



**VIRGINIA ABC ANNUAL
COMPREHENSIVE FINANCIAL REPORT**
For Fiscal Year Ended June 30, 2024

Component Unit of the Commonwealth of Virginia



Cheers to 90 *Years*

Responsibly Serving Virginia Since 1934

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2024

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

Longevity. Virginia ABC has it. The authority marked its 90th anniversary on March 22, 2024.

We celebrated with a look back. We recognized our longest-serving teammates—five who've served 35 or more years with Virginia ABC and another five with more than 40 years of service. We also recognized the staff of our Clifton Forge store which still operates out of its 1934 location at 531 Main Street.

Virginia ABC opened five new stores in fiscal year 2024, including the authority's 400th store, located in Jonesville (Store 528). Other locations included Leesburg (Store 530), Norfolk (Store 405), Alexandria (Store 529) and Hanover (Store 442). We modernized eight stores, relocated seven stores, converted three stores to counter service and closed two stores completing the fiscal year with 402 stores across the Commonwealth.

Our product selection included over 400 Virginia-distilled Spirits which generated \$21.5M in sales with more than 600 thousand bottles sold for a second consecutive year.

Throughout the year, weekend sales (Saturday and Sunday) went up by 13%. Sunday sales increased by \$19.7 million to \$122 million. Friday led all days, with \$333.5 million in sales.

The top five stores by gallons sold were Store 256 in Virginia Beach (108,681 gallons), Store 219 in Fairfax (106,587), Store 331 in Short Pump (89,882), Store 278 in Virginia Beach (89,498), Store 280 in Chesapeake (89,283).

As our business grew, so did our productivity. Operational efficiency increased by 6.3% year over year in our distribution center. Teammates broke an all-time production record three separate times, culminating in an outbound volume of 41,635 cases; they set a new record for automation processing with 27.3% of daily volume coming from the automated dispenser.

Teammates in our distribution center shipped 6,567,130 cases of product to ABC stores across the Commonwealth where associates completed 37,963,520 customer transactions. Teammates in our Hearings, Appeals and Judicial Services Division handled 565 cases, with 356 settled by expediated consent. Our Office of Legal Counsel handled 99 negotiated resolutions and responded to 381 FOIA and general requests. Our Bureau of Law Enforcement worked with 19,053 licensed retail establishments, issued 21,053 retail licenses and another 25,379 banquet and special event licenses. We continued to put our customers first in every area of our business.

The Bureau of Law Enforcement earned its third consecutive accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC).

We engaged with our customers beyond the store experience. Digitally, we gained more than 8,500 new Facebook followers on our Virginia ABC and Spirited Virginia accounts. An additional 14,867 followers joined us on Instagram. Open and click rates on our three e-newsletters (Licensee, Distillery and Spirited Virginia) remained above the industry standards. Our flagship quarterly magazine, Spirited Virginia, continued to receive tremendous support from our supplier community, thus enabling us to produce an-award-winning magazine at no cost to Virginia taxpayers.

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.

As Chairman, I have great confidence in the leadership we now have in place, and I am optimistic about the future of Virginia ABC.



Virginia ABC Chairman Tim D. Hugo

LETTER FROM THE CEO

Virginia ABC's fiscal year was a year of change. One of these changes occurred near the end of the fiscal year when Governor Glenn Youngkin appointed me to the ABC Board in March 2024. After a short stay as Vice Chairman of the Board, I was appointed the authority's new Chief Executive Officer in late April 2024.

As I started familiarizing myself with the last several years of operations within ABC, it became clear that we have faced some of the most challenging circumstances in recent history. From navigating unexpected market fluctuations to adapting to shifts in our industry, we encountered obstacles that tested our resilience. Despite these challenges, I am very proud of how we responded as a team—demonstrating determination, innovation and a continued commitment to our mission.

This 2024 fiscal year's environment required us to make tough decisions. We made business decisions to streamline operations, improve efficiency and reallocate resources to areas with the greatest potential for growth. While these decisions were difficult, they were necessary to ensure that we remain competitive and well-positioned for the future.

Our financial results, though below our usual expectations, reflect the pressures we faced. Revenue was impacted by a changing economy and changes in consumer buying habits. We made changes in our ways of working to improve collaboration with our suppliers. We also worked to bring innovation and faster route to market changes. These actions improved short-term profitability and laid the groundwork for sustainable long-term growth. However, the 2024 fiscal year wasn't all difficult news.

We had our largest profit year in history (after subtracting the one-time sale of our old building in 2022). Virginia ABC marked a sixth consecutive year of retail sales in excess of \$1 billion. The authority transferred to the Commonwealth \$635.7M, the largest amount to date. These financial results highlight the talent and commitment of our employees and reinforce my confidence in our future.

Our alcohol education prevention programs, resources and community initiatives reached 2.75 million individuals, as we work to continue to bring positive changes to the communities we serve.

I want to express my deepest gratitude to our 4,321 employees whose dedication and creativity have been front and center in these trying times. I also want to thank our board of directors and stakeholders for their continued trust and support.

Looking ahead, we are cautiously optimistic. We have emerged from this fiscal year 2024 nimble and more focused in driving our business forward. We will continue to work to drive best practices throughout the authority. We will also continue to support our retail operations to ensure we are providing the best consumer experience. And lastly, we will insist on providing the safest regulatory practices throughout the Commonwealth.

We have a clear vision of where we are headed, and I am confident that the steps we are taking will lead to greater stability and growth in the years ahead.

We remain committed to delivering positive results for our stakeholders, supplying high-quality products and services to our customers. I am energized by the road ahead and the opportunities it holds.



Virginia ABC CEO Dale Farino

TABLE OF CONTENTS

2024 KEY AUTHORITY HIGHLIGHTS

Number of Stores	402
Total Employees	4,321
ABC Retail Licenses	21,053
ABC Profit Disbursements	\$243,378,124
Active Items on Price List	3,497
Total Gross Sales	\$1,499,475,885
Total Transfer to the Commonwealth	\$635,680,740

Introduction	5
Letter of Transmittal.....	8
Executive Information	10
Legislative Synopsis	11
Authority Highlights	12
Division Statistics	18
Bureau of Law Enforcement	18
Communications Division	18
Community Health & Engagement Division.....	18
Digital & Brand Operations Division	19
Hearings, Appeals and Judicial Services	19
Human Resources Division	20
Marketing and Merchandising Division.....	20
Procurement and Support Services Division	20
Office of Legal Counsel	20
Logistics Division	21
Real Estate and Facilities Management Division	21
Retail Operations Division	21
Top 50 Brands Sold, Fiscal Year 2024 vs. Fiscal Year 2023.....	22
Comparison of Products Sold/Market Share, Fiscal Year 2024 vs. Fiscal Year 2023.....	23
Analysis of Store Performance, Fiscal Year 2024.....	24
Analysis of Distillery Store Performance, Fiscal Year 2024.....	33
Licensed Establishments' Statistics	35
Fiscal Year Highlights	38
A Message from the Chairman and Chief Executive Officer	38
Financial Results in Brief, Fiscal Year 2024	39
Sales of All Beverages, Fiscal Year 2024.....	39
Financial Statements' Table of Contents	40
Financial Statistical Section	105
Transition to Authority Enactment Clause	118
Six-Year Financial Forecast	120



Virginia Alcoholic Beverage
Control Authority

MISSION

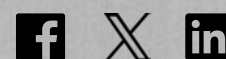
To strengthen the Commonwealth through public safety, education and revenue derived from the responsible regulation and sale of alcoholic beverages.

VISION

To be a customer-focused and service-oriented authority that promotes the responsible sale and consumption of alcoholic beverages, contributing to a safer and more prosperous Commonwealth.

VALUES

Accountability · Service
Integrity · Performance Excellence



www.abc.virginia.gov

7450 Freight Way
Mechanicsville, VA 23116
(804) 213-4400

LETTER OF TRANSMITTAL

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer

Dale F. Farino



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, 2024, in accordance with Section 4.1-101.07 of the *Code of Virginia*.

This report consists of management's representations concerning the Virginia Alcoholic Beverage Control Authority's (the Authority) (Virginia ABC) 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 the Authority'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. The 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 Virginia 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 Authority celebrated its 75th anniversary, 332 stores were in operation statewide. On June 30, 2021, Virginia ABC moved to a new larger headquarters and distribution center located at 7450 Freight Way in Mechanicsville. In its 90th anniversary this fiscal year 2024, the Authority has a total of 402 stores statewide.

During fiscal year 2018, under Virginia Code Title 4.1, Virginia ABC transitioned from a Department to an Authority. On July of 2024, the General Assembly considered Virginia ABC an independent authority of the Commonwealth. 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, operated 402 stores and employed almost 4,300 employees throughout the Commonwealth. The Authority works closely with the ten public safety agencies under the Secretariat of Public Safety and Homeland

Chair

Timothy D. Hugo

Vice Chair

L. Mark Stepanian

Board of Directors

William D. Euille

Gregory F. Holland

Lisa N. Jennings

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.

Virginia ABC is a leading revenue producer and a vital source of future economic growth and innovation for the Commonwealth of Virginia. On the retail side, profits come from the sale of distilled spirits within Virginia 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 benefiting citizens in all areas of the state whether they choose to drink or not. Since its establishment in 1934, The Authority has dispersed \$13.9 billion to the Commonwealth's General Fund, which supports major education, health, and transportation initiatives.

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

ECONOMIC CONDITION AND OUTLOOK

The Authority anticipated growth in fiscal year 2025 and during the next couple of years, with estimates from zero to 2.1% growth due to the effects of inflation, reduction in discretionary spending, cannabis, and competing alcohol products. In the coming fiscal years, the economic uncertainty still plays a huge role in meeting the Authority's expected revenue growth. The stability of the labor market and the ability of each individual household to sustain basic consumer products becomes incredibly important to the growth in sales, as alcoholic beverages become less of a priority. In addition, sales growth in the increasing volume and variety of non-alcoholic beer, wine, spirits, and ready-to-drink cocktails available in the market, provide competition for consumer spending and could hinder the Authority's expected growth in sales.

continued on next page

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

In fiscal year 2024, Virginia ABC's total gross alcohol revenue, including state tax on distilled spirits and wine, was almost \$1.5 billion, \$28.3 million over prior year or 2.0%. Gross sales of alcoholic beverages in the retail stores accounted for 97.6% of overall gross revenue. The remaining 2.4% of gross revenue was generated largely through the Authority's regulatory and licensing activities.

Virginia ABC contributed \$243.4 million of net profits to the Commonwealth and collected \$322.3 million of taxes on ABC store sales (distilled spirits and wine) and wine and beer wholesaler taxes, and an additional \$70.0 million of general sales tax totaling \$635.7 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 2024, \$25.8 million of the increase in store sales was driven by consumers selecting higher quality premium brands.

Incremental Units—During fiscal year 2024, \$51.4 million of the increase in store sales was driven by an increase in the number of bottles/units sold.

Mix Changes—During the fiscal year 2024, \$54.5 million of the decrease in store sales was driven by a trade-down to smaller bottle sizes.

The Authority's operating expenses increased 0.8% in the fiscal year 2024. Personal services cost increased by \$13.6 million from fiscal year 2023, primarily due to state mandated salary increases. Contractual charges decreased by \$10.3 million, primarily due to \$8.8 million decrease in Information technology (IT) consultants for skilled services because of the lack of budget funding for IT projects and initiatives. For the same reason, contracted charges for marketing expenses decreased as well by \$2.4 million. Expendable equipment decreased by \$5.3 million, primarily due to the decrease in network server expenses and decrease in store renovating supplies purchases.

Personnel costs account for 62.2% of Virginia ABC's non-merchandise expenditures, 16.1% are for contractual charges such as credit card fees, shipping products to stores and telecommunications, 14.1% are for depreciation and amortization of the Authority's capital assets, including amortization for right to use intangible assets, and 7.6% are for miscellaneous expenses such as supplies and materials and equipment.

In June 2024, the Authority restructured its workforce job functions across multiple divisions so it can fully align job functions with its future strategic goals. Numerous efforts continue to enhance efficiency in managing retail labor costs and controlling significant costs towards ongoing IT infrastructure improvements. The Authority closely monitors retail staffing to efficiently use labor hours in operating the stores while continuing to maintain customer service

as top priority. Vacant positions are closely monitored and assessed by leadership before hiring or backfilling a position. Upper management has been hands-on in monitoring procurements and expenditures to limit discretionary spending and maintain accountability to generate additional cost savings and reductions. Authority projects and initiatives are closely analyzed and selected based on their highest quantitative and qualitative return on investment. The Authority has diverted its focus and resources to enhance and use existing Virginia ABC systems more effectively and efficiently. All efforts were made to decrease the Authority's operating costs, to slightly negate the full impact of the Authority's shortfall in meeting its expected sales during the fiscal year.

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 44–48.

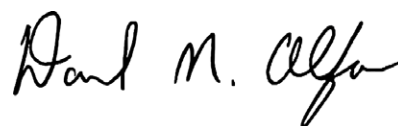
FINANCIAL CONTROLS

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 Authority's objectives 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 Financial Officer



Governor,
Glenn Younkin



Board Chairman,
Timothy Hugo



Board Vice Chair,
Mark Stepanian



Board Member,
William Euille



Board Member,
Gregory Holland



Board Member,
Lisa Jennings



Chief Executive Officer,
Dale Farino



**Chief Operating
Officer,** Tom Kirby



Chief Financial Officer,
David Alfano



**Chief Retail Operations
Officer,** Mark Dunham



**Deputy Secretary
to the Board,**
Chris Curtis



**Chief Government
Affairs Officer,**
John Daniels



**Chief Human
Resources Officer,**
John Singleton

EXECUTIVE INFORMATION

Organizational Structure

For the Period Ended June 30, 2024

ABC Board of Directors

Board Chairman	Timothy D. Hugo
Board Vice Chair	L. Mark Stepanian*
Board Member	William D. Euille
Board Member	Gregory F. Holland
Board Member	Lisa N. Jennings*

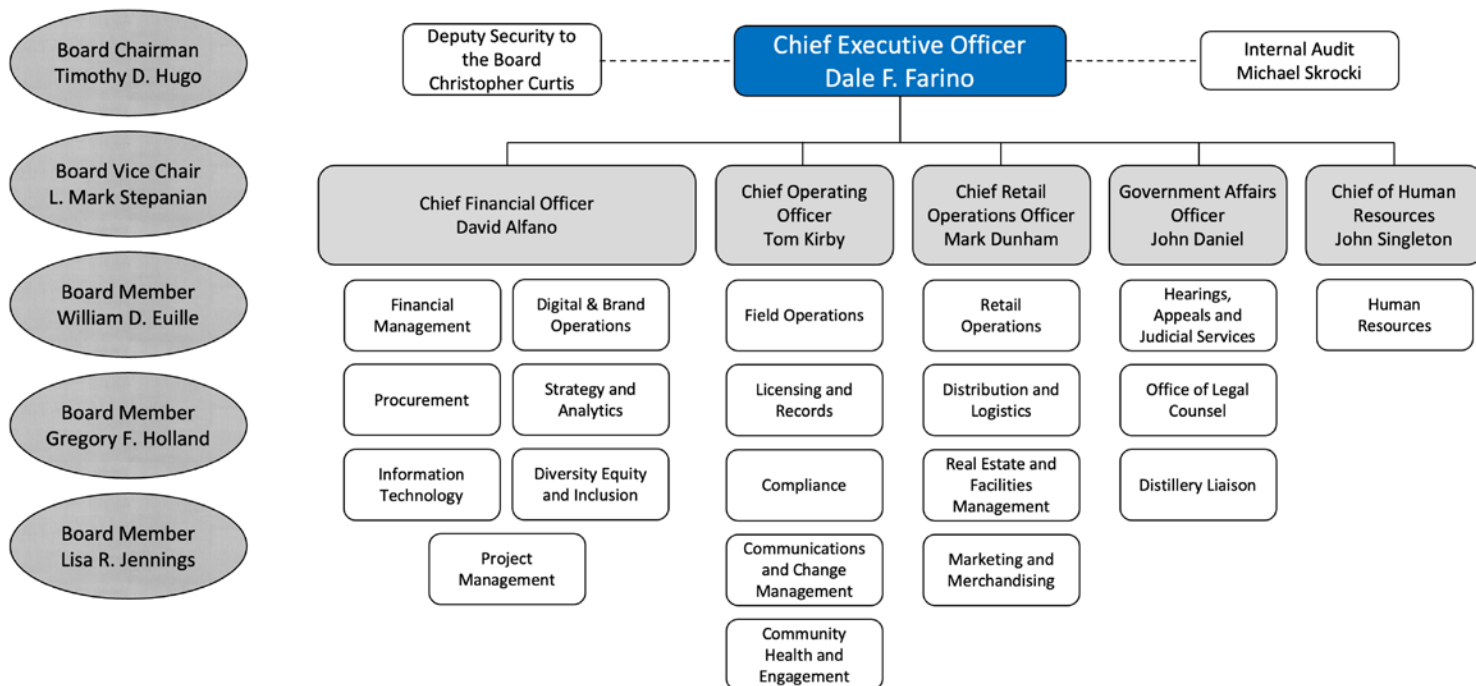
Executive Leadership

Chief Executive Officer	Dale Farino*
Chief Operating Officer	Tom Kirby
Chief Financial Officer	David Alfano
Chief Retail Operations Officer	Mark Dunham
Deputy Secretary to the Board	Christopher Curtis
Chief Government Affairs Officer	John Daniel
Chief Human Resources Officer	John Singleton*

Division Directors

Bureau of Law Enforcement	Donnie Brown
Bureau of Law Enforcement	Ryan Porter
Communications and Change Management	Tracey Lorraine*
Community Health & Engagement	Katie Crumble
Digital & Brand Operations	Ernest Moore
Distribution	Tyler Moore
Financial Management Services	Douglas Robinson
Hearings, Appeals and Judicial Services	Meghan Wallmeyer-Rose
Human Resources	John Singleton*
Internal Audit	Michael Skrocki
IT Services	Keith Russell
IT Technology	David Kuti
Office of Legal Counsel	LaTonya Hucks-Watkins
Procurement and Support Services	Melissa Watts
Project Management Office	Tamara Harless
Real Estate & Facilities Management	Susan Johnson
Retail	Lori Murphy

**All Board members, executive staff and division directors served throughout the fiscal year with the exception of the following: Board Vice Chair Mark Stepanian was appointed in April 2024 and Board Member Lisa Jennings was appointed in March 2024. Dale Farino was appointed to the Board in March 2024 and was appointed Chief Executive Officer in April 2024 replacing Travis Hill who resigned in November 2023. Robert Sledd, Maria J.K. Everett and Mark E. Rubin resigned as Board Members February 2024, July 2023 and February 2024, respectively. The following executive leaders also resigned: Chief Transformation Officer Elizabeth Chu (November 2023), Chief Digital & Brand Officer Vida Williams (December 2023), Chief Information Officer Paul Williams (May 2024) and Chief Retail Operations Officer Mark Dunham (June 2024). Division Directors Mike Berman (Strategy & Analytics), Jennifer Burke (Retail), Tracey Heilborn (Logistics), John Shiffer (Marketing), Cortley West (Diversity, Equity and Inclusion) left in June 2024. John Singleton served as a division director until June 2024 when he was promoted to the executive leadership team. Tracey Lorraine took on leadership of the Communications Division, now integrated in with Change Management. For the Period Ended June 30, 2024.*



LEGISLATIVE SYNOPSIS

New Alcohol-Related Laws — Effective June 30, 2024

Virginia ABC Considered Independent Authority

HB30, SB30: Notwithstanding subsection A of § 2.2-221, Code of Virginia, the Virginia Alcoholic Beverage Control Authority is considered an independent agency of the Commonwealth.

Online and Electronic Marketing of Spirits

HB522, SB182: Directs Virginia ABC to promulgate regulations that prescribe the terms and conditions under which manufacturers, brokers, importers and wholesalers may advertise and promote alcoholic beverages via the Internet, social media, direct-to-consumer electronic communication, or other electronic means.

Cocktails To-Go Permanent, Third Party Delivery License Ends in 2026

HB688, SB635: Repeals the July 1, 2024, sunset on provisions that allow distillers that have been appointed as agents of Virginia ABC, mixed beverage restaurant licensees, and limited mixed beverage restaurant licensees to sell mixed beverages for off-premises consumption and farm winery licensees to sell pre-mixed wine for off-premises consumption. The bill also repeals, effective July 1, 2026, third-party delivery licenses. The bill requires the Authority to convene a work group to review third-party delivery licenses and report its findings and recommendations to the Chairmen of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social Services.

Initial Summary Suspension Investigation Start Time

SB658: Extends the timeline for completing initial summary suspension investigations if the deadline falls on a Saturday, Sunday, or legal holiday.

Offering Alcoholic Beverages on Private Campground

SB26: Provides that the prohibition on drinking or offering to another an alcoholic beverage in public shall not apply when such acts are conducted on the premises of a campground located on private property at which a majority of the campers use travel or tent trailers, pickup campers, or motor homes or similar recreational vehicles.

Performing Arts and Sports Facility Licenses

HB1349, SB180, SB400, SB657, SB72: Defines performing arts facility and sports facility and standardizes the eligibility criteria for annual mixed beverage performing arts facility licenses and on-and-off-premises wine and beer licenses for performing arts food concessionaires. The bill also removes provisions that allow Virginia ABC to grant annual mixed beverage motor sports facility licenses and motor car sporting event facility licenses and creates an annual mixed beverage sports facility license, which may be granted to persons operating a sports facility or food concessions at a sports facility and would authorize the licensee to sell mixed beverages during any event and immediately subsequent thereto to patrons within all seating areas, concourses, walkways, concession areas, and additional designated locations in closed containers for off-premises consumption or in paper, plastic, or similar disposable containers or in single original metal cans for on-premises consumption.

Celebrating Our 90th Year

On a monumental day in October 1933, Virginia voted to ratify the 21st Amendment to end national Prohibition. On March 22, 1934, the Alcoholic Beverage Control Board came into existence when the Virginia General Assembly adopted a “liquor control plan.”

Fast forward to 2024 and Virginia ABC marked a milestone during fiscal year 2024 when it celebrated its 90th anniversary.

Surprisingly, longevity of this duration among businesses isn’t that rare.

Well-known McDonald’s didn’t serve its first hamburger until 1940 when Virginia ABC was six years into its business plan with 96 stores. When the first Wal-Mart opened in 1950, ABC’s store count was 111. Twelve years later when Target launched in 1962, Virginia ABC’s retail footprint had spread across the Commonwealth with a store count of 176. When Starbucks sold its first cup of coffee in 1971, the total number of gallons sold by Virginia ABC for that fiscal year topped 13 million.

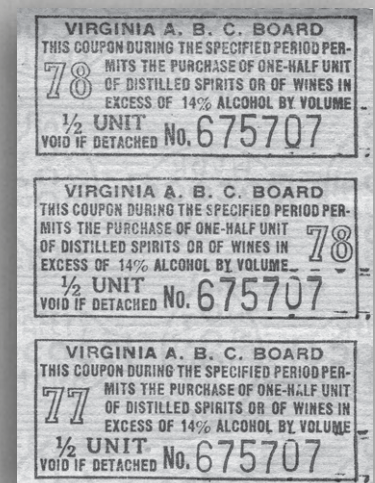
The authority opened its 250th store in 1973, its 300th in 2005 and its 350th store in 2014. A decade later, in fiscal year 2024, the state’s sole retailer of distilled spirits reached its 90th year not long after the opening of its 400th store.

The Virginia legislature recognized this milestone with Senate Joint Resolution 123 which commended Virginia ABC on its 90th anniversary. The resolution, sponsored by 37 patrons, noted Virginia ABC’s position as a leader among 17 control states, its record of consistently ranking above the national average in alcohol-related health, regulation, education, prevention and public safety, its contribution as a leading revenue producer and source of future economic growth and innovation for the to the Commonwealth’s general fund.

Virginia ABC leadership chose to mark the occasion by recognizing and celebrating its workforce at an authority-wide Town Hall held March 20. Then-acting CEO Tom Kirby led the meeting in the authority’s hearings room and remotely via Microsoft Teams which drew the highest attendance in the history of authority Town Halls. On behalf of the executive leadership team, Dave Alfano, who at this time served as chief administrative officer, saluted ABC’s longest-serving employees. Those recognized included District Managers Ray Leonard and Richard Marsh, Records Support Specialists Carrie Bryant and Meg Goodloe and Marketing and Merchandising Manager Maria Jeter, all of whom had more than 40 years of service with ABC. Additionally, five others with 36 and more years of service were also celebrated.

Chris Curtis, executive secretary to the board (and the longest-serving member of ABC’s executive leadership team), recognized ABC’s only store still in its original 1934 location. Alexis Williams, current manager of Store 123 at 531 Main Street in Clifton Forge, accepted congratulations on behalf of her store staff.

Sue Foster, a production support analyst in information technology, won an employee contest to name a 90th anniversary cocktail with her “Sweet Virginia Breeze” nomination.



Left: Ration tickets, 1943–47 Archive
Top Right: 1974 Archive
Bottom Right: Selecting New Products, 1976 Archive



Best Practices Award

Virginia ABC began the fiscal year with national recognition for programs it stood up during fiscal year 2023. The authority earned the 2023 Overall Best Practices Award from StateWays magazine. The award recognizes beverage control agencies that are leading the industry in innovation, education and enforcement. Awards were given in eight categories, with one standout agency selected as the overall winner. ABC won five of the eight categories. Virginia ABC Licensing (VAL) was tapped as the Best Enforcement Program; ABC's new call center won the Best Technology Innovation; its process for limited availability product drops won Best Retail Innovation; Responsible Alcohol Delivery Drivers (RADD) program took Best Trade/Licensee Outreach; and ABC's Warehouse Optimization Workgroup (WOW) took the win for Best Distribution/Warehouse Innovation.

This was the third time in nine years that Virginia ABC was named StateWays' overall winner, and the first time StateWays named a three-peat for this award.

In-house Counsel

In a significant decision, on August 15, 2023, the Virginia Court of Appeals ruled in favor of the Virginia Alcoholic Beverage Control Authority in the case of Virginia Alcoholic Beverage Control Authority v. Zero Links Market, Inc., trading as VinoShipper.com. This case marked the first time that the authority was represented in an appeal by in-house counsel.

The Court of Appeals found the ABC Board correctly concluded that the California-based company was shipping wine from unlicensed locations to Virginia customers, in violation of Virginia Code § 4.1-203(A) of the Alcoholic Beverage Control Act, which requires a separate license for each place of business.

The Court of Appeals confirmed that each location that engages in the sale and shipment of wine to Virginians must be licensed through Virginia ABC, and that these licensed businesses may not delegate their responsibilities to unlicensed third parties. The California-based company appealed the Court of Appeals' decision to the Supreme Court of Virginia, and in-house counsel responded by filing a brief in opposition to the appeal and a motion to dismiss. In November 2023, the Supreme Court of Virginia decided to dismiss the California-based company's appeal, leaving intact the decision of the Court of Appeals.

Educating Licensees and Youth

Virginia ABC provided toolkits for off-premise licensees and distributors across Virginia as a guide to understanding and implementing a new law regarding the placement of "crossover" alcoholic beverages (alcoholic products branded and packaged like non-alcoholic products). The Community Health and Engagement Division worked with the Bureau of Law Enforcement, the Office of Legal Counsel and the Communications and Digital Operations Divisions to develop and deliver messaging to licensees selling these products for off-premises consumption.

The Youth Alcohol and Drug Abuse Prevention Project (YADAPP) returned to in-person programming in July 2023 at Longwood University after being held virtually for three years due to the impact of the pandemic. High schools and community organizations (totaling 19) sent students to receive leadership training and develop strategic substance use prevention plans to implement in their schools during the 2023-2024 school year.

Community Health and Engagement launched the Virginia Higher Education Substance Use Advisory Council (VHESUAC) Recognition Program which recognized five campuses—James Madison University, Longwood University, University of Mary Washington, Virginia Commonwealth University and Wytheville Community College—for their implementation of campus-wide substance use education, prevention, intervention and recovery programming.

Supporting Our Military

ABC employees participated in Crown Royal's Purple Bag project in November 2023 and May 2024. ABC teammates from multiple headquarters' divisions assembled care packages for deployed military personnel as part of the Purple Bag Project. Each package contained individually packaged snacks and candy with a handwritten note to the veteran inserted into a cloth Crown Royal bag. A total of 1500 care packages were delivered to deployed American military heroes in active-duty stations by Crown Royal's 501c3 Charity Partner, Packages from Home.



Financial Performance and Organizational Restructuring

ABC's ambitious budget, based on COVID-era sales, became unrealistic early in the fiscal year. Alcohol sales at the national level slowed during the first quarter, and this held true in Virginia. Depressed sales and the authority's increased operating costs led to anticipation of declined contributions to the Commonwealth's general fund.

Governor Glenn Youngkin appointed Chief of ABC's Bureau of Law Enforcement Tom Kirby as acting CEO. Under Kirby's interim leadership, the authority took significant steps to optimize efficiencies and set the stage for enhanced profitability.

The authority's efforts to control costs throughout the year offset over \$12.9 million (or roughly 2.3 percent of the store sales shortfall) of lost profits from lower than budgeted store sales. ABC reduced total operating expenses (excluding cost of goods sold) to \$306.5 million, or \$12.0 million below the original fiscal year 2024 budget, by initiating expense management efforts from the very start of the fiscal year to aggressively control expenses and limit discretionary spending.

Kirby stood up a multi-divisional committee to generate cost saving measures which included new methods of connecting with customers and selling limited availability products.

Limited availability drop notifications transitioned from Spirited Virginia social media to text messages in October 2023. Email notifications continued. Text adoption was highly successful, leading to 69,000 subscribers by July 2024.

In early fall, Virginia ABC held pre-announced limited availability events at all stores. This new process was streamlined for store teams to staff and manage, and customers expressed gratitude to be able to plan ahead for the events. A Dec. 16 event resulted in \$3.2 million in revenue, more than 58,000 bottles sold and an 85% sell-through rate in two days.

Virginia ABC continued to work with suppliers to adapt, evolve and improve its program for selling limited-availability products.

The first-ever employee discount of 20% was offered on Dec. 20. Flash sales of selected products discounted by 20% produced additional income. Other marketing activities included Spirited Thursdays, seasonal sales and lotteries for limited availability products.

By engaging closely with suppliers to secure additional limited availability products and capitalize on allocated product sales, ABC recognized revenue of over \$18.2 million or 1.24 percent of sales.

Retail staffing hours were closely analyzed and cut, while store hours remained intact. Retail adapted for more efficiency.

Store shrinkage increased significantly, and the authority took initial steps to address the issue. Two additional stores were converted to counter stores, bringing the total to five throughout the state.

Enhanced Customer Experiences

In November, Virginia ABC completed a project to replace its aging payment card processing devices with updated hardware. Customers were provided a better experience at checkout with decreased transaction processing times as well as providing a larger screen for customers to view the details behind their transaction experience in stores. This effort spanned several months and involved replacement of more than 1,000 devices at 400 store locations across the Commonwealth. It included coordination with multiple vendors and IT partners as well as collaboration with the Retail, Sales Audit and Procurement divisions.

Enhancements to ABC's allocated products lottery system made the process of selling limited availability products equitable for customers. These technological and operational changes included the launch of a new IT application which enabled customers to enter online and guard against duplicate entries and the ability for customers to make advance payment online for these limited availability products. In addition, the authority implemented a process for the fulfillment and delivery of the limited availability product from the ABC warehouse to a store of the customer's choice.

Distribution Center Efficiencies

Productivity and efficiency in the distribution center increased with the team reaching new milestones. Year over year, operational efficiency increased by 6.3%. In November 2023, the distribution center broke its all-time production record three separate times, culminating in an outbound volume of 41,635 cases. In addition, the team broke its all-time monthly efficiency records on two separate occasions, culminating in June with a rating of 41.83 cases per labor hour. Finally, a new record was set for automation processing, with 27.3% of daily volume coming from the automated dispenser.

Bureau of Law Enforcement Reaccreditation

In March, the Bureau of Law Enforcement earned its third consecutive accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC).

The accreditation program required a thorough inspection and review of agency policies, procedures, processes and operations as defined by 191 stringent standards. Four performance areas including administration, operations, personnel and training were carefully evaluated against established criteria by an independent panel of certified assessors.

Led by Dave Huff, Virginia ABC's accreditation manager and assistant special agent-in-charge, the authority's third consecutive accreditation showed that all of Virginia ABC's Bureau of Law Enforcement teammates embrace and commit themselves to the highest standards of their profession.

The bureau first earned its accredited status in 2015 and is one of 107 Virginia law enforcement agencies accredited by VLEPSC.

Top: Virginia ABC's Steven Long helped his retail teammates at Short Pump Store 331 with the Retail Ambassador Program. This program was originally launched to support retail staff during the busy holiday season and was brought back during the spring with some tweaks to the program thanks to feedback from participants and stores. This program echoed the Authority's One Team, One Goal initiative and give all employees the opportunity to assist on the front lines of ABC stores.

Middle: Virginia ABC headquarters employees arrived in droves to support Crown Royal's Purple Bag Project ahead of both Veterans Day and Memorial Day. This program allows volunteers to pack Crown Royal bags as care packages for deployed military members overseas. Virginia ABC teammates also took the opportunity to include notes of encouragement to military members with the care packages.

Bottom: Customers at Virginia ABC's 400th store in Jonesville were treated to a special Old Elk bourbon that was only sold at that specific store. Store 528 is the first-ever Virginia ABC store in Lee County and continued Virginia ABC's goal of having an accessible outlet for spirits for all Virginians.



A Reset for the Future

In late April, Governor Youngkin appointed Dale Farino, a former private sector alcohol beverage executive with more than 30 years of experience in the industry, as Virginia ABC's new CEO.

The fiscal year closed with a business reset that included layoffs and a realignment of the executive leadership team which resulted in a leaner organizational structure. Under the leadership of Farino, John Daniel remained the government affairs officer and general counsel, Kirby became the new chief operations officer, Dave Alfano became the new chief financial officer and John Singleton was promoted to chief human resources officer. A newly created chief commercial officer position remained open.

Farino said he would lead Virginia ABC with a style appropriate for running a billion-dollar business, and he recognized that billion-dollar businesses are only as successful as their employees. Businesses that stand the test of time—and in Virginia ABC's case, 90 years—have this longevity because of the dedication of their workforce.

The authority would not be celebrating its 90th anniversary without its distribution center teammates who load product on trucks every weekday and its retail associates who ensure doors to Virginia ABC's stores are open to serve customers 362 days a year.

From Joyce Clarke who serves as a security officer at the headquarters' lobby desk, Mohammad Barra who works as a business systems analyst and Shelly Dodson who serves as an IT business support portfolio manager in Retail Operations to Bonnie Goldberg, a Human Resources support specialist, Maurice Brooks who provides IT application support and John Beck, who has his hand in fixturing nearly every new ABC store in the Commonwealth—it is employees like these people who bring their best selves to work every day that are the reason for the success and sustainability of Virginia ABC.

Cheers to 90 Years
Responsibly Serving Virginia Since 1934

Below: Virginia ABC CEO Dale Farino (center) cut the ribbon at his first new store opening as CEO on May 7 at Store 442 in Hanover County. The store is unique as it is located adjacent to Virginia ABC's headquarters and distribution center. The grand opening also presented a unique opportunity for many headquarters employees to attend a grand opening of a store as the location of the store allowed for easy travel to the celebration.



Division Statistics

BUREAU OF LAW ENFORCEMENT

Sworn Enforcement Personnel Demographics	
• American Indians (Includes Alaska) (%)	2
• Asian (Includes Pakistan/India/Pacific Islanders) (%)	4
• Black (includes Jamaica/Bahamas/Caribbean/Africa) (%)	16
• Hispanic (Includes Mexico/Spain/Central South America/Puerto Rico) (%)	5
• White (Includes Arabian) (%)	55
• Total filled sworn positions	106
• Non-minority (%)	67
• Minority (%)	33
Professional Standards Summary	
Investigations	
• Citizen complaints	1
• Authority initiated	3
Findings ¹	
• Justified	0
• No further action, citizen request	0
• Not substantiated	3
• Substantiated	1
• Unfounded	2
• Pending	0
Total training hours for sworn officers	4,090
<i>¹Findings include two pending investigations that were started in FY2023.</i>	
Law Enforcement Activity	
• Criminal incidents	2,559
• Arrests	522
• Illegal still investigations	1
• Inspections of licensed establishments	20,748
• Observations of licensed establishments	638
• Underage Buyer (UAB) compliance checks	3,236
• Written warning reports	2,472
• Written violation reports	712
Tobacco Compliance	
• Synar compliance rate (%)	87
• Total tobacco checks by ABC agents	1,017
Licensing and Licenses	
Retail Licenses Granted	
• Industry (%)	19
• On-premise (%)	4
• Off-premise (%)	34
• On- and Off-premise (%)	43
New retail and wholesale licenses	2,072
New permits	1,151
Licensed retail establishments	19,053
Private or corporate owners	15,152
One-day banquet and special-event licenses	25,379
Alcohol compliance rates for retail licensees (%)	87
Median processing time for new retail applications (in days)	101
Wine, beer and mixed-beverage application, state license fees and permits collected (\$)	18,605,944
New applications processed	2,446
Walk-in customers	5,725
Renewals processed	19,711
MBAR processed	2,505
FOIAs processed	196

COMMUNICATIONS DIVISION

Public Relations	
• News Releases	22
• Media Inquiries	112
• Intranet (Mixer) "ABC Now" articles	251
• Requests for writing/editing	225
Licensee e-Newsletter Statistics	
• New/Total Subscribers	535/4,496
• Avg. Open Rate (industry standard 25.9%) (%)	49.7
• Avg. Click Rate (industry standard 2.8%) (%)	5.67
Distillery e-Newsletter Statistics	
• New/Total Subscribers	8/106
• Avg. Open Rate (industry standard 43.2%) (%)	57.5
• Avg. Click Rate (industry standard 6.1%) (%)	11
Spirited Virginia Magazine	
• Q3 2023 Issues distributed (96 pages)	65,000
• Q4 2023 Issues distributed (88 pages)	65,000
• Q1 2024 Issues distributed (72 pages)	65,000
• Q2 2024 Issues distributed (72 pages)	65,000
Virginia ABC X Account	
• New/Total Twitter followers	275/13,248
• Tweet impressions	278,801
• Tweet engagements	18,839
Virginia ABC Facebook Account	
• New/Total Facebook followers	2,709/23,302
• Page reach	698,778
Change Management	
• Active Projects	12
• Deliverables ¹	188
<i>¹Specific tactics or documents completed in support of a larger project</i>	
COMMUNITY HEALTH AND ENGAGEMENT DIVISION	
Youth Prevention Programming	
Elementary School	
Elementary School Reach ¹ (%)	7.09
Elementary School Publications Distributed	20,740
Miss Virginia School Tour	
• Miss Virginia School Tour stops	64
• Miss Virginia School Tour reach	18,105
Middle School	
Middle School Reach ² (%)	4.56
Middle School Publications Distributed	1,061
Participants Trained	44
High School	
High School Reach ³ (%)	12.20
High School School Publications Distributed	1,749
Youth Alcohol and Drug Abuse Prevention Project (YADAPP) 2023	
• YADAPP participants ⁴	71
• YADAPP 2023 individuals reached	6,528
Parents	
Parents Publications Distributed	1,294
Power of Parents	
• Participants Trained	49
• Handbooks Distributed	6,640

Adult Education and Prevention Programming	
Institutions of Higher Education	
Institutions of Higher Education Reach ⁵ (%)	100.00
College Publications Distributed	1,446
Higher Education Alcohol and Drug Strategic Unified Prevention (HEADS UP)	
• HEADS UP educational materials distributed	6,840
• HEADS UP individuals reached	470
Adults 21 years old and older	
Project Sticker Shock	
• Project Sticker Shock events	7
• Project Sticker Shock participants	84
• Project Sticker Shock individuals reached	6,666
• Retail delivery customers reached	45,328
21+ Publications Distributed	661
Older Adult Publications Distributed	1,146
Licensee Programming	
Licensee Publications Distributed	389
Classroom Trainings	53
Classroom Participants	679
Online Training Participants	21,859
Resources Distributed	3,661
Capacity Building Resources	
Health Care Professional Publications Distributed	237
Education and Prevention Social Media Reach	142,519
Community Engagement	
YADAPP 2023 Grants Presented ⁶	5
YADAPP 2023 Grants Awarded (\$)	1,500
YADAPP 2023 Grants Individuals Reached	828
Alcohol Education and Prevention Grants ⁷	4
Alcohol Education and Prevention Grants Awarded (\$)	35,785
Alcohol Education and Prevention Grants Individuals Reached	1,087,279
In-Store Fundraising Events	42
Authority-Wide Employee Volunteering Events	8
External Requests To Use Headquarters Meeting Space	4

DIGITAL AND BRAND OPERATIONS DIVISION		
	FY 24	FY 23
Website Users	5,621,020	5,224,630
Page views	52,592,782	32,346,171
Online orders placed	114,175	107,413
Bottles sold	323,898	327,222
Total Online Sales (\$)	9,021,904	8,759,187
Creative Services¹		
• Design/Brand Projects	230	
• Photography	30	
• Videography	20	

¹Notions represent projects and campaigns completed, not specific assets or exports.

HEARINGS, APPEALS AND JUDICIAL SERVICES DIVISION

Cases Referred For Hearings		
Case Activity	FY 24	
Disciplinary Matters Received	550	
Summary Suspensions ¹	2	
Contested Applications Received	21	
• Approved	4	
• Resolved through negotiations	5	
• Resolved through memorandum decision	2	
• Pending Hearing Date / Initial Decision	6	
• Denied	0	
• Withdrawn before hearing	4	
Contested Banquet Applications	6	
• Approved	2	
• Denied	3	
• Withdrawn before hearing	1	
Total hearings requested	565	
Total charges/objections for all matters received	673	
Wine and beer franchise cases	7	
Hearings Dispositions		
Case Activity	FY 24	% of Cases Received
Settled by expedited consent	356	63.01
Initial Decision Rendered by ALJ	69	12.21
Settled by Negotiation/Memorandum Decision	103	18.23
Settled by Mediation	0	0.0
Resolved by ABC Board on Appeal	7	1.24
Withdrawn or Dismissed	30	5.31
Total hearings dispositions²	565	100
Appealed Decisions		
Activity	Count	% of Total
Initial Decision of ALJs to ABC Board of Appeal	8	11.6
Final Decision of ABC Board to Circuit Court ³	1	1.4
Circuit Court Appeals with Final Resolution ³	2	2.9
Civil Penalties		
Activity	Count	
Civil Penalties Collected	\$1,037,365	
Average Civil Penalty Per Case	\$1,830	
Total Number of Days Suspended	1,387 days	
Average suspension period per case ⁴	2.45 days	

¹One summary suspension was resolved through negotiations.
²Cases that were in process at the end of fiscal year 2023 and were completed during fiscal year 2024. Cases that were in process at the end of fiscal year 2024 and will be completed during fiscal year 2025.
³Board Appeal was heard in FY23, Circuit Court Appeal received and final resolution in FY24 (4 Cyber Café v. Virginia ABC); Board Appeal was heard in FY21, Circuit Court Appeal received and Final resolution in FY24 (Vinifrance Imports v. Virginia ABC)
⁴Most 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 fiscal year 2024. 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 Approved Distillery Store Applications	10
Number of Closed Distillery Stores	4
Total Active Distillery Stores as of June 30, 2024	72
Number of Approved Net Pay Applications	8

Division Statistics, continued

HUMAN RESOURCES DIVISION

Employees and Hiring	FY 24
Total employees (as of June 30, 2024)	4,321
• Full-time salary employees	1,370
• Wage employees	2,951
Full-time salary hired	79
Wage employees hired	1,346

Virginia Alcoholic Beverage Control Authority employs a diverse workforce, with approximately 1,370 regular full-time employees, 2,951 wage employees, and 46 contract workers supplementing the Authority's workforce. These 4,321 Authority employees work throughout the Commonwealth operating 402 retail stores and nine regional offices. Approximately 499 Authority employees and 46 contract workers are physically located in Hanover at the central office and distribution center.

Employee Demographics	FY 24	FY 23
Average age (years)	44	44
Average years of service, classified employees	7.7	7
Gender		
• male (%)	50.0	49.0
• female (%)	50.0	51.0
Minority (%)	48.0	51.0

The demographics of 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 7.7 years. Approximately 5.5% are eligible for an unreduced retirement as of June 30, 2024 and 16.7% 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)	42	42
In-Person (ILT)	7	80
Virtual (VILT)*	16	286
Retail Field Workshops/Certifications/Recertifications (IST-Instructor-ILT)	41	41
Online (MyABC/COVLC/EC)	42	128,012
Manager's Excellence Training (MET)	10	174
Enforcement — Online (Certification Program - General Orders)	12	41
Total	170	128,676

* Units Completed represents a single unit of training/learning completed by an ABC employee.

MARKETING AND MERCHANDISING DIVISION

Spirited Virginia

Spirited Virginia e-Newsletter

• New/Total Subscribers	11,382/180,370
• Avg. Open Rate (industry standard 35.05*) (%)	49.8
• Avg. Click Rate (industry standard 2.08*) (%)	4.1

Spirited Virginia Facebook Account

• New/Total Facebook Followers	5,928/53,945
• Page Impressions	72,097,208

Spirited Virginia Instagram Account

• New/Total Instagram Followers	14,867/31,897
• Profile Impressions	8,465,698

* Industry standard benchmarks adjusted in 2024 due to new practices instituted by email providers.

PROCUREMENT AND SUPPORT SERVICES DIVISION

Small Purchase Credit Card (SPCC) Holders	97
Total Value of SPCC transactions (\$)	5,629,843
Total SWaM qualified purchases (%)	20.06
Total SWaM qualified purchases* (\$)	6,996,639
Total Solicitations	15

* June 2024 data not included.

OFFICE OF LEGAL COUNSEL

Legal Services

Negotiated Resolutions	99
Representation in Formal Hearings	16
Representation in Board Appeals	10
Representation/Co-Counsel in Circuit Court Matters	4
Representation/Co-Counsel Court of Appeals Matters	1
Representation/Co-Counsel Virginia Supreme Court Matters	1
Contracts Reviewed (Virginia ABC as a Party)	59
EEOC Complaints	1
Legal Training Provided	
• Internal	16
• External	0
Regulatory Actions	9
FOIA/General Requests	381
Volunteer Service Projects	3
Trademark Filings (USPTO)	4
Trademark Filings (SCC)	0
Risk Management Claims	29
Panelist Appearances	2
Subpoenas Received and Processed	779
Subpoenas Duces Tecum Received and Processed	7

LOGISTICS DIVISION

ABC Shipment to Stores	FY24	FY 23	FY 22	FY 21	FY 20
Average weekly bottles shipped from Bottle Pick Room ¹	4,311	4,754	9,519	16,760	14,935
Average delivery cost to ABC stores (\$ per case)	1.40	1.27	1.06	0.98	0.93
Total shipments to ABC stores (cases)	6,567,130	6,489,601	6,343,335	6,305,184	5,858,916
Total shipments to ABC stores (weight, in lbs)	183,524,283	171,533,681	189,967,783	187,028,556	178,125,049

Special Orders					
Revenue Information	FY24	FY 23	FY 22	Variance (\$)	Variance (%)
• Order Catalog (\$)	16,707,295	18,388,324	15,232,948	(1,681,029)	-9.1
• Non Catalog (\$)	2,138,776	1,943,504	3,155,866	195,271	10.0
• Totals	18,846,071	20,331,828	18,388,814	(1,485,758)	-7.3

Logistics Information	FY24	FY 23	FY 22	FY 21	FY 20
• Active items on special order catalog	1,395	1,515	1,399	1,145	1,317
• Active items on special order non-catalog	923	788	772	772	671
• Total Special Order Catalog purchases (cases) ²	80,677	73,826	61,290	69,362	54,726
• Total Non-catalog purchases (cases) ³	12,953	11,691	14,441	20,576	21,466

¹ Bottle Pick includes special orders, online orders, or limited availability products.

² These totals include both catalog and noncatalog special orders.

³ Noncatalog special orders are for those items not included in the special order catalog.

REAL ESTATE AND FACILITIES MANAGEMENT DIVISION

Store Activities: July 1, 2023 – June 30, 2024

Store	Location	Activity	Opened	Total*
127	Herndon	modernization	7-8-23	399
355	Chesapeake	relocation	8-22-23	399
087	Bluefield	modernization	8-30-23	399
294	Baileys Crossroads	relocation	9-26-23	399
113	Hot Springs	modernization	10-13-23	399
045	Springfield	relocation	10-25-23	399
528	Jonesville	new store	11-16-23	400
274	Madison	modernization	11-22-23	400
361	Portsmouth	conversion	1-12-24	400
253	Charlottesville	relocation	1-15-24	400
110	Portsmouth	conversion	1-27-24	400
064	Stafford	modernization	2-11-24	400
530	Leesburg	new store	2-26-24	401
405	Norfolk	new store	3-28-24	402
120	Kingstown	modernization	4-2-24	402
529	Alexandria	new store	4-18-24	403
154	Danville	closed	4-23-24	402
044	Ladysmith	relocation	4-24-24	402
442	Hanover	new store	4-26-24	403
039	Bristow	modernization	5-5-24	403
058	Bristol	relocation	6-1-24	403
182	Richmond	conversion	6-3-24	403
328	Chesapeake	relocation	6-13-24	403
388	Tysons Corner	closed	6-16-24	402
321	Lovingston	modernization	6-24-24	402

* ABC operated 399 stores open as of July 1, 2023; it operated 402 stores as of June 30, 2024

RETAIL OPERATIONS DIVISION

ABC Stores

ABC Stores Gross Sales (\$)	1,456,547,514
ABC Stores Transactions	37,963,520
Alcohol Compliance Rate for ABC Stores (%)	97.0

ABC Products

Price List

Total Standard Active items	3,497
• Virginia Wines	88
• Vermouth	15
• Non-Alcoholic items	100
Items Delisted	0
Total Special Order Revenue Increase (%)	10.6

Top 50 Brands Sold, Fiscal Year 2024 vs. Fiscal Year 2023

Rank		Brand	Product Category	Gross Dollars			
FY 24	FY 23			FY 24 (\$)	FY 23 (\$)	Change (%)	Variance (\$)
			Statewide Total *	\$1,456,547,514	\$1,429,349,584	1.9	\$27,197,930
			Top 50 Brands	\$644,372,571	\$647,252,450	(0.4)	(\$2,879,879)
			All Others	\$812,174,943	\$782,097,134	3.8	\$30,077,809
1	1	Tito's Handmade	domestic vodka	\$75,229,308	\$72,032,280	4.4	3,197,028
2	2	Hennessy VS	cognac\armagnac	\$38,264,805	\$43,974,774	(13.0)	(5,709,969)
3	3	Jack Daniel's Old No. 7	Tennessee whiskey	\$28,831,141	\$30,160,192	(4.4)	(1,329,051)
4	4	Patron Silver	tequila	\$25,605,068	\$28,590,210	(10.4)	(2,985,142)
5	5	Jim Beam	straight bourbon	\$23,134,586	\$23,932,399	(3.3)	(797,813)
6	6	Jameson Irish	Irish whiskey	\$20,964,866	\$21,527,137	(2.6)	(562,271)
7	10	Lunazul Blanco	tequila	\$19,463,162	\$16,684,495	16.7	2,778,667
8	7	Maker's Mark	straight bourbon	\$19,290,056	\$19,349,110	(0.3)	(59,054)
9	9	Grey Goose	imported vodka	\$18,346,581	\$18,211,536	0.7	135,045
10	8	Crown Royal	Canadian whisky	\$17,353,921	\$19,085,683	(9.1)	(1,731,762)
11	12	Woodford Reserve	straight bourbon	\$16,853,661	\$15,477,979	8.9	1,375,682
12	13	Smirnoff 80	domestic vodka	\$14,603,867	\$15,441,628	(5.4)	(837,761)
13	15	Bacardi Superior	rum	\$13,380,782	\$13,327,217	0.4	53,565
14	11	Casamigos Blanco	tequila	\$13,345,705	\$15,555,685	(14.2)	(2,209,980)
15	16	1800 Silver	tequila	\$13,097,610	\$13,164,254	(0.5)	(66,644)
16	17	Jose Cuervo Especial Silver	tequila	\$12,759,378	\$12,687,194	0.6	72,184
17	14	Fireball Cinnamon	flavored whiskey	\$12,131,138	\$14,214,866	(14.7)	(2,083,728)
18	19	Absolut	imported vodka	\$11,392,025	\$12,114,933	(6.0)	(722,908)
19	20	Jose Cuervo Especial Gold	tequila	\$11,147,635	\$12,001,415	(7.1)	(853,780)
20	18	Crown Royal Regal Apple	flavored whiskey	\$11,124,780	\$12,229,532	(9.0)	(1,104,752)
21	21	Captain Morgan's Original Spiced	rum	\$11,070,880	\$11,982,073	(7.6)	(911,193)
22	22	Casamigos Reposado	tequila	\$10,682,597	\$10,938,316	(2.3)	(255,719)
23	23	Evan Williams Black	straight bourbon	\$10,566,919	\$10,391,504	1.7	175,415
24	24	Ketel One	imported vodka	\$10,378,064	\$9,586,870	8.3	791,194
25	43	Teremana Blanco	tequila	\$9,382,885	\$5,917,978	58.5	3,464,907
26	26	Don Julio Blanco	tequila	\$9,256,569	\$8,932,965	3.6	323,604
27	42	Teremana Reposado	tequila	\$9,164,428	\$5,943,084	54.2	3,221,344
28	45	Lunazul Reposado	tequila	\$8,893,911	\$5,591,214	59.1	3,302,697
29	25	Bulleit	straight bourbon	\$8,697,672	\$9,277,111	(6.2)	(579,439)
30	29	Crown Royal Peach	flavored whiskey	\$8,306,697	\$8,225,046	1.0	81,651
31	27	Pinnacle	imported vodka	\$8,257,645	\$8,548,530	(3.4)	(290,885)
32	30	Malibu Coconut	rum	\$7,983,365	\$8,010,150	(0.3)	(26,785)
33	31	Baileys Original Irish Cream	cordials	\$7,431,150	\$7,670,143	(3.1)	(238,993)
34	47	Espolon Blanco	tequila	\$7,430,721	\$5,537,891	34.2	1,892,830
35	--	Buffalo Trace	straight bourbon	\$7,352,264	\$3,830,779	91.9	3,521,485
36	32	Johnnie Walker Black	Scotch whiskey	\$7,308,478	\$7,537,753	(3.0)	(229,275)
37	33	Tanqueray	imported gin	\$7,247,903	\$7,487,043	(3.2)	(239,140)
38	34	Aristocrat	domestic vodka	\$7,060,304	\$7,426,718	(4.9)	(366,414)
39	28	D'usse VSOP	cognac\armagnac	\$6,667,612	\$8,357,159	(20.2)	(1,689,547)
40	35	Svedka	imported vodka	\$6,551,174	\$6,755,504	(3.0)	(204,330)
41	39	Bombay Sapphire	Gin - Imp	\$6,354,105	\$6,165,150	3.1	188,955
42	36	Wild Turkey 101	straight bourbon	\$6,259,673	\$6,550,475	(4.4)	(290,802)
43	38	Basil Hayden's	straight bourbon	\$6,183,399	\$6,240,845	(0.9)	(57,446)
44	37	Jagermeister	cordials	\$5,970,441	\$6,449,260	(7.4)	(478,819)
45	40	Grand Marnier	cordials	\$5,791,629	\$6,040,045	(4.1)	(248,416)
46	41	Elijah Craig Small Batch	straight bourbon	\$5,766,100	\$5,947,547	(3.1)	(181,447)
47	50	Bowman's	domestic vodka	\$5,666,644	\$5,385,488	5.2	281,156
48	46	Skyy	domestic vodka	\$5,508,838	\$5,546,052	(0.7)	(37,214)
49	48	Paul Masson Grande Amber VS	brandy	\$5,439,995	\$5,529,953	(1.6)	(89,958)
50	44	New Amsterdam	domestic vodka	\$5,420,437	\$5,687,285	(4.7)	(266,848)

*Statewide total includes subsequent point of sale adjustments.

Source: Research and Planning

RETAIL OPERATIONS DIVISION, *continued*

Comparison of Products / Market Share, Fiscal Year 2024 vs. Fiscal Year 2023

Category	Cases Sold			Market Share (%)	
	FY 24	FY 23	Change (%)	FY 24	FY 23
Vodka	1,616,358	1,635,643	(1.2)	25.0	25.3
Domestic	933,999	933,024	0.1		
Imported	374,650	377,319	(0.7)		
Flavored	307,709	325,301	(5.4)		
Straight Bourbon Whiskey	814,341	780,777	4.3	12.6	12.1
Tequila	996,106	885,876	12.4	15.4	13.7
Cordials -Liqueurs-Specialties	537,535	514,517	4.5	8.3	8.0
Imported	330,934	322,558	2.6		
Domestic	206,601	191,959	7.6		
Rum	437,755	470,292	(6.9)	6.8	7.3
Domestic	36,032	37,023	(2.7)		
Imported	401,722	433,269	(7.3)		
Flavored Whiskey**	293,893	307,174	(4.3)	4.5	4.8
Gin	230,418	238,474	(3.4)	3.6	3.7
Domestic	97,743	105,187	(7.1)		
Imported	117,975	118,587	(0.5)		
Flavored	14,533	14,560	(0.2)		
Sloe	167	141	18.4		
Cocktails	199,022	197,274	0.9	3.1	3.1
Domestic	123,452	119,826	3.0		
Imported	75,570	77,448	(2.4)		
Cognac\Armagnac	153,234	172,451	(11.1)	2.4	2.7
Scotch Whiskey	151,449	166,044	(8.8)	2.3	2.6
Brandy	143,035	154,255	(7.3)	2.2	2.4
Grape	100,624	107,510	(6.4)		
Imported	19,568	20,417	(4.2)		
Flavored	22,844	26,329	(13.2)		
Canadian Whiskey	123,608	131,770	(6.2)	1.9	2.0
Tennessee Whiskey	116,368	124,271	(6.4)	1.8	1.9
Blended Whiskey	96,991	98,108	(1.1)	1.5	1.5
Irish Whiskey	84,700	87,590	(3.3)	1.3	1.4
Straight Rye Whiskey	79,995	76,273	4.9	1.2	1.2
Moonshine	64,454	62,490	3.1	1.0	1.0
Domestic Whiskey	42,078	45,191	(6.9)	0.7	0.7
Specialty Bottles	19,614	33,189	(40.9)	0.3	0.5
Imported	11,266	20,250	(44.4)		
Domestic	8,348	12,939	(35.5)		
Egg Nog	27,235	26,746	1.8	0.4	0.4
Rock & Rye	1,938	2,284	(15.1)	0.0	0.0
Alcohol ¹	1,973	1,941	1.7	0.0	0.0
Corn Whiskey	1,148	1,396	(17.8)	0.0	0.0
Vermouth	21,493	22,821	(5.8)	0.3	0.4
Virginia Wine	15,863	15,618	1.6	0.2	0.2
aNon-Alcoholic Mixers	171,867	167,988	2.3	2.7	2.6
Non Beverage Item	25,702	37,037	(30.6)	0.4	0.6
Statewide totals*	6,468,173	6,457,491	0.2	100.0	100.0

*Excludes promotional items, miscellaneous records and confiscated items.
¹Grain alcohol 151 proof available for sale in select ABC stores.

**Change, Flavored Whiskey is a new breakout category.
 Source: Research and Planning

Analysis of Store Performance — Fiscal Year 2024												
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		14,119,571	1,447,528,414	239,351,955	1,208,176,459	696,225,547	511,950,913	178,483,414	333,467,499	64,366,017	269,101,482	35.13%
137 790 Commonwealth Dr. N.E.	City of Norton	26,250	2,093,684	346,263	1,747,421	1,000,294	747,127	345,810	401,317	93,098	308,219	31.26%
194 16427-E Wise St.	Wise County	8,715	720,223	119,551	600,672	344,095	256,576	216,477	40,100	32,076	8,023	17.1%
206 18 E. 4th St. N.	Wise County	14,046	1,160,266	192,119	968,147	556,379	411,768	267,306	144,462	51,653	92,809	24.56%
218 3982 Hwy. 23 N.	Scott County	11,217	913,690	151,331	762,360	436,617	325,743	236,676	89,067	40,759	48,308	21.85%
Far Southwest		60,227	4,887,863	809,264	4,078,599	2,337,385	1,741,214	1,066,269	674,946	217,587	457,359	25.91%
87 4027 College Ave.	Tazewell County	28,187	2,508,717	415,847	2,092,871	1,203,697	889,174	369,363	519,810	111,995	407,815	32.83%
174 One Plz. Dr.	Buchanan County	9,771	843,290	139,867	703,423	405,206	298,217	248,159	50,058	37,434	12,625	18.08%
197 149 Clay Dr.	Tazewell County	20,677	1,750,854	289,842	1,461,012	838,978	622,034	322,914	299,120	77,872	221,248	29.19%
230 509 Freedom Ave.	Tazewell County	10,237	890,217	147,447	742,769	430,450	312,320	262,387	49,933	39,644	10,290	17.2%
365 340 Chase St.	Dickenson County	8,565	705,246	117,142	588,104	338,359	249,745	257,610	(7,865)	31,532	(39,397)	11.02%
427 167 Pittston Rd.	Russell County	13,280	1,117,810	185,089	932,720	534,978	397,742	288,563	109,179	49,719	59,460	21.88%
Southwest		90,716	7,816,134	1,295,234	6,520,900	3,751,668	2,769,232	1,748,997	1,020,235	348,196	672,040	25.17%
58 270 Falls Blvd.	City of Bristol	29,024	2,496,751	415,506	2,081,245	1,202,026	879,219	441,630	437,589	110,564	327,025	29.74%
96 974 E. Stuart Dr.	City of Galax	27,845	2,246,271	371,300	1,874,971	1,073,820	801,151	365,883	435,269	99,715	335,554	31.47%
135 173-1177 N. Main St.	Smyth County	29,810	2,385,758	395,285	1,990,473	1,140,048	850,425	334,773	515,652	106,174	409,478	33.73%
141 441-W. Stuart Dr.	Carroll County	20,580	1,657,360	275,512	1,381,847	797,701	584,146	274,072	310,075	73,606	236,469	30.89%
153 325 W. Main St.	Wythe County	32,918	2,817,998	466,443	2,351,556	1,348,833	1,002,723	306,918	695,805	125,636	570,169	36.79%
201 545 W. Main St.	Washington County	48,794	4,479,233	741,760	3,737,472	2,141,659	1,595,813	355,726	1,240,087	199,439	1,040,649	39.79%
343 2155 Euclid Ave.	City of Bristol	30,218	2,629,517	435,062	2,194,455	1,260,860	933,595	306,227	627,368	117,602	509,765	35.93%
521 576 E. Main St.	Grayson County	7,791	663,563	110,007	553,556	318,120	235,437	237,157	(1,721)	29,500	(31,220)	11.87%
528 32505 Wilderness Rd.	Lee County	6,152	520,017	85,635	434,381	248,581	185,800	198,472	(12,672)	23,082	(35,754)	9.59%
Wytheville/Hillsville		233,132	19,896,467	3,296,510	16,599,957	9,531,647	7,068,310	2,820,859	4,247,451	885,317	3,362,134	33.47%
67 290 Peppers Ferry Rd.	Montgomery County	37,191	3,435,361	568,043	2,867,318	1,640,561	1,226,757	435,283	791,474	152,424	639,050	35.14%
195 100 N. Franklin St.	Montgomery County	27,762	2,323,301	386,868	1,936,432	1,115,949	820,483	274,562	545,921	103,283	442,639	35.70%
199 140 Kinter Way	Giles County	21,145	1,696,442	280,698	1,415,744	812,124	603,620	262,459	341,161	75,393	265,768	32.21%
327 1332 S. Main St.	Montgomery County	66,367	5,107,514	844,221	4,263,293	2,442,330	1,820,963	520,685	1,300,278	227,757	1,072,521	37.53%
345 5265 Alexander Rd.	Pulaski County	31,198	2,599,271	429,427	2,169,844	1,243,329	926,516	391,326	535,190	115,583	419,607	32.66%
356 97 Walker St.	City of Radford	38,538	3,072,940	509,036	2,563,904	1,469,439	1,094,465	347,692	746,773	136,876	609,897	36.41%
395 117 Parkway Rd. N.E.	Floyd County	18,565	1,609,755	266,044	1,343,711	770,453	573,258	271,308	301,950	71,761	230,189	30.83%
414 765 University City Blvd.	Montgomery County	36,412	3,174,460	523,888	2,650,573	1,517,556	1,133,016	492,597	640,420	141,560	498,860	32.22%
Radford/Blacksburg		277,179	23,019,044	3,808,224	19,210,819	11,011,742	8,199,078	2,995,911	5,203,167	1,024,637	4,178,530	34.70%
115 1423 Williamson Rd., N.E.	City of Roanoke	52,446	5,344,972	887,295	4,457,677	2,576,691	1,880,985	505,987	1,374,998	238,799	1,136,199	37.86%
123 531 Main St.	Alleghany County	8,661	767,809	127,161	640,648	367,812	272,836	240,484	32,352	34,140	(1,788)	16.33%
124 339 Thacker Ave.	City of Covington	20,471	1,803,189	298,124	1,505,065	862,696	642,369	365,205	277,164	79,869	197,295	27.47%
186 1471 W. Main St.	City of Salem	52,819	4,591,306	758,974	3,832,333	2,200,663	1,631,670	471,125	1,160,545	203,607	956,939	37.37%
229 3940 Valley Gateway Blvd.	Roanoke County	29,376	2,706,056	447,562	2,258,494	1,294,978	963,516	350,375	613,141	119,949	493,192	34.76%
259 5050-C Rutgers St.	City of Roanoke	65,213	6,252,266	1,034,509	5,217,758	3,008,352	2,209,406	573,158	1,636,247	277,804	1,358,443	38.27%
269 646 Brandon Ave. S.W.	City of Roanoke	71,132	6,991,085	1,155,217	5,835,868	3,362,243	2,473,625	717,608	1,802,016	310,638	1,491,378	37.86%
289 3341 Melrose Ave., N.W.	City of Roanoke	37,979	3,890,802	646,536	3,244,266	1,864,303	1,379,963	384,290	995,673	174,248	821,425	37.73%
309 3901 Brambleton Ave., S.W.	Roanoke County	71,709	6,574,038	1,085,725	5,488,312	3,150,017	2,338,296	585,625	1,752,671	291,299	1,461,372	38.74%
337 113 Vinyard Dr.	Roanoke County	37,179	3,563,708	590,677	2,973,031	1,702,132	1,270,899	317,491	953,404	158,812	794,596	38.87%
364 112 Kingston Rd.	Botetourt County	31,216	3,281,203	541,442	2,739,761	1,574,524	1,165,237	376,434	788,803	145,483	643,320	36.1%
524 121 Campbell Ave., S.E.	City of Roanoke	10,291	1,048,955	172,870	876,085	503,690	372,396	323,956	48,440	46,799	1,640	16.64%
Roanoke		498,493	46,815,389	7,746,092	39,069,297	22,468,101	16,601,196	5,165,737	11,435,459	2,081,447	9,354,012	36.53%

(continued)

³Store expenses include miscellaneous revenue and net cash overages.

⁴Rate of return = (adjusted net profit + state taxes) ÷ gross sales

¹Includes state taxes, but does not include 5% sales tax.

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

Analysis of Store Performance — Fiscal Year 2024												
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
78	5331 Merchants View Squ.	27,144	3,244,212	535,275	2,708,937	1,558,036	1,150,900	511,162	639,738	143,492	496,246	31.80%
80	6206 Little River Tpk.	30,362	3,703,331	612,359	3,090,972	1,783,433	1,307,539	546,403	761,137	164,527	596,610	32.65%
81	1301 S. Joyce St.	25,890	3,198,988	526,032	2,672,957	1,538,697	1,134,259	566,890	567,369	142,707	424,662	29.72%
82	46930 Cedar Lakes Plz.	51,665	6,230,582	1,030,220	5,200,362	3,001,450	2,198,912	704,949	1,493,963	276,981	1,216,982	36.07%
83	7263-B Arlington Blvd.	15,619	1,858,086	306,471	1,551,616	894,567	657,049	417,856	239,193	82,259	156,934	24.94%
84	3903 Fair Ridge Dr.	23,376	2,790,535	463,884	2,326,651	1,345,452	981,199	473,395	507,804	123,574	384,230	30.39%
85	2930 Chain Bridge Rd.	32,039	3,629,835	597,131	3,032,704	1,742,119	1,290,585	542,813	747,773	160,638	587,135	32.63%
90	12965 Fair Lakes Shopping Ctr.	41,801	4,896,287	809,147	4,087,140	2,355,599	1,731,541	606,095	1,125,446	216,423	909,024	35.09%
93	6124 Rose Hill Dr.	23,470	2,594,274	428,033	2,166,241	1,242,680	923,560	403,631	519,929	114,577	405,352	32.12%
94	42385 Ryan Rd.	27,978	3,080,098	624,334	2,455,764	1,813,521	1,341,944	503,445	838,498	167,208	671,290	34.28%
99	376 Elden St.	43,760	5,069,990	838,488	4,231,501	2,445,017	1,786,484	647,442	1,139,042	225,314	913,728	34.56%
109	1922 Wilson Blvd.	52,819	6,072,822	999,888	5,072,934	2,919,697	2,153,237	757,116	1,396,121	271,023	1,125,097	34.99%
111	5722 Union Mill Rd.	35,264	3,716,824	614,691	3,102,134	1,778,900	1,323,234	559,000	764,233	164,475	599,758	32.67%
119	5011 Montgomery St.	79,746	10,243,327	1,689,773	8,553,553	4,916,556	3,636,997	673,232	2,963,765	456,388	2,507,377	40.97%
120	5926 Kingtowne Ctr.	39,954	4,744,227	782,869	3,961,358	2,283,811	1,677,548	585,256	1,092,292	211,023	881,268	35.08%
127	13300-C Franklin Farm Rd.	16,312	1,987,000	330,836	1,656,164	957,610	698,555	406,651	291,904	88,004	203,901	26.91%
131	6920-E Bradlick Shopping Ctr.	24,059	2,676,706	441,892	2,234,814	1,284,356	950,458	511,067	439,391	118,741	320,650	28.49%
133	9130 Mathis Ave.	44,709	4,901,312	811,316	4,089,996	2,357,134	1,732,862	568,257	1,164,605	217,565	947,040	35.88%
136	32-F Catoctin Cir. S.E.	58,819	6,738,763	1,113,993	5,624,769	3,239,193	2,385,577	657,841	1,727,735	299,127	1,428,609	37.73%
166	5066A Fort Evans Rd. N.E.	59,514	7,106,817	1,173,930	5,932,887	3,421,185	2,511,702	741,538	1,770,165	314,298	1,455,866	37.00%
168	1001 N. Fillmore St.	21,320	2,604,623	424,532	2,180,091	1,257,031	923,060	482,746	440,314	114,747	325,566	28.80%
170	1238 Elden St.	25,635	3,008,525	498,336	2,510,189	1,444,499	1,065,690	516,519	549,170	134,120	415,051	30.36%
181	106 W. Washington St.	12,735	1,783,505	293,215	1,490,290	859,946	630,344	246,908	383,436	78,907	304,529	33.52%
203	3678 King St.	46,126	5,728,380	944,652	4,783,728	2,757,268	2,026,520	633,188	1,393,332	254,107	1,139,225	36.38%
208	44110 Ashburn Village Blvd.	30,729	3,572,347	583,779	2,988,568	1,701,615	1,226,953	477,830	749,123	156,033	593,091	33.51%
210	11610-A S. Lakes Dr.	30,438	3,759,281	619,597	3,139,683	1,804,293	1,335,391	533,173	802,218	166,498	635,720	33.39%
212	167 Hillwood Ave.	27,820	3,120,934	513,025	2,607,909	1,499,299	1,108,610	484,460	624,149	138,825	485,324	31.99%
215	320 23rd St. S.	32,740	4,000,726	658,331	3,342,395	1,950,272	1,392,123	544,084	848,039	178,405	669,634	33.19%
219	8413 Old Courthouse Rd.	106,587	14,195,949	2,351,928	11,844,021	6,816,439	5,027,582	1,225,023	3,802,559	636,371	3,166,188	38.87%
224	Rte. 50, 13944 Lee Jackson Hwy.	42,711	4,832,538	799,127	4,033,411	2,318,347	1,715,064	578,190	1,136,874	214,508	922,366	35.62%
228	1524 Belle View Blvd.	49,805	5,794,127	954,358	4,839,770	2,786,657	2,053,113	580,366	1,472,747	256,866	1,215,881	37.46%
231	419-B Maple Ave. E.	31,645	4,055,544	666,288	3,389,256	1,959,159	1,430,097	819,242	610,855	179,150	431,705	27.07%
234	9574-76 Old Keene Mill Rd.	28,839	3,230,304	532,784	2,697,520	1,556,929	1,140,591	508,444	632,147	142,751	489,396	31.64%
235	8628-B Richmond Hwy.	33,401	3,581,109	590,313	2,990,796	1,725,487	1,265,309	565,933	699,375	158,753	540,623	31.58%
236	7200 Little River Tnpk.	58,447	5,763,534	957,634	4,805,900	2,755,284	2,050,616	535,512	1,515,104	256,841	1,258,263	38.45%
241	11725 Lee Hwy.	33,067	3,923,272	648,333	3,274,939	1,883,006	1,391,933	516,310	875,622	174,144	701,478	34.41%
248	4709-B Langston Blvd.	34,147	3,943,977	648,284	3,295,693	1,902,936	1,392,757	674,264	718,493	175,200	543,293	30.21%
260	6284 Arlington Blvd.	24,891	2,904,707	477,674	2,427,033	1,394,239	1,032,794	458,377	574,418	128,505	445,913	31.80%
264	16661 River Ridge Blvd.	46,264	5,571,065	921,348	4,649,716	2,678,687	1,971,030	643,811	1,327,218	247,929	1,079,290	35.91%
267	1445B Chain Bridge Rd.	53,220	7,358,735	1,213,627	6,145,108	3,541,564	2,603,544	820,464	1,783,080	325,423	1,457,657	36.30%
268	6402 Springfield Plz.	64,647	7,722,980	1,277,559	6,450,420	3,712,222	2,738,198	837,816	1,900,382	343,502	1,556,881	36.68%
271	13991 Richmond Hwy.	48,012	5,836,367	967,522	4,868,845	2,802,388	2,066,457	581,052	1,485,405	260,350	1,225,055	37.57%
273	9421 Lorton Market St.	26,146	2,949,162	487,037	2,462,125	1,420,771	1,041,354	466,859	574,494	131,026	443,468	31.55%
286	7555 Lorton Hall Rd.	59,852	6,918,687	1,143,211	5,775,476	3,326,006	2,449,470	712,123	1,737,347	306,277	1,431,070	37.21%
294	3501B S Jefferson St.	56,145	6,966,171	1,151,970	5,814,201	3,365,677	2,448,524	885,399	1,563,125	310,201	1,252,924	34.52%
295	11010 Sudley Manor Dr.	60,558	6,744,570	1,115,693	5,628,877	3,248,344	2,380,533	904,009	1,476,525	299,081	1,177,444	34.00%
301	4292 Merchants Plz.	38,214	4,249,844	702,519	3,547,325	2,046,612	1,500,712	515,925	984,787	188,582	796,204	35.27%
316	4108 Fortuna Ctr. Plz. (Rte. 234)	38,569	4,381,709	724,300	3,657,409	2,101,948	1,555,461	612,873	942,588	194,458	748,130	33.60%
317	9600-E Main St.	26,201	2,908,624	479,607	2,429,017	1,397,851	1,031,167	463,986	567,181	128,225	438,956	31.58%

¹Includes state taxes, but does not include 5% sales tax.

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

³Store 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 2024												
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
319	2507 N. Harrison St.	Arlington County	3,164,175	519,874	2,644,301	1,522,037	1,122,264	477,880	644,383	139,910	504,473	32.37%
322	14151 St. Germain Dr.	Fairfax County	4,713,403	781,241	3,932,162	2,252,180	1,679,982	589,593	1,090,389	210,851	879,538	35.24%
323	1020 E. Main St.	Loudoun County	6,037,240	993,610	5,043,630	2,900,775	2,142,855	653,484	1,489,372	266,972	1,222,400	36.71%
346	8105 Lee Hwy.	Fairfax County	5,338,747	879,692	4,459,056	2,569,413	1,889,643	694,504	1,195,139	237,154	957,984	34.42%
352	2555 John Milton Dr.	Fairfax County	2,863,926	472,968	2,390,958	1,376,429	1,014,529	483,975	530,554	126,892	403,662	30.61%
353	4255 Cheshire Plz.	Prince William County	6,166,535	1,021,525	5,145,010	2,979,668	2,165,342	888,844	1,276,498	274,330	1,002,168	32.82%
357	1454 N. Point Village	Fairfax County	4,322,350	713,281	3,609,068	2,076,050	1,533,018	619,921	913,097	191,697	721,401	33.19%
362	100 Edds Ln.	Loudoun County	4,305,538	708,856	3,596,682	2,068,779	1,527,902	593,987	933,915	190,476	743,439	33.73%
367	20070 Ashbrook Commons Plz.	Loudoun County	4,704,358	781,952	3,922,406	2,273,211	1,649,195	498,732	1,150,463	209,114	941,349	36.63%
368	10308 Willard Way	City of Fairfax	1,875,280	309,026	1,566,254	900,674	665,580	460,491	205,090	83,224	121,866	22.98%
369	6343 A Columbia Pk.	Fairfax County	2,546,319	420,695	2,125,624	1,221,005	904,619	449,967	454,652	112,762	341,891	29.95%
371	5709 Burke Centre Pkwy.	Fairfax County	2,906,831	479,306	2,427,525	1,396,670	1,030,855	508,600	522,255	128,565	393,690	30.03%
372	3161 Duke St.	City of Alexandria	2,839,036	467,795	2,371,241	1,370,206	1,001,035	464,757	536,278	126,117	410,161	30.92%
374	2955A S. Glebe Rd.	Arlington County	4,489,043	740,781	3,748,262	2,208,356	1,539,905	571,739	968,166	200,202	767,964	33.61%
375	2231A Old Bridge Rd.	Prince William County	3,342,835	551,751	2,791,084	1,598,986	1,192,098	490,825	701,273	148,716	552,557	33.04%
378	2940 Columbia Pk.	Arlington County	2,664,064	438,607	2,225,457	1,290,444	935,013	590,362	344,651	118,431	226,220	24.96%
380	3815 Mount Vernon Ave.	City of Alexandria	3,257,726	534,645	2,723,081	1,568,313	1,154,768	591,138	563,630	144,856	418,774	29.27%
384	5109 Westfields Blvd.	Fairfax County	4,363,473	721,261	3,642,212	2,092,310	1,549,901	559,986	989,916	193,940	795,976	34.77%
385	9075 Braddock Rd.	Fairfax County	2,015,203	332,163	1,683,040	964,535	718,505	428,494	290,010	89,187	200,823	26.45%
388	8150 Leesburg Pk.	Fairfax County	2,184,470	361,157	1,823,313	1,051,100	772,213	400,266	371,947	95,704	276,243	29.18%
393	4349 Duke St.	Fairfax County	2,666,301	440,727	2,225,574	1,280,371	945,203	489,269	455,934	118,222	337,712	29.20%
397	10685 Braddock Rd.	Fairfax County	6,173,178	1,020,788	5,152,390	2,998,885	2,153,505	854,560	1,258,946	276,128	982,818	32.46%
406	1630 Public Way	Stafford County	3,329,399	549,074	2,780,325	1,596,124	1,184,201	456,415	727,787	147,220	580,567	33.93%
418	24570 Dulles Landing Dr.	Loudoun County	5,508,872	909,069	4,599,803	2,647,748	1,952,055	650,293	1,301,761	243,575	1,058,186	35.71%
419	8070 Rolling Rd.	Fairfax County	2,413,611	401,367	2,012,243	1,171,115	841,129	557,865	283,263	106,904	176,359	23.94%
421	10140 Fairfax Blvd.	Fairfax County	2,689,034	445,433	2,243,601	1,288,426	955,176	503,437	457,739	119,619	332,120	28.92%
424	4722 Brimfield Dr.	Loudoun County	3,397,599	560,841	2,836,757	1,633,899	1,202,858	521,119	681,739	150,624	531,115	32.14%
425	5940 Richmond Hwy.	City of Alexandria	4,323,384	711,620	3,611,763	2,084,627	1,527,136	520,384	1,006,753	192,602	814,150	35.29%
438	4604 Kenmore Ave.	City of Alexandria	2,566,712	424,813	2,141,899	1,247,700	894,199	476,242	417,957	114,097	303,859	28.39%
439	14220 Smoketown Rd.	Prince William County	3,656,839	604,792	3,052,047	1,754,096	1,297,951	477,296	820,655	162,496	658,159	34.54%
443	6464 Trading Squ.	Prince William County	2,758,559	454,256	2,304,303	1,325,715	978,588	516,892	461,695	121,837	339,858	28.79%
523	9843 Georgetown Pk.	Fairfax County	1,772,333	292,078	1,480,255	851,819	628,436	441,331	187,105	78,768	108,337	22.59%
529	825 South Washington St.	City of Alexandria	217,106	35,335	181,771	103,842	77,929	103,338	(25,409)	10,177	(35,586)	-0.12%
530	555 Compass Point Plz. S.E.	Loudoun County	421,093	69,422	351,671	205,965	145,706	145,268	438	19,020	(18,582)	12.07%
Northern Virginia			399,160,690	65,919,101	333,241,589	192,061,043	141,180,546	54,738,692	86,441,855	17,723,999	68,717,855	33.73%
37	15141 Montanum Dr.	Culpeper County	3,690,341	607,952	3,082,389	1,771,832	1,310,557	476,614	833,943	163,128	670,815	34.65%
51	265 Turkey Sag Trl.	Fluvanna County	2,072,573	341,159	1,731,414	991,854	739,560	354,684	384,877	92,141	292,736	30.58%
66	11083-E Marsh Rd. (Rte. 17N.)	Fauquier County	2,332,677	385,446	1,947,232	1,117,800	829,452	375,466	453,986	103,656	350,330	31.54%
72	5390-A Lyndon Dr.	Orange County	3,708,654	610,894	3,097,760	1,783,508	1,314,251	406,385	907,866	164,468	743,398	36.52%
88	4199-B Winchester Rd.	Fauquier County	2,326,952	382,630	1,944,322	1,120,990	823,332	345,672	477,660	103,866	374,274	32.53%
163	583 N. Madison Rd.	Orange County	1,843,068	304,491	1,538,577	881,203	657,374	298,738	358,637	81,992	276,645	31.53%
227	201 South Main St.	Orange County	948,542	155,753	792,790	455,170	337,619	210,292	127,328	42,187	85,141	25.40%
274	28 Madison Plz. Dr.	Madison County	115,1127	190,056	961,071	553,242	407,829	268,865	138,964	51,070	87,894	24.15%
297	45 Main St.	Fauquier County	984,408	161,341	823,067	474,967	348,101	267,028	81,073	43,554	37,519	20.20%
303	175 West Lee Hwy.	Fauquier County	6,550,326	1,080,945	5,469,381	3,143,595	2,325,786	614,857	1,710,929	290,071	1,420,857	38.19%
329	185 Southgate Shopping Ctr.	Culpeper County	2,893,440	477,148	2,416,292	1,391,772	1,024,519	322,725	701,795	128,447	573,348	36.31%
Warrenton/Culpeper			28,502,108	4,697,814	23,804,294	13,685,913	10,118,381	3,941,324	6,177,057	1,264,099	4,912,958	33.72%

(continued)

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

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

Analysis of Store Performance — Fiscal Year 2024												
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
348	7036 Forest Hill Ave.	37,951	3,806,010	627,399	3,178,611	1,831,807	1,346,804	457,385	889,418	168,402	721,016	35.43%
350	11108 Midlothian Tpk.	73,068	7,185,361	1,189,077	5,996,285	3,464,630	2,531,655	523,713	2,007,941	319,286	1,688,655	40.05%
360	4118 West Broad St.	72,571	7,781,664	1,289,179	6,492,485	3,738,427	2,754,058	756,021	1,998,037	349,239	1,648,798	37.76%
363	9953 Hull St. (Rte. 360)	49,112	4,429,210	732,592	3,696,618	2,136,434	1,560,184	442,491	1,117,693	196,797	920,896	37.33%
366	1370 Gaskins Rd.	29,102	3,096,517	510,280	2,586,237	1,489,175	1,097,061	459,078	637,983	136,820	501,163	32.66%
389	5352 Wyndham Forest Dr.	27,985	3,194,911	528,321	2,666,591	1,536,686	1,129,905	451,248	678,657	140,915	537,743	33.37%
390	16605 Mountain Rd.	19,447	1,744,069	287,366	1,456,704	837,978	618,726	321,992	296,734	77,314	219,419	29.06%
402	11400 W. Huguenot Rd.	31,856	3,383,918	558,933	2,824,985	1,625,863	1,199,123	441,149	757,973	149,516	608,457	34.50%
404	521 Hull St. Rd.	31,039	3,927,168	649,667	3,277,502	1,927,112	1,350,389	441,917	908,472	175,546	732,926	35.21%
407	13113 River's Bend Blvd.	31,275	3,224,543	533,249	2,691,295	1,548,147	1,143,148	365,470	777,678	143,497	634,181	36.20%
441	4991 Nine Mile Rd.	40,365	4,313,215	716,555	3,596,660	2,084,717	1,511,943	492,360	1,019,583	192,260	827,323	35.79%
442	7407 Pole Green Rd.	2,897	302,708	49,855	252,853	144,218	108,635	180,746	(72,111)	14,201	(86,312)	-12.04%
		2,162,914	225,131,035	37,227,320	187,903,715	108,454,170	79,449,545	24,619,512	54,830,033	10,005,384	44,824,649	36.45%
35	2757 Jefferson Davis Hwy.	35,341	3,929,637	649,636	3,280,001	1,892,581	1,387,420	457,372	930,048	174,639	755,409	35.76%
44	17495 Patriot Hwy.	25,266	2,309,814	383,991	1,925,823	1,111,404	814,419	355,731	458,688	102,554	356,134	32.04%
62	1416 Carl D. Silver Pkwy.	51,487	5,951,677	983,639	4,968,038	2,852,569	2,115,469	614,323	1,501,146	263,596	1,237,551	33.2%
64	43 Town & Country Dr.	35,584	3,450,186	570,490	2,879,695	1,661,740	1,217,955	385,272	832,684	151,730	680,954	36.27%
74	10857 & 10859 Tidewater Trl.	20,045	2,052,579	339,531	1,713,048	979,818	733,230	329,151	404,078	91,383	312,696	31.78%
95	10007 Patriots Hwy. (Jefferson Davis)	50,189	5,325,374	879,576	4,445,799	2,558,887	1,886,911	593,220	1,293,691	236,266	1,057,425	36.37%
103	6348 Patriot Hwy.	20,496	1,868,918	309,253	1,559,665	895,205	664,459	306,482	357,977	83,226	274,751	31.25%
121	507 William St.	35,962	3,971,231	655,836	3,315,395	1,908,612	1,406,783	286,879	1,119,904	177,777	942,127	40.24%
183	9 Village Ctr. Dr.	38,716	3,961,209	654,461	3,306,748	1,901,510	1,405,239	491,938	913,301	175,445	737,856	35.15%
200	356 Garrisonville Rd.	39,207	4,401,728	726,894	3,674,834	2,112,092	1,562,742	535,799	1,026,944	195,668	831,276	35.40%
209	10724 Patriot Hwy.	44,521	4,282,372	708,012	3,574,360	2,058,360	1,516,000	457,521	1,058,479	190,399	868,080	36.80%
221	16424 Consumer Row	24,337	2,385,042	393,815	1,991,227	1,139,597	851,629	344,989	506,640	105,805	400,834	33.32%
239	320 West Broad St.	12,860	1,129,648	187,185	942,463	540,312	402,152	254,454	467,698	50,397	97,301	25.18%
245	1249 Emancipation Hwy.	25,623	2,491,187	411,886	2,079,301	1,191,892	887,409	397,591	489,818	110,948	378,870	31.74%
313	4185 Plank Rd.	62,011	6,116,536	1,011,279	5,105,257	2,934,161	2,171,097	551,367	1,619,730	272,022	1,347,708	38.57%
412	50 N. Stafford Complex Ctr.	25,943	2,741,294	452,457	2,288,837	1,313,145	975,692	349,990	625,703	121,307	504,396	34.91%
	Fredericksburg	547,587	56,368,432	9,317,940	47,050,491	27,051,886	19,998,606	6,712,078	13,286,528	2,503,162	10,783,366	35.66%
130	700 McKinney Blvd.	23,927	2,016,501	333,427	1,683,074	966,108	716,966	272,318	444,648	89,878	354,770	34.13%
149	4699 Richmond Rd.	17,810	1,612,424	265,712	1,346,712	775,213	571,499	286,096	285,404	71,373	214,031	29.75%
192	101 S. Main St.	49,111	4,404,005	726,960	3,677,045	2,117,567	1,559,478	355,167	1,204,310	195,736	1,008,575	39.41%
220	15765 Kings Hwy.	9,366	850,140	140,285	709,854	407,664	302,190	265,292	36,899	37,638	(739)	16.41%
238	142 Northumberland Hwy.	19,093	1,515,728	249,449	1,266,279	728,896	537,383	249,347	288,036	67,131	220,905	31.03%
	Northern Neck	119,305	10,398,798	1,715,834	8,682,965	4,995,449	3,687,516	1,428,219	2,259,297	461,756	1,797,541	33.79%
32	16314 General Puller Hwy	17,090	1,442,582	236,133	1,206,449	693,818	512,631	220,027	292,604	63,865	228,739	32.23%
155	2334 York Crossing Dr.	31,803	2,743,669	452,959	2,290,710	1,314,356	976,353	324,841	651,513	121,632	529,881	35.82%
175	416 14th St.	24,530	2,152,774	354,610	1,798,068	1,035,194	762,873	306,213	456,661	95,404	361,257	33.26%
179	231 Virginia St.	14,980	1,291,421	212,614	1,078,807	620,502	458,305	227,926	230,379	57,561	172,818	29.85%
198	1628 Tappahannock Blvd.	23,458	2,101,129	347,097	1,754,032	1,008,181	745,852	333,019	412,833	93,268	319,565	31.73%
233	6736 Main St.	39,401	3,376,389	558,180	2,818,209	1,617,459	1,200,750	329,223	871,527	149,918	721,609	37.90%
257	4917 Richmond											
	Tappahannock Hwy.	24,939	2,127,250	351,610	1,775,640	1,020,862	754,778	335,864	418,914	94,305	324,609	31.79%
333	10972 Buckley Hall	18,011	1,530,563	253,995	1,276,568	740,653	535,915	264,863	271,051	67,882	203,169	29.87%
	West Point/Mathews	194,214	16,765,777	2,767,295	13,998,482	8,051,025	5,947,458	2,341,976	3,605,482	743,835	2,861,647	33.57%

(continued)

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

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

Analysis of Store Performance — Fiscal Year 2024												
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
379	5832 N. Hampton Blvd.	47,075	5,042,519	834,915	4,207,604	2,436,016	1,771,588	515,799	1,255,789	225,435	1,030,353	36.99%
391	13478 Carrollton Blvd.	25,979	2,488,018	414,928	2,073,090	1,204,201	868,889	339,237	529,652	110,492	419,160	33.52%
394	535A N. Birdneck Rd.	26,575	2,499,756	412,213	2,087,542	1,200,898	886,645	384,052	502,592	111,236	391,356	32.15%
405	1225 W. 25 St.	2,416	271,161	44,496	226,664	136,236	90,429	215,414	(124,985)	12,563	(137,548)	-34.32%
409	7550 Granby St.	42,671	4,333,710	718,605	3,615,106	2,153,979	1,461,127	448,334	1,012,793	192,470	820,323	35.51%
413	1407 N. Main St.	29,514	2,893,872	479,353	2,414,518	1,388,361	1,026,157	388,529	637,628	128,800	508,829	34.15%
415	1340 N. Great Neck Rd.	37,203	3,544,596	585,705	2,958,891	1,698,357	1,260,534	384,167	876,367	157,211	719,156	36.81%
423	1595 International Blvd.	49,065	4,777,830	793,269	3,984,561	2,322,716	1,661,845	483,768	1,178,077	212,757	965,320	36.81%
428	4807-A Shore Dr.	33,537	3,110,380	512,454	2,597,926	1,497,948	1,099,978	445,615	654,363	138,143	516,220	33.07%
429	150 Central Park Ave.	33,775	3,800,469	627,281	3,173,188	1,837,423	1,335,765	468,328	867,437	169,391	698,046	34.87%
437	1400 Kempville Rd.	36,217	3,659,358	605,527	3,053,831	1,757,129	1,296,702	414,284	882,418	162,721	719,697	36.21%
444	315B Virginia Beach Blvd.	25,662	2,469,059	406,306	2,062,753	1,181,976	880,777	502,060	378,717	109,984	268,732	27.34%
	Norfolk/Virginia Beach	2,453,097	243,715,020	40,353,310	203,361,710	117,452,664	85,909,045	26,008,864	59,900,181	10,860,682	49,039,499	36.68%
48	6497 Centerville Rd.	66,757	6,315,989	1,040,544	5,275,445	3,036,745	2,238,700	609,823	1,628,877	280,723	1,348,154	37.82%
92	39 W. Mercury Blvd.	32,866	3,258,491	540,504	2,717,986	1,573,945	1,144,042	363,080	780,961	145,420	635,541	36.09%
112	61 N. Mallory St.	39,307	4,346,320	719,901	3,626,419	2,093,953	1,532,467	395,089	1,137,377	194,868	942,509	38.25%
148	4640-N Monticello Ave.	63,573	6,478,382	1,066,033	5,412,350	3,111,301	2,301,048	692,565	1,608,483	286,642	1,321,841	36.86%
158	3099 Jefferson Ave.	35,594	3,730,056	621,255	3,108,801	1,793,262	1,315,538	465,143	850,395	167,027	683,369	34.98%
217	619 Pilot House Dr.	61,505	6,478,509	1,073,455	5,405,054	3,118,704	2,286,351	559,782	1,726,569	290,191	1,436,377	38.74%
222	5005 Victory Blvd.	38,187	4,033,570	666,749	3,366,821	1,945,911	1,420,911	421,477	999,434	179,098	820,336	36.87%
244	4909 W. Mercury Blvd.	66,833	7,039,561	1,169,891	5,869,670	3,400,018	2,469,652	523,734	1,945,918	315,286	1,630,632	39.78%
250	2078 Nickerson Blvd.	36,783	3,483,855	577,524	2,906,331	1,675,658	1,230,673	380,678	849,996	155,369	694,626	36.52%
258	3831 Kecoughtan Rd.	40,879	4,273,078	709,311	3,563,766	2,069,282	1,494,484	389,302	1,105,182	191,334	913,848	37.99%
265	19 Towne Ctr. Way	29,961	3,052,389	505,804	2,546,584	1,466,609	1,079,975	380,947	699,028	135,954	563,074	35.02%
272	55 Hidenwood Shopping Ctr.	31,497	2,941,233	488,855	2,452,379	1,417,246	1,035,132	361,194	673,939	130,531	543,407	35.10%
282	1118-A West Mercury Blvd.	86,127	9,791,835	1,621,747	8,170,088	4,717,067	3,453,021	800,147	2,652,874	437,891	2,214,982	39.18%
290	5226 George Washington Memorial Hwy.	31,591	2,879,721	475,336	2,404,385	1,385,653	1,018,732	402,771	615,961	127,591	488,370	33.47%
320	1240 Richmond Rd.	47,910	4,996,513	822,690	4,173,823	2,407,864	1,765,960	528,666	1,237,293	222,294	1,015,000	36.78%
335	801-F Merrimac Trl.	31,662	3,120,472	515,288	2,605,184	1,497,205	1,107,978	404,065	703,913	138,511	565,402	34.63%
340	309-A Oyster Point Rd.	34,660	3,586,715	594,041	2,992,674	1,727,923	1,264,751	452,609	812,142	159,439	652,704	34.76%
341	621 Stoney Creek Ln.	47,491	5,006,862	829,775	4,177,087	2,441,854	1,735,233	593,742	1,141,491	223,620	917,871	34.91%
342	10872 Warwick Blvd.	25,670	2,464,543	408,551	2,055,993	1,185,168	870,824	347,958	522,866	109,915	412,951	33.33%
381	1480-3C Quarterpath Rd.	22,665	2,393,943	394,226	1,999,717	1,149,569	850,148	418,256	431,892	106,331	325,562	30.07%
382	475 Wythe Creek Rd.	29,016	2,740,039	452,431	2,287,608	1,315,181	972,427	303,934	668,494	121,509	546,985	36.47%
417	201 Tradesman Way	28,376	2,558,158	423,621	2,134,537	1,224,336	910,200	379,871	530,330	113,896	416,434	32.84%
420	980 J. Clyde Morris Blvd.	24,874	2,564,760	425,062	2,139,698	1,232,131	907,567	342,427	565,140	114,541	450,598	34.14%
422	14272 Wanwick Blvd.	52,729	5,393,050	893,292	4,499,758	2,598,109	1,901,649	469,507	1,432,142	240,616	1,191,526	38.66%
	Newport News/Hampton	1,006,512	102,928,044	17,035,886	85,892,158	49,584,695	36,307,463	10,986,767	25,320,696	4,588,596	20,732,100	36.69%
156	22485 Lankford Hwy.	25,061	2,312,577	380,757	1,931,820	1,110,932	820,888	297,285	523,603	102,980	420,623	34.65%
162	7017 & 7019 Lankford Hwy.	16,560	1,440,639	238,381	1,202,258	690,916	511,342	264,190	247,152	64,102	183,051	29.25%
177	4371 Pension St.	19,147	1,521,875	251,781	1,270,094	740,265	529,829	230,839	298,990	67,640	231,350	31.75%
223	3527 Lankford Hwy.	16,402	1,302,003	215,329	1,086,674	624,801	461,873	289,890	171,983	57,979	114,004	25.29%
344	25234 Lankford Blvd.	30,193	2,564,405	425,877	2,138,527	1,237,268	901,259	328,737	572,522	113,970	458,552	34.49%
	Eastern Shore	107,363	9,141,499	1,512,125	7,629,374	4,404,182	3,225,192	1,410,941	1,814,251	406,671	1,407,580	31.94%
	Statewide Totals	14,119,571	1,447,528,414	239,351,955	1,208,176,459	696,225,547	511,950,913	178,483,414	333,467,499	64,366,017	269,101,482	35.13%

¹Includes state taxes, but does not include 5% sales tax.

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

³Store expenses include miscellaneous revenue and net cash overages.

⁴Rate of return* = (adjusted net profit + state taxes) ÷ gross sales

Analysis of Distillery Store Performance — Fiscal Year 2024										
ABC Distillery Stores	Gross Sales ¹	Spirits & Wine Taxes ²	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee & Freight Services	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia ³
Statewide Distillery Totals	16,039,626	2,614,523	13,425,103	7,759,875	5,665,228	3,158,801	201,180	1,355,297	949,950	22.22%
12 Belle Isle Craft-Spirits, Inc.	532,556	81,250	451,306	255,947	195,359	105,798	25,356	43,660	20,545	19.1%
14 Dark Hollow Hooch LLC (dba Five Mile Mountain Distillery)	80,942	13,163	67,779	38,282	29,497	15,793	1,345	6,932	5,427	22.9%
15 Copper Fox Distillery Enterprises, L.L.C. [- Williamsburg]	608,312	98,982	509,329	297,363	211,966	118,755	6,819	50,649	35,744	22.1%
16 The Virginia Distillery Company, LLC	388,371	63,191	325,180	200,772	124,408	75,814	22,672	31,173	(5,251)	14.9%
18 Chesapeake Bay Distillery LLC	246,807	39,909	206,899	118,872	88,027	47,881	1,758	21,215	17,173	23.3%
19 Williamsburg Distillery, Inc. (dba Eight Shires Coloniale Distillery)	154,744	25,779	128,965	71,358	57,607	30,929	1,046	12,621	13,011	25.0%
20 Karlson & O'Mara Distilleries LLC	379,103	60,350	318,752	187,407	131,345	72,406	1,892	31,179	25,868	22.7%
21 Old House Vineyards, LLC	137,637	22,653	114,984	66,094	48,890	27,178	434	11,446	9,833	23.6%
22 Reservoir Distillery, LLC	296,486	48,742	247,744	142,817	104,927	58,479	4,087	24,218	18,144	22.5%
23 Murrarkey Distilled Spirits, LLC	495,043	81,305	413,739	244,604	169,134	97,546	6,103	42,084	23,401	21.1%
24 Mount Defiance Cider & Distillery, LLC	133,971	21,788	112,183	64,459	47,724	26,140	2,008	10,904	8,672	22.7%
25 River Hill Wine and Spirits, LLC	66,710	11,120	55,590	31,145	24,445	13,341	510	5,661	4,932	24.0%
28 Silverback Spirits LLC	616,684	102,801	513,883	290,897	222,986	123,337	3,536	53,189	42,924	23.6%
29 Davis Valley Winery and Vineyard, Inc.	65,791	10,967	54,824	31,273	23,551	13,158	228	5,527	4,637	23.7%
30 Copper Fox Distillery Enterprises, L.L.C. [- Sperryville]	387,299	63,758	323,541	188,724	134,817	76,494	2,098	33,084	23,140	22.4%
31 The Mount Vernon Ladies' Association of the Union	779,587	129,957	649,630	359,491	290,139	155,917	13,577	65,135	55,510	23.7%
34 Belmont Farms of Virginia, Inc.	186,670	30,688	155,983	91,144	64,839	36,818	1,288	15,574	11,160	22.4%
65 Catoctin Creek Distilling Company, LLC	513,757	84,548	429,209	248,109	181,000	101,437	10,853	43,027	25,783	21.4%
91 Sazerac Distillers, LLC (dba A. Smith Bowman Distillery)	1,232,666	204,235	1,028,432	602,528	425,904	245,033	13,584	112,541	54,746	20.0%
430 Springfield Distillery, LLC	163,553	23,057	140,496	81,254	59,242	31,516	3,041	14,381	10,304	20.4%
431 Bondurant Brothers Distillery, LLC	8,738	1,457	7,281	4,156	3,125	1,748	34	748	595	23.4%
432 Rached Group, LLC	397,736	65,143	332,593	194,579	138,015	78,156	3,681	33,924	22,253	21.9%
433 Ragged Mountain Farm, LLC (dba Ragged Branch Distillery)	555,442	91,473	463,969	273,005	190,964	109,746	3,276	47,400	30,541	21.9%
434 Dilawri Barrels, LLC (dba Filibuster Distillery)	189,662	30,863	158,799	93,227	65,572	37,028	1,667	15,740	11,138	22.1%
435 AASS Distillery, LLC (dba Spirit Lab Distilling)	5,499	917	4,582	2,569	2,014	1,100	14	477	423	24.3%
451 Ironclad Distillery, Inc.	555,844	90,951	464,893	262,493	202,400	109,119	4,725	46,997	41,558	23.8%
452 Twin Creeks Distillery, Inc.	42,103	6,849	35,254	20,535	14,719	8,217	3,985	3,373	(856)	14.2%
453 Blue Sky Distillery, LLC	16,064	2,524	13,540	7,557	5,984	3,105	335	1,541	1,003	21.9%
454 Glenway Farms, Inc. (dba Dida's Distillery)	94,639	15,300	79,338	46,376	32,962	18,357	252	7,385	6,968	23.5%
456 Franklin County Distilleries, L.L.C.	16,867	2,812	14,055	7,991	6,064	3,373	40	1,613	1,038	22.8%
460 Cavalier Ventures, LLC (dba Tarnished Truth Distilling Company)	969,897	153,818	816,079	482,270	333,809	192,617	13,795	82,602	44,794	20.4%
461 Mountain View Brewery, LLC (dba Devils Backbone Distilling Co.)	225,345	35,730	189,615	109,197	80,418	44,550	1,414	20,018	14,436	22.2%
462 Bombolini L.L.C. (dba Trial & Error Distillery) (Loita Kreckman)	87,386	14,567	72,819	41,010	31,809	17,477	402	7,349	6,580	24.2%
463 The Vanguard Brewpub & Distillery LLC (dba Caisal Beer and Spirits Company)	151,808	25,064	126,744	73,688	53,056	30,070	914	13,154	8,919	22.3%
465 Virago Spirits, LLC	259,347	42,138	217,209	124,256	92,953	50,556	2,794	22,484	17,118	22.8%
466 Cape Charles Distillery LLC	167,059	27,524	139,534	80,253	59,281	33,023	718	13,542	11,999	23.6%
467 Three Crosses Distilling Company, LLC	450,510	73,906	376,604	218,809	157,795	88,670	1,868	38,212	29,046	22.8%
468 Greenspur, Inc. (dba Lost Whiskey Club)	37,849	6,042	31,808	18,084	13,724	7,248	132	2,815	3,528	25.2%
469 Hill Top Distillery, LLC	209,869	33,721	176,148	97,272	78,876	40,457	1,291	19,382	17,746	24.5%
470 Buffalo Brands Inc. (dba Sleepy Fox Distillery)	41,851	6,972	34,879	19,457	15,422	8,364	256	3,556	3,245	24.4%
471 R.D. Wilhelm, LLC (dba Reverend Spirits)	100,817	16,679	84,138	49,137	35,001	20,011	482	8,645	5,864	22.3%
474 Vitae Spirits Distillery, LLC (East Water St.)	39,064	6,331	32,733	19,270	13,463	7,595	154	3,120	2,594	22.8%
475 Old Virginia Hand Hewn Log Homes, Inc. (dba Axe Handle Distilling)	96,170	15,831	80,339	46,924	33,415	18,994	390	8,049	5,982	22.6%
476 Flying Ace Distillery, LLC	332,571	55,440	277,131	160,409	116,722	66,514	976	28,389	20,844	22.9%
477 7 Hollows Farm, LLC (dba Orkney Springs Distillery)	35,556	5,796	29,760	16,425	13,335	6,954	868	2,831	2,681	23.8%
478 Smith River Spirits, LLC	20,209	3,339	16,870	9,866	7,004	4,006	88	1,656	1,254	22.7%
479 J.H. BARDS Spirit Co., LLC	192,255	31,562	160,693	89,590	71,103	37,866	1,202	15,989	16,046	24.7%

(continued)

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

¹Includes state taxes, but does not include 5% sales tax.

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

Analysis of Distillery Store Performance — Fiscal Year 2024										
ABC Distillery Stores	Gross Sales ¹	Spirits & Wine Taxes ²	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee & Freight Services	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia ³
480 Vincent's Vineyard, Inc. (dba Big Cedar Creek Distillers)	685	114	571	320	251	137	4	50	61	25.51%
481 Highlands Distilling Company, LLC	54,475	8,994	45,481	26,482	18,999	10,791	128	4,657	3,423	22.79%
482 Roosters Rise-n-Shine Distillery, LLC	53,135	8,680	44,455	25,216	19,239	10,414	112	4,464	4,249	24.33%
483 Deep Creek Distilling Company LLC	66,566	10,937	55,629	32,314	23,315	13,122	597	5,857	3,740	22.05%
484 Dogged State Distilling Company	17,689	2,893	14,797	8,653	6,144	3,470	182	1,456	1,035	22.21%
485 Bold Rock Partners LP (dba Bold Rock Cidery & Brewpub)	173,685	28,953	144,732	81,894	62,838	34,737	1,768	14,691	11,642	23.37%
486 Appalachian Heritage Distillery LLC	244,889	40,137	204,752	117,782	86,971	48,154	1,215	20,619	16,983	23.32%
488 Brady Distilling LLC	321,245	52,857	268,389	156,295	112,094	63,415	2,444	27,952	18,282	22.14%
489 Sandy River Distillery, Inc.	218,077	36,106	181,971	105,956	76,015	43,319	6,918	19,056	6,722	19.64%
490 Virginia Foothills Distillery & Co., LLC	100,479	16,750	83,729	47,899	35,829	20,096	200	8,850	6,683	23.32%
491 Salty Stash Distillery, LLC	42,636	7,030	35,606	20,484	15,122	8,434	140	3,606	2,942	23.39%
492 Virginia Beach Distillery	94,923	15,476	79,447	45,675	33,771	18,568	1,116	7,971	6,117	22.75%
493 Glenn Distillery, LLC	1,262	204	1,059	616	443	244	-	96	102	24.26%
650 Blue Shepherd Spirits LLC	90,852	15,019	75,833	42,643	33,190	18,019	228	7,887	7,056	24.30%
651 Waterman Spirits LLC	954,970	149,894	805,076	471,873	333,203	179,837	12,370	69,624	71,372	23.17%
652 ABW Virginia Beach, LLC (dba New Realm Distilling Company)	112,028	18,675	93,353	52,788	40,566	22,406	750	9,863	7,547	23.41%
653 Creek Bottom Brewing, LLC	31,045	5,120	25,925	14,770	11,155	6,142	152	2,650	2,211	23.61%
654 Urban Rum Company, LLC	18,391	3,066	15,325	8,473	6,852	3,678	298	1,574	1,302	23.75%
655 Three Notch'd Distilling Company, LLC (Charlottesville)	77,077	12,849	64,228	36,317	27,911	15,415	586	6,815	5,095	23.28%
656 Three Notch'd Distilling Company, LLC (Nellysford)	126,006	21,005	105,000	59,284	45,717	25,201	1,058	10,852	8,605	23.50%
657 Three Notch'd Distilling Company, LLC (Richmond)	28,511	4,753	23,758	13,414	10,344	5,702	254	2,483	1,905	23.35%
658 Three Notch'd Distilling Company, LLC (Virginia Beach)	39,110	6,520	32,591	18,408	14,182	7,822	342	3,418	2,600	23.32%
659 MHG Reston LLC (dba Open Road Distilling Company)	349,186	58,209	290,977	164,905	126,072	69,837	2,056	30,037	24,142	23.58%
660 Lincoln Ridge, Inc	25,172	4,178	20,994	12,059	8,935	5,013	142	2,697	1,084	20.90%
661 Ironclad Distillery, Inc. (Fredericksburg)	30,157	5,027	25,130	14,162	10,967	6,031	114	2,822	2,000	23.30%
663 Three Notch'd Distilling Company, LLC (Roanoke)	530	88	442	250	191	106	20	58	7	18.04%
Statewide Distillery Totals	16,039,626	2,614,523	13,425,103	7,759,875	5,665,228	3,158,801	201,180	1,355,297	949,950	22.22%

¹Includes state taxes, but does not include 5% sales tax.

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

³Rate 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

LICENSED ESTABLISHMENTS' STATISTICS

2024 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	Hotels/Resorts	Marketplace Licensees	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Alexandria City	16	0	4	3	2	1	6	5	48	4	0	14	23	3	0	55	188	3	375
Bedford City	1	0	0	0	0	0	0	1	8	0	0	0	1	0	0	2	4	0	17
Bristol City	2	0	0	2	3	0	1	0	30	1	0	2	4	0	0	10	25	0	80
Buena Vista City	0	0	0	0	0	0	0	0	7	0	0	1	0	0	0	4	1	0	13
Charlottesville City	25	0	6	7	11	0	14	5	33	0	4	5	20	6	1	48	122	3	310
Chesapeake City	3	0	7	7	3	0	1	8	125	0	1	19	32	4	3	54	142	0	409
Colonial Heights City	2	0	0	0	0	0	0	2	17	0	0	4	5	0	0	7	24	0	61
Covington City	0	0	0	0	1	0	0	0	9	0	0	1	1	0	0	3	0	0	15
Danville City	3	0	2	2	2	0	1	5	72	0	1	7	8	0	0	14	26	1	144
Emporia City	0	0	0	0	0	0	0	1	17	0	0	1	2	0	0	1	3	0	25
Fairfax City	0	0	1	2	2	0	3	3	15	0	0	4	11	1	0	28	47	0	117
Falls Church City	2	0	0	0	2	0	1	1	7	0	0	2	3	0	0	23	33	0	74
Franklin City	0	0	0	0	0	0	0	0	14	0	0	1	1	0	0	2	8	0	26
Fredericksburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Fredericksburg City	4	1	0	0	4	0	3	1	25	0	0	2	9	1	1	29	71	1	152
Galax City	1	0	0	0	1	0	0	0	10	0	0	2	3	1	0	3	6	0	27
Hampton City	16	1	4	5	6	0	2	11	95	0	1	11	15	3	0	29	82	1	282
Harrisonburg City	7	2	0	2	5	0	2	6	40	0	0	4	11	5	0	28	52	1	165
Hopewell City	3	0	0	1	0	0	1	5	25	0	0	3	2	0	0	4	12	1	57
Lexington City	1	2	0	0	0	0	5	0	3	0	0	1	3	1	0	8	12	0	36
Lynchburg City	5	0	1	6	3	0	5	6	61	0	0	7	15	2	0	37	64	0	212
Manassas City	3	0	1	1	4	0	1	4	33	0	1	4	4	0	0	24	33	0	113
Manassas Park City	0	0	0	0	0	0	0	0	9	0	0	0	0	0	0	3	5	0	17
Martinsville City	2	0	0	0	0	0	1	2	17	0	0	1	2	0	0	4	10	0	39
Newport News City	10	0	2	2	3	0	3	9	134	0	1	12	20	1	0	55	114	0	366
Norfolk City	17	1	0	1	10	6	10	22	121	0	1	15	31	1	0	67	211	2	516
Norton City	0	0	0	0	0	0	0	0	6	1	0	0	1	0	0	3	6	1	18
Petersburg City	3	0	1	1	1	0	0	4	53	0	0	2	2	0	0	13	21	0	101
Poquoson City	0	0	0	0	0	0	0	1	6	0	0	2	3	0	0	5	7	0	24
Portsmouth City	5	0	0	0	3	2	0	9	83	0	0	8	9	0	0	13	48	0	180
Radford City	0	0	0	0	1	0	1	0	13	1	0	1	0	0	0	6	9	0	32
Richmond City	51	1	12	16	26	0	14	12	234	2	6	14	34	2	3	86	346	10	869
Roanoke City	13	1	0	1	8	0	4	8	112	0	1	8	11	2	0	44	102	1	316
Salem City	2	0	2	2	2	0	3	4	22	0	0	3	4	2	0	11	19	0	76
Staunton City	2	1	0	0	3	0	3	3	24	1	0	4	6	4	0	18	22	2	93
Suffolk City	6	1	0	1	1	0	0	3	55	0	0	7	13	0	2	16	53	0	158
Virginia Beach City	49	0	6	9	12	6	10	12	211	1	8	39	62	1	7	139	473	5	1050
Waynesboro City	4	0	1	2	0	0	1	3	22	0	1	2	5	1	0	12	17	2	73
Williamsburg City	12	6	0	1	3	0	3	0	9	0	1	3	4	3	0	11	59	1	116
Winchester City	9	0	2	3	5	0	4	4	23	0	0	5	5	1	0	20	50	1	132
Grand Total	279	17	52	77	127	15	103	160	1,848	11	27	221	385	45	17	939	2,528	36	6,887

¹"All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.

LICENSED ESTABLISHMENTS' STATISTICS

2024 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	Hotels/Resorts	Marketplace Licensees	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Accomack County	6	3	2	2	1	0	1	3	44	0	0	2	8	1	0	10	26	0	109
Albemarle County	44	2	2	31	11	0	7	5	48	0	4	4	27	2	0	43	60	45	335
Alleghany County	2	0	0	0	1	0	0	4	15	0	0	1	1	0	0	5	6	1	36
Amelia County	0	0	0	0	0	0	0	1	14	0	1	1	0	0	0	2	3	0	22
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	16	0	0	1	2	1	0	2	6	0	34
Arlington County	15	0	0	2	3	4	8	6	72	1	0	20	32	5	1	87	267	0	523
Augusta County	4	1	3	11	4	0	2	3	56	0	1	2	6	0	0	18	11	6	128
Bath County	3	1	0	1	1	0	0	0	10	0	0	0	1	1	0	4	7	2	31
Bedford County	11	1	0	5	4	1	1	6	46	0	0	3	5	0	0	15	24	7	129
Bland County	0	0	0	0	0	0	0	0	9	0	0	0	0	0	0	1	0	0	10
Botetourt County	5	0	2	4	1	0	0	1	30	1	1	1	3	0	0	11	13	3	76
Brunswick County	1	0	0	0	0	0	0	0	25	0	0	1	1	0	0	2	4	0	34
Buchanan County	0	0	0	0	0	0	0	0	26	1	0	2	2	0	0	2	1	0	34
Buckingham County	2	0	0	0	0	0	0	0	17	0	0	0	3	0	0	2	1	1	26
Campbell County	2	0	0	2	0	0	0	3	61	0	1	4	5	1	0	6	15	5	105
Caroline County	3	0	0	0	0	0	0	1	33	0	0	1	2	1	0	7	9	1	58
Carroll County	2	0	0	1	0	0	0	1	27	0	0	1	1	2	0	4	5	2	46
Charles City County	2	2	0	1	0	0	0	0	6	0	0	0	0	0	0	2	4	1	18
Charlotte County	1	0	0	0	0	0	0	1	24	0	0	1	0	0	0	2	3	0	32
Chesterfield County	20	1	3	3	6	0	3	7	160	0	1	26	39	3	2	83	193	6	556
Clarke County	7	2	1	3	0	0	0	2	12	1	1	0	1	0	0	9	6	4	49
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	5	6	0	1	3	33	0	2	3	8	1	0	12	24	5	108
Cumberland County	0	0	0	0	0	0	0	0	11	0	1	0	0	0	0	2	1	0	15
Dickenson County	0	0	0	0	0	0	0	0	14	2	0	0	1	0	0	1	0	0	18
Dinwiddie County	2	0	0	0	0	0	0	1	32	0	0	2	1	0	0	2	5	0	45
Essex County	3	0	0	1	0	0	0	1	13	0	0	0	2	1	0	2	9	2	34
Fairfax County	57	0	64	66	18	0	34	23	223	0	4	57	130	24	2	306	722	6	1,736
Fauquier County	23	0	4	24	8	0	3	3	46	2	0	4	13	1	0	25	39	32	227
Floyd County	1	0	0	0	1	0	1	2	12	0	1	0	2	1	0	5	5	3	34
Fluvanna County	4	0	0	3	0	0	0	0	10	0	0	1	4	0	0	4	7	4	37
Franklin County	7	0	2	3	3	0	2	1	47	0	5	3	3	0	0	10	27	3	116
Frederick County	7	2	3	8	0	0	1	5	53	1	0	5	17	4	0	19	32	6	163
Giles County	0	1	0	0	0	0	0	2	24	2	0	2	1	0	0	1	5	1	39
Gloucester County	5	0	0	1	2	0	0	3	28	1	0	3	5	0	0	12	18	1	79
Goochland County	6	1	0	2	5	0	1	3	16	1	1	0	2	0	0	6	16	5	65
Grayson County	0	0	0	0	0	0	0	0	11	0	0	0	1	0	0	2	2	0	16
Greene County	3	0	0	0	1	0	0	1	12	0	0	1	2	1	0	7	5	2	35
Greensville County	0	0	0	0	0	0	0	1	11	0	0	0	0	0	0	0	1	0	13
Halifax County	5	1	0	2	1	0	0	4	45	0	0	2	1	1	0	7	11	1	81
Hanover County	12	0	10	12	2	0	4	4	70	2	1	6	17	2	1	29	60	3	235
Henrico County	37	0	16	17	6	0	12	13	189	2	0	29	49	14	5	99	237	4	729
Henry County	4	0	0	1	2	0	1	4	74	0	1	6	1	1	0	12	8	2	117
Highland County	1	0	0	1	0	0	0	0	4	0	0	0	0	0	0	2	0	1	9
Isle of Wight County	2	0	0	1	2	0	0	4	30	0	1	3	6	1	0	10	13	5	78
James City County	4	0	1	1	3	0	1	3	28	0	2	3	13	0	0	14	56	5	134
King & Queen County	1	0	0	0	1	0	0	0	7	0	0	0	0	0	0	1	1	0	11
King George County	0	0	0	0	0	0	0	0	19	0	0	1	3	0	0	1	8	3	35
King William County	1	0	0	0	0	0	0	0	14	0	0	1	2	0	0	5	8	0	31
Lancaster County	2	0	0	2	1	0	0	4	16	0	0	2	3	0	1	9	21	1	62
Lee County	0	0	0	0	0	0	0	1	30	1	1	1	2	0	0	1	4	0	4
Loudoun County	58	5	14	59	34	14	18	7	114	2	5	18	52	13	4	137	277	69	900
Louisa County	4	0	0	5	3	0	0	2	38	0	0	2	3	0	0	8	18	6	89
Lunenburg County	2	0	0	0	0	0	0	4	14	0	0	0	1	0	0	4	1	0	26
Madison County	5	2	0	6	3	0	1	1	12	0	0	0	2	0	0	3	5	9	49
Mathews County	1	1	0	0	0	0	0	2	9	0	0	0	1	0	0	4	4	0	22
Mecklenburg County	5	0	0	3	1	0	0	7	60	0	1	3	1	2	0	7	12	5	107
Middlesex County	6	0	0	0	0	0	0	1	14	0	0	0	5	0	0	3	12	0	41
Montgomery County	8	0	0	4	8	0	6	0	55	0	1	4	10	5	0	25	62	2	190

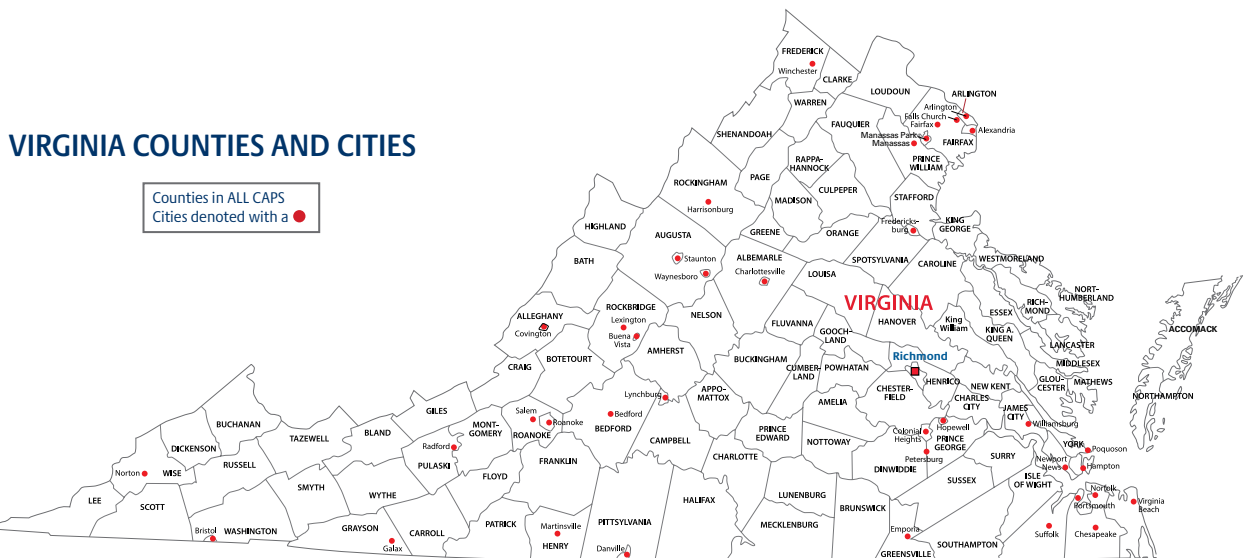
continued on next page

LICENSED ESTABLISHMENTS' STATISTICS

2024 Establishment's by License Category — By Counties, cont.

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	Hotels/Resorts	Marketplace Licensees	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Nelson County	11	5	1	9	9	0	1	1	24	0	5	0	0	0	0	7	6	18	97
New Kent County	5	3	0	3	1	0	0	0	21	0	0	2	4	0	0	6	16	4	65
Northampton County	2	2	2	3	3	0	1	1	24	0	0	1	1	1	0	8	17	1	67
Northumberland County	3	0	0	2	1	0	0	3	12	0	0	1	1	0	0	4	9	4	40
Nottoway County	0	1	2	2	0	0	0	3	22	0	1	0	2	0	0	5	7	0	45
Orange County	6	0	0	6	4	0	2	0	25	0	0	2	5	0	0	11	17	12	90
Page County	5	3	0	1	1	0	0	3	24	0	3	1	2	0	0	14	9	4	70
Patrick County	1	0	0	2	0	0	0	1	24	0	0	2	2	0	0	5	5	2	44
Pittsylvania County	3	0	2	4	0	0	1	3	71	0	0	1	0	0	0	7	13	3	108
Powhatan County	2	0	0	0	2	0	0	1	17	0	1	1	1	0	0	6	16	1	48
Prince Edward County	1	0	0	0	1	0	2	1	25	0	1	2	2	1	0	7	15	0	58
Prince George County	2	1	0	0	1	0	0	2	25	0	0	1	1	0	0	4	10	0	47
Prince William County	20	0	14	16	13	0	5	9	158	1	1	20	48	6	6	91	210	8	626
Pulaski County	3	0	0	4	2	0	0	3	34	0	1	5	4	0	0	7	12	4	79
Rappahannock County	10	4	0	7	3	0	0	0	6	0	2	0	0	0	0	1	10	12	55
Richmond County	0	0	1	3	0	0	2	0	11	0	0	1	1	0	0	3	2	0	24
Roanoke County	4	1	4	4	3	0	4	3	50	0	0	4	10	1	2	26	44	2	162
Rockbridge County	3	6	0	4	4	0	4	2	32	0	2	0	2	1	0	6	9	7	82
Rockingham County	6	0	1	6	4	0	2	3	47	0	0	2	7	0	0	14	22	6	120
Russell County	0	0	0	1	1	0	0	2	23	0	1	0	2	0	0	2	4	1	37
Scott County	0	0	0	0	0	0	0	0	33	0	0	1	2	0	0	2	1	0	39
Shenandoah County	9	1	1	9	3	0	0	8	43	0	2	3	7	1	0	23	13	11	134
Smyth County	1	0	0	0	2	0	0	1	34	0	3	2	3	0	0	5	9	2	62
Southampton County	0	0	0	0	0	0	0	2	18	0	0	1	0	0	0	2	2	0	25
Spotsylvania County	8	1	0	6	2	0	2	7	71	0	1	11	16	2	0	30	61	5	223
Stafford County	10	0	1	4	4	0	2	6	52	1	0	6	16	2	0	24	44	3	175
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	5	1	0	36
Tazewell County	3	0	0	1	1	0	1	2	50	3	0	2	8	0	0	6	13	1	91
Warren County	7	1	0	3	2	0	0	3	34	0	0	1	5	2	0	18	21	7	104
Washington County	5	2	2	5	3	0	0	2	53	0	1	2	8	1	0	11	25	3	123
Westmoreland County	5	1	0	3	3	0	0	6	19	0	0	2	2	0	0	9	12	3	65
Wise County	2	0	0	1	2	0	0	1	36	0	0	4	4	1	0	4	11	1	67
Wythe County	2	0	0	1	3	0	0	2	43	0	0	2	3	2	0	3	14	1	76
York County	6	1	0	0	3	1	1	3	34	1	1	7	8	2	1	23	45	1	138
Grand Total	562	59	159	408	227	20	140	242	3,453	26	63	325	684	113	25	1,519	3,136	402	11,563

¹"All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.



A Message from the Chairman and Chief Executive Officer

It is our pleasure to present the 2024 fiscal year annual report for the Virginia Alcoholic Beverage Control Authority. These facts and figures represent the sixth consecutive year of alcohol sales in excess of \$1 billion. Virginia ABC operations contributed \$243.4 million in profits from retail sales. These profits combined with \$313.3 million in retail taxes as well as \$79.0 million collected in wine and beer taxes resulted in \$635.7 million transferred to Virginia's general fund, \$26 million above last year's contribution. A major source of revenue for the Commonwealth, ABC has contributed over \$13.9 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.



Above: Board Chairman Tim D. Hugo (right) with CEO Dale Farino (left)
Photo Credit: Nick Vandeloecht

Financial Results in Brief, Fiscal Year 2024

SOURCE	FY 24	FY 23	FY 22	FY 21	FY 20	FY 19
ABC profit disbursements ^{1,6}	\$243,378,124	\$220,561,526	\$243,607,393	\$237,299,273	212,090,014	\$196,657,876
State Taxes ²	243,308,791	238,693,025	227,552,086	220,077,922	193,674,997	174,144,519
General Sales tax ³	70,035,796	68,965,409	67,253,281	73,866,526	57,644,636	48,846,783
Wine Liter Tax ⁴	39,622,764	41,211,381	42,262,277	41,986,750	39,628,720	38,465,862
Malt beverage tax ⁵	39,335,265	40,225,981	42,080,957	43,128,431	42,219,288	41,383,922
Total	\$635,680,740	\$609,657,322	\$622,755,995	\$616,366,250	\$545,257,655	\$499,498,962

¹Source: "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.

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

³Source: "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.

⁴Source: "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."

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

Sales of All Beverages, Fiscal Year 2024

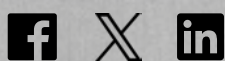
	Gallons*	Liters	Total Gallons (%)	Gross Dollars (\$)*	Gross Sales (%)
State Store Sales					
Distilled Spirits	13,673,059	51,758,132	96.9%	\$1,441,388,241	96.9%
Virginia Wine	37,648	142,514	0.3%	\$2,947,812	0.3%
Vermouth	37,351	141,390	0.3%	\$2,539,586	0.3%
Alcohol	4,702	17,801	0.0%	\$659,227	0.0%
Non-Alcoholic Mixers	356,129	1,348,094	2.5%	\$8,795,458	2.5%
Total	14,108,890	53,407,932	100.0%	\$1,456,330,324	100.0%
Direct Sales from Wholesalers					
Wines (\$0.40 Liter) ¹	28,343,364	107,291,253	17.2%	\$42,916,609	17.2%
Beer (\$7.95 Barrell)	136,107,375	515,222,218	82.8%	\$39,335,265	82.8%
Total	164,450,739	622,513,471	100.0%	\$82,251,874	100.0%

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

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

Source: Strategy and Analytics

2024 FINANCIAL STATEMENTS



www.abc.virginia.gov

7450 Freight Way
Mechanicsville, VA 23116
(804) 213-4400

TABLE OF CONTENTS

Introductory Section	5
Financial Section	40
Independent Auditor's Report on Financial Statements	41
Management's Discussion and Analysis (<i>Unaudited</i>)	44
Basic Financial Statements	
Statement of Net Position	49
Statement of Revenues, Expenses and Changes in Net Position	50
Statement of Cash Flows	51
Notes to Financial Statements	52
Notes to Financial Statements: Appendix	90
Required Supplementary Information (<i>Unaudited</i>)	
Schedule of Employer's Share of Net Pension Liability—VRS State Employee Retirement Plan	98
Schedule of Employer Contributions – VRS State Employee Retirement Plan	98
Schedule of Employer's Share of Net Pension Liability—VaLORS Plan	99
Schedule of Employer Contributions – VaLORS Plan	99
Schedule of Employer's Share of Total OPEB Liability—Pre-Medicare Retirees	100
Schedule of Employer's Share of Net OPEB Liability—Health Insurance Credit Program	101
Schedule of Employer Contributions – Health Insurance Credit Program	101
Schedule of Employer's Share of Net OPEB Liability—Group Life Insurance Program (GLI)	102
Schedule of Employer Contributions – Group Life Insurance Program (GLI)	102
Schedule of Employer's Share of Net OPEB Liability—Disability Insurance Program (VSDP)	103
Schedule of Employer Contributions – Disability Insurance Program (VSDP)	103
Schedule of Employer's Share of Net OPEB Liability—Line of Duty Act Program (LODA)	104
Schedule of Employer Contributions – Line of Duty Act Program (LODA)	104
Financial Statistical — Last Ten Fiscal Years (<i>Unaudited</i>)	105
Changes in Net Position	106
Net Position	106
Alcohol Sales & Tax Collected	107
Operating Revenues	107
Operating Revenues Annual Change as a Percent of Prior Year	108
Gross Alcohol Sales	108
Non-operating Revenues	109
Cost of Goods Sold: Alcohol	110
Cost of Goods Sold as a Percent of Gross Alcohol Sales	110
Operating Expenses by Category without Cost of Goods Sold	111
Operating Expenses by Division without Cost of Goods Sold	111
Operating Expenses as a Percent of Gross Alcohol Sales	112
Non-operating Expenses	112
Profit Disbursements to the Commonwealth	113
Disbursements to the Commonwealth	113
Stores by Year	114
Sales Data by Year	114
Sales Percent Change from Prior Fiscal Year	115
Top Performing Stores—Gross Sales	115
Bottles Sold	116
Top Performing Brands—Gross Dollar	116
Products Sold—By Case	117
Transition To Authority Enactment Clause 14	118
Six-Year Financial Forecast	120

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.

INDEPENDENT AUDITOR'S REPORT



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 7, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

Dale Farino, 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 of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, 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, 2024, 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.

www.apa.virginia.gov | (804) 225-3350 | reports@apa.virginia.gov

continued on next page

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 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.

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 48; 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 98 through 99; 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 100; 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 Act programs on pages 101 through 104. 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 the 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 anticipate issuing our report dated December 7, 2024, 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 on or after December 16, 2024. 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

AVC/vks

MANAGEMENT'S DISCUSSION AND ANALYSIS

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer
Dale F. Farino



Chair
Timothy D. Hugo
Vice Chair
L. Mark Stepanian
Board of Directors
William D. Euille
Gregory F. Holland
Lisa N. Jennings

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, 2024. 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 the fiscal year ended June 30, 2024. 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 2.1% in the fiscal year 2024. This increase in revenue is primarily due to a \$51.4 million incremental increase in the number of bottles/units sold and \$25.8 million due to premiumization where customers selected higher quality premium brands. This is offset by a decrease in store sales of \$54.5 million, driven by customers trading down to smaller bottle sizes.

The Authority's operating expenses increased 0.8% in the fiscal year 2024. Cost of Goods Sold (COGS) for alcohol increased by \$15.2 million from 2023 mainly due to the increased sales volume and the addition of five new stores. Historically, COGS is about 48.0% of gross sales. In fiscal year 2024, COGS was 48.4% of gross alcohol sales. Cost of Goods Sold trends are available in the Financial Statistical Section. Personal services cost increased by \$13.6 million from fiscal year 2023, a 7.9% increase, primarily due to state mandated pay increases. Continuous charges, contractual charges and other miscellaneous charges decreased by \$20.8 million from fiscal year 2023, a 15.5% decrease, primarily due to budget constraints around information technology consulting services and equipment spending, marketing efforts, human resources consulting services, decreased needs of manual labor at the distribution center and less fixture purchases for store renovations.

The Authority's operations earned profits, before recognition of Pension and Other Postemployment Benefits (OPEB) adjustments, was \$243.4 million and it has disbursed \$243.4 million to the Commonwealth. In addition, the Authority collected state excise tax on sales of \$243.3 million. The Authority's operations earned total profits of \$243.1 million, after the recognition of (\$0.3) million of net contributions over Pension and OPEB expenses.

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, 2024. The data presented aids readers in determining the assets 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, 2024. 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 the 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 2024 with a total of \$517.6 million in total assets and deferred outflows of resources, a 1.7% increase over the prior fiscal year. \$165.1 million of total assets is attributed to current and other assets. Included in the \$165.1 million is \$107.9 million in inventory of alcohol merchandise for resale, a \$4.0 million increase over fiscal year 2023. This increase is primarily attributed to advance buy opportunities during the year and three 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 from the bailment inventory, prior to vendors implementing a price increase, referred to as an Advance Buy.

Net Position	FY 2024	FY 2023	Change (\$)	Change (%)
Current and other assets	\$ 165,146,044	\$ 152,308,483	\$ 12,837,561	8.4%
Capital assets, net	306,865,725	313,046,482	(6,180,757)	-2.0%
Other assets - OPEB	5,478,465	4,961,602	516,863	10.4%
Total assets	477,490,234	470,316,567	7,173,667	1.5%
Deferred outflows of resources, Pension	31,395,107	29,490,123	1,904,984	6.5%
Deferred outflows of resources, OPEB	8,761,507	9,044,761	(283,254)	-3.1%
Total assets and deferred outflows of resources	517,646,848	508,851,451	8,795,397	1.7%
Current liabilities	186,050,412	186,177,994	(127,582)	-0.1%
Noncurrent liabilities	304,252,723	285,016,314	19,236,409	6.7%
Total liabilities	490,303,135	471,194,308	19,108,827	4.1%
Deferred inflows of resources, Pension	8,394,086	15,532,737	(7,138,651)	-46.0%
Deferred inflows of resources, OPEB	8,283,452	11,221,867	(2,938,415)	-26.2%
Total liabilities and deferred inflows of resources	506,980,673	497,948,912	9,031,761	1.8%
Net position:				
Investment in capital assets	90,571,966	104,627,579	(14,055,613)	-13.4%
Restricted net position	5,478,465	4,961,602	516,863	10.4%
Unrestricted net position	(85,384,256)	(98,686,642)	13,302,386	-13.5%
Total net position	\$ 10,666,175	\$ 10,902,539	\$ (236,364)	-2.2%

Total Assets and Deferred Outflows of Resources

Current assets – increased \$12.8 million from the 2023 fiscal year, primarily due to a \$7.5 million increase in credit card and cash deposits in transit. 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. In addition, there was an increase of \$4.0 million in inventory for alcohol primarily attributed to increase in bottle quantity versus prior year.

Capital assets, net - capital assets saw a \$6.2 million decrease to \$306.9 million in fiscal year 2024 primarily due to a \$9.9 million decrease in depreciable capital assets and nondepreciable construction in process. The Authority had a reduced number of projects and acquisitions during the current year to drive the reduction relative to amortization and depreciation expense in fiscal year 2024. This is offset by an increase in the right to use intangible assets for building and for subscription assets of \$1.7 million and \$2.0 million, respectively. This is due to twelve new and relocated lease spaces and thirty-one lease modifications during the year, as well as one new and six renewals of subscription-based information technology agreements (SBITA).

Total Liabilities and Deferred Inflows of Resources

Current liabilities – there was no meaningful change from 2023 fiscal year. Accounts payable decreased by \$6.1 million or 7.0% from fiscal year 2023, primarily due to \$7.3 million decrease in bailment accrual, offset by \$4.2 million or 6.7% increase in due to Commonwealth of Virginia, primarily due to 4th quarter profit transfer payable at fiscal year end and increase in drawdown from the Authority’s line of credit with the Treasurer of Virginia, due to the timing of vendor payments.

Noncurrent liabilities - increased \$19.2 million primarily due to \$12.6 million of actuarially determined pension liability and OPEB liability adjustments. Long-term lease liabilities and subscription liabilities increased by \$5.6 million and \$1.2 million, respectively, due to twelve new and relocated lease spaces and thirty-one lease modifications during the year, as well as one new and six renewals of SBITA.

Deferred inflows of resources - decreased by \$10.1 million primarily due to actuarially determined deferred inflows of resources for pension and OPEB.

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 \$14.1 million in fiscal year 2024.

The restricted component of net position is the \$5.5 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 \$13.3 million from the prior year while total net position decreased \$0.2 million in fiscal year 2024.

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 an \$80.0 million line of credit with the State Comptroller to meet its day-to-day operations. On June 30, 2024, the amount borrowed was \$54.8 million. See Note 4A.

REVENUE

The vast majority of the Authority’s revenue comes from the sale of alcoholic beverages. This revenue is generated through the 402 state-run stores located throughout the Commonwealth. During fiscal year 2024, gross alcohol sales, including state tax on sales, reached an all-time high of \$1,464.0 million, up \$28.3 million over fiscal year 2023. The net revenue without state tax on sales of alcohol increased from \$1,196.9 million in fiscal year 2023 to \$1,220.7 million in fiscal year 2024 or a 2.0% increase. Merchandise sales, which makes up a significant portion of the miscellaneous operating revenues increased from \$10.4 million to \$11.1 million, a 6.7% increase.

Premiumization – During fiscal year 2024, \$25.8 million of the increase in store sales was driven by consumers selecting higher quality premium brands.

Incremental units – During fiscal year 2024, \$51.4 million of the increase in store sales was driven by an increase in the number of bottles/units sold.

Mix changes – During the fiscal year 2024, \$54.5 million of the decrease in store sales was driven by a trade-down to smaller bottle sizes.

Operating Revenue	FY 2024	FY 2023	Change (\$)	Change (%)
Sales of alcohol (net of excise taxes)	\$ 1,220,730,360	\$ 1,196,871,583	\$ 23,858,777	2.0%
License and permit fees	18,605,944	17,368,012	1,237,932	7.1%
Wine wholesalers tax	4,204,976	4,559,756	(354,780)	-7.8%
Penalties	1,325,123	1,084,709	240,414	22.2%
Mixed beverage tax on common carriers	188,211	120,398	67,813	56.3%
Miscellaneous operating revenues	11,112,480	10,418,524	693,956	6.7%
Net operating revenues	\$ 1,256,167,094	\$ 1,230,422,982	\$ 25,744,112	2.1%

EXPENSES

In fiscal year 2024, operating expenses (not including cost of sales for alcohol) decreased from \$306.4 million to \$299.2 million, a decrease of 2.3%. Approximately 70.3% 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) account for 18.5% of the Authority's total operating expenses. The remaining 11.2% are made up of continuous charges (e.g., short-term store rental leases), contractual charges (e.g., credit card fees, computer software development & maintenance), and other miscellaneous charges. Personal services increased by \$13.6 million or 7.9%, primarily due to state mandated salary increase during the fiscal year. Continuous charges, contractual charges and other miscellaneous charges decreased by \$20.8 million or 15.5%, primarily due to budget

constraints around information technology consulting services and equipment spending, marketing efforts, human resources consulting services, decreased needs of manual labor at the distribution center and less fixture purchases for store renovations.

Operating Expenses	FY2024	FY 2024 % Expenses	FY 2023	Change (\$)	Change (%)
Cost of sales of alcohol	\$ 708,423,584	70.3%	\$ 693,270,047	\$ 15,153,537	2.2%
Personal services	186,175,985	18.5%	172,575,236	13,600,749	7.9%
Continuous charges	16,636,276	1.6%	20,947,829	(4,311,553)	-20.6%
Contractual charges	48,169,257	4.8%	58,506,328	(10,337,071)	-17.7%
Supplies and materials	4,740,024	0.5%	5,477,919	(737,895)	-13.5%
Depreciation & amortization	42,130,361	4.2%	40,995,658	1,134,703	2.8%
Expendable equipment	1,293,709	0.1%	6,620,372	(5,326,663)	-80.5%
Other	65,958	0.0%	1,268,912	(1,202,954)	-94.8%
	299,211,570	29.7%	306,392,254	(7,180,684)	-2.3%
Total operating expenses	\$ 1,007,635,154	100.0%	\$ 999,662,301	\$ 7,972,853	0.8%

The Authority's operating expenses are driven by sales. In fiscal year 2024, the Authority's operating expenses slightly increased by 0.8% over fiscal year 2023. Of the Authority's main cost drivers, personal services increased by 0.9% as a percentage of sales, and continuous charges and contractual charges decreased by 0.4% and 1.0%, respectively. Cost of sales of alcohol and depreciation and amortization both increased 0.1% as a percentage of sales.

Operating Expenses as a Percentage of Sales	FY 2024	% of Sales	FY 2023	% of Sales	% Change
Sales of alcohol (net of excise taxes)	\$ 1,220,730,360		\$ 1,196,871,583		
Cost of sales of alcohol	708,423,584	58.0%	693,270,047	57.9%	0.1%
Personal services	186,175,985	15.3%	172,575,236	14.4%	0.9%
Continuous charges	16,636,276	1.4%	20,947,829	1.8%	-0.4%
Contractual charges	48,169,257	3.9%	58,506,328	4.9%	-1.0%
Depreciation and amortization	42,130,361	3.5%	40,995,658	3.4%	0.1%

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 2024, approximately \$69.4 million was disbursed to other state agencies. The remaining \$174.0 million was disbursed to the General Fund in accordance with the *Code of Virginia*.

Revenues, Expenses and Change in Net Position	FY 2024	FY 2023	Change (\$)
Net operating revenues	\$ 1,256,167,094	\$ 1,230,422,982	\$ 25,744,112
Total operating expenses	(1,007,635,154)	(999,662,301)	(7,972,853)
Net non-operating expenses	(5,390,180)	(4,131,774)	(1,258,406)
Net profit before contributions and disbursements	243,141,760	226,628,907	16,512,853
Disbursements of profit to the General Fund of the Commonwealth	(173,950,014)	(151,133,416)	(22,816,598)
Appropriation Act disbursements	(69,428,110)	(69,428,110)	-
Total disbursements	(243,378,124)	(220,561,526)	(22,816,598)
Change in net position	(236,364)	6,067,381	(6,303,745)
Total net position - beginning	10,902,539	4,835,158	6,067,381
Total net position - ending	\$ 10,666,175	\$ 10,902,539	\$ (236,364)

CASH FLOWS

In fiscal year 2024, there was a net increase in cash and cash equivalent of \$2.1 million. Cash flows from operating activities increased from \$257.9 million to \$274.7 million, primarily due to the increase in cash received from sales. Cash flows used for noncapital financing activities increased by \$17.9 million, from \$220.6 million to \$238.5 million, due to increase in transfers of profit and tax collections to the general fund of the Commonwealth and the increase in due to the Commonwealth repayments. Cash flows used by capital and related financing activities decreased by \$3.2 million, from \$38.9 million in fiscal year 2023 to \$35.7 million, mainly due to careful management of capital projects.

Statement of Cash Flows	FY2024	FY 2023	Change (\$)
Net cash provided by operating activities	\$ 274,672,461	\$ 257,888,192	\$ 16,784,269
Net cash used for noncapital financing activities	(238,529,909)	(220,585,500)	(17,944,409)
Net cash used for capital and related financing activities	(35,661,320)	(38,900,225)	3,238,905
Net increase (decrease) in cash and cash equivalent	481,232	(1,597,533)	2,078,765
Cash and cash equivalents-July 1, 2023	29,219,130	30,816,663	(1,597,533)
Cash and Cash equivalents- June 30, 2024	\$ 29,700,362	\$ 29,219,130	\$ 481,232

Economic Factors and Next Year's Budget

In fiscal year 2025, 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 \$1,472.3 million, or 0.6% increase over fiscal year 2024 year-end gross alcohol sales of \$1,464.0 million. The Authority expects sales to grow in the retail segment. The strain from the forecasted recession in the fiscal year 2024 will continue to contribute to the slow growth in the economy in fiscal year 2025, as consumers manage 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. In addition, sales growth in the increasing volume and variety of non-alcoholic beer, wine, spirits, and ready-to-drink cocktails available in the market, provide competition for consumer spending and could hinder the Authority's expected growth in sales. It, however, expects to see continued growth in the store network and the purchase of premium products by retail customers.

Risks include global economic impact to the alcohol beverage industry due to current overseas conflicts and uncertainties, weather fluctuations, particularly during the holiday season, inflation impact on consumer spending and projected increases in expenses due to higher prices.

The Authority will continue to focus on growing revenue while controlling its costs and enhancing services to licensees and customers in fiscal year 2025. The Authority's adopted fiscal year 2025 budget continues its management of its core business systems, continues to support revenue growth, continues to enhance regulatory services to ABC licensees. The Authority will continue to closely monitor retail staffing to focus on efficient use of labor hours to operate the stores while continuing to maintain customer service as top priority, eliminate unnecessary vacant positions by assessing and aligning job functions before hiring or filling a position, reduce active projects and initiatives to divert focus and resources to use existing Virginia ABC systems effectively and efficiently and analyze and select projects and initiatives based on their quantitative and qualitative return on investments. Upper management will continue to be hands-on in monitoring and approving procurements and expenditures to limit discretionary spending and to maintain accountability to promote cost reductions. The Authority will preserve its practice to honor its commitment to support increased regulatory services to licensees.

The Authority's Board of Directors has approved various capital projects in the next fiscal year. Four system upgrades and migrations to different platforms are necessary to be done in fiscal year 2025 to continue the Authority's operational functions and implement new system features. An upgrade to the latest version of its Point-of-Sale system (POS) will allow its users to use new features of the system that will enhance job functions. In addition, an upgrade to the Authority's Verifone system is necessary to be Payment Card Industry (PCI) compliant, as required by law, on its retail store transactions. Migrating the Authority's SharePoint environment and public website foundation into different and more current platforms is necessary as well, as the current versions will soon be phased out. And lastly, an initiative is underway to enable the Authority's POS and other affected systems to pass on a portion of its credit card fees back to its customers.

FINANCIAL STATEMENTS

Statement of Net Position

As of June 30, 2024

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$	33,019,200
Petty cash		423,550
Receivables (Note 1D)		22,332,566
Inventory - Alcohol (Note 1E, 12)		107,880,900
Prepaid expenses (Note 1M)		1,489,828

Total current assets 165,146,044

Noncurrent assets:

Nondepreciable capital assets - Land (Note 3)		10,882,996
Depreciable capital assets, net (Note 3)		89,883,822
Right to use intangible assets - Building, net (Note 3)		188,986,422
Right to use intangible assets - Subscription assets, net (Note 3)		16,453,934
Nondepreciable construction in progress (Note 3)		658,551

Total noncurrent assets (capital assets, net) 306,865,725

Other Assets - OPEB (Note 10) 5,478,465

Total noncurrent & other assets 312,344,190

Deferred Outflows of Resources (Pension) (Note 1H, 9) 31,395,107

Deferred Outflows of Resources (OPEB) (Note 1H, 10) 8,761,507

Total deferred outflows of resources 40,156,614

Total assets and deferred outflows of resources 517,646,848

Liabilities

Current liabilities:

Accounts payable (Note 7)		80,982,165
Unearned revenue (Note 1C)		1,806,898
Short-term lease liabilities (Note 5A)		21,285,680
Short-term subscription liabilities (Note 5B)		2,775,940
Due to Commonwealth of Virginia (Note 4)		66,659,220
Obligations under securities lending (Note 1F, 2)		3,742,388
Compensated absences payable (Note 6)		8,361,136
OPEB liability (Note 10)		436,985

Total current liabilities 186,050,412

Noncurrent liabilities:

Compensated absences payable (Note 6)		412,365
Long-term lease liabilities (Note 5A)		180,924,792
Long-term subscription liabilities (Note 5B)		11,307,347
Net pension liability (Note 9)		92,043,032
OPEB liability (Note 10)		19,565,187

Total noncurrent liabilities 304,252,723

Deferred Inflows of Resources (Pension) (Note 1I, 9) 8,394,086

Deferred Inflows of Resources (OPEB) (Note 1I, 10) 8,283,452

Total deferred inflows of resources 16,677,538

Total liabilities and deferred inflows of resources 506,980,673

Net Position

Investment in capital assets		90,571,966
Restricted net position (Note 1J)		5,478,465
Unrestricted net position		(85,384,256)

Total net position \$ 10,666,175

Statement of Revenues, Expenses, and Changes in Net Position

For the Period Ended June 30, 2024

Operating revenues:

Sales of alcohol (net of excise taxes)	\$ 1,220,730,360
License and permit fees	18,605,944
Wine wholesalers tax	4,204,976
Penalties	1,325,123
Mixed beverage tax on common carriers	188,211
Miscellaneous operating revenues	11,112,480
	<hr/>
Total operating revenues	1,256,167,094

Operating expenses:

Cost of sales of alcohol	708,423,584
Personal services	186,175,985
Continuous charges	16,636,276
Contractual charges	48,169,257
Supplies and materials	4,740,024
Depreciation and amortization	42,130,361
Expendable equipment	1,293,709
Other operating expenses	65,958
	<hr/>
Total operating expenses	1,007,635,154
	<hr/>
Operating income	248,531,940

Nonoperating revenues (expenses):

Interest income	1,685,315
Income from Public Assistance grants and contracts	676,884
Income from security lending transactions (Note 1F, 2)	520,359
Interest expense on long-term leases	(8,276,765)
Interest expense on subscription liabilities	(1,066,451)
Expenses from security lending transactions (Note 1F, 2)	(520,359)
Seized assets & other Federal funds	(37,454)
Other nonoperating revenue	1,628,291
	<hr/>
Total nonoperating expenses before disbursements	(5,390,180)
	<hr/>
Net profit before contributions & disbursements	243,141,760

Disbursements:

Disbursements of profits to the General Fund of the Commonwealth	(173,950,014)
Appropriation Act disbursements	(69,428,110)
	<hr/>
Total disbursements	(243,378,124)
	<hr/>
Total nonoperating revenues after disbursements	(236,364)

Total net position - July 1, 2023	10,902,539
	<hr/>
Total net position - June 30, 2024	\$ 10,666,175

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

Statement of Cash Flows

For the Period Ended June 30, 2024

Cash flows from operating activities:	
Cash received from sales	\$ 1,221,120,287
Cash received from licenses and fees	18,478,217
Cash received from other revenues	8,857,680
Cash payments for cost of sales	(719,498,691)
Cash payments for personal services	(172,398,383)
Cash payments for other expenses	<u>(81,886,649)</u>
Net cash provided by operating activities	<u>274,672,461</u>
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	\$ 54,755,280
Due to the Commonwealth repayments	(52,507,190)
Cash received from taxes	352,967,352
Transfers of tax collections to the General Fund of the Commonwealth	(285,010,487)
Transfers of tax collections to the Commonwealth's Department of Taxation	(69,888,121)
Transfers of profit to the General Fund of the Commonwealth	(170,085,259)
Appropriation Act Transfers	(69,428,110)
Cash received from Public Assistance Program, seized assets & others	<u>666,626</u>
Net cash used for noncapital financing activities	<u>(238,529,909)</u>
Cash flows from capital and related financing activities:	
Construction in-progress	(1,009,860)
Acquisition of capital assets	(2,172,373)
Proceeds from sale of depreciable assets	78,774
Principal paid on long-term lease liabilities and subscription liabilities	(24,801,467)
Interest paid on long-term lease liabilities and subscription liabilities	(9,343,216)
Gain from termination of ROU assets	(98,493)
Interest Income	<u>1,685,315</u>
Net cash used for capital and related financing activities	(35,661,320)
Net increase in cash and cash equivalents	481,232
Cash and cash equivalents - July 1, 2023	<u>29,219,130</u>
Cash and cash equivalents - June 30, 2024	<u>\$ 29,700,362</u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 33,019,200
Petty cash	423,550
Securities lending cash equivalents	<u>(3,742,388)</u>
	<u>\$ 29,700,362</u>
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	\$ 248,531,940
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	42,130,361
Gain on disposal of depreciable capital assets and right to use intangible assets	(71,329)
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable	(7,535,236)
Increase in inventory	(4,020,084)
Increase in compensated absences	138,200
Decrease in accounts payable	(6,092,148)
Increase in prepaid items	(200,595)
Decrease in unearned revenues	(74,192)
Increase in pension liabilities	13,058,483
Increase in pension deferred outflows	(1,904,984)
Decrease in pension deferred inflows	(7,138,651)
Decrease in OPEB deferred outflows	283,254
Increase in OPEB liabilities	1,022,720
Decrease in OPEB deferred inflows	(2,938,415)
Increase in OPEB assets	<u>(516,863)</u>
Net cash provided by operating activities	<u>\$ 274,672,461</u>
Noncash investing, noncapital financing, capital and related financing transactions	
Lease liabilities assumed related to right-to-use asset	\$ 29,000,092
Subscription liabilities assumed related to right-to-use asset	6,244,989
Special contribution to the Pension and OPEB plans	<u>1,601,095</u>
Total noncash investing, noncapital financing, capital and related financing transactions	<u>\$ 36,846,176</u>

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

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

Cash equivalents held by the Treasurer of Virginia represent the Department's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the 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 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 Other Post Employment Benefits (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 Virginia Retirement System (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 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 Virginia Retirement System (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 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.

The Virginia Retirement System (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 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.

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 adopts *GASB 96 – Subscription Based Information Technology Arrangements (SBITA)*, which requires 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 are recognized and measured using the facts and circumstances that existed at the commencement of the arrangements. The SBITA liabilities and SBITA assets are measured using the remaining SBITA term and discount rate at the commencement of the arrangement.

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 \$3,742,388 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 asset or group of assets 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. 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 assets and lease liability are calculated for contracts with \$50,000 or more in total future lease payments, from the date the lease begins 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 the date the SBITA begins to the end of the SBITA term.

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

Notes to Financial Statements

As of June 30, 2024

	Balance at July 1, 2023	Acquired	Deleted	Balance at June 30, 2024
Non-depreciable capital assets:				
Land	\$ 10,882,996	\$ -	\$ -	\$ 10,882,996
Construction in-progress	3,032,936	1,009,860	(3,384,245)	658,551
Total non-depreciable capital assets	13,915,932	1,009,860	(3,384,245)	11,541,547
Depreciable capital assets:				
Buildings	56,004,078	-	-	56,004,078
Office equipment	1,804,376	41,018	(83,589)	1,761,805
Motor vehicle equipment	6,810,573	597,854	(370,836)	7,037,591
Stores equipment	15,577,874	3,005,659	-	18,583,533
Warehouse equipment	20,749,277	269,442	(243,406)	20,775,313
Furnitures and fixtures	3,124,591	-	-	3,124,591
Intangibles	35,783,404	1,273,953	-	37,057,357
Total depreciable capital assets	139,854,173	5,187,926	(697,831)	144,344,268
Right to use intangible assets:				
Right-to-use assets- Buildings	236,801,700	29,000,092	(2,053,734)	263,748,058
Right-to-use assets - SBITA	17,042,608	6,613,680	(2,399,947)	21,256,341
Total depreciable capital assets and right to use intangible assets	393,698,481	40,801,698	(5,151,512)	429,348,667
Less accumulated depreciation:				
Buildings	6,386,663	1,779,270	(985)	8,164,948
Office equipment	1,518,132	89,030	(83,238)	1,523,924
Motor vehicle equipment	4,527,503	765,943	(365,784)	4,927,662
Stores Equipment	9,890,524	2,013,535	281	11,904,340
Warehouse equipment	2,948,855	1,259,769	(240,661)	3,967,963
Furnitures and fixtures	624,918	312,459	-	937,377
Intangibles	16,581,929	6,452,303	-	23,034,232
Total accumulated depreciation	42,478,524	12,672,309	(690,387)	54,460,446
Less accumulated amortization:				
Right-to-use assets- Buildings	49,476,898	25,848,025	(563,287)	74,761,636
Right-to-use assets- SBITA	2,612,509	3,610,027	(1,420,129)	4,802,407
Total accumulated depreciation and accumulated amortization	94,567,931	42,130,361	(2,673,803)	134,024,489
Depreciable capital assets and right to use intangible assets, net	299,130,550	(1,328,663)	(2,477,709)	295,324,178
Total capital assets, net	\$ 313,046,482	\$ (318,803)	\$ (5,861,954)	\$ 306,865,725

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.

GASB released Implementation Guide 2021-1, question 5.1, to amend Implementation Guide 2015-1, related to depreciable capital assets and is effective for the fiscal year 2024. The amended guidance indicates that a government should capitalize assets whose individual acquisition costs are less than the capitalization threshold for an individual asset, if those assets in the aggregate are significant. The adoption of the provision should be applied retroactively by restating financial statements, if practicable, for all prior years presented. The government can define a significant threshold based on what is reasonable to its operational environment. The Authority will capitalize like-kind individually depreciable capital assets bought within close proximity of each other, with acquisition costs of below \$5,000, if the aggregated total is greater than \$500,000. The Authority had no depreciable capital assets with acquisition cost that is below \$5,000, that aggregated to greater than \$500,000 in fiscal year 2024.

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, 2024, the Authority had outstanding \$54,755,281 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, 2023	Acquired	Deleted	Balance at June 30, 2024
\$ 52,507,190	\$ 54,755,281	\$ (52,507,190)	\$ 54,755,281

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 2024 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, 2024, is summarized below.

	Excise Tax	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2023	\$ 2,098,952	\$ 3,014,424	\$ 5,113,376
Receipts for fiscal year	243,308,791	39,622,765	282,931,556
Disbursements to the General Fund	(244,171,783)	(40,838,704)	(285,010,487)
Balance due to the General Fund, June 30, 2024	\$ 1,235,960	\$ 1,798,485	\$ 3,034,445

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, 2024, is summarized below.

Balance due to the Department Taxation, July 1, 2023	\$ 5,687,154
Sales Tax Collections	70,035,796
Disbursements to the Department of Taxation	(69,888,121)
Balance due to the Department Taxation, June 30, 2024	\$ 5,834,829

D. Earned Surplus

The Appropriation Act, Chapter 1 of the 2023 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 underestimated profit for the fourth quarter resulting in an addition of \$3,034,665 to the General Fund at June 30, 2024.

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 2025-2044. 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 2024 was \$8,276,765.

The following schedule presents the changes in lease liabilities activity:

Balance at July 01, 2023	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2024	Amounts due within one year
\$ 196,125,145	\$ 29,000,092	\$ (22,914,765)	\$ 202,210,472	\$ 21,285,680

Maturities of lease liabilities and interest expense are as follows:

	Principal	Interest	Total
2025	\$ 21,285,680	\$ 8,655,742	\$ 29,941,422
2026	20,144,883	7,829,753	27,974,636
2027	18,270,677	7,054,257	25,324,934
2028	16,388,866	6,323,625	22,712,491
2029	15,385,018	5,648,452	21,033,470
2030-2034	65,848,587	20,776,264	86,624,851
2035-2039	33,856,989	7,124,492	40,981,481
2040-2044	11,029,772	1,219,934	12,249,706
Total lease liabilities	\$ 202,210,472	\$ 64,632,519	\$ 266,842,991

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, its 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

Notes to Financial Statements

As of June 30, 2024

exercise. The Authority's SBITA maturities range from 2024-2032. SBITA payments included in the measurement of the SBITA liability are comprised of fixed payments owed over the subscription term.

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 2024 was \$1,066,451.

The following schedule presents the changes in SBITA liabilities activity:

Balance at July 01, 2023	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2024	Amounts due within one year
\$ 12,293,758	\$ 6,244,989	\$ (4,455,460)	\$ 14,083,287	\$ 2,775,940

Maturities of SBITA liabilities and interest expense are as follows:

	Principal	Interest	Total
2025	\$ 2,775,940	\$ 1,047,671	\$ 3,823,611
2026	2,878,108	835,067	3,713,175
2027	2,697,967	613,456	3,311,423
2028	1,992,603	405,837	2,398,440
2029	1,679,811	271,758	1,951,569
2030-2032	2,058,858	277,318	2,336,176
Total SBITA liabilities	\$ 14,083,287	\$ 3,451,107	\$ 17,534,394

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 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, 2024. Employees accrue PTO leave at a rate of eight to thirteen 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, 2023	Short-Term Increase	Long-Term Decrease	Balance at June 30, 2024	Amounts due within one year
\$ 8,635,301	\$ 319,284	\$ (181,084)	\$ 8,773,501	\$ 8,361,136

7. ACCOUNTS PAYABLE

The Authority's accounts payable and accrued liabilities consisted of the following as of June 30, 2024:

Vouchers payable	\$ 37,462,280
Payroll payables	11,295,700
Disbursements pending	32,224,185
Total Accounts Payable	\$ 80,982,165

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.

During the fiscal year, under the Workforce Transition Act of the Virginia State Law (WTA), the Authority restructured its workforce job functions across multiple divisions to fully align with its strategic goals. Under WTA, state employees who are involuntarily separated from employment are eligible for transitional severance benefits. The Authority accrued a restructuring cost for twenty-three terminated employees of \$867,813 for severance benefits as of June 30, 2024. This benefit includes severance payments and continued state contributions toward health insurance premiums and group life insurance premiums for up to twelve months from the layoff date. Terminated employees also had the option to convert the value of their WTA cash severance benefit to WTA additional retirement credit to be used towards calculation of their retirement benefits. The amount is based on the fair market value of the employees' termination benefits as of the severance communication date and will be paid within one year. The restructuring liability is included in payroll payables in accounts payable and is presented as part of current liabilities in the Statement of Net Position and as nonoperating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

8. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2024, the Authority collected \$39,335,265 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
<p>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.</p>	<p>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • 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.

Notes to Financial Statements

As of June 30, 2024

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members	Eligible Members	Eligible Members
<p>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.</p>	<p>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.</p>	<p>Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • 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 <p>*Non-Eligible Members Some members are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers’ Retirement System (VaLORS) <p>Those members 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.</p>
Hybrid Opt-In Election	Hybrid Opt-In Election	
<p>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.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Same as Plan 1.</p>	
Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>State members, 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</p>	<p>Same as Plan 1.</p>	<p>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</p>

Notes to Financial Statements

As of June 30, 2024

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>employer contributions to provide funding for the future benefit payments.</p>		<p>plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit</p>	<p>Service Credit</p>	<p>Service Credit</p>
<p>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.</p>	<p>Same as Plan 1.</p>	<p><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.</p> <p><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.</p>
<p>Vesting</p>	<p>Vesting</p>	<p>Vesting</p>
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p><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.</p> <p><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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p>

Notes to Financial Statements

As of June 30, 2024

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> • 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. <p>Distributions not required, except as governed by law.</p>
Calculating the Benefit	Calculating the Benefit	Calculating the Benefit
<p>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.</p>	<p>See definition under Plan 1.</p>	<p><u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><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.</p>
Average Final Compensation	Average Final Compensation	Average Final Compensation
<p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
<p>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%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>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.</p> <p>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.</p>	<p><u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable</p>
Normal Retirement Age	Normal Retirement Age	Normal Retirement Age
<p>VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p>

Notes to Financial Statements

As of June 30, 2024

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility
<p>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.</p> <p>VaLORS: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p> <p>VaLORS: Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility
<p>VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>VaLORS: Age 50 with at least five years of service credit.</p>	<p>VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>VaLORS: Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement
<p>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%.</p> <p><u>Eligibility:</u> 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.</p> <p>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.</p>	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

Notes to Financial Statements

As of June 30, 2024

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage</p>	<p>Disability Coverage</p>	<p>Disability Coverage</p>
<p>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.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>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.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits</p>	<p>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.</p> <p>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.</p>
<p>Purchase of Prior Service</p>	<p>Purchase of Prior Service</p>	<p>Purchase of Prior Service</p>
<p>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.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

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, 2024, 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 Authority to the VRS State Employee Retirement Plan were \$11,052,812 and \$10,467,876 for the years ended June 30, 2024, and June 30, 2023, respectively. Contributions from the Authority to the VaLORS Retirement Plan were \$2,341,041 and \$1,935,081 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$73.0 million to the VRS State plan and \$6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and are classified as special employer contributions. The Authority's proportionate share for the VRS State Employee Retirement Plan and for the VaLORS Retirement Plan are reflected in other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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

At June 30, 2024, the Authority reported a liability of \$78,258,395 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$13,784,637 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the Net Pension Liability was based on the Authority's actuarially determined employer contributions to the pension plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Authority's proportion of the VRS State Employee Retirement Plan was 1.55% as compared to 1.50% at June 30, 2022. At June 30, 2023, the Authority's proportion of the VaLORS Retirement Plan was 2.13% as compared to 1.92% at June 30, 2022.

For the year ended June 30, 2024, the Authority recognized pension expense of \$13,541,542 for the VRS State Employee Retirement Plan and \$3,893,599 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022, and June 30, 2023, 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, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,905,926	\$ 2,260,632
Net differences between projected and actual earnings on pension plan investments	-	6,064,300
Changes in assumptions	1,033,842	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,061,486	69,154
Employer contributions subsequent to the measurement date	13,393,853	-
Total	\$ 31,395,107	\$ 8,394,086

\$13,393,853 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, 2025. 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 2025	\$	4,882,281
FY 2026	\$	(2,264,615)
FY 2027	\$	6,769,905
FY 2028	\$	219,597
FY 2029	\$	-

E. Actuarial Assumptions

- The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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 standard rates.

The actuarial assumptions used in the June 30, 2022, 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, 2021. 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, 2022, 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, 2023.

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 standard rates.

The actuarial assumptions used in the June 30, 2022, 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, 2021. 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
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, 2023, 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	\$ 28,411,528	\$ 2,577,980
Plan Fiduciary Net Position	23,351,827	1,931,061
Employers' Net Pension Liability (Asset)	\$ 5,059,701	\$ 646,919
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.19%	74.91%

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 weighing 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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP -Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, the rate contributed by the state agency 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 102% of the actuarially determined contribution rate. From July 1,

2023, on, all agencies are assumed to continue to contribute 102% 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:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The Authority's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 130,410,431	\$ 78,258,395	\$ 34,611,159

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:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The Authority's proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$ 21,073,861	\$ 13,784,637	\$ 7,830,145

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 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-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, 2024, the Authority had accrued retirement contributions payable to the pension plan of \$742,698 including \$616,439 payable to the VRS State Employee Retirement Plan and \$126,259 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by Authority employees through June 30, 2024, but not yet paid to the plan.

10. OTHER POSTEMPLOYMENT BENEFITS

A. Pre-Medicare Retiree Healthcare Plan

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

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 benefits 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 in) 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 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. 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, 2023 (one year prior to the end of the fiscal year). 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 7.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 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, 2023 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.65%
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: 7.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
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, 2023.

Changes of Assumptions: There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

Notes to Financial Statements

As of June 30, 2024

- Spousal Coverage – rate remained at 20 percent
- Retiree Participation – rate remained at 35 percent

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

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54 percent to 3.65 percent 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

On June 30, 2024, the employer reported a liability of \$4,920,502 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$351.9 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. 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, 2023, the participating employer’s proportion was 1.39819% as compared to 1.33538% on June 30, 2022. For the year ended June 30, 2024, the participating employer recognized Pre-Medicare Retiree Healthcare OPEB expense of \$1,943,107.

On June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between actual and expected experience	\$ 126,218	\$ 1,189,457
Changes in assumptions	-	3,012,733
Changes in proportion	1,675,879	-
Subtotal	<u>\$ 1,802,097</u>	<u>\$ 4,202,190</u>
Amounts associated with transactions subsequent to the measurement date	390,096	-
Total	<u><u>\$ 2,192,193</u></u>	<u><u>\$ 4,202,190</u></u>

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were \$390,096. These amounts will be recognized as a reduction of the total 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 Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

Year End June 30:

FY 2025	\$ (1,446,974)
FY 2026	\$ (672,820)
FY 2027	\$ (273,537)
FY 2028	\$ (66,911)
FY 2029	\$ 60,147
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 3.65 percent, 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 (2.65 percent) or one percentage point higher (4.65 percent) than the current rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Rate (3.65%)</u>	<u>1% Decrease (4.65%)</u>
OPEB Liability	\$ 5,211,390	\$ 4,920,502	\$ 4,642,853

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 7.75 percent decreasing to 4.50 percent , 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 (6.75 percent decreasing to 3.50 percent) or one percentage point higher (8.75 percent decreasing to 5.50 percent) than the current rate:

	<u>1% Decrease (6.75% decreasing to 3.50%)</u>	<u>Trend Rate (7.75% decreasing to 4.50%)</u>	<u>1% Increase (8.75% decreasing to 5.50%)</u>
OPEB Liability	\$ 4,476,269	\$ 4,920,502	\$ 5,435,849

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.

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, 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 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, 2024, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General assembly rate which 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 \$1,065,191 and \$985,941 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, 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 Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The Authority's proportionate share is reflected in other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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, 2024, the Authority reported a liability of \$8,829,800 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, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2023, the Authority's proportion of the VRS State Employee Health Insurance Credit Program was 1.0747% as compared to 1.0238% at June 30, 2022.

For the year ended June 30, 2024, the Authority recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$1,863,656. 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, 2024, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 208	\$ 564,045
Net differences between projected and actual earnings on State HIC OPEB plan investments	23,044	-
Changes in assumptions	208,650	-
Changes in proportionate share and differences between actual and expected contributions	1,676,635	44,464
Employer contributions subsequent to the measurement date	<u>1,065,191</u>	<u>-</u>
Total	<u>\$ 2,973,728</u>	<u>\$ 608,509</u>

Notes to Financial Statements

As of June 30, 2024

\$1,065,191 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, 2025. 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 2025	\$	364,874
FY 2026	\$	309,968
FY 2027	\$	341,275
FY 2028	\$	262,491
FY 2029	\$	21,420
Thereafter	\$	-

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, 2022, 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, 2023.

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, 2023, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

	State Employee HIC OPEB Plan	
Total State Employee HIC OPEB Liability	\$	1,102,220
Plan Fiduciary Net Position		<u>280,599</u>
State Employee net HIC OPEB Liability (Asset)	\$	<u>821,621</u>
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability		25.46%

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, 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 108% of the actuarially determined contribution rate. From July 1, 2023 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 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	\$ 9,970,685	\$ 8,829,800	\$ 7,851,488

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-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, 2024, the Authority had accrued health insurance credit contributions payable to the OPEB plan of \$59,099. The payable is based on OPEB contributions earned by Authority employees through June 30, 2024, 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.

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 \$9,254 as of June 30, 2024.

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, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which 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 \$515,085 and \$476,019 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The Authority's proportionate share is reflected in other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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, 2024, the participating employer reported a liability of \$4,501,023 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.3753% as compared to 0.3573% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$462,634. 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.

Notes to Financial Statements

As of June 30, 2024

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 449,542	\$ 136,629
Net differences between projected and actual earnings on GLI OPEB program investments	-	180,876
Changes in assumptions	96,211	311,849
Changes in proportionate share	942,235	23,527
Employer contributions subsequent to the measurement date	515,085	-
Total	<u>\$ 2,003,073</u>	<u>\$ 652,881</u>

\$515,085 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, 2025. 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 2025	\$ 216,782
FY 2026	\$ 52,378
FY 2027	\$ 295,597
FY 2028	\$ 188,511
FY 2029	\$ 81,839
Thereafter	\$ -

5. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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 94.

- 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, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program	
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	\$	<u>1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return*		<u><u>8.25%</u></u>

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 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	\$ 6,671,923	\$ 4,501,023	\$ 2,745,836

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-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, 2024, the Authority had accrued group life insurance contributions payable to the OPEB plan of \$68,435. The payable is based on OPEB contributions earned by Authority employees through June 30, 2024, 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.

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 to 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%.

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, 2024, was 0.61% of covered employee compensation. This rate was the General Assembly approved rate which 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 \$579,169 and \$535,679 for the years ended June 30, 2024, and June 30, 2023, 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, 2024, the entity reported an asset of \$5,478,465 for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2023, 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Authority’s proportion was 1.73436% as compared to 1.68103% at June 30, 2022.

For the year ended June 30, 2024, the Authority recognized VSDP OPEB income of \$44,916. 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, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 394,857	\$ 753,799
Net differences between projected and actual earnings on VSDP OPEB plan investments	-	150,208
Changes in assumptions	18,796	60,242
Changes in proportionate share	9,418	783,124
Employer contributions subsequent to the measurement date	579,169	-
Total	<u>\$ 1,002,240</u>	<u>\$ 1,747,373</u>

\$579,169 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, 2025. 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 2025	\$	(422,054)
FY 2026	\$	(459,806)
FY 2027	\$	(118,137)
FY 2028	\$	(122,618)
FY 2029	\$	(83,734)
Thereafter	\$	(117,955)

5. Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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, 2023, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	<u>VSDP</u>
Total VSDP OPEB Liability	\$ 318,901
Plan Fiduciary Net Position	<u>634,779</u>
Employers’ Net OPEB Liability (Asset)	<u>\$ (315,878)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	199.05%

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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.25%

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50.

* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, 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 109% of the actuarially determined contribution rate. From July 1, 2023, 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)	\$ (5,069,993)	\$ (5,478,465)	\$ (5,838,543)

10. VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-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 VSDP OPEB Plan

At June 30, 2024, the Authority had accrued VSDP contributions payable to the OPEB plan of \$30,625. The payable is based on OPEB contributions earned by Authority employees through June 30, 2024, 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, 2024, was \$830.00 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 \$79,776 and \$57,956 for the years ended June 30, 2024, and June 30, 2023, 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, 2024, the entity reported a liability of \$1,750,847 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity’s proportion was 0.43673% as compared to 0.46692% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$169,399. 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, 2024, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 93,392	\$ 329,683
Net differences between projected and actual earnings on LODA OPEB plan investments	-	5,122
Changes in assumptions	388,884	361,034
Changes in proportionate share	28,221	376,660
Employer contributions subsequent to the measurement date	79,776	-
Total	\$ 590,273	\$ 1,072,499

\$79,776 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, 2025. 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 2025	\$ (73,930)
FY 2026	\$ (73,769)
FY 2027	\$ (42,985)
FY 2028	\$ (51,378)
FY 2029	\$ (68,668)
The reafter	\$ (251,271)

5. Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A

Notes to Financial Statements

As of June 30, 2024

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
Investment rate of return	3.86%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% 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 96.
- 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, 2023, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

	<u>LODA</u>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	<u>5,311</u>
LODA Net OPEB Liability (Asst)	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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 3.86% 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 3.86% 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, 2023.

8. Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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 3.86%, 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 2.86% or one percentage point higher 4.86% than the current rate:

	1.00% Decrease (2.86%)	Current Discount Rate (3.86%)	1.00% Increase (4.86%)
Covered Employers Proportionate Share of the LODA Net OPEB Liability	\$ 1,963,116	\$ 1,750,847	\$ 1,571,271

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	\$ 1,484,777	\$ 1,750,847	\$ 2,080,549

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, 2024, the bailment inventory was valued at \$88,705,479.

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, 2022, 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, 2021. 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, 2022, 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, 2021. 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 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 standard rates.	
The actuarial assumptions used in the June 30, 2022, 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, 2021. 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

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, 2022, 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, 2021. 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, 2022, 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, 2021. 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
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, 2022, 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, 2021. 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.

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, 2022, 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, 2021. 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, 2022, 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, 2021. 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

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, 2022, 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, 2021. 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, 2022, 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
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.

Notes to Financial Statements: Appendix

As of June 30, 2024

The actuarial assumptions used in the June 30, 2022, 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

REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing Employer Plans — VRS State Employee Retirement Plan

For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan For the Measurement Dates of June 30, 2014 through 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	1.55%	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)	\$ 78,258,395	\$ 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	\$ 80,009,440	\$ 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	97.81%	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	82.19%	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.

Schedule of Employer Contributions VRS State Employee Retirement Plan For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution *	Contribution in Relation to Contractually Required Contribution *		Contributions as a % of Covered Payroll
		Contractually Required Contribution *	Contribution Deficiency (Excess)	
2024	\$ 11,052,812	\$ 11,052,812	\$ -	12.93%
2023	\$ 10,467,876	\$ 10,467,876	\$ -	13.08%
2022	\$ 9,422,973	\$ 9,422,973	\$ -	13.28%
2021	\$ 7,459,792	\$ 7,459,792	\$ -	13.40%
2020	\$ 7,310,652	\$ 7,310,652	\$ -	13.95%
2019	\$ 5,875,052	\$ 5,875,052	\$ -	12.20%
2018	\$ 5,731,608	\$ 5,731,608	\$ -	12.41%
2017	\$ 5,140,864	\$ 5,140,864	\$ -	11.91%
2016	\$ 5,753,321	\$ 5,753,321	\$ -	13.84%
2015	\$ 4,863,085	\$ 4,863,085	\$ -	12.21%

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

Cost-Sharing Employer Plans — VALORS State Employee Retirement Plan

For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net Pension Liability VALORS State Employee Retirement Plan For the Measurement Dates of June 30, 2014 through 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	2.13%	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)	\$ 13,784,637	\$ 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	\$ 7,863,516	\$ 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	175.30%	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	74.91%	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.

Schedule of Employer Contributions VALORS State Employee Retirement Plan For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Contributions as a % of Covered Payroll	
				Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 2,354,149	\$ 2,341,039	\$ 13,110	\$ 9,569,710	24.46%
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, 2024

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, 2022, 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, 2021. 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.

Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees
For the Fiscal Year Ended June 30, 2024

SCHEDULE OF EMPLOYER'S SHARE OF TOTAL OPEB LIABILITY
For the Fiscal Year Ended, June 30, 2024

	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Employer's proportion of the collective total OPEB liability	1.40%	1.34%	1.27%	1.19%	1.17%	1.15%	1.11%
Employer's proportionate share of the collective total OPEB liability	\$ 4,920,502	\$ 4,852,992	\$ 5,703,784	\$ 6,789,374	\$ 7,966,474	\$ 11,535,795	\$ 14,448,345
Employer's covered-employee payroll	95,062,405	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	5.18%	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 seven 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, 2024

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 – There were no changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date :

- Spousal Coverage – rate remained at 20 percent
- Retiree – rate remained at 35 percent

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, 2023. Additionally, the discount rate was increased from 3.54 percent to 3.65 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

Cost-Sharing Employer Plans — Health Insurance Credit Program (HIC)

For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net OPEB Liability -- Health Insurance Credit Program (HIC) For the Measurement Dates of June 30, 2017 through 2023

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability (Asset)	1.0747%	1.0238%	0.8489%	0.8080%	0.7907%	0.7717%	0.7591%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 8,829,800	\$ 8,386,609	\$ 7,169,391	\$ 7,417,581	\$ 7,298,540	\$ 7,040,000	\$ 6,912,000
Employer's Covered Payroll	\$ 88,085,830	\$ 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	10.02%	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	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven 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 2024

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 1,066,028	\$ 1,065,191	\$ 95,181,049	1.12%
2023	\$ 986,561	\$ 985,941	\$ 88,085,830	1.12%
2022	\$ 869,308	\$ 868,767	\$ 77,616,798	1.12%
2021	\$ 685,790	\$ 687,455	\$ 61,231,265	1.12%
2020	\$ 679,304	\$ 679,503	\$ 58,291,025	1.17%
2019	\$ 630,723	\$ 630,505	\$ 53,907,914	1.17%
2018	\$ 613,687	\$ 613,224	\$ 52,007,392	1.18%

Notes to Required Supplementary Information -- For the Year Ended June 30, 2024

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, 2022, 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, 2021. 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.

Cost-Sharing Employer Plans — Group Life Insurance (GLI)
For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net OPEB Liability -- Group Life Insurance Program (GLI)
For the Measurement Dates of June 30, 2017 through 2023

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.3753%	0.3573%	0.2971%	0.2835%	0.2753%	0.27337%	0.26635%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 4,501,023	\$ 4,302,718	\$ 3,458,585	\$ 4,731,151	\$ 4,480,351	\$ 4,153,000	\$ 4,009,000
Employer's Covered Payroll	\$ 88,370,961	\$ 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	5.09%	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	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven 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 2024

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution		Employer's Covered Payroll	Contributions as a % of Covered Payroll
			Deficiency (Excess)	Excess		
2024	\$ 515,887	\$ 515,085	\$ 802	\$ 95,534,597	0.54%	
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, 2024

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, 2022, 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, 2021. 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 – JRS Employees, page 92.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 94.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 95.
- Mortality rates – Teachers, page 92.
- Mortality rates – VaLORS Employees, page 91.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 94.

Cost-Sharing Employer Plans — Disability Insurance Program (VSDP)

For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net OPEB Liability (Asset) -- Disability Insurance Program (VSDP)

For the Measurement Dates of June 30, 2017 through 2023

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the NetVSDP OPEB Liability (Asset)	1.73436%	1.68103%	1.41108%	1.33913%	1.28634%	1.21104%	1.11695%
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)	\$ (5,478,465)	\$ (4,961,602)	\$ (4,864,281)	\$ (2,955,302)	\$ (2,523,739)	\$ (2,728,000)	\$ (2,395,000)
Employer's Covered Payroll	\$ 87,873,086	\$ 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	-6.23%	-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	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven 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 2024

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contributions as a % of Covered Payroll	
			Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 579,834	\$ 579,169	\$ 95,054,721	0.61%
2023	\$ 536,026	\$ 535,679	\$ 87,873,086	0.61%
2022	\$ 472,226	\$ 471,889	\$ 77,414,083	0.61%
2021	\$ 372,029	\$ 370,361	\$ 61,046,315	0.61%
2020	\$ 360,221	\$ 360,058	\$ 58,106,466	0.62%
2019	\$ 321,487	\$ 322,829	\$ 51,852,685	0.62%
2018	\$ 315,386	\$ 315,270	\$ 47,785,688	0.66%

Notes to Required Supplementary Information -- For the Year Ended June 30, 2024

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, 2022, 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, 2021. 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.

Cost-Sharing Employer Plans — Line of Duty Act Program (LODA)

For the Fiscal Year Ended June 30, 2024

Schedule of Employer's Share of Net OPEB Liability -- Line of Duty Act Program (LODA) For the Measurement Dates of June 30, 2017 through 2023

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net LODA OPEB Liability (Asset)	0.43673%	0.46692%	0.50017%	0.51413%	0.54690%	0.54331%	0.51555%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 1,750,847	\$ 1,767,084	\$ 2,205,708	\$ 2,153,256	\$ 1,962,202	\$ 1,704,000	\$ 1,355,000
Employer's Covered Payroll	\$ 7,863,516	\$ 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	22.27%	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	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven 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 2024

Date	Contribution in Relation to Contractually Required Contribution		Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contribution Deficiency (Excess)		
2024	\$ 79,680	\$ 79,776	\$ 9,569,710	0.83%
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 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.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2024

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, 2022, 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 -- VALORS Employees, page 91.
- Mortality rates -- Non-Largest Ten Locality Employers with Public Safety Employees, page 96.
- Mortality rates -- SPORS Employees, page 90.
- Mortality rates -- Largest Ten Locality Employers with Public Safety Employees, page 96.

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 significant 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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total operating revenues	1,256,167,094	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
Total operating expenses	1,007,635,154	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
Operating income	248,531,940	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
Non-operating revenues (expenses)	(5,390,180)	(4,131,775)	11,338,714	4,051,749	1,488,296	682,140	601,355	2,318,691	(128,586)	130,466
Net profit before disbursements	243,141,760	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
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	(173,950,014)	(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)
Appropriation Act disbursements	(69,428,110)	(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)
Total disbursements	(243,378,124)	(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)
Net increase after disbursements & capital contributions	(236,364)	6,067,381	13,072,337	72,644,753	9,839,908	5,346,727	1,627,769	1,709,641	304,274	458,839
Total Net Position - July 1	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
Net effect in change in accounting principle	-	-	-	-	-	(26,872,474)	-	-	-	(75,042,000)
Net Position - July 1, as restated	10,902,539	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)
Total Net Position - June 30	10,666,175	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,567)	(70,823,862)	(72,533,503)	(72,837,777)

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in Capital Assets	90,571,966	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
Restricted Net Position	5,478,465	4,961,602	4,864,281	2,955,302	2,523,739	2,728,000	2,395,000	-	-	-
Unrestricted Net Position	(85,384,256)	(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)
Total Net Position	10,666,175	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)

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.

Expenses—Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross alcohol sales	1,464,039,151	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
Excise tax	243,308,791	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
Excise tax as a % of gross sales	16.62%	16.64%	16.62%	16.57%	16.50%	16.52%	16.36%	16.43%	16.47%	16.48%
Net alcohol sales	1,220,730,360	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

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

OPERATING REVENUES - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net alcohol sales	1,220,730,360	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
Sales of lottery tickets	-	-	-	-	-	1,008,508	1,583,218	1,775,666	2,204,199	2,336,382
License & permit fees	18,605,944	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
Wine wholesalers tax	4,204,976	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
Penalties	1,325,123	1,084,709	253,980	156,967	842,199	1,149,306	687,045	760,810	816,695	1,041,342
Federal grants & contracts	-	-	-	-	89,498	153,488	651,384	269,767	280,007	239,915
Mixed beverage tax on common carriers	188,211	120,398	97,133	22,097	67,278	31,236	24,336	20,597	25,039	22,103
Miscellaneous	11,112,480	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
Total operating revenues	1,256,167,094	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

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.

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

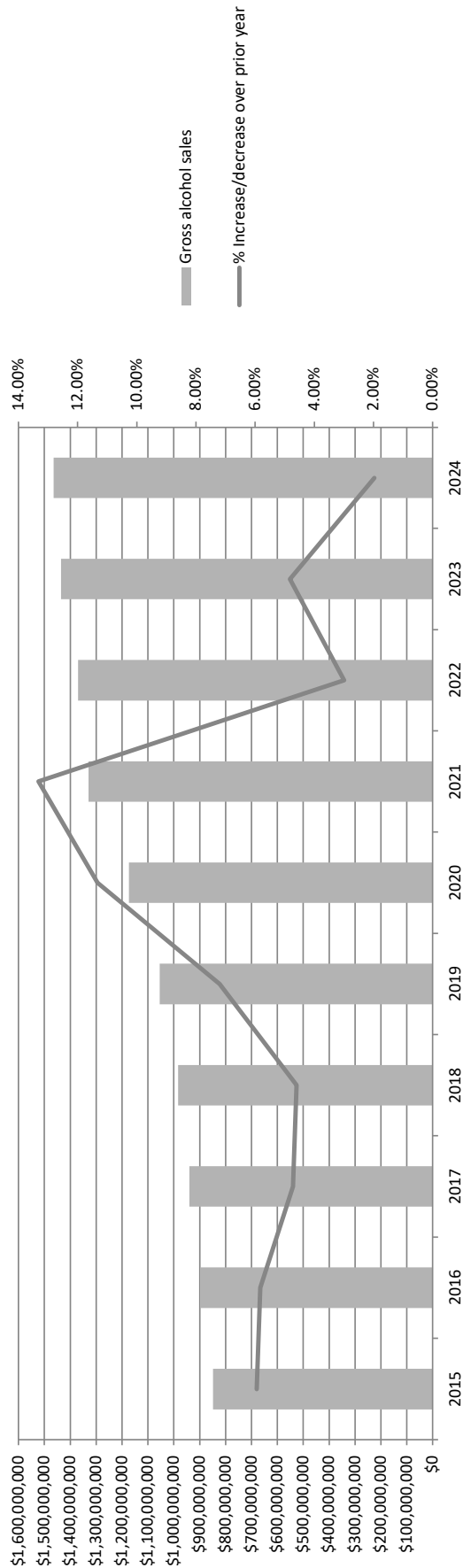
	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net alcohol sales	1.99%	4.81%	2.93%	13.23%	11.34%	7.00%	4.68%	4.77%	5.85%	5.96%
Sales of lottery tickets	N/A	N/A	N/A	N/A	(100.00%)	(36.30%)	(10.84%)	(19.44%)	(5.66%)	(5.67%)
License & permit fees	7.13%	1.28%	15.32%	5.41%	(2.45%)	4.22%	2.67%	1.57%	2.60%	2.86%
Wine wholesalers tax	(7.78%)	0.95%	0.85%	9.80%	(17.15%)	11.54%	(1.58%)	4.41%	0.85%	7.61%
Penalties	22.16%	327.08%	61.80%	(81.36%)	(26.72%)	67.28%	(9.70%)	(6.84%)	(21.57%)	2.02%
Federal grants & contracts	N/A	N/A	N/A	(100.00%)	(41.69%)	(76.44%)	141.46%	(3.66%)	16.71%	(21.67%)
Mixed beverage tax on common carriers	56.32%	23.95%	339.57%	(67.16%)	115.39%	28.35%	18.15%	(17.74%)	13.28%	(9.69%)
Miscellaneous	6.66%	13.62%	54.10%	363.50%	34.26%	(19.70%)	9.38%	(4.91%)	43.88%	44.90%
Total Increase	2.09%	4.88%	3.36%	13.46%	10.81%	6.84%	4.62%	4.61%	5.74%	5.88%

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



Revenues — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Interest income	1,685,315	1,258,385	144,931	46,873	297,522	607,387	334,667	182,039	64,013	-
Federal grants & contracts	676,884	1,865,289	1,693,645	1,583,027	1,131,178	-	-	-	-	-
Income from security lending transactions	520,359	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320	113
Rents	-	2,165	33,017	24,319	27,729	24,893	24,168	27,244	31,559	210,061
Gain on disposal of capital assets	-	-	15,117,759	-	-	-	-	-	-	-
Seized assets	-	-	6,318	9,786	31,867	49,861	242,520	109,408	-	-
Other - Special Employer Contributions (VRS)	1,601,095	196,023	-	-	-	-	-	2,000,000	-	-
Other nonoperating revenue	27,196	101,320	202,800	2,387,744	-	-	-	-	-	-
Total non-operating revenues	4,510,849	3,835,629	17,224,528	4,063,022	1,570,964	846,942	626,968	2,319,033	98,892	210,174
Increase (decrease)	675,220	(13,388,899)	13,161,506	2,492,058	724,022	219,974	(1,692,065)	2,220,141	(111,282)	(15,056)
% Increase (decrease)	17.60%	(77.73%)	323.93%	158.63%	85.49%	35.09%	(72.96%)	2245.02%	(52.95%)	(6.68%)

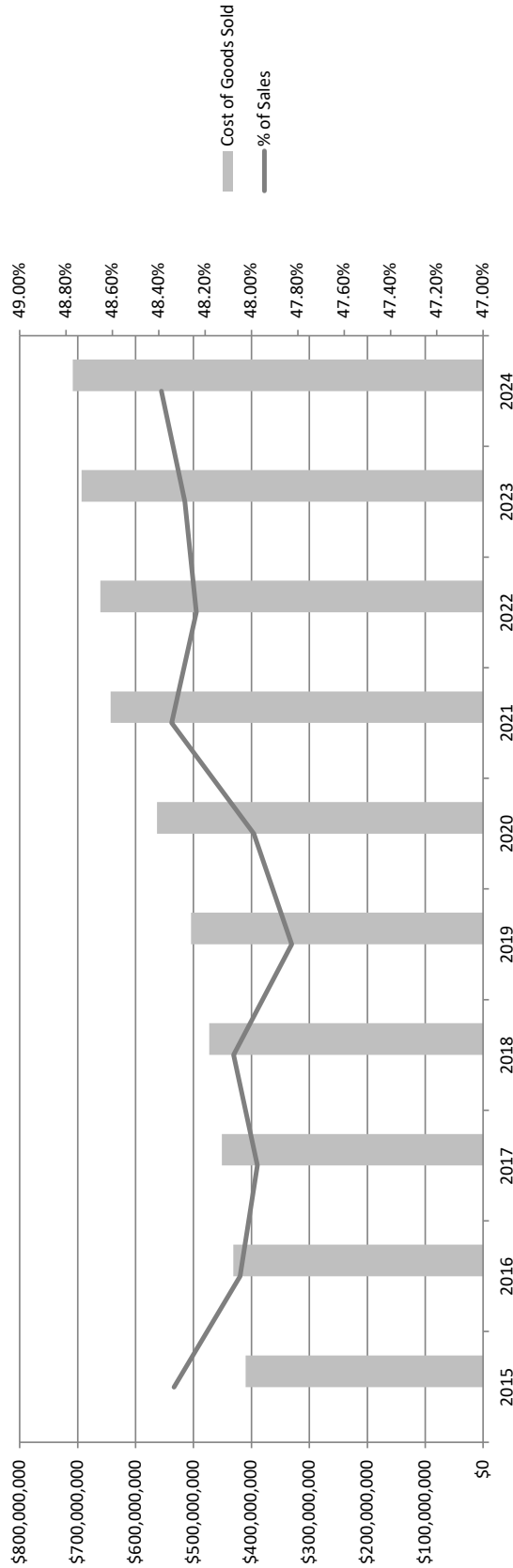
Cost of Goods — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross alcohol sales	1,464,039,151	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
Excise tax	243,308,791	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
Net alcohol sales	1,220,730,360	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
Cost of Goods Sold	708,423,584	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
% of Gross Alcohol Sales	48.39%	48.29%	48.24%	48.34%	47.99%	47.83%	48.08%	47.97%	48.05%	48.33%

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 for vermouth and wine, which has a 4% tax.

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



Expenses—Last Ten Fiscal Years

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

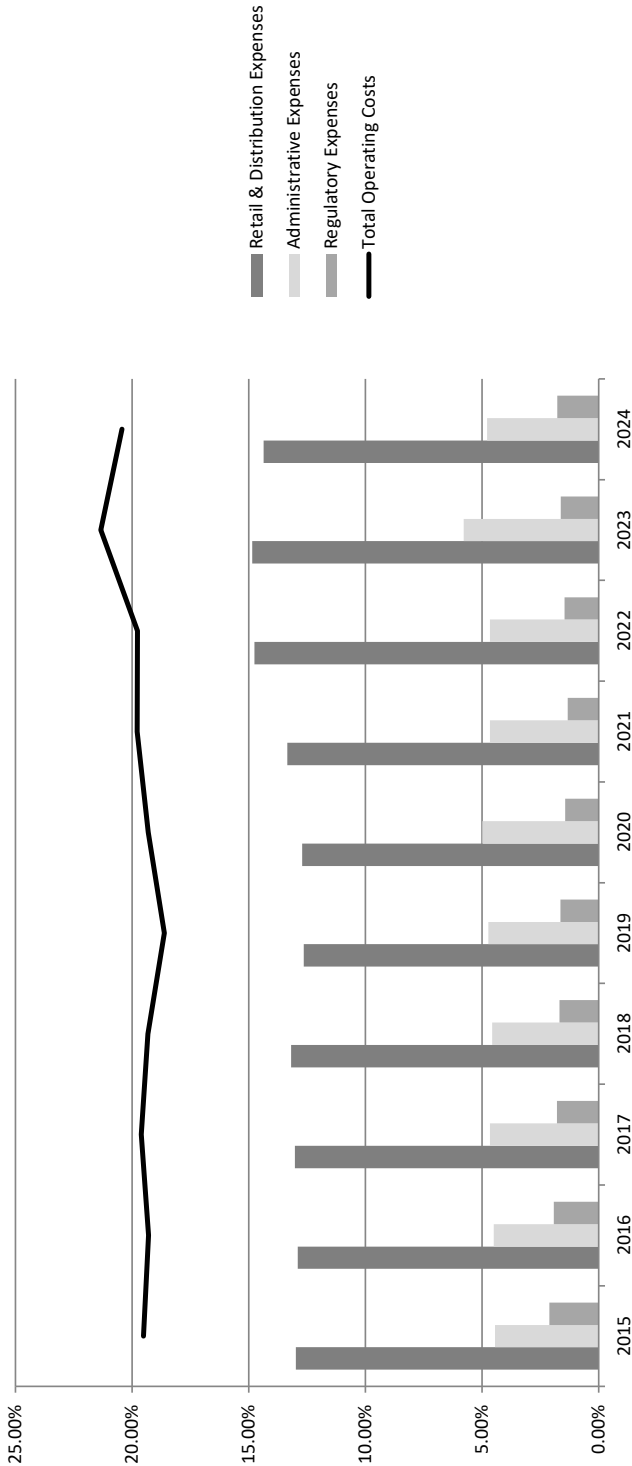
	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Personal services	186,175,985	172,575,236	150,455,712	\$ 151,766,426	\$ 129,098,812	\$ 112,085,785	\$ 113,535,743	\$ 108,120,748	\$ 102,977,280	\$ 99,345,268
Continuous services	16,636,276	20,947,829	16,251,275	38,644,856	35,976,421	34,276,756	32,134,553	31,315,640	29,278,603	27,954,258
Contractual services	48,169,257	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
Supplies and materials	4,740,024	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
Depreciation & amortization	42,130,361	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
Expendable equipment	1,293,709	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
Other operating expenses	65,958	1,268,912	397,266	677,665	361,709	372,382	347,589	611,832	856,410	661,649
Total operating expenses	299,211,570	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
Increase (decrease) from prior FY	(7,180,684)	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
% Increase (decrease)	(2.34%)	13.14%	2.93%	16.08%	15.53%	3.26%	3.07%	6.45%	4.64%	4.61%

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Retail & Distribution Expenses	210,327,407	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
Administrative Expenses	70,154,747	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
Regulatory Expenses	26,038,496	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
GASB 68, GASB 75 and other Adjustments	(7,309,079)	(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)
Total Operating Costs	299,211,570	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

- 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

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Interest expense on long-term leases	8,276,765	6,747,321	5,858,442	-	-	-	-	-	-	-
Interest expense on SBITA	1,066,451	787,483	-	-	-	-	-	-	-	-
Expenses from security lending transactions	520,359	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320	113
Seized assets	37,454	20,152	-	-	-	-	-	-	224,158	79,596
Interest Expense	-	-	1,314	-	-	-	-	-	-	-
Total non-operating expenses	9,901,029	7,967,403	5,885,814	11,273	82,668	164,801	25,613	342	227,478	79,709
Increase (decrease)	1,933,626	2,081,589	5,874,541	(71,395)	(82,133)	139,188	25,271	(227,136)	147,769	18,874
% Increase (decrease)	24.27%	35.37%	NM	(86.36%)	(49.84%)	543.43%	7389.18%	(99.85%)	185.39%	31.02%

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

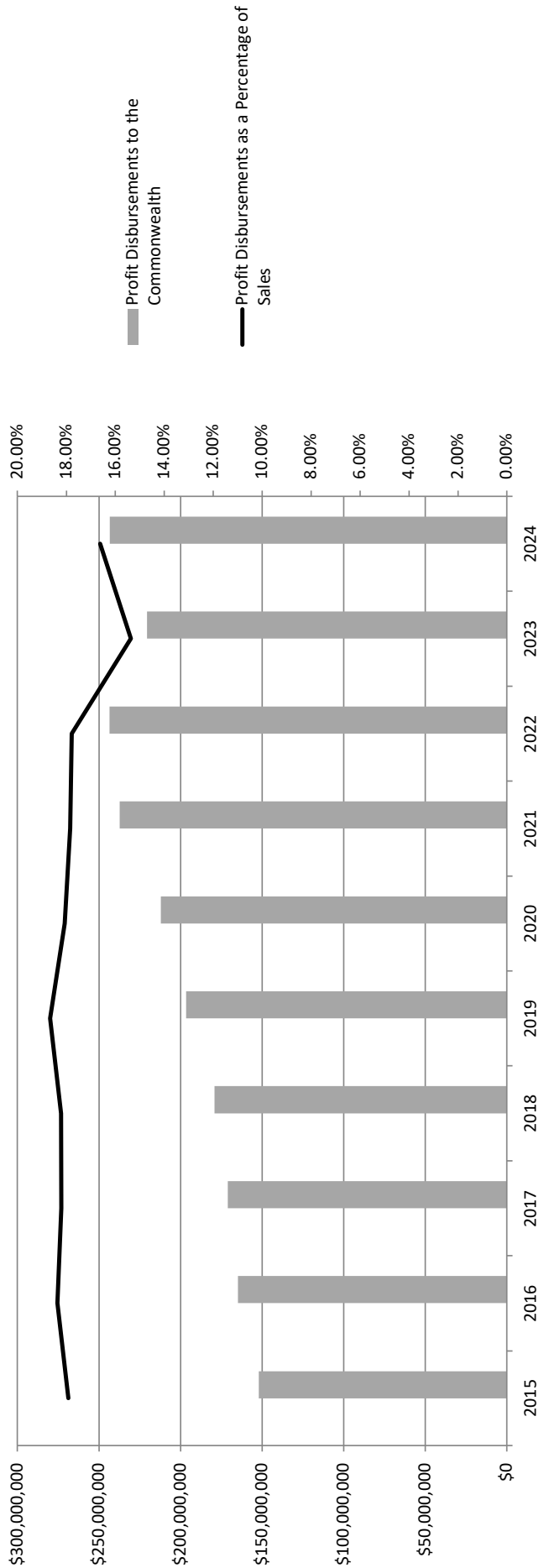
Profit Distributions— Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross alcohol sales	1,464,039,151	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
Excise tax	243,308,791	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
Net alcohol sales	1,220,730,360	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
Profit Disbursement to the Commonwealth	243,378,124	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
% of Gross Sales	16.62%	15.36%	17.79%	17.84%	18.07%	18.66%	18.22%	18.21%	18.37%	17.92%

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



STORES BY YEAR - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Stores, July 1	399	395	394	388	377	370	366	359	351	349
New Stores	5	4	2	6	12	7	5	9	8	4
Closed Store	2	-	1	-	1	-	1	2	-	3
Total Stores, June 30	402	399	395	394	388	377	370	366	359	350

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Store square footage ¹	1,243,197	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
Total transactions	37,960,847	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
Total bottles sold	88,903,362	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
Gross alcohol sales	\$ 1,464,039,151	\$ 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
Average bottle price	\$ 16.47	\$ 16.73	\$ 16.50	\$ 16.51	\$ 15.28	\$ 14.85	\$ 15.01	\$ 15.48	\$ 15.46	\$ 14.87
Average sales per transaction	\$ 38.57	\$ 38.34	\$ 37.93	\$ 36.48	\$ 32.84	\$ 31.32	\$ 30.50	\$ 30.06	\$ 29.53	\$ 28.55
Average sales per square foot	\$ 1,177.64	\$ 1,163.86	\$ 1,122.24	\$ 1,110.52	\$ 985.16	\$ 854.42	\$ 826.07	\$ 811.49	\$ 783.16	\$ 759.11

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.

Operational — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Store square footage ¹	0.78%	1.07%	1.92%	0.53%	-3.45%	3.64%	2.76%	1.07%	2.58%	0.41%
Total transactions	1.38%	3.68%	-0.92%	2.00%	6.19%	4.38%	3.11%	2.87%	2.31%	3.27%
Total bottles sold	3.61%	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%
Average bottle price	-1.58%	1.39%	-0.06%	8.04%	2.90%	-1.09%	-3.01%	0.11%	3.99%	2.88%
Average sales per transaction	0.58%	1.08%	3.97%	11.10%	4.84%	2.70%	1.45%	1.81%	3.44%	2.59%
Average sales per square foot	1.18%	3.71%	1.06%	12.72%	15.30%	3.43%	1.80%	3.62%	3.17%	5.51%

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
#219 - Vienna	\$14,236,397 (1)	\$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)	
#256 - Virginia Beach	\$11,829,972 (2)	\$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)
#331 - Richmond	\$10,802,513 (3)	\$10,471,670 (3)	\$9,515,384 (3)	\$8,941,006 (3)	\$7,750,902 (5)					
#119 - Alexandria	\$10,232,331 (4)	\$9,822,712 (4)								
#282 - Hampton	\$9,795,453 (5)	\$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)
#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)
#278 - Virginia Beach							\$7,526,361 (5)	\$7,773,909 (3)	\$7,699,741 (3)	\$7,462,194 (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.

BOTTLES SOLD - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total bottles sold	88,903,362	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
Increase of prior year	3,097,456	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
% Increase over prior year	3.61%	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%
50mL bottles sold	28,448,991	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
Change from prior year	2,178,361	1,369,347	2,106,799	625,022	1,902,803	3,625,814	3,324,208	1,186,172	(416,094)	207,165
% change prior year	8.29%	5.50%	9.24%	2.82%	9.39%	21.79%	24.96%	9.78%	-3.32%	1.68%
50mL bottles as % of total	32.00%	30.62%	30.00%	28.30%	28.87%	28.55%	25.41%	21.93%	20.89%	21.99%

Notes: 1. Source: Strategy and Analytics

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

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tito's Handmade	\$75,229,308 (1)	\$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)	\$25,269,088 (2)	\$18,758,631 (4)
Hennessy VS	\$38,264,805 (2)	\$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)	\$27,599,088 (1)	\$26,925,694 (1)
Jack Daniel's #7 Black	\$28,831,141 (3)	\$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)	\$19,805,216 (3)	\$18,657,478 (5)
Patron Silver	\$25,605,068 (4)	\$28,590,210 (4)	\$28,637,480 (4)	\$28,915,618 (4)	\$20,933,661 (5)	\$22,713,241 (4)	\$21,494,889 (4)	\$20,421,335 (4)	\$19,110,580 (5)	\$18,759,979 (3)
Jim Beam	\$23,134,586 (5)	\$23,932,399 (5)	\$24,226,098 (5)	\$23,236,012 (5)	\$23,485,631 (4)	\$19,224,053 (5)	\$18,749,122 (5)		\$19,294,602 (4)	\$18,966,572 (2)
Fireball Cinnamon										
Smirnoff 80								\$18,807,951 (5)		

Operational — Last Ten Fiscal Years

PRODUCTS SOLD BY CASE - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Vodka	1,616,358	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
Domestic	933,999	933,024	922,924	898,413	907,464	855,285	823,756	795,487	774,794	761,099
Imported	374,650	377,319	380,527	394,030	389,336	363,835	355,140	351,388	350,341	340,831
Flavored	307,709	325,301	346,752	374,394	359,408	337,496	326,398	324,538	323,716	321,310
Straight Bourbon Whiskey	814,341	780,777	755,521	736,207	703,214	625,562	578,328	535,671	515,177	483,441
Rum	437,755	470,292	488,348	494,499	484,048	465,274	464,810	455,635	446,425	425,817
Domestic	36,032	37,023	39,641	41,635	27,389	438,456	438,855	434,086	429,928	142,537
Imported	401,722	433,269	448,707	452,864	456,658	26,818	25,955	21,549	16,497	283,279
Tequila	996,106	885,876	748,000	615,083	461,861	398,587	353,493	324,504	291,677	242,280
Cordials -Liqueurs-Specialties	537,535	514,517	478,956	452,504	558,782	517,338	488,640	474,718	478,332	530,603
Imported	330,934	322,558	295,062	281,355	361,042	331,695	314,610	298,289	295,955	303,305
Domestic	206,601	191,959	183,894	171,149	197,740	185,643	174,030	176,429	182,377	227,298
Flavored Whiskey**	293,893	307,174	336,535	366,550	-	-	-	-	-	-
Cognac\Armagnac	153,234	172,451	201,905	251,574	203,289	194,789	187,912	183,177	160,584	173,099
Gin	230,418	238,474	238,926	247,227	246,321	237,108	234,097	236,821	236,616	234,712
Domestic	97,743	105,187	110,564	120,931	132,294	134,651	137,315	142,038	145,141	157,721
Imported	117,975	118,587	114,982	113,592	101,292	90,512	84,557	81,542	78,884	64,857
Flavored	14,533	14,560	13,294	12,288	12,363	11,567	11,805	12,780	12,116	11,616
Sloe	167	141	86	417	372	378	420	461	475	518
Canadian Whisky	123,608	131,770	146,374	149,935	201,871	161,568	161,060	160,640	157,516	151,833
Brandy	143,035	154,255	159,752	168,741	171,495	201,729	192,563	193,188	191,377	181,654
Grape	100,624	107,510	111,251	114,374	121,000	7,254	7,035	7,315	7,312	7,218
Imported	19,568	20,417	20,179	21,846	14,663	35,540	35,943	36,328	33,534	28,036
Flavored	22,844	26,329	28,322	32,521	35,832	158,935	149,585	149,545	150,531	146,400
Scotch Whiskey	151,449	166,044	178,106	181,068	171,167	168,753	121,746	149,837	124,684	102,713
Cocktails	199,022	197,274	182,814	190,166	151,914	224,697	198,396	180,239	172,073	156,180
Domestic	123,452	119,826	108,867	107,019	90,017	111,572	101,123	103,626	104,110	100,208
Imported	75,570	77,448	73,947	83,147	61,897	113,125	97,273	76,613	67,963	55,972
Tennessee Whiskey	116,368	124,271	117,345	124,981	121,693	41,690	36,217	34,608	34,856	6,165
Blended Whiskey	96,991	98,108	96,032	91,456	148,003	71,435	61,056	42,006	33,107	49,808
Irish Whiskey	84,700	87,590	86,424	89,296	80,162	71,192	62,282	53,596	46,944	39,789
Straight Rye Whiskey	79,995	76,273	69,446	63,447	50,554	51,732	45,534	53,320	73,124	62,705
Domestic Whiskey	42,078	45,191	47,096	43,709	64,721	57,617	56,801	53,194	47,235	41,368
Moonshine ⁽²⁾	64,454	62,490	49,735	45,288	39,141	39,986	32,505	26,609	21,271	13,534
Specialty Bottles	19,614	33,189	34,048	35,588	43,221	59,784	50,671	58,168	58,656	61,838
Imported	11,266	20,250	22,778	21,345	26,600	19,973	16,086	26,459	25,407	30,060
Domestic	8,348	12,939	11,270	14,243	16,621	39,811	34,585	31,709	33,249	31,778
Egg Nog	27,235	26,746	26,522	24,005	25,321	22,972	20,034	18,653	13,101	13,349
Rock & Rye	1,938	2,284	2,347	2,200	2,398	2,368	2,236	1,813	1,610	1,271
Grain Alcohol ⁽¹⁾	1,973	1,941	1,922	2,097	2,091	1,250	1,227	53	57	56
Bottled Bond Whiskey	-	-	-	-	737	629	561	601	606	1,574
Corn Whiskey	1,148	1,396	1,469	1,699	691	489	408	325	441	724
Vermouth	21,493	22,821	18,413	25,324	25,175	22,681	21,903	17,848	16,561	15,892
Virginia Wine	15,863	15,618	15,732	17,278	15,762	14,936	14,480	14,624	13,131	12,241
Non-Alcoholic Mixers	171,867	167,988	161,316	176,008	157,705	134,259	128,533	123,882	114,393	103,893
Non Beverage Item	25,702	37,037	30,320	22,509	24,996	27,587	29,272	28,399	24,387	20,549
Statewide Totals *	6,468,173	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
Increase from prior FY	10,682	133,884	38,331	472,737	439,911	322,569	156,517	170,750	172,466	171,734
% Increase	0.17%	2.12%	0.61%	8.13%	8.19%	6.39%	3.20%	3.62%	3.79%	3.92%

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

AUTHORITY TRANSITION — ENACTMENT CLAUSE 14

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 2024	FY 2023	FY 2022	FY 2021	FY 2024	FY 2023	FY 2022	FY 2021
Sales	\$ 1,472.5	\$ 1,443.9	\$ 1,376.6	\$ 1,333.6	100.0%	100.0%	100.0%	100.0%
- Excise tax	243.3	238.9	227.7	220.4	16.5%	16.5%	16.5%	16.5%
+ Other revenue	29.1	28.5	41.5	24.2	2.0%	2.0%	3.0%	1.8%
Net revenue	\$ 1,258.3	\$ 1,233.5	\$ 1,190.4	\$ 1,137.4	85.5%	85.5%	86.5%	85.3%
Cost of goods sold	708.4	693.3	660.7	642.9	48.1%	48.0%	48.0%	48.2%
Operation costs	210.3	213.2	202.2	177.5	14.3%	14.8%	14.7%	13.3%
Administrative costs	70.2	83.1	63.8	62.0	4.8%	5.8%	4.6%	4.7%
Regulatory costs	26.0	23.3	20.1	17.7	1.8%	1.6%	1.5%	1.3%
Net Profit	\$ 243.4	\$ 220.6	\$ 243.6	\$ 237.3	16.5%	15.3%	17.7%	17.8%

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 exclude 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, Community Health and Engagement, Marketing, Human Resources, Financial Management Services, Digital Operations, Communications, the Authority’s Leadership, Real Estate and Facilities Management, 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 2,100

new licensees each year that require a full investigation to include a background check of the owners, 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 2024, Cost of Goods Sold represents 48.1% 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 products from the warehouse to the stores.

Administrative Costs decreases are primarily driven by lower IT related spend as project activity has been reduced significantly and lower marketing costs in line with planned reductions in media spend. These costs support revenue generating activities and continued business operations.

In fiscal year 2025, Operation Costs, Administrative Costs, and Regulatory Costs are expected to increase principally due to higher compensation costs as a result of the state pay and benefit increases as well as Fair Labor Standards Act impacts on minimum pay for exempt salaried workers. Credit card and outbound freight costs also continue to increase. 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, continue to prioritize active projects and initiatives by leveraging existing Virginia ABC systems, and limit discretionary spending to maintain accountability for cost efficiencies. In addition, the Authority restructured its workforce job functions across multiple divisions, to fully align with fiscal year 2025 strategic goals.

SIX-YEAR FINANCIAL FORECAST

Six-Year Financial Forecast
Fiscal Year 2024 - Fiscal Year 2030
(in million)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Sources: Growth Rate		0.00%	1.00%	1.70%	1.70%	2.00%	2.10%
Alcoholic Beverages (Store Sales)	1,472.5	1,472.3	1,487.0	1,512.3	1,538.0	1,568.7	1,601.6
Less: State Taxes on Spirits & Wine	243.3	244.3	246.7	250.9	255.2	260.3	265.7
Net Store Sales	1,229.2	1,228.0	1,240.3	1,261.4	1,282.8	1,308.4	1,335.9
Other Revenue	29.1	27.1	27.2	27.3	27.5	27.7	27.9
Total ABC Revenue	1,258.3	1,255.1	1,267.5	1,288.7	1,310.3	1,336.1	1,363.8
Cost of Goods Sold:	708.4	706.5	713.5	725.5	737.6	752.2	767.8
Operating Costs:	306.5	320.0	328.0	333.7	338.7	345.3	350.9
Infrastructure Projects:	-	1.1	0.5	0.6	3.1	3.2	3.2
ABC Net Profit	243.4	227.5	225.5	228.9	230.9	235.4	241.9

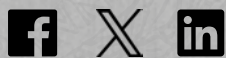
ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2024 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC's cost structure.

In fiscal year 2025, ABC expects sales to be flat with the prior year in the retail segment driven by 3.5% volume growth, 0.25%, net pricing increases, 1.25% increased premiumization fully offset by unfavorable mix of 5.0% due to customers trading down to smaller sizes. Conservative sales growth of 1.0% and 1.7% is anticipated in fiscal years 2026 through 2027, respectively. The factors impacting declining growth include the effects of rising inflation, reductions in discretionary spending, competing alcohol beverage products (beer, wine and ready to drink) and cannabis, and generational changes in alcohol consumption and buying habits. Lingering supply risks for imported spirits may exist due to the tentative nature of the dockworker's union labor contract. Additionally, premiumization was a major driver of profit growth in previous years and a slow-down of this trend will further challenge performance.

On the expense side, ABC is faced with salary, wage and benefit cost increases, automatic rent escalation, freight increases due to higher fuel costs and volume, telecommunication and technology costs and growth in credit card fees that are all very difficult to influence in the short run. One of the challenges that ABC faces is the change in marketplace demand for workers and the increased wages and personnel costs associated with the demand for employees. The fiscal year 2025 and 2026 forecasts represent the 3% pay increases 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. Additional increases in salary expenses are driven by the recent Fair Labor Standards Act mandatory increases to minimum annual salaries for exempt employees. Personnel cost escalation in fiscal year 2027 forecast and beyond was tempered at a lower rate reflecting a leveling off in the upward trend.

Personnel costs account for 60% of ABC non-merchandise expenditures, 18% are for continuous charges such as rent, GASB 87 lease amortization and utilities, 16% are for contractual services such as credit card fees, shipping product to stores and telecommunications, and 6% are for miscellaneous expenses such as supplies and materials, equipment, and depreciation. In fiscal years 2025 through 2027, increases in expenditures are expected due to the need to make 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 2024, ABC contributed \$243.4 million (accrual basis) of net profits to the Commonwealth, and collected \$322.3 million of taxes on store sales, wine and beer and an additional \$70.0 million of general sales tax totaling \$635.7 million. ABC expects to be below current Chapter 2 bill transfer requirements by \$1.0 million for fiscal year 2025 given the projected decrease in gross sales from the previous forecast. Additionally, risks include the impact of recession, continuing inflation and supply chain impacts on inventory.



www.abc.virginia.gov

7450 Freight Way
Mechanicsville, VA 23116
(804) 213-4400