ 58,869,521	$ 54,656,476	$ 49,118,624
Employer's proportionate share of the collective total OPEB liability as a percentage of its covered-employee payroll	5.52%	7.37%	11.12%	13.53%	21.11%	29.42%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data are available.
However, additional years will be included as they become available.
** The amounts presented have a measurement date of the previous fiscal year end.*

Notes to Required Supplementary Information -- For the Fiscal Year Ended June 30, 2023

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%.

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

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Cost-Sharing employer Plans — Health Insurance Credit Program (HIC)
For the Fiscal Year Ended June 30, 2023

Schedule of Employer's Share of Net OPEB Liability -- Health Insurance Credit Program (HIC)
For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability (Asset)	1.0238%	0.8489%	0.8080%	0.7907%	0.7717%	0.7591%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	8,386,609	7,169,391	$ 7,417,581	$ 7,298,540	$ 7,040,000	$ 6,912,000
Employer's Covered Payroll	$ 77,616,798	$ 61,231,265	$ 58,291,025	$ 53,907,914	$ 52,007,392	$ 49,062,189
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	10.81%	11.71%	12.73%	13.54%	13.54%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

Schedule of Employer Contributions -- Health Insurance Credit - State
For the Years Ended June 30, 2018 through 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 986,561	$ 985,941	$ 620	$ 88,085,830	1.12%
2022	$ 869,308	$ 868,767	$ 541	$ 77,616,798	1.12%
2021	$ 685,790	$ 687,455	$ (1,665)	$ 61,231,265	1.12%
2020	$ 679,304	$ 679,503	$ (199)	$ 58,291,025	1.17%
2019	$ 630,723	$ 630,505	$ 218	$ 53,907,914	1.17%
2018	$ 613,687	$ 613,224	$ 463	$ 52,007,392	1.18%

Notes to Required Supplementary Information -- ***For the Year Ended June 30, 2023***

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 90.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – JRS Employees, page 92.

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REQUIRED SUPPLEMENTARY INFORMATION, *continued*

Cost-Sharing employer Plans — Group Life Insurance Program (GLI)
For the Fiscal Year Ended June 30, 2023

Schedule of Employer's Share of Net OPEB Liability -- Group Life Insurance Program (GLI)
For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.3573%	0.2971%	0.2835%	0.2753%	0.27337%	0.26635%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	$ 4,302,718	$ 3,458,585	$ 4,731,151	$ 4,480,351	$ 4,153,000	$ 4,009,000
Employer's Covered Payroll	$ 77,752,337	$ 61,429,143	$ 58,400,351	$ 53,977,296	$ 52,040,245	$ 49,118,624
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.53%	5.63%	8.10%	8.30%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

Schedule of Employer Contributions -- Group Life Insurance Program (GLI)
For the Years Ended June 30, 2018 through 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 477,203	$ 476,019	$ 1,184	$ 88,370,961	0.54%
2022	$ 419,863	$ 419,487	$ 376	$ 77,752,337	0.54%
2021	$ 331,184	$ 330,308	$ 876	$ 61,429,143	0.54%
2020	$ 309,627	$ 302,420	$ 7,207	$ 58,400,351	0.52%
2019	$ 280,682	$ 271,457	$ 9,225	$ 53,977,296	0.50%
2018	$ 270,609	$ 270,292	$ 317	$ 52,040,245	0.52%

Notes to Required Supplementary Information -- ***For the Year Ended June 30, 2023***

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 90.
- Mortality rates – Teachers, page 92.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – JRS Employees, page 92.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 94.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 95.

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Cost-Sharing employer Plans — Disability Insurance Program (VSDP)
For the Fiscal Year Ended June 30, 2023

Schedule of Employer's Share of Net OPEB Liability (Asset) -- Disability Insurance Program (VSDP)
For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net VSDP OPEB Liability (Asset)	1.68103%	1.41108%	1.33913%	1.28634%	1.21104%	1.11695%
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)	$ (4,961,602)	$ (4,864,281)	$ (2,955,302)	$ (2,523,739)	$ (2,728,000)	$ (2,395,000)
Employer's Covered Payroll	$ 77,414,083	$ 61,046,315	$ 58,106,466	$ 51,852,685	$ 47,785,688	$ 43,797,565
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-6.41%	-7.97%	-5.09%	-4.87%	-5.71%	-5.47%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

Schedule of Employer Contributions -- Disability Insurance Program (VSDP)
For the Years Ended June 30, 2018 through 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 536,026	$ 535,679	$ 347	$ 87,873,086	0.61%
2022	$ 472,226	$ 471,889	$ 337	$ 77,414,083	0.61%
2021	$ 372,029	$ 370,361	$ 1,668	$ 61,046,315	0.61%
2020	$ 360,221	$ 360,058	$ 163	$ 58,106,466	0.62%
2019	$ 321,487	$ 322,829	$ (1,342)	$ 51,852,685	0.62%
2018	$ 315,386	$ 315,270	$ 116	$ 47,785,688	0.66%

Notes to Required Supplementary Information -- *For the Year Ended June 30, 2023*

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 90.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.

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Cost-Sharing employer Plans — Line of Duty Act Program (LODA)
For the Fiscal Year Ended June 30, 2023

Schedule of Employer's Share of Net OPEB Liability -- Line of Duty Act Program (LODA)
For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net LODA OPEB Liability (Asset)	0.46692%	0.50017%	0.51413%	0.54690%	0.54331%	0.51555%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	$ 1,767,084	$ 2,205,708	$ 2,153,256	$ 1,962,202	$ 1,704,000	$ 1,355,000
Employer's Covered Payroll	$ 6,463,623	$ 5,364,106	$ 5,606,443	$ 5,695,304	$ 5,602,849	$ 5,998,207
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered Payroll	27.34%	41.12%	38.41%	34.50%	30.40%	22.60%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

**The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

Schedule of Employer Contributions -- Line of Duty Act Program (LODA)
For the Years Ended June 30, 2018 through 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 57,956	$ 57,956	$ -	$ 7,863,516	0.74%
2022	$ 64,307	$ 64,307	$ -	$ 6,463,623	0.99%
2021	$ 68,862	$ 68,862	$ -	$ 5,364,106	1.28%
2020	$ 69,871	$ 69,871	$ -	$ 5,606,443	1.25%
2019	$ 73,400	$ 73,400	$ -	$ 5,695,304	1.29%
2018	$ 57,872	$ 57,872	$ -	$ 5,602,849	1.03%

** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capitabased contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

Notes to Required Supplementary Information -- *For the Year Ended June 30, 2023*

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 90.
- Mortality rates – SPORS Employees, page 90.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – Largest Ten Locality Employers with Public Safety Employees, page 95.
- Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees, page 96.

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FINANCIAL STATISTICAL SECTION

Last Ten Fiscal Years

Sources: Unless otherwise noted, the information in these tables is derived from the annual report for the relevant year.

NET POSITION TRENDS

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

REVENUE TRENDS

These schedules contain information to help the reader assess the Authority's most signifcant revenue source, sales of alcohol, as well as other revenue sources.

COST OF GOODS SOLD TRENDS

These schedules contain information to help the reader understand the trends in cost of goods sold.

EXPENSE TRENDS

These schedules contain information to help the reader understand the relationship of expenses to sales.

PROFIT DISBURSEMENTS TRENDS

These schedules contain information to help the reader assess the profit disbursement trends.

OPERATING INFORMATION

These schedules contain statistical data regarding stores and products

CHANGES IN NET POSITION - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total operating revenues	1,230,422,982	1,173,136,625	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773	730,075,776	689,511,021
Total operating expenses	999,662,301	931,508,150	906,008,453	789,818,868	701,360,862	664,660,269	637,017,607	606,624,500	577,709,566	549,746,146
Operating income	230,760,681	241,628,475	228,951,494	210,472,626	201,322,463	180,217,023	170,545,838	165,321,273	152,366,210	139,764,875
Non-operating revenues (expenses)	(4,131,775)	11,338,714	4,051,749	1,488,296	682,140	601,355	2,318,691	(128,586)	130,466	164,396
Net profit before disbursements	226,628,906	252,967,189	233,003,243	211,960,922	202,004,603	180,818,378	172,864,529	165,192,687	152,496,676	139,929,271
Capital asset contribution: land and new headquarters and warehouse		3,712,542	76,940,783	9,969,000	-	-	-	-	-	-
Disbursements:										
Disbursements of profits to General Fund of the Commonwealth	(151,133,416)	(174,179,283)	(167,871,163)	(142,661,735)	(126,727,832)	(109,261,467)	(101,725,746)	(96,860,303)	(84,572,527)	(72,851,385)
Appropriation Act disbursements	(69,428,110)	(69,428,110)	(69,428,110)	(69,428,279)	(69,930,044)	(69,929,142)	(69,429,142)	(68,028,110)	(67,465,310)	(67,135,959)
Total disbursements	(220,561,526)	(243,607,393)	(237,299,273)	(212,090,014)	(196,657,876)	(179,190,609)	(171,154,888)	(164,888,413)	(152,037,837)	(139,987,344)
Net increase/(decrease) after disbursements & capital contributions	6,067,380	13,072,338	72,644,753	9,839,908	5,346,727	1,627,769	1,709,641	304,274	458,839	(58,073)
Total Net Position - July 1	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)	1,745,383	1,803,458
Net effect in change in accounting principle						(26,872,474)			(75,042,000)	
Net Position - July 1, as restated	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(97,696,336)	(72,533,503)	(72,837,777)	(73,296,617)	1,803,458
Total Net Position - June 30	10,902,538	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,567)	(70,823,862)	(72,533,503)	(72,837,778)	1,745,385

Notes: 1. The significant change in Net Position in 2015 was due to the adoption of GASB 68.
2. The significant change in Net Position in 2018 was due to the adoption of GASB 75.

NET POSITION - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in Capital Assets	104,627,579	113,822,702	121,818,144	33,116,293	15,485,332	9,110,959	9,305,696	10,325,665	11,623,322	10,917,072
Restricted Net Position	4,961,602	4,864,281	2,955,302	2,523,739	2,728,000	2,395,000	-	-	-	-
Unrestricted Net Position	(98,686,642)	(113,851,825)	(133,010,626)	(116,521,965)	(108,935,173)	(107,574,527)	(80,129,558)	(82,859,168)	(84,461,099)	(9,171,689)
Total Net Position	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)	1,745,383

Notes: 1. The significant change in Net Position in 2015 was due to the adoption of GASB 68.
2. The significant change in Net Position in 2018 was due to the adoption of GASB 75

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Revenues — Last Ten Fiscal Years

ALCOHOL SALES & TAX COLLECTED - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Gross alcohol sales	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239
Excise tax	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584
Excise tax as a % of gross sales	16.64%	16.62%	16.57%	16.50%	16.52%	16.36%	16.43%	16.47%	16.48%	16.49%
Net alcohol sales	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655

Note: 1. Pursuant to Virginia Code 4.1-234, a 20% excise tax is included in the selling price of alcohol, except vermouth and wine, which has a 4% tax.

OPERATING REVENUES - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Net alcohol sales	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655
Sales of lottery tickets		-	-	-	1,008,508	1,583,218	1,775,666	2,204,199	2,336,382	2,476,712
License & permit fees	17,368,012	17,147,748	14,869,126	14,105,749	14,460,539	13,875,412	13,514,032	13,304,832	12,967,544	12,606,895
Wine wholesalers tax	4,559,756	4,517,027	4,478,961	4,079,190	4,926,698	4,414,271	4,484,962	4,295,718	4,259,463	3,958,111
Penalties	1,084,709	253,980	156,967	842,199	1,149,306	687,045	760,810	816,695	1,041,342	1,020,717
Federal grants & contracts	-	-	-	89,498	153,488	651,384	269,767	280,007	239,915	306,285
Mixed beverage tax on common carriers	120,398	97,133	22,097	67,278	31,236	24,336	20,597	25,039	22,103	24,475
Miscellaneous	10,418,524	9,169,936	5,950,799	1,283,889	956,286	1,190,883	1,088,729	1,144,972	795,756	549,169
Total operating revenues	1,230,422,982	1,173,136,625	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773	730,075,776	689,511,021

Notes: 1. In FY15, mark-ups on alcohol were effective December 16, 2014, which included the case handling fee increase from one dollar per case to two dollars per case. The mark-up on miniatures increased from 49% to 69%.

2. In FY16, the price increased for all products due to rounding up to the nearest nine cents, which took place July 1, 2015.

3. In FY21, merchandise sales were moved from sales of alcohol to miscellaneous to better align products in appropriate categories.

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OPERATING REVENUES ANNUAL CHANGE AS A PERCENT OF PRIOR YEAR - *Last Ten Fiscal Years*

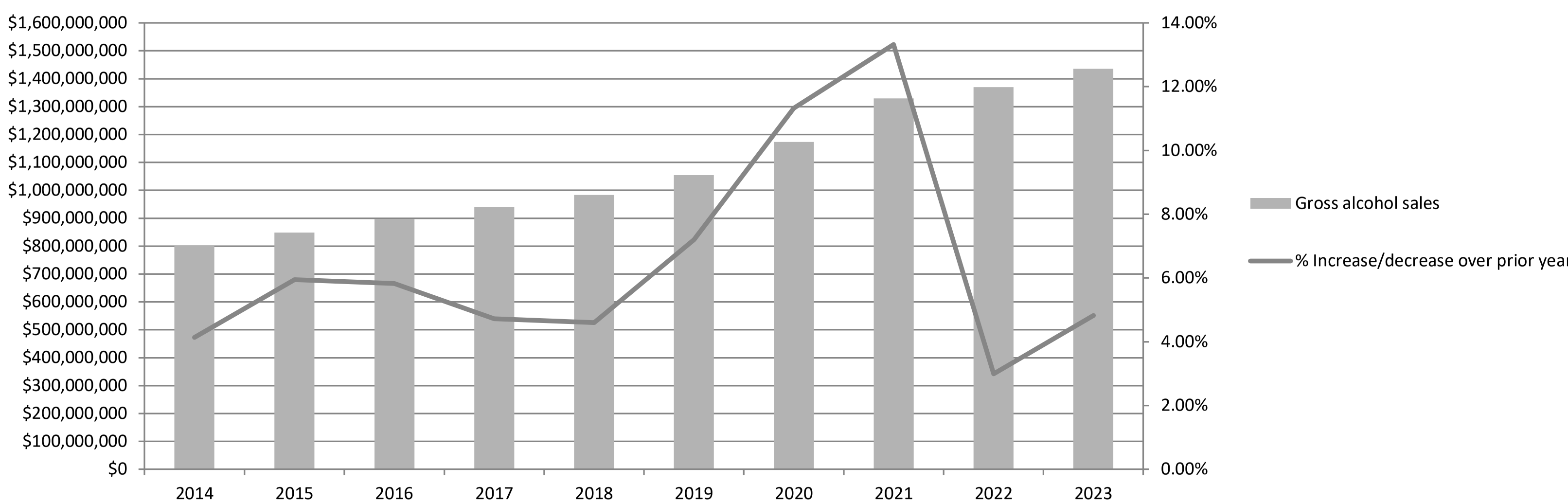
	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Net alcohol sales	4.81%	2.93%	13.23%	11.34%	7.00%	4.68%	4.77%	5.85%	5.96%	4.14%
Sales of lottery tickets	N/A	N/A	N/A	(100.00%)	(36.30%)	(10.84%)	(19.44%)	(5.66%)	(5.67%)	(4.90%)
License & permit fees	1.28%	15.32%	5.41%	(2.45%)	4.22%	2.67%	1.57%	2.60%	2.86%	4.00%
Wine wholesalers tax	0.95%	0.85%	9.80%	(17.15%)	11.54%	(1.58%)	4.41%	0.85%	7.61%	5.26%
Penalties	327.08%	61.80%	(81.36%)	(26.72%)	67.28%	(9.70%)	(6.84%)	(21.57%)	2.02%	0.23%
Federal grants & contracts	N/A	N/A	(100.00%)	(41.69%)	(76.44%)	141.46%	(3.66%)	16.71%	(21.67%)	(15.38%)
Mixed beverage tax on common carriers	23.95%	339.57%	(67.16%)	115.39%	28.35%	18.15%	(17.74%)	13.28%	(9.69%)	(9.47%)
Miscellaneous	13.62%	54.10%	363.50%	34.26%	(19.70%)	9.38%	(4.91%)	43.88%	44.90%	1.48%
Total Increase	4.88%	3.36%	13.46%	10.81%	6.84%	4.62%	4.61%	5.74%	5.88%	4.09%

Notes: 1. In FY15, mark-ups on alcohol were effective December 16, 2014, which included the case handling fee increase from one dollar per case to two dollars per case. The mark-up on miniatures increased from 49% to 69%.

2. In FY16, the price increased for all products due to rounding up to the nearest nine cents, which took place July 1, 2015.

3. In FY21, merchandise sales were moved from sales of alcohol to miscellaneous, to better align products in appropriate categories.

GROSS ALCOHOL SALES - *Last Ten Fiscal Years*



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STATISTICAL SECTION, *continued*

Revenues — Last Ten Fiscal Years

NON-OPERATING REVENUES - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Rents	2,165	33,017	24,319	27,729	24,893	24,168	27,244	31,559	210,061	225,074
Gain on disposal of capital assets		15,117,759	-	-	-	-	-	-	-	-
Income from security lending transactions	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320	113	157
Interest income	1,258,385	144,931	46,873	297,522	607,387	334,667	182,039	64,013	-	-
Seized assets	-	6,318	9,786	31,867	49,861	242,520	109,408	-	-	-
Other - Special Employer Contributions (VRS)	-	-	-	-	-	-	2,000,000	-	-	-
Federal grants & contracts	1,865,289	1,693,645	1,583,027	1,131,178	-	-	-	-	-	-
Other nonoperating revenue	297,343	202,800	2,387,744	-	-	-	-	-	-	-
Total non-operating revenues	3,835,629	17,224,528	4,063,022	1,570,964	846,941	626,968	2,319,033	98,892	210,175	225,231
Increase (decrease)	(13,388,899)	13,161,506	2,492,058	724,023	219,973	(1,692,065)	2,220,141	(111,283)	(15,056)	29,549
% Increase (decrease)	(77.73%)	323.93%	158.63%	85.49%	35.09%	(72.96%)	2245.02%	(52.95%)	(6.68%)	15.10%

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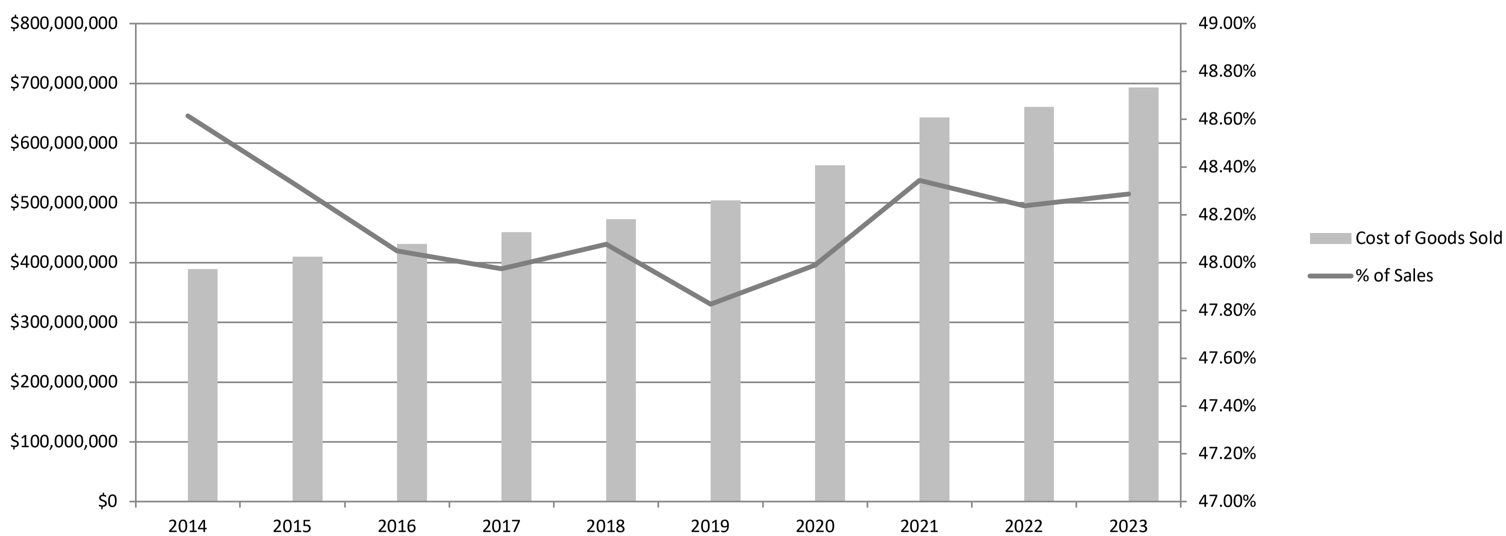
Cost of Goods Sold — Last Ten Fiscal Years

COST OF GOODS SOLD: ALCOHOL - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross alcohol sales	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239
Excise tax	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584
Net alcohol sales	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655
Cost of Goods Sold	693,270,047	660,689,814	642,888,983	563,153,604	504,150,211	472,772,427	451,003,488	431,328,614	409,991,902	389,204,362
% of Gross Alcohol Sales Sales	48.29%	48.24%	48.34%	47.99%	47.83%	48.08%	47.97%	48.05%	48.33%	48.61%

Notes: 1. One factor that drives decreasing cost of goods sold is the Advanced Buy program, allowing product to be purchased by the Authority before a price increase.
2. Pursuant to Virginia Code 4.1-234, a 20% excise tax is included in the selling price of alcohol, except vermouth and wine, which has a 4% tax.

COST OF GOODS SOLD AS A PERCENT OF GROSS ALCOHOL SALES - *Last Ten Fiscal Years*



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STATISTICAL SECTION, *continued*

Expenses — Last Ten Fiscal Years

OPERATING EXPENSES BY CATEGORY WITHOUT COST OF GOODS SOLD - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Personal services	172,575,236	150,455,712	$ 151,766,426	$ 129,098,812	$ 112,085,785	$ 113,535,743	$ 108,120,748	$ 102,977,280	$ 99,345,268	$ 96,016,888
Continuous services	20,947,829	16,251,275	38,644,856	35,976,421	34,276,756	32,134,553	31,315,640	29,278,603	27,954,258	26,238,093
Contractual services	58,506,328	55,652,151	56,862,610	50,090,559	40,966,570	34,948,390	35,181,744	31,215,352	29,216,426	27,263,123
Supplies and materials	5,477,919	6,930,860	6,056,788	4,783,598	3,496,605	3,906,161	3,429,626	3,272,558	3,393,215	3,401,478
Depreciation & amortization	40,995,658	34,809,666	4,026,437	2,890,134	2,127,490	2,580,739	2,216,175	2,580,090	2,664,489	2,573,170
Expendable equipment	6,620,372	6,321,406	5,084,688	3,464,031	2,867,828	2,539,276	3,453,386	2,986,732	2,258,331	2,209,117
Other operating expenses	1,268,912	397,266	677,665	361,709	372,382	347,589	611,832	856,410	661,649	500,029
Total operating expenses	306,392,254	270,818,336	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025	165,493,637	158,201,899
Increase from prior FY	35,573,918	7,698,866	36,454,206	30,471,848	6,200,965	5,663,300	11,162,126	7,673,388	7,291,738	6,875,020
% Increase	13.14%	2.93%	16.08%	15.53%	3.26%	3.07%	6.45%	4.64%	4.61%	4.54%

OPERATING EXPENSES BY DIVISION WITHOUT COST OF GOODS SOLD - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Retail & Distribution Expenses	213,219,239	202,165,660	177,532,993	149,241,340	133,346,792	129,705,731	122,428,825	115,809,039	110,179,547	104,958,799
Administrative Expenses	83,097,461	63,804,658	61,974,111	58,544,041	49,874,639	44,903,559	43,837,955	40,354,100	37,763,015	35,000,633
Regulatory Expenses	23,373,520	20,059,935	17,723,154	16,900,634	17,288,559	16,527,661	16,885,187	17,328,181	17,900,232	17,936,183
GASB 68, GASB 75 and other Adjustments	(13,297,966)	(15,211,917)	5,889,212	1,979,249	(4,316,574)	(1,144,500)	1,177,184	(324,295)	(349,157)	306,285
Total Operating Costs	306,392,254	270,818,336	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025	165,493,637	158,201,899

Notes: 1. Area breakdown from final Profit & Loss statement for respective fiscal year

2. Store breakage removed from operating expense and classified as part of Cost of Goods Sold on financial statements

3. Cost of Goods Sold for Virginia is for Lovers merchandise added back in FY 2017 and FY 2018

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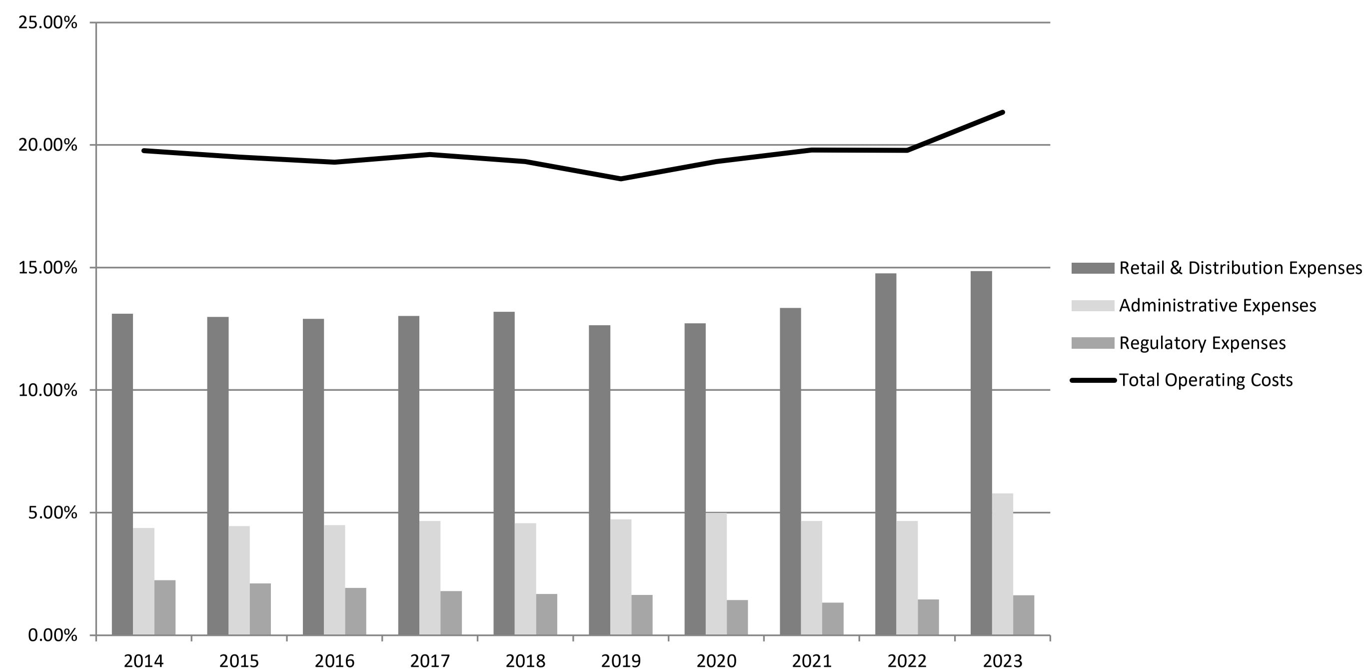
OPERATING EXPENSES AS A PERCENT OF GROSS ALCOHOL SALES - *Last Ten Fiscal Years*



NON-OPERATING EXPENSES - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Expenses from security lending transactions	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320	113	157
Seized assets	20,152	-	-	-	-	-	-	224,158	79,596	60,678
Interest expense on finance leases	6,747,321	5,858,442	-	-	-	-	-	-	-	-
Interest expense on SBITA	787,483									
Interest Expense	-	1,314	-	-	-	-	-	-	-	-
Total non-operating expenses	7,967,403	5,885,814	11,273	82,668	164,801	25,613	342	227,478	79,709	60,835
Increase (decrease)	2,081,589	5,874,541	(71,395)	(82,133)	139,188	25,271	(227,136)	147,769	18,874	(737,935)
% Increase (decrease)	35.37%	NM	(86.36%)	(49.84%)	543.43%	7389.18%	(99.85%)	185.39%	31.02%	(92.38%)

Notes: 1. Interest expense on finance leases and SBITA are due to implementation of GASB 87 and GASB 96

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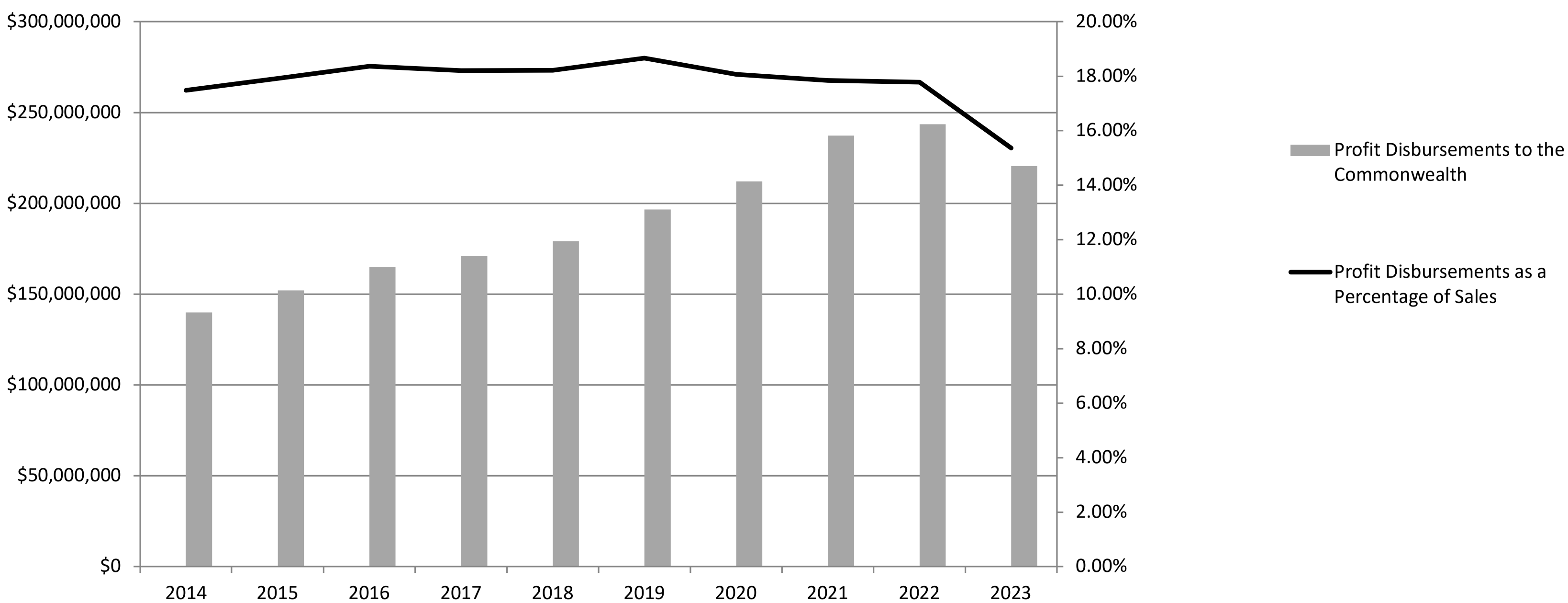
Profits Disbursements — Last Ten Fiscal Years

PROFIT DISBURSEMENTS TO THE COMMONWEALTH - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross alcohol sales	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239
Excise tax	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584
Net alcohol sales	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655
Profit Disbursement to the Commonwealth	220,561,526	243,607,393	237,299,273	212,090,014	196,657,876	179,190,609	171,154,888	164,888,413	152,037,837	139,987,344
% of Gross Sales	15.36%	17.79%	17.84%	18.07%	18.66%	18.22%	18.21%	18.37%	17.92%	17.49%

Note: 1. Pursuant to Virginia Code 4.1-234, a 20% excise tax is included in the selling price of alcohol, except vermouth and wine, which has a 4% tax.

DISBURSEMENTS TO THE COMMONWEALTH - *Last Ten Fiscal Years*



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STORES BY YEAR - *Last Ten Fiscal Years*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total Stores, July 1	395	394	388	377	370	366	359	351	349	342
New Stores	4	2	6	12	7	5	9	8	4	7
Closed Store	0	1	-	1	-	1	2	-	3	-
Total Stores, June 30	399	395	394	388	377	370	366	359	350	349

SALES DATA BY YEAR - *Last Ten Fiscal Years (in dollars)*

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Store square footage[1]	1,233,578	1,220,466	1,197,485	1,191,176	1,233,746	1,190,407	1,158,478	1,146,234	1,117,425	1,112,807
Total transactions	37,443,090	36,114,427	36,449,743	35,733,748	33,652,166	32,241,445	31,270,307	30,398,994	29,712,285	28,770,720
Total bottles sold	85,805,906	82,995,547	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001	57,049,526	55,397,422
Gross alcohol sales	$ 1,435,708,368	$ 1,369,654,840	$ 1,329,826,387	$ 1,173,498,688	$ 1,054,141,782	$ 983,360,484	$ 940,095,513	$ 897,687,239	$ 848,245,457	$ 800,612,239
Average bottle price	$ 16.73	$ 16.50	$ 16.51	$ 15.28	$ 14.85	$ 15.01	$ 15.48	$ 15.46	$ 14.87	$ 14.45
Average sales per transaction	$ 38.34	$ 37.93	$ 36.48	$ 32.84	$ 31.32	$ 30.50	$ 30.06	$ 29.53	$ 28.55	$ 27.83
Average sales per square foot	$ 1,163.86	$ 1,122.24	$ 1,110.52	$ 985.16	$ 854.42	$ 826.07	$ 811.49	$ 783.16	$ 759.11	$ 719.45

Notes: Information provided by Authority's Strategy & Analytics division.

1. An authority-wide store survey was completed during FY 2020, resulting in a more accurate square footage calculation. The actual store square footage did not decrease in FY 2020.

continued on next page

STATISTICAL SECTION, *continued*

Operational — Last Ten Fiscal Years

SALES PERCENT CHANGE FROM PRIOR FISCAL YEAR - *Last Ten Fiscal Years*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Store square footage[1]	1.07%	1.92%	0.53%	-3.45%	3.64%	2.76%	1.07%	2.58%	0.41%	1.99%
Total transactions	3.68%	-0.92%	2.00%	6.19%	4.38%	3.11%	2.87%	2.31%	3.27%	3.32%
Total bottles sold	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%	3.52%
Average bottle price	1.39%	-0.06%	8.04%	2.90%	-1.09%	-3.01%	0.11%	3.99%	2.88%	0.60%
Average sales per transaction	1.08%	3.97%	11.10%	4.84%	2.70%	1.45%	1.81%	3.44%	2.59%	0.79%
Average sales per square foot	3.71%	1.06%	12.72%	15.30%	3.43%	1.80%	3.62%	3.17%	5.51%	2.11%

Note: 1. An authority-wide store survey was completed during FY 2020, resulting in a more accurate square footage calculation. The actual store square footage did not decrease in FY 2020.

TOP PERFORMING STORES - GROSS SALES - *Last Ten Fiscal Years (in dollars)*
(Rank in parentheses)

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
#219 - Vienna	$13,433,166 (1)	$11,665,046 (2)	$8,811,514 (4)	$8,672,118 (2)	$8,607,977 (4)	$7,966,670 (3)	$7,652,272 (5)		$6,461,490 (5)	$6,107,183 (5)
#256 - Virginia Beach	$12,024,258 (2)	$12,829,008 (1)	$11,696,800 (1)	$9,614,876 (1)	$9,848,073 (2)	$9,335,821 (1)	$9,356,735 (1)	$9,202,992 (1)	$8,226,884 (1)	$8,630,556 (1)
#331 - Richmond	$10,471,670 (3)	$9,515,384 (3)	$8,941,006 (3)	$7,750,902 (5)						
#119- Alexandria	$9,822,712 (4)									
#282 - Hampton	$9,615,765 (5)									
#225 - Virginia Beach		$8,780,972 (4)	$9,134,708 (2)	$8,456,061 (4)	$9,212,139 (3)	$8,708,926 (2)	$8,292,157 (2)	$8,399,650 (2)	$8,081,614 (2)	$7,312,737 (2)
#107 - Virginia Beach		$8,484,328 (5)								
#267 - Tysons			$8,494,372 (5)							
#397 - Alexandria				$8,597,200 (3)	$9,870,509 (1)					
#169 - Richmond					$7,588,304 (5)	$7,936,805 (4)	$7,754,878 (4)	$7,621,199 (4)	$7,048,143 (4)	$6,490,317 (4)
#278 - Virginia Beach						$7,526,361 (5)	$7,773,909 (3)	$7,699,741 (3)	$7,462,194 (3)	$6,652,089 (3)
#358 - Alexandria								$7,133,652 (5)		

Notes: 1. Top performing store gross sales are gross alcohol sales generated from Authority's retail stores and licensee customers, not adjusted by refunds, discounts and (or) fees.

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BOTTLES SOLD - *Last Ten Fiscal Years*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total bottles sold	85,805,906	82,995,547	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001	57,049,526	55,397,422
Increase of prior year	2,810,359	2,446,953	3,755,997	5,806,777	5,485,632	4,768,232	2,673,955	1,008,475	1,652,104	1,881,241
% Increase over prior year	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%	3.52%
50mL bottles sold	26,270,630	24,901,283	22,794,484	22,169,462	20,266,659	16,640,845	13,316,637	12,130,465	12,546,559	12,339,394
Change from prior year	1,369,347	2,106,799	625,022	1,902,803	3,625,814	3,324,208	1,186,172	(416,094)	207,165	875,563
% change prior year	5.50%	9.24%	2.82%	9.39%	21.79%	24.96%	9.78%	-3.32%	1.68%	7.64%
50mL bottles as % of total	30.62%	30.00%	28.30%	28.87%	28.55%	25.41%	21.93%	20.89%	21.99%	22.27%

Notes: 1. Source: Policy, Planning & Analysis

TOP PERFORMING BRANDS - GROSS DOLLARS - *Last Ten Fiscal Years*
(Rank in parentheses)

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tito's Handmade	$72,032,280 (1)	$66,908,281 (1)	$57,855,124 (1)	$52,339,240 (1)	$42,122,282 (1)	$33,451,056 (1)	$25,018,702 (3)			
Hennessy VS	$43,974,774 (2)	$42,524,111 (2)	$52,767,346 (2)	$46,879,265 (2)	$35,309,436 (2)	$33,157,815 (2)	$33,941,737 (1)	$25,269,088 (2)	$18,758,631 (4)	
Jack Daniel's #7 Black	$30,160,192 (3)	$30,387,548 (3)	$30,392,412 (3)	$30,259,503 (3)	$29,979,450 (3)	$29,282,762 (3)	$28,702,100 (2)	$27,599,088 (1)	$26,925,694 (1)	$25,658,300 (1)
Patron Silver	$28,590,210 (4)	$28,637,480 (4)	$28,915,618 (4)	$20,933,661 (5)						
Jim Beam	$23,932,399 (5)	$24,226,098 (5)	$23,236,012 (5)	$23,485,631 (4)	$22,713,241 (4)	$21,494,889 (4)	$20,421,335 (4)	$19,805,216 (3)	$18,657,478 (5)	$17,802,469 (3)
Fireball Cinnamon					$19,224,053 (5)	$18,749,122 (5)		$19,110,580 (5)	$18,759,979 (3)	$16,124,716 (5)
Smirnoff 80							$18,807,951 (5)	$19,294,602 (4)	$18,966,572 (2)	$19,066,109 (2)
Grey Goose										$17,104,944 (4)

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PRODUCTS SOLD BY CASE - *Last Ten Fiscal Years*

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Vodka	1,635,643	1,650,203	1,666,837	1,656,207	1,556,616	1,505,294	1,471,413	1,448,851	1,423,240	1,398,474
Domestic	933,024	922,924	898,413	907,464	855,285	823,756	795,487	774,794	761,099	738,803
Imported	377,319	380,527	394,030	389,336	363,835	355,140	351,388	350,341	340,831	342,794
Flavored	325,301	346,752	374,394	359,408	337,496	326,398	324,538	323,716	321,310	316,877
Straight Bourbon Whiskey	780,777	755,521	736,207	703,214	625,562	578,328	535,671	515,177	483,441	457,349
Rum	470,292	488,348	494,499	484,048	465,274	464,810	455,635	446,425	425,817	423,243
Domestic	37,023	39,641	41,635	27,389	438,456	438,855	434,086	429,928	142,537	137,762
Imported	433,269	448,707	452,864	456,658	26,818	25,955	21,549	16,497	283,279	285,481
Tequila	885,876	748,000	615,083	461,861	398,587	353,493	324,504	291,677	242,280	227,319
Cordials -Liqueurs-Specialties	514,517	478,956	452,504	558,782	517,338	488,640	474,718	478,332	530,603	503,019
Imported	322,558	295,062	281,355	361,042	331,695	314,610	298,289	295,955	303,305	285,565
Domestic	191,959	183,894	171,149	197,740	185,643	174,030	176,429	182,377	227,298	217,454
Flavored Whiskey**	307,174	336,535	366,550	-	-	-	-	-	-	-
Cognac\Armagnac	172,451	201,905	251,574	203,289	194,789	187,912	183,177	160,584	173,099	165,700
Gin	238,474	238,926	247,227	246,321	237,108	234,097	236,821	236,616	234,712	237,533
Domestic	105,187	110,564	120,931	132,294	134,651	137,315	142,038	145,141	157,721	163,085
Imported	118,587	114,982	113,592	101,292	90,512	84,557	81,542	78,884	64,857	62,515
Flavored	14,560	13,294	12,288	12,363	11,567	11,805	12,780	12,116	11,616	11,351
Sloe	141	86	417	372	378	420	461	475	518	582
Canadian Whisky	131,770	146,374	149,935	201,871	161,568	161,060	160,640	157,516	151,833	136,390
Brandy	154,255	159,752	168,741	171,495	201,729	192,563	193,188	191,377	181,654	160,685
Grape	107,510	111,251	114,374	121,000	7,254	7,035	7,315	7,312	7,218	7,269
Imported	20,417	20,179	21,846	14,663	35,540	35,943	36,328	33,534	28,036	10,686
Flavored	26,329	28,322	32,521	35,832	158,935	149,585	149,545	150,531	146,400	142,730
Scotch Whiskey	166,044	178,106	181,068	171,167	168,753	121,746	149,837	124,684	102,713	91,924
Cocktails	197,274	182,814	190,166	151,914	224,697	198,396	180,239	172,073	156,180	158,155
Domestic	119,826	108,867	107,019	90,017	111,572	101,123	103,626	104,110	100,208	98,016
Imported	77,448	73,947	83,147	61,897	113,125	97,273	76,613	67,963	55,972	60,139
Tennessee Whiskey	124,271	117,345	124,981	121,693	41,690	36,217	34,608	34,856	6,165	7,068
Blended Whiskey	98,108	96,032	91,456	148,003	71,435	61,056	42,006	33,107	49,808	53,071
Irish Whiskey	87,590	86,424	89,296	80,162	71,192	62,282	53,596	46,944	39,789	34,966
Straight Rye Whiskey	76,273	69,446	63,447	50,554	51,732	45,534	53,320	73,124	62,705	54,575
Domestic Whiskey	45,191	47,096	43,709	64,721	57,617	56,801	53,194	47,235	41,368	41,383
Moonshine (2)	62,490	49,735	45,288	39,141	39,986	32,505	26,609	21,271	13,534	9,366
Specialty Bottles	33,189	34,048	35,588	43,221	59,784	50,671	58,168	58,656	61,838	25,571
Imported	20,250	22,778	21,345	26,600	19,973	16,086	26,459	25,407	30,060	25,571
Domestic	12,939	11,270	14,243	16,621	39,811	34,585	31,709	33,249	31,778	-
Egg Nog	26,746	26,522	24,005	25,321	22,972	20,034	18,653	13,101	13,349	14,334
Rock & Rye	2,284	2,347	2,200	2,398	2,368	2,236	1,813	1,610	1,271	1,288
Grain Alcohol(1)	1,941	1,922	2,097	2,091	1,250	1,227	53	57	56	40
Bottled Bond Whiskey	-	-	-	737	629	561	601	606	1,574	1,165
Corn Whiskey	1,396	1,469	1,699	691	489	408	325	441	724	32,022
Vermouth	22,821	18,413	25,324	25,175	22,681	21,903	17,848	16,561	15,892	15,819
Virginia Wine	15,618	15,732	17,278	15,762	14,936	14,480	14,624	13,131	12,241	11,533
Non-Alcoholic Mixers	167,988	161,316	176,008	157,705	134,259	128,533	123,882	114,393	103,893	99,270
Non Beverage Item	37,037	30,320	22,509	24,996	27,587	29,272	28,399	24,387	20,549	17,331
Statewide Totals *	6,457,491	6,323,607	6,285,276	5,812,539	5,372,628	5,050,059	4,893,543	4,722,793	4,550,327	4,378,593
Increase from prior FY	133,884	38,331	472,737	439,911	322,569	156,517	170,750	172,466	171,734	637,464
% Increase	2.12%	0.61%	8.13%	8.19%	6.39%	3.20%	3.62%	3.79%	3.92%	17.04%

*Notes: * Excludes promotional items, miscellaneous records and confiscated items.*
***Flavored Whiskey is a new breakout category.*
1. Grain alcohol 151 proof available for sale in select ABC stores.
2. Moonshine was reported separate from corn whiskey category beginning in 2015

The Alcoholic Beverage Control Authority (the "Authority") has developed a summary table and a brief narrative as a response to Enactment Clause 14 in Chapter 730 of the 2015 Virginia Acts of Assembly for the Alcoholic Beverage Control Authority legislation.

Enactment Clause 14 of Acts of Assembly Chapter 730

Enactment Clause 14 of Acts of Assembly Chapter 730 requires that by October 15 of each year, the Authority or its successor shall, for the purposes of identifying the total costs of the operation and administration of the Authority or its successors to be funded from the revenues generated by such entity, submit to the General Assembly a report detailing the total percentage of gross revenues required for the operation and administration of the Authority, excluding expenditures made for the purchase of distilled spirits, for the prior fiscal year, and a relative comparison to the three prior fiscal years.

	In Millions				As a Percentage of Sales			
	FY 2023	**FY 2022**	**FY 2021**	**FY 2020**	**FY 2023**	**FY 2022**	**FY 2021**	**FY 2020**
Sales	$ 1,443.9	$ 1,376.6	$ 1,333.6	$ 1,173.6	100.0%	100.0%	100.0%	100.0%
- Excise tax	238.9	227.7	220.4	193.8	16.5%	16.5%	16.5%	16.5%
+ Other revenue	28.5	41.5	24.2	20.8	2.0%	3.0%	1.8%	1.8%
Net revenue	$ 1,233.5	$ 1,190.4	$ 1,137.4	$ 1,000.6	85.5%	86.5%	85.3%	85.3%
Cost of goods sold	693.3	660.7	642.9	563.2	48.0%	48.0%	48.2%	48.0%
Operation costs	213.2	202.2	177.5	149.9	14.8%	14.7%	13.3%	12.8%
Administrative costs	83.1	63.8	62.0	58.5	5.8%	4.6%	4.7%	5.0%
Regulatory costs	23.3	20.1	17.7	16.9	1.6%	1.5%	1.3%	1.4%
Net Profit	$ 220.6	$ 243.6	$ 237.3	$ 212.1	15.3%	17.7%	17.8%	18.1%

Notes:

1. All support costs (e.g., Human Resources, Information Technology, Finance, etc.) for Regulatory and Operations are included in the Administrative Costs category.
2. The Authority's total operating costs excludes the year-end VRS pension liability adjusting entries, GASBS No. 75 liability adjusting entries for other postemployment benefit (OPEB), and the federal grant entries because they are non-operational costs. However, these costs were included in the year-end financials.

The Authority has opted to include a more detailed chart than what is required by the legislation. This detail will permit the General Assembly to be familiar with the magnitude of our business and have the percentage of revenue data that was requested. Inclusion of the cost of goods sold (i.e., purchase of distilled spirits) data allows the General Assembly to see the full picture of the Authority's operations and a high-level Statement of Revenues, Expenses, and Changes in Net Position (Profit and Loss).

There are four major categories of ABC costs: Cost of Goods Sold, Operation Costs, Administrative Costs, and Regulatory Costs. The Cost of Goods Sold is simply the cost that the Authority incurs to purchase the distilled spirits that are sold in the ABC stores. The Operation Costs includes the costs to operate the Authority's stores (personnel cost, store rentals, utilities, etc.), the costs to operate the Authority's Distribution Center, and the overhead costs of the leadership and support functions that are directly linked to either the store operations or the Distribution Center. The Administrative Costs are the most diverse cost group as it includes all the administrative functions that are necessary to support the business. These include Information Technology, Internal Audit, Procurement and Support Services, Strategy and Analytics, Education and Prevention, Marketing, Human Resources, Financial Management Services, Digital Operations, Communications, Real Estate and Facilities Management, the Authority's Leadership, Office of Diversity, Equity & Inclusion, Internal Audit, and charges for services from other state agencies. The Regulatory Costs category represents the costs to operate the Authority's Enforcement division and the Hearings & Appeals function. Enforcement operates under a separate appropriation than the rest of the Authority; however, Enforcement division remains a part of the overall costs that affects the Authority's profits. In addition, there are approximately 2,000 new licensees each year that require a full investigation to include a background check of the owners,

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corporate structure review, complete financial review, and deciding about the suitability of the applicant to possess an ABC license in Virginia.

Cost of Goods Sold increases are primarily driven by sales volume. In fiscal year 2023, Cost of Goods Sold represents 48.0% of the sales revenue collected. This percentage is consistent with previous years.

Operation Costs, Administrative Costs, and Regulatory Costs are all primarily driven by personnel needs (salary, healthcare, retirement, etc.). In addition, Operation Costs include new stores, store rentals (with rent escalation clauses), utilities, and freight to transport product from the warehouse to the stores.

Administrative Costs increases are primarily driven by the cost of Information Technology, new store construction costs, and the increased focus on Marketing and Communications over the past few years (to communicate information about the Authority and its products). These costs support revenue generating activities and continued business operations.

In fiscal year 2024, Operation Costs, Administrative Costs, and Regulatory Costs are expected to remain at prior year's levels due to collaborative efforts to increase the Authority's net profit. The Authority will implement a retail staffing plan focused on efficient use of labor hours to operate the stores while continuing to maintain customer service as top priority, eliminate unnecessary vacant positions, reduce active projects and initiatives by leveraging existing Virginia ABC systems, and limit discretionary spending to maintain accountability for cost reductions.

Six-Year Financial Forecast
Fiscal Year 2023 - Fiscal Year 2029
(in million)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Sources: Growth Rate		5.09%	5.00%	5.00%	5.00%	5.00%	5.00%
Alcoholic Beverages (Store Sales)	1,443.9	1,517.4	1,593.3	1,673.0	1,756.6	1,844.4	1,936.7
Less: State Taxes on Spirits & Wine	238.9	251.3	263.8	277.1	290.9	307.1	322.5
Net Store Sales	1,205.0	1,266.1	1,329.5	1,395.9	1,465.7	1,537.3	1,614.2
Other Revenue	28.5	25.0	25.2	25.5	25.7	26.0	26.3
Total ABC Revenue	**1,233.5**	**1,291.1**	**1,354.7**	**1,421.4**	**1,491.4**	**1,563.3**	**1,640.5**
Cost of Goods Sold:	693.3	728.3	764.8	803.0	843.2	885.3	929.6
Operating Costs:	319.6	318.5	313.4	316.7	320.5	326.1	331.9
Infrastructure Projects:	-	-	0.9	1.3	2.0	5.4	5.0
ABC Net Profit	**220.6**	**244.3**	**275.6**	**300.4**	**325.7**	**346.5**	**374.0**

ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2023 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC's cost structure.

In fiscal year 2024, ABC expects sales to grow in the retail segment at 5.1% due to volume growth of 2%, pricing impacts of 1.5%, and premiumization of 1.5%. Similar growth is anticipated in fiscal years 2025 through 2026. Like other industries, the spirits industry is still challenged with the lingering effects that supply shortages and disruptions could have on the availability of products. Unfavorable impacts could rise from competition for consumers that can choose beer and wine as an alternative to spirits. Challenges continue to exist for suppliers in the production, bottling, and transportation of spirits. Additional uncertainties exist around the legalization of cannabis and its potential offsetting impact to spirit sales. Continued price increases in these areas may result in shifts away from premium products to value products, which have a lower profit margin. Additionally, premiumization was a major driver of profit growth in previous years and a loss of this trend will further challenge performance.

On the expense side, ABC is faced with the 5% salary and benefit costs, automatic rent escalation, freight increases due to higher fuel costs and volume, telecommunication and technology costs and growth in credit card discount fees that are all very difficult to influence in the short run. One of the challenges that ABC faces is the change in the marketplace demand for workers and the increased wages and personnel costs associated with the demand for employees. The fiscal year 2024 forecast represents the 5% pay increase for employees of the Commonwealth. Maintaining strong wage structures amid an increasingly competitive landscape is a priority to both retain and hire the talent to grow the Authority's revenues. Personnel cost escalation in fiscal years 2025 through 2026 forecast will be tempered at a lower rate reflecting a leveling off in the upward trend.

Personnel costs account for 56% of ABC non-merchandise expenditures, 18% are for continuous charges such as rent, GASB 87 lease amortization and utilities, 18% are for contractual services such as credit card fees, shipping product to stores and telecommunications, and 8% are for miscellaneous expenses such as supplies and materials, equipment, and depreciation. In fiscal years 2025 through 2029, increases in expenditures are expected due to the need to make significant ongoing infrastructure improvements to improve our information technology infrastructure. Currently, several of ABC's systems are dated and have reached their end-of-life, needing to be upgraded to maintain viability and to keep up with ABC's growing needs. Changes in salary and benefit cost rates, impacts of recession, continuing inflation, and mandated Appropriations Act transfers, can also significantly impact the accuracy of ABC's expense forecasts.

During fiscal year 2023, ABC contributed $220.6 million (accrual basis) of net profits to the Commonwealth, and collected $320.1 million of taxes on store sales, wine and beer and an additional $69.0 million of general sales tax totaling $609.7 million. ABC expects to meet transfer requirements in fiscal year 2024 given the projected increase in gross sales. However, risks include the impact of supply chain on inventory, impacts of inflation and recession, consumer spending, and unforeseen increases in expenses.

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