

2021

Building For
Tomorrow,

TODAY

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2021

A Component Unit of the Commonwealth of Virginia



Virginia Alcoholic Beverage
Control Authority

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**Virginia Alcoholic Beverage
Control Authority**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2021
prepared by Financial Management Services

Editorial and design by
Virginia ABC's Communications Division

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



Virginia ABC Chair Maria J. K. Everett

A Look Back

The lingering COVID-19 pandemic and the impact it had on our lives made fiscal year 2021 feel like a very long road trip. Fortunately, for Virginia ABC, we made it to our waypoints on several occasions during the year, largely due to the resilience of ABC's employees and their ability to adapt to the demands of changing environments. We became stronger as an organization because we overcame these challenges together.

Completion of the new headquarters and distribution center in Hanover County in June 2021 was one important waypoint. The Commonwealth's investment in these state-of-the-art facilities enabled ABC to continue to grow as a modern retailer.

As the Authority saw opportunity in the challenges of its changing landscape, its gross revenues grew, reaching \$1.4 billion, up \$161.3 million over fiscal year 2020. We contributed a total of \$616.4 million in fiscal year 2021 to the Commonwealth for designated state programs and services, an increase of \$71.1 million over the previous year. This reflected \$237.3 million in profits from retail sales, \$294 million in taxes (retail) and \$85.1 million collected in wine and beer taxes.

Retail sales also grew in fiscal 2021 by 14.7%, with six new ABC stores generating nearly \$4.9 million in sales. ABC oversaw four store remodels and ten store relocations to growing market areas, enhancing customer service and accessibility. Customers more frequently chose to purchase online and our efforts to meet the demand with curbside pickup and home delivery options provided increased accessibility and convenience for our customers.

The Bureau of Law Enforcement remained a key player throughout the Commonwealth's response to the pandemic, issuing guidance to licensees, adopting regulations to give greater flexibility to businesses and streamlining processes to address rapidly changing circumstances. Additionally, Virginia ABC partnered with other state and local organizations, including the Department of Health to assist licensees in complying with COVID-19 safety measures.

Adapting to new pandemic driven restrictions, other ABC teams kept moving forward. Human Resources continued to hire, often conducting interviews online. Education and Prevention modified existing programs for online use such as the Youth Alcohol and Drug Abuse Prevention Project (YADAPP).

ABC took great strides to develop a purpose-built technology infrastructure including moving to a digital phone service and shifting core technology systems to an independent Virginia ABC domain. These changes enable ABC to have greater flexibility over our information technology resulting in solutions specifically developed for us, with cost savings and enhanced services in the long run.

These incredible feats did not go unnoticed. The Authority received numerous statewide and national awards.

If the accomplishments of this past fiscal year are any indication, the future is promising for the Authority and all Virginians who benefit from Virginia ABC, whether you are a customer or not. I am proud to be a part of such an unparalleled retailer, wholesaler, and regulator of the sale of distilled spirits.

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2021 KEY AUTHORITY HIGHLIGHTS

Number of Stores	394
Total Employees	4,813
ABC Retail Licenses	20,148
ABC Profit Disbursements	\$237,299,273
Active Items on Price List	2,220
Total Gross Sales	\$1,357,763,221
Total Transfer to the Commonwealth	\$616,366,250

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Virginia Alcoholic Beverage
Control Authority

MISSION

To generate a reliable stream of revenue for Virginia and promote public safety through the responsible sale and regulation of alcoholic beverages.

VISION

To bring good spirits and excellent service to Virginia.

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
Travis G. Hill



Chair
Maria J. K. Everett

Vice Chair
Beth G. Hungate-Noland

Board of Directors
William D. Euille
Gregory F. Holland
Mark E. Rubin

The Honorable Ralph S. Northam
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Northam:

It is my pleasure to present the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021, in accordance with Section 4.1-101.07 of the *Code of Virginia*.

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

BACKGROUND

On March 22, 1934, the General Assembly voted to create the Alcoholic Beverage Control Board with three board members. Virginia ABC opened its first four stores in Richmond on May 15, 1934, and continued to grow over the decades to 159 stores statewide by 1959.

In 1971, ABC moved its warehouse from Harrison and West Broad Streets in Richmond to 2901 Hermitage Road. By the end of the 1970s, ABC was operating over 250 stores and generating more than \$240 million in gross store sales. In 2009, when the Department celebrated its 75th anniversary, 332 stores were in operation statewide. By June 30, 2021, ABC had moved to a new larger office and distribution center located at 7450 Freight Way in Mechanicsville.

During fiscal year 2018, under Virginia Code Title 4.1, Virginia ABC transitioned from a Department to an Authority. Virginia ABC is currently considered a Blended Component Unit Enterprise Fund by the Commonwealth for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America. Five part-time board members govern the Authority, which as of June 30, operated 394 stores and employed almost 4,900 employees throughout the Commonwealth. The Authority mainly works with the Executive Branch through the Secretariat of Public Safety and Homeland Security for the Commonwealth. Virginia ABC administers ABC laws with an emphasis on public service and a focus on protecting citizens by ensuring a safe, orderly and regulated system for the convenient distribution and responsible consumption of alcohol.

ABC is a leading revenue producer for Virginia and a vital source of future economic growth and innovation for the Commonwealth. On the retail side, profits come from the sale of distilled spirits within ABC stores. The Authority's Bureau of Law Enforcement generates revenue from taxes collected on beer and wine sales, violation penalties and license fees. The money that Virginia ABC disperses to the Commonwealth provides much-needed funding for use in programs across all secretariats, thus benefitting citizens in all areas of the state whether they choose to drink or not. Since its establishment in 1934, Virginia ABC has dispersed over \$12.0 billion to the Commonwealth's General Fund, which supports major education, health and transportation initiatives.

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

ECONOMIC CONDITION AND OUTLOOK

The rapid pace of growth created by the pandemic has driven uncertainty for U.S. distilled spirits market growth rates in the next couple years, with estimates from zero growth to 6-8% growth. For fiscal year 2022, disruptions in the global supply chain and the pace of consumer goods inflation are areas of concern, and expectations for growth in this fiscal year are ambiguous at best.

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

In fiscal year 2021, ABC's total gross revenue, including state tax on distilled spirits and wine, was \$1.4 billion, \$161.3 million over prior year or 13.5%. Gross sales of alcoholic beverages in the retail stores accounted for 98.1% of this revenue. The remaining 1.9% of revenue was generated largely through the ABC's regulatory and licensing activities.

ABC contributed \$237.3 million of net profits to the Commonwealth and collected \$305.2 million of taxes on ABC store sales (distilled spirits and wine) and wine and beer wholesaler taxes, and an additional \$73.9 million of general sales tax totaling \$616.4 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 2021, \$74M of the increase in store sales was driven by consumers selecting higher quality premium brands.

Incremental Units—During fiscal year 2021, \$59M of the increase in store sales was driven by an increase in the number of bottles/units sold.

The Authority's operating expenses increased 14.7% in fiscal year 2021. Personal service cost increased by \$22.7 million from fiscal year 2020, primarily due to increased staff and pay to run stores during the pandemic for the full fiscal year. In addition, contractual service cost increased \$6.8 million primarily due to increased IT contractor support to assist with the implementation of internal projects, particularly point of sale (POS) and sales audit systems and curbside pick-up service and next-day shipping.

On the expense side, ABC is faced with mandated salary and benefit costs, automatic rent escalation, telecommunication and technology costs and growth in credit card discount fees that are all very difficult to influence in the short run. Personnel costs account for 58% of ABC's non-merchandise expenditures, 15% are for continuous charges such as rent and utilities, 22% are for contractual services such as credit cards fees, shipping product to stores and telecommunications, and 5% are for miscellaneous expenses such as supplies and materials, equipment and depreciation.

Increases in expenses are exacerbated by the need to make significant ongoing improvements in order to improve our IT infrastructure. Currently, several of ABC's systems are outdated and have reached their end of life. ABC must invest in upgrading its systems to maintain viability, increase efficiency, and provide service excellence to its internal and external customers. Numerous efforts are underway to address these challenges and ABC has developed a roadmap to complete and sustain these investments for the long term. Upgrading the outdated systems also addresses a Commonwealth of Virginia's Auditor of Public Accounts' audit point, ensuring that ABC complies with state and industry security standards. Changes in salary and benefit cost rates, as well as mandated Appropriations Act disbursements, can also significantly impact the accuracy of ABC's expense forecasts.

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 54-58.

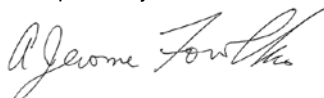
FINANCIAL CONTROLS

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

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

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

Respectfully submitted,



A. Jerome Fowlkes | Chief Administrative Officer

EXECUTIVE INFORMATION

Organizational Structure



The Virginia ABC Board of Directors



Governor Ralph S. Northam



Secretary of Public Safety and Homeland Security Brian J. Moran

ABC Board of Directors

Chair	Maria J. K. Everett
Vice Chair	Beth G. Hungate-Noland
Board Member	Mark E. Rubin
Board Member	Gregory F. Holland
Board Member	William D. Euille

Executive Leadership

Chief Executive Officer	Travis G. Hill
Chief Administrative Officer	A. Jerome Fowlkes
Deputy Secretary to the Board	S. Christopher Curtis
Chief Retail Operating Officer	Mark Dunham*
Chief Bureau of Law Enforcement	Tom Kirby
Chief Government Affairs Officer and General Counsel	John Daniel
Chief Communications & Research Officer	W. Eddie Wirt
Chief Information Officer	Paul Williams

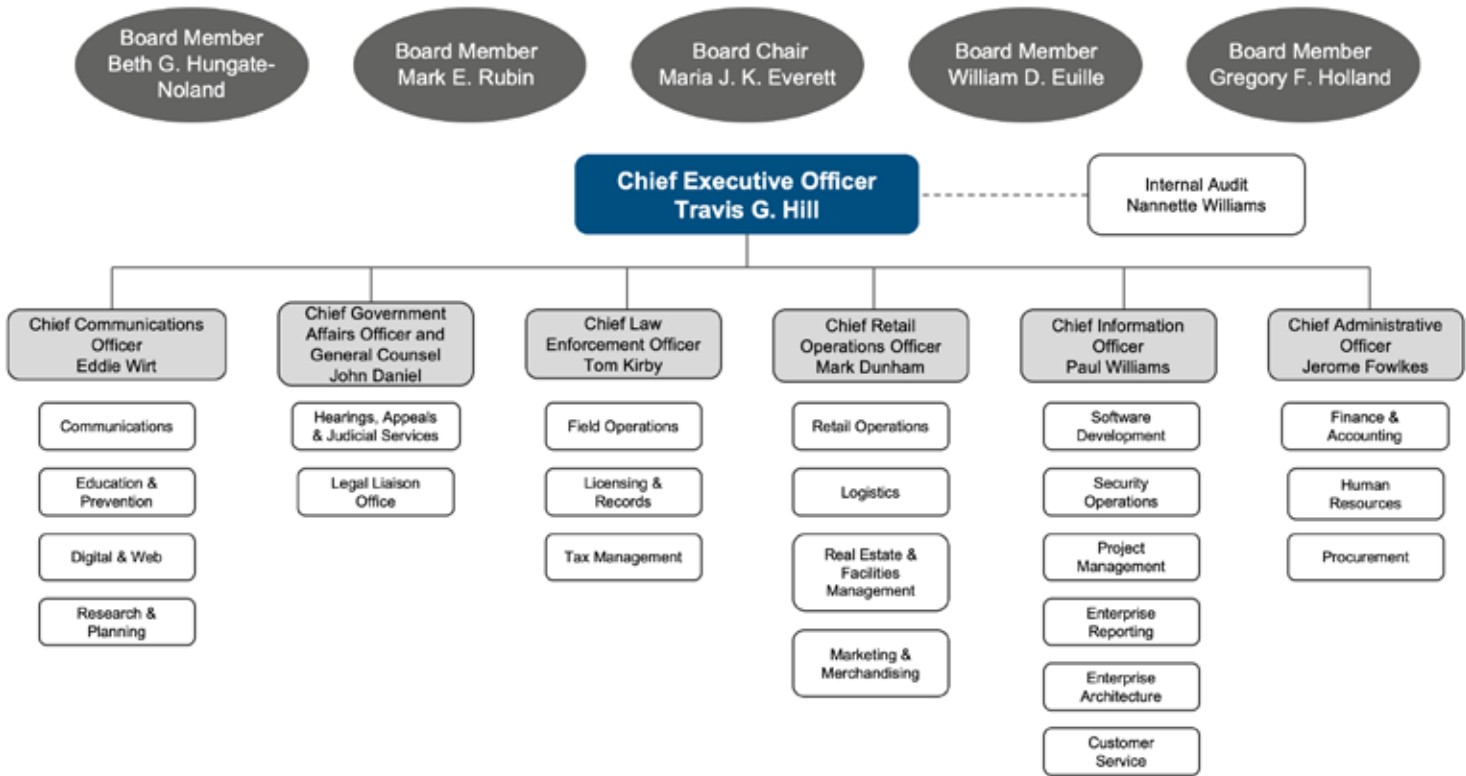
Division Directors

Communications	Nick Schimick
Financial Management Services	Douglas Robinson*
Hearings, Appeals and Judicial Services	John Patrick Griffin
Human Resources	John Singleton*
Internal Audit	Nannette Williams
Logistics	Vacant
Marketing	John Shiffer
Procurement and Support Services	Melissa Watts
Real Estate & Facilities Management	Susan W. Johnson
Retail Operations	Jennifer Burke

**All Board members, executive staff and division directors served throughout the fiscal year with exception of the following: Mark Dunham was promoted to Chief Retail Operating Officer in November 2020 after the resignation of Jeff Reeder; Douglas Robinson was hired as Financial Services Director in August 2020 after the resignation of Barry Wenzig; and John Singleton was promoted to Human Resources Director in November 2020 after the resignation of Robin Wynn.*

EXECUTIVE INFORMATION

Organizational Structure



LEGISLATIVE SYNOPSIS

New Alcohol-Related Laws—Effective July 1, 2021

Cocktails To Go Extension

House Bill (HB) 1879 and **Senate Bill (SB) 1299** (*Chapters 281 and 282 of the 2021 Acts of Assembly*) Both bills allow the continuation of a practice first conceived and initiated by ABC to allow restaurants to sell cocktails to go. During the height of the COVID-19 pandemic, when many restaurants were shuttered, ABC created a safe and secure way for restaurants to offer cocktails to go with a meal. The General Assembly has now continued this practice in statute for one year. ABC is currently conducting a study, as requested by the General Assembly, of cocktails to go as this relates to public safety concerns. More than 40 stakeholders are participating in the study.

ABC License Reform and Off-Premises Beer/Wine

HB1845 (*Chapter 82 of the 2021 Acts of Assembly*) This bill extends the effective date of Virginia ABC’s major license reform legislation to Jan. 1, 2022. Additionally, the bill allows on-premise wine and beer licensees to sell wine or beer for off-premise consumption and to allow those licensees to deliver wine and beer the licensee is authorized to sell without a delivery permit.

Virtual Fundraising Events (HB1973) (*Chapter 182 of the 2021 Acts of Assembly*) This bill allows a nonprofit corporation or association conducting virtual fundraising events to exercise the privilege of the license during the virtual fundraising event, including the sale and shipment of wine in closed containers.

Locality Notification for Pending ABC Licenses

HB2131 (*Chapter 186 of the 2021 Acts of Assembly*) This bill requires ABC to notify the local chief administrative officer of a pending ABC license in their locality. The bill also amends certain provisions as to what constitutes “blight” for purposes of local action relative to activities at ABC-licensed establishments.

Special Event Licenses

HB2266 and **SB1471** (*Chapters 390 and 391 of the 2021 Acts of Assembly*) Both bills authorize ABC, after the adoption of a local ordinance, to increase the frequency and duration of what are currently known as special event licenses. The new legislation renames this license a “designated outdoor refreshment area” license. The legislation will allow localities to work with ABC to create consumption areas in portions of the jurisdiction that are likely to be entertainment or walking districts. ABC licensees in the

continued on next page



Following the success of a “Follow the Bottle” video, Virginia ABC’s Communications Division sought to thoroughly document the construction of the new Hanover Headquarters and Distribution Center as the capstone to the “Hermitage to Hanover” campaign. Communications documented hours and hours of footage at the site, from the groundbreaking through the ribbon cutting of the new buildings. Interviews with key players, such as CEO Travis Hill, members of the LAMP team and Department of General Services Project Manager Chris Porras, were conducted prior to the building’s completion to complete telling the overall story of how the building went from a blueprint to state-of-the-art facilities.

**Virginia ABC
On The Move:
The Journey
From Hermitage
to Hanover**



VIEW MORE ON VIMEO

LEGISLATIVE SYNOPSIS, *continued*

designated districts will be able to sell alcohol to patrons who can consume the beverages outside the licensed establishment so long as they remain in the designated outdoor area, which could consist of several blocks.

Low Alcohol Beverages in ABC Retail Stores

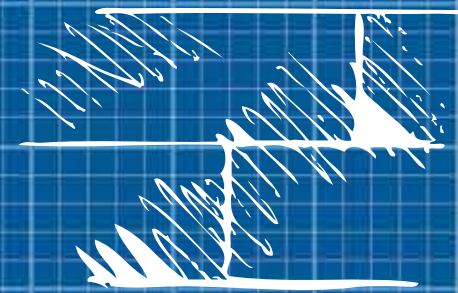
SB1428 (*Chapter 288 of the 2021 Acts of Assembly*) Beginning Jan. 1, 2022, ABC will cease to sell low alcohol beverages in its retail stores unless they were manufactured by a Virginia distiller. Low alcohol beverages are spirits-based drinks consisting of 7.5% or less alcohol by volume. ABC retail stores will market Virginia-based low alcohol beverages and those products over 7.5% alcohol by volume. Low alcohol beverages are statutorily treated as wine for all purposes and this change is consistent with the treatment of Virginia wines in ABC’s retail stores.

Enforcing Unlawful Games of Skill

HB2168 and **SB1465** (Chapters 546 and 329 of the 2021 Acts of Assembly) This bill makes it clear that a local county or city attorney, a Commonwealth’s attorney and the attorney general can enforce against unlawful games of skill. Beginning July 1, 2021, games of skill will be unlawful in Virginia.

Building For Tomorrow,

TODAY



The highlight of Virginia ABC's fiscal year 2021 was the construction and completion of its new 315,000-square-foot distribution center and 95,000-square-foot headquarters in western Hanover County.

The new Hanover facility, located on a 40-acre site, is a huge outward sign that ABC is investing its infrastructure. This reality was made possible by Authority legislation which passed in 2015 and enabled Virginia ABC to operate more like a true business.

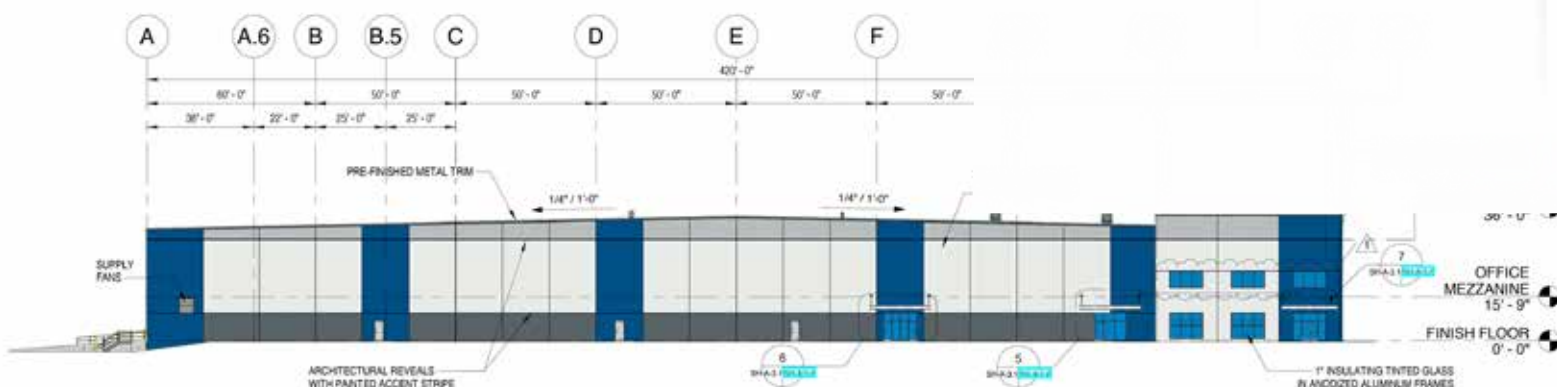
Its state-of-the-art distribution center is efficient with automated, web-based systems—one employee can operate a dispenser that ships the top 50 items. In addition, the facility has the flexibility to accommodate increasing e-commerce opportunities and plenty of space for expansion up to 399,000 square feet. A three-story office building provides workstations for existing and future employees.

A resurgence of COVID-19, which had dogged the Commonwealth and the rest of the country for the prior 15 months, ruled out a return to the workplace for many employees. Bureau of Law Enforcement personnel transitioned into their new first floor offices, but support personnel in other divisions continued to work remotely.

The decision to delay full occupation of the new facility, although disappointing, wasn't a surprise. Fiscal year 2021 was about more than just a building, the entire fiscal year focused on developing, creating, constructing and yes, building for tomorrow, today!

"You can dream, create, design and build the most wonderful place in the world. But it requires people to make the dream a reality."

— Walt Disney



Building New Technology

“Building is about getting around the obstacles that are presented to you.”

— Jeremy Renner

A not-so-visible initiative was information technology projects. During fiscal year 2021 Virginia ABC completed two Authority-wide transformations that impacted every employee and customer.

First, ABC transitioned from the Virginia Information Technologies Agency (VITA), another opportunity that followed its transition to an Authority. ABC migrated its server infrastructure from the Commonwealth’s data center to other data centers in October 2020. As a result of this move, Virginia ABC acquired dedicated servers, giving us more direct control of this part of our infrastructure. This direct control enabled ABC to support rapid change as demonstrated by a new point of sale (POS) system implementation completely outside the VITA-managed network.

Second, Virginia ABC’s IT team prepared all technologies for use at the new headquarters and distribution center. Virginia ABC launched its domain migration, which involved using ABC-owned software and hardware instead of VITA-owned property, in April 2020 during the “prepare and pack” process for 416 ABC office and warehouse users. By early May 2020, 39% (164 of 416 users) had completed the domain migration, and by mid-June the project was complete. Every computer user was issued an ABC-owned laptop and docking station. The effort involved more than 15 different work groups including 39 employees from divisions across the authority who collaborated on the domain migration.

BELOW: A welcoming lobby with bright, natural light greets anyone who visits the headquarters building in Hanover County. The new lobby allows for easy recognition of public spaces for licensee transactions and hearings and provides access to three floors of employee space. Behind the front desk is an information monitor which is linked to nine other monitors throughout the building and provides a first-contact point for important information or a welcome greeting for those visiting ABC Headquarters.





Other technologies were installed as well. An 8x8 phone system, which involved new physical desk phones as well as “soft phones” that utilize employee workstations or mobile phones as a telephone, was adopted. Similar to Microsoft Teams meetings, the 8x8 system is a virtual phone capable of placing calls to anyone at ABC (including retail stores) and answering calls on the workstation, physical desk phone or cell phone.

In September 2020, the Authority also invested in Everbridge, an emergency notification system that notifies employees during emergency situations and ensures they are updated with critical information in the event of a crisis.

These Herculean efforts positioned Virginia ABC to keep up with the pace expected of a modern retail organization.

ABOVE: Efficiency of operations is transparent for everyone in the distribution center. Large monitors placed strategically above each shipping lane alert shipping specialists to the status of 200-plus cases coming down the conveyor and notify them when cases for the next store come through the photo eye. A team of 10 shipping specialists and two supervisors can pack 25,000 cases in an eight-hour shift.

LEFT: Order Picker II Derrick Mitchell uses a wrist-mounted, web-based RF device with a ring scanner to pick cases. With this new technology, inventory is packed in real time, speeding up communication and eliminating the need to manually communicate when inventory is low in a pick slot.





RIGHT: Once vaccines became available, Virginia ABC took the initiative to set up COVID-19 vaccine clinics for the workforce in major hubs around the Commonwealth. This massive undertaking resulted in quick and efficient delivery of the COVID-19 vaccine to over 300 ABC employees, convenient to where they worked or lived. Employees were granted eight hours of leave to get the vaccine at ABC-sponsored events or other clinics.

Building A Healthy Workforce

As COVID-19 vaccines became available, Virginia ABC took an active stance in promoting and coordinating immunizations for its employees. The Authority hosted vaccination clinics in Alexandria, Charlottesville, Fredericksburg, Chesapeake, Richmond and Roanoke for employees and their immediate family members in April and May. More than 300 employees took advantage of these events. Employees were granted eight hours of leave to get their shots at ABC-sponsored clinics or at other facilities if given during the employee’s shift.

In May, the Authority relaxed its COVID restrictions, eliminating the requirement for fully vaccinated employees to wear a mask. In addition, Retail Operations dropped the no mask/no entry requirement for customers and returned to extended hours at all stores. A resurgence of the virus a month later caused Authority leaders to once again require employees to wear masks. Hand sanitizer stations and plexiglass shields remained in place for everyone’s safety.

“Be the one who nurtures and builds.”

— Marvin J. Ashton

DEPARTMENT HIGHLIGHTS

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Staffing remained a serious challenge during the fiscal year. ABC processed 3,188 Public Health Emergency Leave (PHEL) cases during the fiscal year, which provided two weeks of paid leave to any employee who needed to quarantine due to symptoms or exposure to COVID-19. Retail Operations leadership worked diligently to cover shifts and hired nearly 400 additional employees to ensure stores remained open.

Support staff in the new headquarters became adept at utilizing Teams meetings as the large majority continued to work remotely. The Authority's Education and Prevention staff pivoted for a second year to offer Youth Alcohol and Drug Prevention Program (YADAPP) and Being Outstanding Leaders Together Against Drugs and Alcohol (BOLT) programs virtually. Participants registered and logged in from their personal devices for these learning opportunities.

BELOW: Virginia ABC interacts with the public daily, and the new Hanover headquarters lobby was designed with visitors in mind. Comfortable seating and an accessible service window allows the Authority's Licensing and Records Management staff to assist an average of 20 walk-in customers every day. Records Technician Lucas Higgins answers questions for a customer about a banquet license application. The staff processes nearly 30 banquet (or one-day) license applications every week.



Bureau of Law Enforcement

Charged with enforcing the laws and regulations governing the manufacture, distribution, sale and consumption of alcoholic beverages and tobacco, the Bureau of Law Enforcement utilized innovative education and community/business partnerships to fulfill its mission. Both sworn and civilian personnel located in the ABC's Headquarters and in nine regional enforcement offices actively engaged with local law enforcement partners, community coalitions and businesses to help make Virginia safe.

The Bureau also managed the Authority's License Records Management section (LRM) that oversaw all ABC licenses from application to renewal, as well as all disciplinary hearings, processes and outcomes.

Communications Division

The team made significant contributions throughout the fiscal year to ABC's mission and vision while supporting the daily business functions of the Authority. Communications provided writing, editing, media relations, photography, videography, graphic design, images and event planning services to numerous internal clients. Utilizing tools such as news releases, e-newsletters, printed collateral, social media, website content, Share-Point (Mixer) postings and more, the division remained committed to providing accurate and timely communications to the Authority's employees, its customers, the media and other stakeholders. The communications team served as an advisor to leadership in maintaining the authority's image and reputation by developing talking points for internal and external use on a variety of timely and sensitive issues.

Building A Bigger Retail Presence

“If you do build a great experience, customers tell each other about that. Word of mouth is very powerful.”

— Jeff Bezos

Despite the obstacles presented by the pandemic, ABC expanded its retail presence throughout the state. Six new stores opened in Haymarket, Virginia Beach, Chesterfield County, Prince William, Pentagon City and Warrenton. ABC oversaw four store remodels and 10 store relocations to growing market areas, enhancing customer service and accessibility.

While the pandemic may have slowed the development of new stores, it fast-tracked the authority’s roll out of its home shipping service. Customers in select areas of Richmond, Northern Virginia and Hampton Roads residing within a specified 15 to 25-mile radius of five select stores were able to get spirits shipped directly to their home beginning in November 2020 as part of a pilot initiative. The service then expanded to 12 additional stores and a 50-mile radius to cover a large portion of the Commonwealth’s population. The popularity of curbside pickup and home delivery led to a 60.2% increase in e-commerce revenue from fiscal year 2020 to fiscal year 2021. The Authority’s investment in opening new delivery channels complemented its desire to keep customers and employees safe during the pandemic.

Spirited Thursday promotions, which discounted premium brands in a single category, continued with impressive results. July 2020’s event featured gin and brought in-store sales of 2,959 bottles for a 478.8% increase in dollars over the previous year’s sales. September 2021’s bourbon Spirited Thursday saw an increase of 16,250 bottles for a 2,180% (yes, four digits!) increase in dollars. March 2020’s Irish whiskey event results came in with in-store sales of 3,338 bottles for a 102% increase in dollars. The June 2021 Scotch whisky event resulted in store sales of 3,575 bottles for a 1,145% increase in dollars. Online sales for each event saw similar incremental increases.

After a year-long hiatus due to COVID-19, ABC resumed its allocated product lottery offerings. In March and April 2021, 2,200 bottles of various bourbon products were offered with three of the rarest bottles of Pappy Van Winkle Family Reserve 23 Year selling for \$299.99 each and more than 450 bottles of Old Rip Van Winkle 10 Year selling for \$69.99 each.



Communications Division, *continued*

Communications wrote and distributed news releases, responded to media inquiries and provided talking points for numerous interviews. The division also drafted speeches for board appearances, planned and executed store grand openings and other special events and wrote, edited and designed collateral pieces including posters, brochures, booklets and direct mail pieces. Communications supported “Mixer” (the internal SharePoint intranet platform) and managed the Authority’s social media presence by posting regularly on Facebook, Twitter and Instagram. The division also produced the Authority’s annual report, Spirited Virginia magazine and Licensee e-newsletter and maintained Mixer’s news page, ABC Now, by updating the site daily with new content.

Digital and Web Unit

The Digital and Web Unit continued work in content, e-commerce and digital development. The scope of e-commerce work expanded beyond a single event, encompassing usability, content and personalization, web system software and infrastructure, internal communication and omni-channel capabilities. Through all this, the unit continued in a key internal partnership with IT’s Digital Development Group, conducting regular monthly releases of enhancements to the website and ecommerce. The digital group continued to examine and improve the online ordering experience, based on feedback and new testing. Notably, staff improved the integration of store and warehouse ordering and created alternate pickup capabilities and better email messaging.



LEFT: The new retail resource room, located on the third floor of headquarters, serves as a meeting room for ABC's quarterly product listings process. In addition, the modular design of the multipurpose room proves useful when Multimedia Specialist Adolphus Maples sets the stage for photos and videos that showcase new products headed for Virginia ACB store shelves.

BELOW: Virginia ABC's bottle lotteries remained popular with customers. More than 300,000 people, a 54% increase from the previous year's event, entered the six 2021 online lottery for the chance to purchase six Van Winkle products. Each online lottery entry form was available for five days. A separate lottery was held for licensee mixed-beverage businesses.



Education and Prevention Section

Embracing its mission to prevent underage and high-risk drinking, the Education and Prevention Section (EPS) built the capacity of Virginia's communities to educate individuals and prevent substance misuse. EPS continued to offer an extensive library of resources and programming for audiences of all ages including, the distribution of trainings, curriculum and grants to assist community partners in developing and implementing their own alcohol education and prevention initiatives. EPS utilized the most current data and best practices to ensure alcohol safety and responsibility practices remained in place and to provide quality and effective programming across the Commonwealth.

Financial Management Services

The Financial Management Services (FMS) Division is comprised of multiple departments: The Accounting Department ensured the Authority's financial records were maintained in accordance to Generally Accepted Accounting Principles (GAAP) and performed reconciliations of the Authority's general ledger accounts. The Accounts Payable Department processed payments to the Authority's vendors. The Payroll Department processed salary and wage paychecks for Authority employees and ensured all deductions, adjustments, and employee leave balances were properly accounted.

The Sales Audit Department balanced daily retail store cash and credit card receipts, reconciled licensee payments, and monitored online and retail store credit card activity to prevent fraudulent transactions.

Other product promotions were halted during the pandemic. ABC’s marketing team opted to forego Spooky Spirits and Black Friday campaigns. In addition, Cyber Mom and Cyber Dad days were cancelled for a second consecutive year. Instead, ABC launched “A New Twist on Toasting” holiday campaign on radio, television and social media that invited customers to visit ABC’s website to discover cocktail recipes for hosting virtual parties and for online ordering. Despite the absence of discounted product promotions, store and online sales continued to beat previous years’ records. Total sales for the 2020 holiday shopping period increased by 9% from the previous years and online sales for the same period increased by 108%.



**Virginia ABC
2020 Holiday
Commercial:
A New Twist
on Toasting!**



VIEW MORE ON VIMEO

Financial Management Services, *continued*

The Financial Reporting Department prepared the Authority’s annual financial statements, developed the Authority’s annual budget, and provided ad-hoc financial reporting and analysis as needed.

The Processes and Controls Department ensured the Authority’s compliance with the Commonwealth’s Agency Risk Management and Internal Control Standards (ARMICS), the Commonwealth’s Accounting Policies and Procedures (CAPP) manual and the Authority’s financial policies.

Hearings, Appeals and Judicial Services

The Hearings, Appeals and Judicial Services Division (HAJS) provided fair, unbiased hearings and alternate dispute resolution options for ABC stakeholders, applicants, licensees and permit holders (both within and beyond the Commonwealth’s borders) and other interested parties. HAJS offers four types of hearings: application hearings to resolve contested requests for ABC licenses; disciplinary hearings to determine if an ABC law or regulation has been violated; summary suspension hearings to consider what, if any, measures are needed to protect the public safety; and franchise hearings to resolve disputes arising under distribution agreements between wine or beer manufacturers and their wholesalers. When parties agreed in writing, HAJS mediation services were available to attempt to resolve franchise

In July 2020, Virginia ABC launched its signature cocktail program, a video series produced in-house, featuring local bartenders. Each one-minute video highlights a new signature cocktail recipe and outlines the different steps in the mixology process. The videos were posted on ABC’s website, featured on social media and promoted in its Spirited Virginia magazine with a QR code linking readers to the videos. Signature cocktails were also woven into seasonal campaigns. The popular videos were also shown on large internal monitors located throughout ABC’s new headquarters.



Virginia ABC Signature Cocktails

- *Sunny Disposition*
- *Say Uncle*
- *You’re On Mute*
- *The Camellia Line*



VIEW MORE ON VIMEO

Hearings, Appeals and Judicial Services, *continued*
 matters and many application and disciplinary matters. Fiscal year 2021 saw an expansion of disciplinary matters with the inclusion of alleged improprieties in the operation of skill game activities.

Human Resources Division

The Human Resources Division supported Virginia ABC’s business objectives by providing services in the area of recruitment and selection, employee relations, employee engagement, compensation, benefits, policy development, learning and development human resources information systems.

The Employee Experience Team was tasked with improving employee engagement in the workplace with the goal of empowering, motivating and engaging the ABC workforce and ensuring their initiatives aligned with business goals and objectives. The team modified the new hire onboarding process to a virtual platform during the COVID-19 pandemic. The team also continued to address employee recognition, employee retention, diversity and inclusion, employee retention and employee appreciation.

The Learning and Development Team contributed to the overall success of the division by ensuring Authority employees learned new skills for increased productivity. Course options included state-mandated courses, supervisor training, law enforcement training and instructor-led courses.

Building A Winning Reputation

Virginia ABC's Bureau of Law Enforcement was named the Alcohol Law Enforcement Agency of the Year by the National Liquor Law Enforcement Association (NLLEA) in November 2020. A non-profit association of law enforcement personnel in the U.S. and Canada, the NLLEA is dedicated to the enforcement of liquor laws and regulations. This recognition marked the third time Virginia ABC received the award. The Bureau previously won this award in 2017 and 2002.

The Bureau also earned recertification of its Training Academy from the Virginia Department of Criminal Justice Services (DCJS). The recertification, obtained in March 2021, reaffirmed the academy's status as an authorized in-service academy. Recertification is required every four years and involves a thorough examination of the academy's administration, personnel, instruction and facility standards and policies, to ensure compliance with DCJS standards. ABC's training academy was last certified in April 2018.

The Authority was honored with two StateWays Best Practices Awards for excellence in retail and in logistics. These awards were impressive on their own, but even more so as StateWays does not usually recognize the same organization in multiple categories. ABC was honored for Best Retail Innovation for a campaign honoring September as Virginia



ABOVE: StateWays Magazine honored Virginia ABC with two awards in fiscal year 2021, a rare feat as the StateWays rarely recognizes the same organization in multiple categories. ABC was honored with Best Retail Innovation for September Spirits Month and Best Distribution Innovation for the Supplier and Carrier Scorecard.

RIGHT: Chief Tom Kirby; Manager of Tax, Records and Compliance Chris Linton; Senior Special Agent David Huff; Special Agent in Charge Mike McKee and Deputy Chief Donnie Brown are pictured with the 2020 Alcohol Law Enforcement Agency of the Year Award. The award is presented by the National Liquor Law Enforcement Association (NLLEA) and honors an agency that demonstrates effectiveness through the implementation of innovative programs, community and media recognition and model training programs, practices and strategies. It was the third time the Bureau was honored as NLLEA Agency of the Year.



Information Technology Division

The Information Technology (IT) Services Division continued its support of the Authority's mission with delivery of IT user and technical services, including driving modernization through project execution.

The division moved forward with several major projects coming online in 2021. IT built out a new ABC-owned network to all stores, installed a brand-new POS system and stood up an IT infrastructure for the new headquarters and distribution center. The division closed out the Authority's systems (including phones) with VITA and continued working to complete the VITA/COV migration in the following fiscal year.

COVID necessitated additional unplanned projects, such as building curbside and other delivery options for customers. These initiatives moved ABC closer to being a true omnichannel retailer and directly expanded the Authority's capabilities for touchless sales.

Major projects still on deck for the next few years include ABC's new licensing system (VAL) that goes live from our private cloud in spring 2022 and will likely be migrated to a SAAS environment in fiscal year 2023, as well as preparing for our Human Capital Systems replacement and website redesign programs which launch in early 2022.



Spirits Month and Best Distribution Innovation (including warehouses) for the Supplier and Carrier Scorecard Initiatives. These awards are presented annually by StateWays magazine to recognize control state agencies that are leading innovation in the industry.

ABC was awarded the 2021 Innovator of the Year Award by Barcoding Inc., a significant honor in the supply chain industry, for its dedication to its customers and continuing to increase daily inventory and sales efforts, despite a global pandemic. Barcoding Inc. is a leading supply chain automation and innovation company that assists organizations in increasing revenue, efficiency and creating better customer experiences. ABC was recognized for its new POS system, PICKIT application, at-home shipping and curbside pickup initiatives, and its use of the Zebra handheld scanner, all of which enable the Authority to better serve customers and to continue to be a top-tier, modern retailer.

The Communications Division was recognized by the Richmond Chapter of the Public Relations Society of America (PRSA) with eight awards for its efforts in the field of public relations and communications. The Spirited Virginia magazine earned a Capital Award of Excellence, the publication's third consecutive year of recognition in this competition. In addition, Capital Awards of Merit were earned for the following projects: September as Virginia Spirits Month social media campaign, "A Drink To Call your Own" magazine feature story, holiday retail training videos, organic social media efforts surrounding the "Come Work With Us" recruitment video, the Cyber Monday marketing campaign, Cyber Mom and Dad Day promotions and ABC's "A Billion Reasons To Celebrate" campaign.

ABOVE: The first-floor elevator lobby in the new headquarters building showcases the recent covers of the award-winning Spirited Virginia magazine. The quarterly publication was once again recognized by PRSA Richmond with a Capital Award of Excellence, one of eight awards that Virginia ABC was honored with at the 2020 PR Awards ceremony. The monitors are a convenient way to showcase news, updates and important communications to employees throughout the headquarters and distribution center. *Photo by Steven Inge Media; courtesy of ENV Design*

**Virginia ABC Magazine:
Spirited Virginia**



VIEW MAGAZINE ISSUES

Internal Audit Division

The Internal Audit Division, responsible for both the internal audit and the information security functions at Virginia ABC, focused on identifying Authority risks to ensure that an adequate system of internal controls remained in place to mitigate identified risks and maintain compliance with applicable standards, policies and procedures.

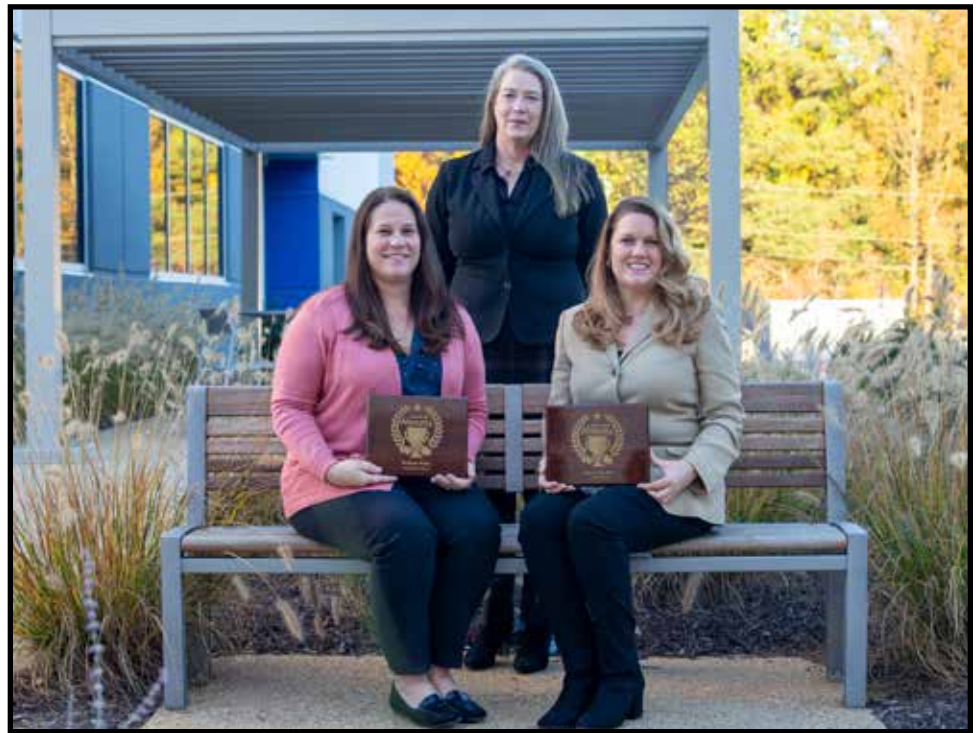
Internal audit administered the store audit program, completing store reviews and distillery store reviews. Staff completed both external and internal fraud and abuse complaints and investigations. Internal Audit also oversaw efforts for compliance with Virginia Information Technologies Agency (VITA) SEC 502 information security audits.

Information security ensured appropriate security controls and risk transfer options designed to protect the Authority's investments were in place and monitored as well as provided expertise to implement the Information Technology security program.

Logistics Division

The Logistics Division continued to operate the Hermitage Road warehouse while preparing to move to the new Freight Way distribution center located in Hanover. In preparation for the move, employees were trained on new equipment to support inbound receiving and products in inventory in April 2021. Outbound distribution of product to Virginia ABC retail stores was scheduled for July 2021.

RIGHT: Director of Procurement Melissa Watts, Records Technician Linda Mahowald and Public Relations Manager Dawn Eischen took away the top honors during the inaugural ABC Honors.



Acknowledging its most valuable resource, the Authority launched an employee recognition program called ABC Honors in 2020. Created to recognize the best of the best, the 30-minute virtual program drew more than 250 nominations from across the Authority for 11 categories spanning organizational values, diversity and inclusion, innovation, impact and teamwork. Dawn Eischen in Communications received the Chair award, the Authority’s top award. Linda Mahowald in Enforcement was recognized with the Distinguished Service award, and Melissa Watts, Director of Procurement, received the Leadership award. More than \$15,000 in cash awards were presented to those recognized.

“Build what you believe in.”

— Adrienne Posey

In addition, Virginia ABC recognized more than 250 employees in late April 2021 via a virtual Employee Service Awards program. The 30-minute video presentation recognized service anniversaries in five-year increments beginning at five years and continuing through 40 years. Five employees were recognized for 40 years of service including Maria Jeter (Marketing), Joy Pabst (Bureau of Law Enforcement) and Leah Royall (Bureau of Law Enforcement). After each program premiered, videos of both ceremonies were posted on the Authority’s Vimeo site for later viewing.

Logistics Division, continued

Holiday season 2020 shipping volumes were slightly down compared to 2019 due to supply chain issues leading to unprecedented wholesale out of stocks. Out of stocks were due to issues related to the lack of availability of glass for bottling, product caps, plant shut downs and driver shortages. The warehouse had four peak days above 29,000 cases compared to 2019 with four peak days above 30,000. The high-water mark of this run was 34,000 cases vs. 35,000 in 2019.

Marketing Division

The efforts of the Marketing Division continued to yield positive results for the Authority. The division developed and implemented consumer engagement and retail merchandising strategies and plans that grew Virginia

ABC sales and profits. The division continued to leverage traditional media, social media, email, promotional programs and other vehicles to connect with, inform and educate customers about Virginia ABC products and services. Marketing led quarterly product listings and de-listings as well as ABC’s popular online lotteries, providing our customers with an exceptional product selection across categories, brands, bottle sizes and price points.

Procurement and Support Services Division

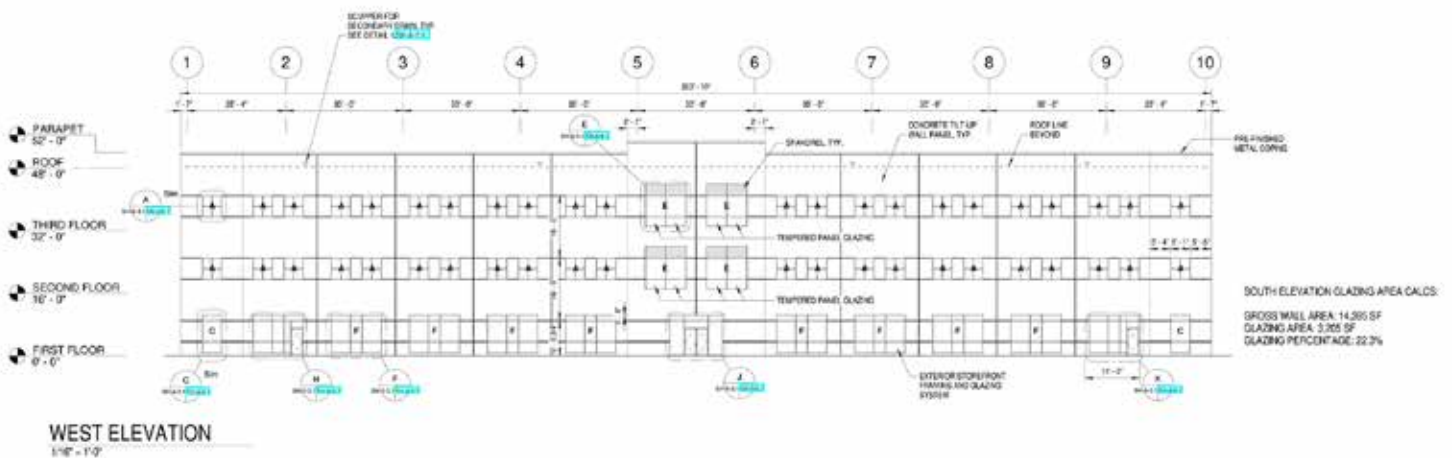
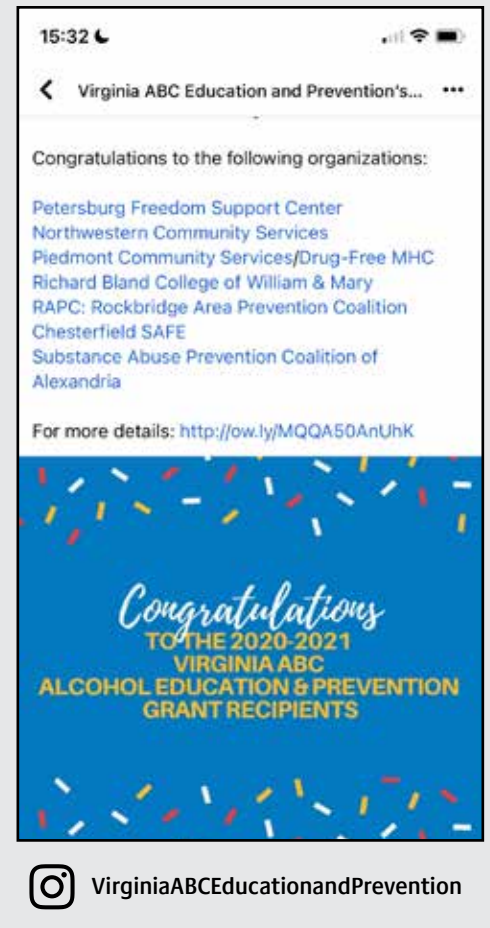
This division managed Authority funds distribution for the purpose of obtaining quality goods and services. The division assisted internal customers in achieving goals and maximizing value for the taxpayer’s dollar while improving response time when and where applicable and ensuring compliance with state and federal laws. ABC contracted and procured goods and services including eVA direct orders and small purchase charge card transactions.

Giving back during the pandemic was important. Virginia ABC continued its tradition of awarding education and prevention grants to community organizations. Seven groups across the state were awarded a total of \$62,000 to help reduce underage and high-risk drinking in their communities. These organizations proposed creative and robust plans ranging from compliance check campaigns to alcohol prevention programming for college students and contests to solicit public service announcements designed by Virginia youth. Grantees worked in partnership with Virginia ABC’s Education and Prevention staff to implement their plans.

The following organizations were awarded funds during the 2020-2021 grant cycle:

- Northwestern Community Services Board (\$10,000)
- Piedmont Community Services (\$6,000)
- Richard Bland College (\$9,000)
- Freedom Support Services (\$7,000)
- Rockbridge Area Community Services (\$10,000)
- Substance Abuse Free Environment, Inc. (\$10,000)
- Substance Abuse Prevention Coalition of Alexandria (\$10,000)

The Education and Prevention section also provided mini grants of \$250 to five organizations and bestowed its annual \$500 Wheeler Award to Communities Helping Improve Local Lives (CHILL) of Martinsville/Henry County.



Real Estate and Facilities Management Division

The Real Estate and Facilities Management Division responsibly managed ABC’s central office, warehouse, and 394 retail stores. The Division focused on three major areas of responsibility: initial site selection, negotiation, leasing and lease administration; facility management and maintenance of the central office, retail stores and regional offices; and construction/ fixture installation for new stores, relocations and modernizations. Division staff worked with Virginia’s commercial retail brokerage community and landlords (as well as Retail Operations, Logistics, Marketing, Finance, and Research & Planning) to discuss new store, relocation, and renewal lease activity in an effort to make sound recommendations to Virginia ABC’s Board of Directors.

Research & Planning Unit

The Research & Planning unit supports all levels of Authority leadership for strategic and tactical decision making by providing data driven guidance, high-level analytical perspectives, financial analysis tools, and other value add activities. In addition to supporting internal leadership, Research & Planning provides a number of services to external stakeholders in support of Authority objectives.

The unit produced monthly and ad hoc reports on sales, product and store performance; assessed performance of holiday sales campaigns, online sales promotions, and pop up stores; and evaluated store locations for either new store placement or lease renewal. Research & Planning

Building A Community

In response to the May 2020 death of George Floyd and subsequent social unrest throughout the Commonwealth and the country, ABC attempted to engage with our teammates to hear their thoughts on the issues. Virginia ABC's CEO addressed diversity, equity and inclusion (DEI) in numerous communications to teammates. The Communications Division debuted the first in a DEI video series that highlighted various members of executive leadership as they shared their thoughts on diversity, equity and inclusion. The videos were shared on Mixer's ABC Now platform (the Authority's daily digital newsletter) and housed on the Authority's Vimeo site.

Virginia ABC formalized its DEI efforts by hiring Avent Diversity Consulting to guide the organization in creating a more inclusive infrastructure and environment. The consultant led workshops for executive leadership and division directors followed by a two-hour virtual DEI forum on March 9, 2021, for all ABC employees.



Virginia ABC DEI Video Series

VIEW MORE ON VIMEO



Jerome Fowlkes
Chief Administrative Officer

Research & Planning Unit, *continued*

continued to manage and coordinate the analysis, development and maintenance of ABC's strategic plan. The unit also supports Authority infrastructure by managing functions such as Freedom of Information Act (FOIA) requests, policy management, and records retention and management.

Retail Operations Division

The Retail Operations Division was responsible for the operation of 394 stores across the Commonwealth. A team of 25 regional managers and two zone managers guided the operations of a classified and part-time work force of 4,000 plus employees and the management of retail stores.

Open 362 days of the year, these stores served more than a million customers and generated more than \$1.322 billion in sales during the fiscal year. Operational support and guidance for the stores was provided by a staff of nine employees in the central office.



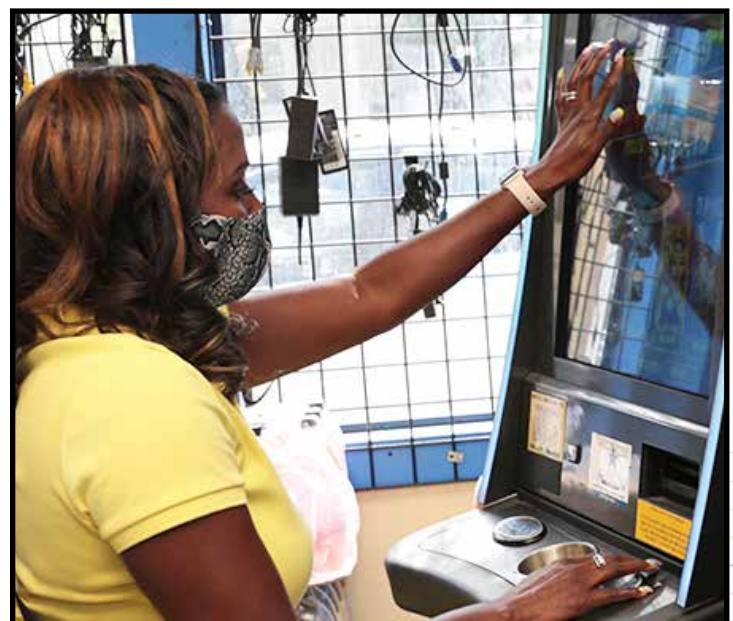
Employee engagement remained a high priority during the pandemic. On January 29 the Authority debuted its first virtual town hall: *Let's Engage*. This town hall served as a forum for CEO Travis Hill and members of the executive leadership team to provide updates on projects, initiatives and the mindset that will guide the Authority in 2021 and in the future. Director of Human Resources John Singleton served as emcee for the event.

As leadership provided updates about topics such as the new headquarters and distribution center, POS installation, social justice and diversity efforts, ABC's response to COVID-19 and upcoming legislation in the General Assembly impacting the Authority and licensees, employees had the opportunity to ask questions.

The pandemic created an opportunity for Virginia ABC to become truly responsive to the licensee community of 19,000 businesses and the citizens of Virginia during the hardships and unknowns of the COVID-19 pandemic. ABC's Bureau of Law Enforcement worked diligently to create new pathways for Virginia establishments to do business and maintain streams of revenue during a time of limited operations. The privileges brought about flexibility, while maintaining accountability for licensees and continuing critical public safety efforts. ABC supported all sizes and types of licensed establishments throughout the Commonwealth with critical guidance during the ever challenging and changing nature of this crisis. The Bureau partnered with local and state officials, including the Virginia Department of Health in conducting safety inspections of licensed businesses throughout the state.

The Bureau also made an impact in another area. Having received the regulatory authority for games of skill, in less than three months the Bureau of Law Enforcement developed a program in 2020 to register, inspect and track the machines. The Bureau continued to carry out those responsibilities until the lawful operation of skill games ended on July 1, 2021.

ABOVE: The hearings room in the new headquarters is a modular, flexible space designed for both conducting hearings and hosting business gatherings. Unlike the former hearings room in ABC's Hermitage Road building, this new room has movable chairs and tables that can be reconfigured to accommodate a multitude of uses. Located on the main lobby, this first-floor room is also available as a meeting space for community organizations. The western-facing room features large windows that flood the space with natural light. Rooms with this type of flexibility were key throughout the design and construction of the new headquarters building. *Photo by Steven Inge Media; courtesy of ENV Design*



RIGHT: The Bureau of Law Enforcement processed registrations and issued permits for more than 10,000 electronic skill games in ABC-licensed retail establishments and truck stops across the Commonwealth and throughout the fiscal year.



ABOVE: The cocktails-to-go initiative helped many mixed beverage licensees navigate the consequences of lost revenue experienced during COVID. ABC provides guidelines outlining the requirements that cocktails must be sold in sealed containers not larger than 16 ounces. Restaurants may sell a maximum of four cocktails (and distilleries two cocktails) per vehicle or delivery address.

Virginia ABC took significant steps to remain connected to its licensee community. The Education and Prevention section paid close attention to data trends to inform its programs and implement them where needed most. During the fiscal year, this meant adapting existing resources to the virtual/socially distanced environment.

Resources were developed to assist ABC's licensee community in navigating legislative changes related to cocktails-to-go and training. These online resources helped licensed establishments understand their responsibility in helping prevent high-risk drinking. To curb social providing, where adults 21 and over purchase for or share alcohol with minors, ABC's Project Sticker Shock program was transformed into a digital campaign. Partners were encouraged to approach local restaurants to include the messaging with to-go food deliveries. Additionally, the Project Sticker Shock campaign was used internally on the packaging of direct-to-consumer deliveries.

ABC continued to reach Virginia youth virtually, understanding the importance of sharing lessons of healthy decision making and youth leadership. The Miss Virginia School Tour was offered virtually to Virginia elementary schools and YADAPP for Virginia high schoolers took place virtually during Fall 2020 with planning for a similar virtual conference in fiscal year 2022.

Virginia ABC Education and Prevention shared messaging about coping with stress and the importance of remaining mindful of drinking habits via social media and other communication partnerships. Governor Ralph Northam proclaimed April as Alcohol Awareness Month to help spread this message as well.

Building a Facility

The fiscal year was dominated by construction. As work steadily continued at the Hanover site, stores and regional enforcement offices (closed earlier because of the pandemic) slowly reopened. The Bureau of Law Enforcement’s Hampton and Alexandria regional offices, which had been closed to the public in spring 2020, reopened in July 2020.

In anticipation of a move-in date, a multi-division “Move” team conceived and executed an efficient plan to migrate employees and files from the former central office and home offices to ABC’s new Hanover site. “Hermitage to Hanover” became the mantra. Prior to the June completion, ABC embraced a “prepare and pack” plan that included specific guidelines for properly disposing of documents and packing of office essentials. A new records management policy addressed not only the destruction of records, but also the creation, organization, filing, storage and security of records, both hard copy and electronic.

Regular communications, which included email messages to central office personnel and story, photo and video updates on Mixer’s ABC Now kept employees informed on the construction progress, document destruction and retention progress and the relocation timeline.

Employees were invited to participate in a poll to select names for the 40 modern conference rooms in the new headquarters. Large conference rooms were named after iconic Virginia symbols and waterways (Cardinal, Dogwood, James, Old Dominion), medium conference rooms were named after spirit categories (Bourbon, Brandy, Tequila, Vodka, etc.) and small conference rooms were named after Virginia cities and counties.



ABOVE: An employee task force led by the Communications division spearheaded an art initiative to conceive and produce custom art for the ABC’s new headquarters and distribution center. Working with ENV Design, the task force produced oversized displays of the authority’s four values that are prominently displayed in the distribution center and in each of six copier stations in headquarters.

LEFT: The Signature Room, so named for ABC’s Signature Cocktail initiative, is situated on the third floor adjacent to a spacious, western-facing Board Room. More than 40 additional conference rooms, all with natural light and many with monitors that facilitate virtual Teams meeting, are located throughout headquarters. The abundance of meetings rooms is a welcome amenity as these were limited in number (and nearly impossible to schedule on short notice) at the former central office building on Hermitage Road.



ABOVE: Chief Retail Operations Officer Mark Dunham, Board Chair Maria Everett, Project Manager Chris Porras and CEO Travis Hill tour the 315,000-square-foot distribution center. Hard hats and closed toes shoes were a requirement during the construction phase. Photo by Doug Buerlein Photography, courtesy of StateWays Magazine

With construction complete, new furnishings assembled and IT equipment in place, the Authority moved forward with a robust return to office plan that involved staggered move days in April with blue- and red-zoned traffic patterns to keep employees safely distanced while in the Hermitage Road office.

At the Hanover headquarters, welcome kits were placed on every employee's desk. A resurgence of the virus precluded the execution of a thoughtfully planned return to the workplace for all employees in June. Most of headquarters' staff continued to work remotely.

Some employees did move into their new Hanover workspaces, including many in the Licensing Division who had continued to serve customers from the Hermitage Road central office during the pandemic as well as the warehouse team and Bureau of Law Enforcement agents and staff.

The new distribution center accepted delivery of its first truck shipment in mid-April 2021 and ran a dual operation for the remaining two months of the fiscal year from the Hermitage Road warehouse and the Hanover facility. The Bureau of Law Enforcement's Region 5 (Fredericksburg) and Region 6 (Richmond) offices officially relocated to the Hanover headquarters as well, occupying the east side of the building's first floor.

"This effort was inspired by the imagination and dedication of Virginia ABC employees."

— Travis Hill, Chief Executive Officer



“You can’t help but get excited about this stuff...we are going to fulfill the needs of our customers, we are going to be better at what we do, and make the lives of our employees better.”

— Mark Dunham, Chief Retail Officer



ABOVE TOP: An employee uses one of several specialized clamp trucks to load fast-moving product onto a dispenser in the distribution center. The dispenser mechanically picks the top 50 fastest moving items with minimal human intervention.

ABOVE BOTTOM: Applause, laughter and smiles abound as Governor Ralph Northam cuts the ribbon signifying the opening of ABC’s new headquarters and distribution center. The ceremony included remarks from the governor, Secretary Brian Moran and CEO Travis Hill, who recognized the many individuals who helped turn the dream of a new Hanover facility into a reality.

Nearly 16 months after breaking ground on a 40-acre site, Virginia ABC cut the ribbon for its state-of-the art facility on June 21, 2021. Governor Ralph Northam, Secretary of Public Safety and Homeland Security Brian Moran, Virginia ABC CEO Travis Hill and Virginia ABC Board Chair Maria Everett were on hand for the public festivities along with representatives and dignitaries from the Office of the Attorney General, the Department of General Services, Governor Northam’s cabinet, H&M Construction, Hanover County, the alcoholic beverage industry and former ABC Board members.

An employee family day was held later that month, providing employees and their families with an opportunity to gather outdoors on the new property to enjoy music, food, door prizes, tours of the new facility and plenty of hand sanitizer.

As the fiscal year drew to a close, Virginia ABC employees were able to reflect on the past and move on with a positive attitude and an enthusiastic eye on the future.

BUREAU OF LAW ENFORCEMENT

Sworn Enforcement Personnel Demographics	
• White / Caucasian (%)	69.3
• Black / African American (%)	17.1
• Hispanic (%)	6.8
• Asian / Pacific Islander (%)	5.7
• American Indian / Alaskan Native (%)	1.1
• Total filled sworn positions	88
• Non-minority (%)	69.3
• Minority (%)	30.7
Professional Standards Summary	
Internal affairs investigations conducted	7
• Citizen complaints	5
• Authority initiated	2
Findings	
• Justified	0
• No further action, citizen request	0
• Not substantiated	0
• Substantiated	3
• Unfounded	2
• Pending	2
Total training hours for sworn officers	2,903
Law Enforcement Activity	
• Criminal incidents	2,050
• Arrests	7
• Illegal still investigations	6
• Inspections of licensed establishments	17,764
• Observations of licensed establishments	174
• Underage Buyer (UAB) compliance checks (1)	0
• Written warning reports	2,972
• Written violation reports	257
Tobacco Compliance	
• Synar compliance rate (%) (1)	N/A
• Total tobacco checks by ABC agents (1)	0
Licensing and Licenses	
Retail Licenses Granted (2)	20,148
• Industry (%)	23
• On-premise (%)	31
• Off-premise (%)	29
• On- & Off-premise (%)	17
New retail, wholesale and special-permit licenses	1,937
Licensed retail establishments	19,192
Private or corporate owners	14,809
One-day banquet and special-event licenses	9,832
Alcohol compliance rates for retail licensees (%) (1)	N/A
Median processing time for new retail applications (in days) (3)	71
Wine, beer and mixed-beverage application and state license fees collected (\$)	14,966,764
New applications processed	1,659
Walk-in customers	1,422

Renewals processed	17,709
Underage Buyer forms entered (1)	0
MBAR processed	3,045
FOIAs processed	140
Transactions totaling (\$)	28,675,467

(1) No compliance checks were done due to COVID and the possible danger of exposing UABs to the disease.

(2) Inclusive of licenses for sale and consumption of beer and wine, mixed beverages, on- or off-premises.

(3) FY 20: 75 days. ABC targets a 60-day median.

COMMUNICATIONS DIVISION

Public Relations	
• News Releases	31
• Media Inquiries	239
• Intranet (Mixer) "ABC Now" articles	246
• Requests for writing/editing	173
Licensee e-Newsletter Statistics	
• New/Total Subscribers	702/3,595
• Avg. Open Rate (industry standard 25.9%)	40.2%
• Avg. Click Rate (industry standard 2.8%)	13.6%
Virginia ABC Twitter Account	
• New/Total Twitter followers	653/11,338
• Tweet impressions	968,300
• Retweets	357
• Likes	1,099
Virginia ABC Facebook Account	
• New/Total Facebook followers	2,966/14,073
• New Facebook likes	2,224
Spirited Virginia Facebook Account	
• New/Total Facebook followers	6,500/20,148
• New Facebook likes	4,485
Spirited Virginia Instagram Account (New February 2020)	
• New/Total Instagram followers	597/907
• Profile reach	1,536,530
Creative Services	
• Graphic design projects completed	146
• Photography services completed	33
• Videography services completed	13
• New products photographed	101

DIGITAL AND WEB UNIT

	FY 19	FY 20	FY 21
Users	1,916,458	3,053,198	4,487,792
Page views	15,649,557	26,058,343	57,477,179
Online orders placed	21,545	82,512	168,557
Bottles sold	104,000	307,367	590,144
Total Online Sales (\$)	3,140,314	8,714,619	14,794,143

EDUCATION AND PREVENTION SECTION

Youth Prevention Programming	
Elementary School reach (%) (1)	1.26
Miss Virginia School Tour	
• Miss Virginia School Tour stops	14
• Miss Virginia School Tour reach	5,687
Middle School reach (%) (2)	0.0
High School reach (%) (4)	1.97
Youth Alcohol and Drug Abuse Prevention Project (YADAPP) 2019	
• YADAPP participants (3)	39
• YADAPP 2019 individuals reached	1,459
Adult Education and Prevention Programming	
Institutions of Higher Education reach (%) (5)	41.54
Higher Education Alcohol and Drug Strategic Unified Prevention (HEADS UP)	
• HEADS UP educational materials distributed	1,740
• HEADS UP individuals reached	126
• HEADS UP webpage visits:	786
Adults 21 years old and older	
• Project Sticker Shock events	7
• Project Sticker Shock participants	73
• Project Sticker Shock individuals reached	8,576
Alcohol Seller, Server and Manager Training	
Responsible Sellers & Servers: Virginia’s Program (RSVP)	
• RSVP classroom trainings	6
• RSVP classroom participants	73
• RSVP online training participants	3,494
Managers’ Alcohol Responsibility Training (MART)	
• MART classroom trainings	1
• MART classroom participants	5
• MART online training participants	875
Capacity Building Resources	
• Education and Prevention publications distributed	13,193
• Education and Prevention publications webpage visits	3,742
• Education and Prevention toolkits webpage visits	2,930
• Education and Prevention social media reach	349,449
• YADAPP 2020 grants presented (6)	6
• YADAPP 2020 grants awarded (\$)	1,750
• YADAPP 2020 grants individuals reached	1,459
• Alcohol Education and Prevention grants (7)	7
• Alcohol Education and Prevention grants awarded (\$)	62,000
• Alcohol Education and Prevention grants individuals reached	5,791,314

(1) Reached or partnered with 15 out of 1,193 public elementary schools across Virginia.
 (2) Reached or partnered with 0 out of 359 public middle schools across Virginia.
 (3) YADAPP annual kick off conference held virtually, October 1-15, 2020, where 8 teams of students and adult sponsors represented schools and communities across Virginia.
 (4) Reached or partnered with 6 out of 305 public high schools across Virginia.
 (5) Reached or partnered with 27 out of 65 institutions of higher education across Virginia.
 (6) These include both YADAPP mini-grants (\$250 each) and Wheeler Award (\$500). The 2020 Wheeler Award recipient was Virginia Beach Mayor’s Youth Leaders in Action.
 (7) Alcohol Education and Prevention grantees: Freedom Support Services, Northwestern Community Services Board, Piedmont Community Services, Richard Bland College, Rockbridge Area Community Services, Substance Abuse Prevention Coalition of Alexandria.



ABOVE: Senior Sales Associate Virginia Miller assists a customer at Virginia Beach Store 444, which opened for business on October 28, 2020. The 4,470-square-foot store, located in the Beach’s Vibe District, is operated by Store Manager Richard Cartwright and a team of seven. The store carries more than 1,300 different items on its shelves. The Authority also opened five additional new stores in fiscal year 2021 in Haymarket, Chesterfield County, Prince William, Pentagon City and Warrenton.

HEARINGS, APPEALS AND JUDICIAL SERVICES

Cases Referred For Hearings				
Case Activity	FY 21			
Violation/disciplinary reports	164			
Contested applications	19			
• Approved	10			
• Denied	3			
• Withdrawn before hearing	1			
Contested banquet applications	1			
• Approved	0			
• Denied	1			
• Withdrawn before hearing	0			
Summary Suspensions	5			
Wine and beer franchise cases	4			
Total hearings requested	192			
Hearings Dispositions				
Case Activity	FY 21	% of Cases Received		
Settled by expedited consent	24	13.25		
Settled by consent settlement offer	1	.05		
Heard by ABC Hearing Officer (1)	59	32.59		
Settled by negotiation	80	44.19		
Settled by mediation	0	0		
Heard by ABC board on appeal	6	3.31		
Withdrawn or dismissed prior to hearing (2)	11	6.07		
Total hearings dispositions (3)	181	100		
Appealed Decisions				
Activity	Count	% of Total		
Initial decision of hearing officer to ABC Board (4)	6	3.31		
Final decision of ABC Board to circuit court (5)	3	1.65		
Civil Penalties				
Activity	Count			
Civil penalties collected (\$)	168,596.34			
Average civil penalty per case (\$)	1,286.99			
Average suspension period per case (days) (6)	14.75			
Average Case Turnaround Time (in Days) (7)				
Activity	FY 21*	FY 21	*FY 20	FY 20
Violations	84.94	79.12	45.06	45.46
Applications	169.76	171.63	128.47	128.41

* This column shows turnaround times with continuances included. This shows how parties' requests for continuances increase turnaround time.

(1) 59 hearings were held on 108 charges/objections filed. Single cases with multiple charges are heard in one hearing. 6 of these charges were appealed to the Board for a second hearing.
 (2) Cases may be withdrawn or dismissed prior to a hearing, but after docketing for a variety of reasons, e.g., license surrendered; application withdrawn; settlement through mediation.
 (3) 13 cases were in process at the end of fiscal year 2020 and completed during fiscal year 2021.
 (4) Percentage of all cases referred.
 (5) Percentage of all cases appealed to the Board.
 (6) Most ABC cases result in the imposition of a civil penalty and/or suspension period. This average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and negotiations for fiscal year 2021. The Board may allow licensees to choose between a civil penalty or suspension period. Some penalties, however, contain civil penalties and mandatory suspension periods.
 (7) Unless otherwise noted, turnaround times do not include continuances.

HUMAN RESOURCES DIVISION

Employees and Hiring		FY 21
Total employees (as of June 30, 2021)		4,813
• Full-time salary employees		1,299
• Wage employees		3,514
Full-time salary hired		229
Wage employees hired		3,488

Virginia Alcoholic Beverage Control Authority employs a diverse workforce, with approximately 1,299 regular full-time employees 3,514 wage employees, and 99 contractual workers supplementing the Authorities workforce. These 4,813 Authority employees work throughout the Commonwealth operating 394 retail stores and nine regional offices. Approximately 577 Authority employees and 102 contractual workers are physically located in Richmond at the central office and warehouse facility

Tuition and Training Assistance		
Description of Training	Courses Offered	Units Completed (1)
Tuition Assistance Program (TAP)	4	4
In-classroom training (2)	0	0
Virtual live courses	66	589
MET Program	17	231
Supervisory Academy (2)	0	0
New hire orientation	24	240
Authority/state-mandated courses (online)		
• Retail/warehouse employees:	118	58,034
• Non-retail employees:	211	5,668
High Performance Management supervisor (online)	14	670
Enforcement (online) (3)	53	5,670
Enforcement certification program (4)	16	5,587

(1) "Units completed" represents a single module of training completed by an ABC employee.
 (2) Classes cancelled after March 6, 2020 due to COVID-19 restrictions
 (3) Special online course offered to Enforcement Employees only
 (4) Courses conducted by Learning and Development Team

Employee Demographics	FY 21	FY 20
Average age (years)	43	45
Average years of service, classified employees	8	7
Gender		
• male (%)	49.0	52.2
• female (%)	51.0	47.7
Minority (%)	48.0	35.3

The demographics of ABC's workforce have remained consistent from the previous year after the transition to an Authority. The average age of an ABC regular employee is 43 years, with an average length of service to the Commonwealth of 8 years. Approximately 4.9% are eligible for an unreduced retirement as of June 30, 2021 and 8.2% will be eligible in 5 years.

LOGISTICS DIVISION

ABC Shipment to Stores	FY 21	FY 20	FY 19	FY 18	FY 17
Average weekly bottles shipped from Bottle Pick Room (1)	16,760	14,935 (2)	11,719	7,834	7,492
Average delivery cost to ABC stores (\$ per case)	0.98	0.93	0.92	0.91	0.89
Total shipments to ABC stores (cases)	6,305,184	5,858,916	5,316,778	5,070,626	4,840,855
Total shipments to ABC stores (weight, in lbs)	187,028,556	178,125,049	162,615,202	156,654,119	150,495,117

Special Orders

Revenue Information	FY 21	FY 20	FY 19	Variance (\$)	Variance (%)
• Order Catalog (\$)	17,147,645	13,350,118	8,480,141	3,797,527	28.45
• Non Catalog (\$)	6,708,469	4,691,827	3,077,907	2,016,642	42.98
• Totals	23,856,114	18,041,945	11,558,048	5,814,169	32.23

Logistics Information	FY 21	FY 20	FY 19	FY 18	FY 17
• Active items on special order catalog	1,145	1,317	1,142	NA	NA
• Active items on special order non-catalog	772	671	591	NA	NA
• Total Special Order Catalog purchases (cases) (3)	6,288,920	54,726	51,248	NA	NA
• Total Non-catalog purchases (cases) (4)	20,576	21,466	16,534	NA	NA

(1) Bottle Pick includes special orders, online orders, or limited availability products.
 (2) Bottles shipped include when the room was shut down for three weeks during April due to a positive COVID case where we shipped 5, 1, and 3 bottles.
 (3) These totals include both catalog and noncatalog special orders.
 (4) Noncatalog special orders are for those items not included in the special order catalog.

MARKETING DIVISION

Spirited Virginia e-Newsletter Statistics*	
• New/Total Subscribers	24,666/105,116
• Avg. Open Rate (industry standard 21.3) (%)	26.12
• Avg. Click Rate (industry standard 1.5) (%)	2.35

PROCUREMENT AND SUPPORT SERVICES DIVISION

Small Purchase Credit Card (SPCC) Holders	122
Total value of SPCC transactions (\$)	5,483,247.59
Total SWaM qualified purchases (%)	33.98
Total SWaM qualified purchases (\$)	18,812,732.56
Total Solicitations	68

RESEARCH & PLANNING

FOIA requests received	158
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RETAIL OPERATIONS DIVISION

ABC Stores	
ABC stores Gross Sales (\$)	1,357,763,221
ABC stores Transactions (\$)	36,454,274
Alcohol Compliance Rate for ABC Stores (%) (1)	N/A

ABC Products	
Price List	
Total Standard Active items	2,220
• Virginia Wines	75
• Vermouth	14
• Non-Alcoholic items	71
Items delisted	140
Total Special order revenue increase (%)	48.4

(1) No UAB compliance checks were done due to COVID and the possible danger of exposing UABs to the disease.

REAL ESTATE AND FACILITIES MANAGEMENT

Store Activities: July 1, 2020 – June 30, 2021

Store	Location	Activity	Closed	Opened	Total*
443	Haymarket	new store	N/A	7-7-20	389
182	Richmond	modernization	5-31-20	7-18-20	389
130	Colonial Beach	relocation	8-7-20	8-7-20	389
266	Lynchburg	relocation	8-9-20	8-11-20	389
221	Dahlgren	expansion	7-5-20	9-17-20	389
032	Deltaville	relocation	10-1-20	10-2-20	389
284	Midlothian	relocation	9-27-20	10-2-20	389
444	Virginia Beach	new store	N/A	10-28-20	390
215	Arlington	modernization	10-17-20	11-10-20	390
096	Galax	modernization	7-17-20	11-27-20	390
402	Chesterfield	new store	N/A	12-21-20	391
439	Prince William	new store	N/A	1-7-21	392
105	Virginia Beach	relocation	1-14-21	1-18-21	392
231	Vienna	relocation	1-21-21	1-26-21	392
318	Woodstock	relocation	3-3-21	3-5-21	392
413	Suffolk	relocation	3-17-21	3-21-21	392
315	Chesterfield	relocation	3-25-21	3-28-21	392
081	Pentagon city	new store	N/A	4-5-21	393
150	Richmond	expansion	1-9-21	4-9-21	393
086	Bon Air	relocation	4-12-21	4-16-21	393
414	Blacksburg	expansion	2-2-21	4-16-21	393
230	Tazewell	modernization	4-1-21	4-23-21	393
297	Warrenton	new store	N/A	5-20-21	394
050	Crozet	expansion	2-8-21	5-21-21	394

* total number of stores as of that date

RETAIL OPERATIONS DIVISION

Top 50 Brands Sold, Fiscal Year 2021 vs. Fiscal Year 2020

Rank		Brand	Product Category	Gross Dollars			Variance (\$)
FY 21	FY20			FY 21 (\$)	FY 20 (\$)	Change (%)	
		Statewide Total		\$1,322,268,776	\$1,164,944,553	13.5	157,324,223
		Top 50 Brands		602,562,985	538,596,418	11.9	63,966,568
		All Others		719,705,790	626,348,135	14.9	93,357,655
1	1	Tito's Handmade	domestic vodka	57,855,124	52,339,240	10.5	5,515,884
2	2	Hennessy VS	cognac\armagnac	52,767,346	46,879,266	12.6	5,888,081
3	3	Jack Daniel's 7 Black	Tennessee whiskey	30,392,412	30,259,504	0.4	132,908
4	5	Patron Silver	tequila	28,915,618	20,933,661	38.1	7,981,958
5	4	Jim Beam	straight bourbon	23,236,012	23,485,631	(1.1)	(249,619)
6	7	Crown Royal	Canadian whisky	19,910,336	18,183,277	9.5	1,727,059
7	6	Jameson Irish	Irish wWhiskey	19,763,290	18,479,038	6.9	1,284,252
8	11	Grey Goose	imported vodka	17,138,556	15,402,125	11.3	1,736,431
9	9	Smirnoff 80	domestic vodka	17,129,059	17,493,684	(2.1)	(364,625)
10	8	Fireball Cinnamon	cordials	17,003,904	17,891,892	(5.0)	(887,988)
11	10	Maker's Mark	straight bourbon	16,642,011	16,181,599	2.8	460,412
12	14	Crown Royal Regal Apple	Canadian whisky	15,156,219	12,359,518	22.6	2,796,702
13	12	Bacardi Superior	rum	13,426,748	13,175,714	1.9	251,034
14	16	Woodford Reserve	straight bourbon	13,202,940	10,839,405	21.8	2,363,536
15	13	Absolut	imported vodka	13,037,976	13,132,670	(0.7)	(94,694)
16	17	Captain Morgan's Spiced	rum	12,853,779	10,446,090	23.0	2,407,689
17	15	Jose Cuervo Especial Gold	tequila	12,008,580	10,950,386	9.7	1,058,194
18	21	1800 Silver	tequila	10,492,859	7,828,032	34.0	2,664,826
19	43	Jose Cuervo Especial Silver	tequila	10,047,767	4,400,187	128.3	5,647,581
20	18	Pinnacle	imported vodka	10,033,557	10,406,287	(3.6)	(372,729)
21	20	Evan Williams Black	straight bourbon	8,653,884	7,870,048	10.0	783,836
22	22	Ketel One	imported vodka	8,382,279	7,739,907	8.3	642,372
23	25	Malibu Coconut	rum	8,142,092	6,991,110	16.5	1,150,982
24	27	Bailey's Original Irish Cream	cordials	8,122,916	6,784,240	19.7	1,338,676
25	42	D'usse VSOP	cognac\armagnac	7,884,383	5,051,371	56.1	2,833,012
26	19	Aristocrat	domestic vodka	7,557,618	8,946,986	(15.5)	(1,389,368)
27	23	Tanqueray	imported gin	7,218,101	7,197,510	0.3	20,591
28	32	Bulleit	straight bourbon	7,119,004	6,084,455	17.0	1,034,549
29	24	Jagermeister	cordials	7,094,149	7,005,526	1.3	88,623
30	37	Lunazul Blanco	tequila	6,649,768	5,263,517	26.3	1,386,251
31	26	Svedka	imported vodka	6,550,280	6,836,136	(4.2)	(285,857)
32	35	Johnnie Walker Black	Scotch whiskey	6,465,564	5,501,261	17.5	964,304
33	36	Courvoisier VS	cognac\armagnac	6,452,451	5,382,018	19.9	1,070,432
34	39	Wild Turkey 101	straight bourbon	6,302,883	5,155,001	22.3	1,147,882
35	28	Skyy	domestic vodka	6,288,564	6,373,308	(1.3)	(84,744)
36	75---	Don Julio Blanco	tequila	6,272,519	2,768,808	126.5	3,503,711
37	33	Bombay Sapphire	imported gin	6,219,981	5,984,387	3.9	235,594
38	85---	Casamigos Blanco	tequila	5,952,140	2,457,930	142.2	3,494,209
39	38	Grand Marnier Cordon Rouge	cordials	5,948,111	5,250,298	13.3	697,813
40	31	Paul Masson Grande Amber VS	brandy	5,941,001	6,220,524	(4.5)	(279,523)
41	30	Burnett's	domestic vodka	5,761,163	6,335,305	(9.1)	(574,142)
42	29	Bowman's Virginia	domestic vodka	5,587,712	6,368,540	(12.3)	(780,828)
43	47	Basil Hayden's	straight bourbon	5,467,046	4,293,498	27.3	1,173,548
44	49	Crown Royal Vanilla	Canadian whisky	5,441,592	4,184,112	30.1	1,257,480
45	34	Seagram's Extra Dry	domestic gin	5,375,482	5,568,117	(3.5)	(192,635)
46	80---	Crown Royal Peach	flavored whiskey	5,156,415	2,548,392	102.3	2,608,024
47	40	New Amsterdam	domestic vodka	5,093,009	5,038,547	1.1	54,463
48	44	Gentleman Jack	Tennessee whiskey	4,859,786	4,344,360	11.9	515,426
49	58---	Remy Martin VSOP	cognac\armagnac	4,856,321	3,769,907	28.8	1,086,414
50	48	Kahlua Coffee	cordials	4,732,678	4,214,095	12.3	518,583

RETAIL OPERATIONS DIVISION

Comparison of Products / Market Share, Fiscal Year 2021 vs. Fiscal Year 2021

Category	Cases Sold			Market Share (%)	
	FY 21	FY 20	Change (%)	FY 21	FY 20
Vodka	1,666,837	1,656,207	0.6	26.5	28.5
Domestic	898,413	907,464	(1.0)		
Imported	394,030	389,336	1.2		
Flavored	374,394	359,408	4.2		
Straight Bourbon Whiskey	736,207	703,214	4.7	11.7	12.1
Rum	494,499	484,048	2.2	7.9	8.3
Domestic	41,635	27,389	52.0		
Imported	452,864	456,658	(0.8)		
Tequila	615,083	461,861	33.2	9.8	7.9
Cordials -Liqueurs-Specialties	452,504	558,782	(19.0)	7.2	9.6
Imported	281,355	361,042	(22.1)		
Domestic	171,149	197,740	(13.4)		
Flavored Whiskey**	366,550			5.8	0.0
Cognac\Armagnac	251,574	203,289	23.8	4.0	3.5
Gin	247,227	246,321	0.4	3.9	4.2
Domestic	120,931	132,294	(8.6)		
Imported	113,592	101,292	12.1		
Flavored	12,288	12,363	(0.6)		
Sloe	417	372	12.0		
Canadian Whisky	149,935	201,871	(25.7)	2.4	3.5
Brandy	168,741	171,495	(1.6)	2.7	3.0
Grape	114,374	121,000	(5.5)		
Imported	21,846	14,663	49.0		
Flavored	32,521	35,832	(9.2)		
Scotch Whiskey	181,068	171,167	5.8	2.9	2.9
Cocktails	190,166	151,914	25.2	3.0	2.6
Domestic	107,019	90,017	18.9		
Imported	83,147	61,897	34.3		
Tennessee Whiskey	124,981	121,693	2.7	2.0	2.1
Blended Whiskey	91,456	148,003	(38.2)	1.5	2.5
Irish Whiskey	89,296	80,162	11.4	1.4	1.4
Straight Rye Whiskey	63,447	50,554	25.5	1.0	0.9
Domestic Whiskey	43,709	64,721	(32.5)	0.7	1.1
Moonshine	45,288	39,141	15.7	0.7	0.7
Specialty Bottles	35,588	43,221	(17.7)	0.6	0.7
Imported	21,345	26,600	(19.8)		
Domestic	14,243	16,621	(14.3)		
Egg Nog	24,005	25,321	(5.2)	0.4	0.4
Rock & Rye	2,200	2,398	(8.2)	0.0	0.0
Alcohol(1)	2,097	2,091	0.3	0.0	0.0
Bottled in Bond Whiskey		737		0.0	0.0
Corn Whiskey	1,699	691	146.1	0.0	0.0
Vermouth	25,324	25,175	0.6	0.4	0.4
Virginia Wine	17,278	15,762	9.6	0.3	0.3
Non-Alcoholic Mixers	176,008	157,705	11.6	2.8	2.7
Non Beverage Item	22,509	24,996	(9.9)	0.4	0.4
Statewide totals*	6,285,276	5,812,539	8.1	100.0	100.0

* Excludes promotional items, miscellaneous records and confiscated items.

**change, Flavored Whiskey is a new breakout category.

(1) grain alcohol 151 proof available for sale in select ABC stores

Source: Research and Planning

Analysis of Store Performance — Fiscal Year 2021												
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		14,314,095	\$1,322,141,643	\$218,474,316	\$1,103,667,328	\$637,150,702	\$466,516,626	\$151,417,188	\$315,099,438	\$63,390,819	\$251,708,619	35.56%
137 790 Commonwealth Dr.	Norton City	26,264	1,926,617	318,366	1,608,252	924,358	683,894	299,364	384,530	92,361	292,169	31.69
194 16427-E. Wise St.	Wise Co.	8,567	637,247	105,687	531,560	306,632	224,928	168,951	55,976	30,269	25,707	20.62
206 18 E. 4th St. S.	Wise Co.	16,903	1,241,480	205,423	1,036,056	590,137	445,919	194,512	251,408	59,259	192,148	32.02
218 3982 Hwy. 23 N.	Scott Co.	11,292	791,916	130,801	661,115	378,801	282,314	180,543	101,771	37,739	64,032	24.60
Far Southwest		63,027	4,597,260	760,277	3,836,983	2,199,928	1,637,055	843,369	793,685	219,628	574,057	29.02
87 4027 College Ave.	Tazewell Co.	28,138	2,276,912	378,741	1,898,171	1,100,044	798,127	330,119	468,008	109,146	358,862	32.39
174 One Plz. Dr.	Buchanan Co.	11,572	867,972	143,519	724,453	416,073	308,380	280,251	100,130	41,466	58,664	23.29
197 749 Clay Dr.	Tazewell Co.	21,775	1,641,254	273,706	1,367,547	790,551	576,997	285,129	291,868	78,015	213,853	29.71
230 722 E. Riversiders Dr.	Tazewell Co.	9,939	744,182	123,209	620,883	356,157	264,726	216,812	47,914	35,447	12,466	18.24
365 340 Chase St.	Dickenson Co.	9,255	673,191	111,583	561,609	323,463	238,146	193,989	44,157	32,296	11,861	18.34
427 167 Pittston Rd.	Russell Co.	14,219	1,081,647	178,734	902,913	517,858	385,055	251,902	133,153	51,600	81,553	24.06
Southwest		94,898	7,285,158	1,209,582	6,075,576	3,504,146	2,571,430	1,486,201	1,085,229	347,971	737,258	26.72
58 3002 Lee Hwy.	Bristol City	31,326	2,463,451	407,517	2,055,934	1,178,124	877,810	307,843	569,967	121,005	448,962	34.77
96 974 E. Stuart Dr.	Galax City	18,684	1,368,554	226,091	1,142,454	655,838	486,616	268,347	218,269	68,189	150,081	27.49
135 1173-1177 N. Main St.	Smyth Co.	29,381	2,145,293	358,500	1,786,792	1,034,396	752,397	277,643	474,754	102,758	371,995	34.05
141 441 W. Stuart Dr.	Carroll Co.	27,225	1,902,839	314,383	1,588,455	907,394	681,061	255,521	425,540	89,479	336,060	34.18
153 325 W. Main St.	Wythe Co.	33,825	2,597,397	431,685	2,165,712	1,254,649	911,063	324,385	586,678	124,164	462,514	34.43
201 545 W. Main St.	Washington Co.	48,668	3,978,214	657,728	3,320,486	1,906,504	1,413,982	318,267	1,095,715	191,222	904,493	39.27
343 2123 Euclid Ave.	Bristol City	27,231	1,976,981	325,586	1,651,395	943,970	707,425	259,737	447,689	94,843	352,846	34.32
Wytheville/Hillsville		216,340	16,432,729	2,721,500	13,711,229	7,880,875	5,830,354	2,011,743	3,818,611	791,661	3,026,951	34.98
67 290 Peppers Ferry Rd.	Montgomery Co.	35,550	2,954,485	485,354	2,469,132	1,409,923	1,059,208	415,296	643,912	142,092	501,820	33.41
195 100 N. Franklin St.	Montgomery Co.	32,882	2,496,472	413,118	2,083,354	1,194,538	888,816	272,828	615,988	118,330	497,658	36.48
199 140 Kinter Way	Giles Co.	20,821	1,485,188	245,447	1,239,741	710,422	529,319	212,549	316,770	71,175	245,595	33.06
327 1332 S. Main St.	Montgomery Co.	65,430	5,028,090	830,328	4,197,762	2,410,098	1,787,664	515,289	1,272,375	242,835	1,029,540	36.99
345 5265 Alexander Rd.	Pulaski Co.	34,825	2,647,586	441,405	2,206,181	1,280,330	925,850	353,740	572,111	125,495	446,616	33.54
356 97 Walker St.	Radford City	41,251	3,027,908	501,175	2,526,733	1,450,656	1,076,077	348,684	727,394	146,229	581,164	35.75
395 117 Parkview Rd. N.E.	Floyd Co.	18,286	1,391,100	229,384	1,161,716	667,610	494,105	226,180	267,926	66,693	201,233	30.96
414 765 University City Blvd.	Montgomery Co.	26,565	2,124,625	350,670	1,773,955	1,023,039	750,917	346,724	404,193	97,571	306,622	30.94
Radford/Blacksburg		275,610	21,155,455	3,496,881	17,658,574	10,146,617	7,511,956	2,691,288	4,820,668	1,010,420	3,810,248	34.54
115 1423 Williamson Rd., N.E.	Roanoke City	62,388	5,767,736	957,874	4,809,861	2,775,603	2,034,258	488,863	1,545,395	280,140	1,265,255	38.54
123 531 Main St.	Alleghany Co.	8,924	686,111	113,642	572,469	329,587	242,882	202,634	40,248	32,669	7,579	17.67
124 339 Thacker Ave., Ste. 10	Covington City	19,645	1,545,502	255,165	1,290,337	742,911	547,426	283,458	263,968	73,524	190,445	28.83
186 1483 W. Main St.	Salem City	56,968	4,392,953	729,046	3,663,908	2,134,419	1,529,489	328,007	1,201,482	209,176	992,307	39.18
229 3940 Valley Gateway Blvd.	Roanoke Co.	30,729	2,465,077	407,226	2,057,852	1,181,857	875,995	315,768	560,227	116,747	443,480	34.51
259 5050-C Rutgers St.	Roanoke City	61,987	5,351,229	885,557	4,465,671	2,575,083	1,890,589	479,342	1,411,247	256,645	1,154,603	38.13
269 646 Brandon Ave.	Roanoke City	74,119	6,691,879	1,102,671	5,589,208	3,224,269	2,364,939	582,760	1,782,179	318,468	1,463,711	38.35
289 3341 Melrose Ave., N.W.	Roanoke City	42,257	4,218,831	700,884	3,517,947	2,028,006	1,489,941	372,612	1,117,329	293,747	823,582	38.28
309 3901 Brambleton Ave., S.W.	Roanoke Co.	76,448	6,255,310	1,031,633	5,223,677	3,007,353	2,216,324	529,712	1,686,611	297,769	1,388,842	38.69
337 1113 Vinyard Rd.	Roanoke Co.	43,978	3,433,478	568,684	2,864,794	1,650,323	1,214,471	348,748	865,723	163,803	701,921	37.01
364 112 Kingston Dr.	Botetourt Co.	36,214	2,901,380	478,894	2,422,487	1,395,349	1,027,138	340,968	686,170	138,384	547,786	35.39
Roanoke		513,657	43,709,487	7,231,275	36,478,212	21,044,760	15,433,452	4,272,871	11,160,580	2,090,770	9,069,810	37.29
57 1028 Richmond Ave.	Staunton City	26,834	2,187,147	360,599	1,826,548	1,049,149	777,400	329,146	448,254	104,589	343,665	32.20
68 2196 John Wayland Hwy.	Rockingham Co.	33,037	2,572,297	424,302	2,147,996	1,234,824	913,172	291,133	622,039	121,917	500,122	35.94
113 2827 Main St.	Bath Co.	6,837	645,000	105,083	539,917	310,820	229,097	189,867	39,231	31,770	8,060	17.54
122 201 State St.	Staunton City	40,290	3,310,234	544,309	2,765,926	1,590,959	1,174,966	293,222	881,744	158,388	723,356	38.30
140 445 E. Nelson St.	Lexington City	49,004	3,818,958	626,080	3,192,878	1,839,823	1,353,055	366,094	986,961	181,995	804,966	37.47

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

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

(continued)

Analysis of Store Performance — Fiscal Year 2021												
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)
145 398 N. Main St.	Harrisonburg City	38,769	3,213,139	527,357	2,685,783	1,546,399	1,139,384	270,351	869,032	154,942	714,090	38.64
147 58 Water St.	Highland Co.	3,530	263,942	42,952	220,990	128,526	92,464	114,362	(21,898)	12,594	(34,492)	3.21
173 230 Downey Knolls Dr.	Rockingham Co.	23,308	1,913,814	314,339	1,599,474	921,663	677,812	252,584	425,228	91,938	333,290	33.84
184 2035 E. Market St.	Harrisonburg City	54,686	4,853,693	797,347	4,053,693	2,335,671	1,718,022	499,199	1,218,824	232,514	986,310	36.77
296 32 Windward Dr.	Augusta Co.	15,235	1,180,625	194,650	985,976	565,615	420,360	235,422	184,938	56,286	128,651	27.38
338 125 Lucy Lane	City of Waynesboro	35,280	2,890,563	476,150	2,414,413	1,390,103	1,024,310	356,261	668,050	136,778	531,272	34.85
339 200 Laurel Hill Rd.	Augusta Co.	22,083	1,634,162	269,794	1,364,368	783,048	581,321	333,650	347,670	77,851	269,819	33.02
383 1037 Port Republic Rd.	Harrisonburg City	30,651	2,354,593	369,089	1,966,505	1,131,073	835,431	341,580	493,852	112,985	380,866	32.66
386 2576 Stuarts Draft Hwy.	Augusta Co.	21,001	1,622,908	269,677	1,353,231	785,483	567,749	221,498	346,251	77,312	268,939	33.19
396 12130 E. Lynchburg Salem Tpk.	Bedford Co.	13,285	1,120,068	185,014	935,054	538,949	396,105	214,494	181,611	53,038	128,573	28.00
411 85 Augusta Ave.	Augusta Co.	11,754	898,644	148,408	750,236	430,984	319,252	178,653	140,599	42,593	98,006	27.42
426 162 New Market Rd.	Rockingham Co.	20,670	1,550,043	256,709	1,293,333	742,611	550,722	284,518	266,205	74,251	191,954	28.95
440 219 Arch Ave.	Waynesboro City	25,211	1,980,690	327,493	1,653,198	950,657	702,540	283,170	419,370	97,344	322,025	32.79
Staunton/Waynesboro		471,467	38,007,870	6,258,350	31,749,520	18,276,357	13,473,163	4,955,204	8,517,959	1,818,485	6,699,474	34.09
47 380 Gateway Dr.	Frederick Co.	38,247	3,275,289	541,221	2,734,068	1,574,232	1,159,837	370,994	788,843	156,091	632,753	35.84
52 786 Shp. Ctr. Rd.	Shenandoah Co.	19,976	1,508,799	249,233	1,259,566	724,048	535,517	224,449	311,068	72,033	239,035	32.36
56 182 Delco Plz.	Frederick Co.	25,971	2,234,895	368,895	1,866,000	1,074,464	791,536	279,871	511,665	107,405	404,260	34.59
75 240 Elizabeth Dr.	Frederick Co.	32,609	2,760,264	456,735	2,303,529	1,332,916	970,613	321,328	649,285	131,099	518,186	35.32
139 160 Rivendell Ct.	Frederick Co.	42,334	3,394,390	563,903	2,830,487	1,646,604	1,183,884	351,810	832,073	161,680	670,394	36.36
142 411-F South St.	Warren Co.	44,903	3,623,381	598,026	3,025,355	1,741,958	1,283,397	340,086	943,311	173,363	769,948	37.75
167 21 Crow St.	Clarke Co.	24,483	2,061,748	339,191	1,722,557	992,977	729,580	271,232	458,348	98,256	360,093	33.92
193 1412 U.S. Hwy. B81 211 W.	Page Co.	24,877	1,897,449	312,306	1,585,143	914,639	670,504	255,910	414,594	90,751	323,843	33.53
261 3 W. Jubal Early Dr.	Winchester City	49,569	4,223,315	695,226	3,528,090	2,038,575	1,489,514	394,204	1,095,310	201,972	893,338	37.61
293 5814 Main St.	Shenandoah Co.	12,827	986,828	162,724	824,105	474,227	349,877	204,096	145,781	46,887	98,894	26.51
318 1015 S. Main St.	Shenandoah Co.	26,025	1,973,251	325,358	1,647,893	946,872	701,021	309,615	391,406	94,218	297,188	31.55
387 135 Crooked Run Plz.	Warren Co.	31,898	2,661,877	437,022	2,224,855	1,276,225	948,629	374,350	574,279	127,974	446,305	33.18
436 159 Market St.	Frederick Co.	23,887	2,067,576	340,022	1,727,554	992,973	734,581	318,553	416,028	99,377	316,651	31.76
Winchester/Front Royal		397,608	32,669,062	5,389,861	27,279,201	15,730,710	11,548,491	4,016,499	7,531,992	1,561,105	5,970,887	34.78
33 12631 Galveston Ct.	Prince William Co.	32,512	3,307,517	546,776	2,760,741	1,594,855	1,165,885	447,777	718,108	157,667	560,441	33.48
36 8038 Crescent Park Dr.	Prince William Co.	28,041	2,827,726	465,887	2,361,839	1,366,898	994,941	419,061	575,880	135,515	440,365	32.05
39 10410 Bristow Ctr. Dr.	Prince William Co.	42,955	4,173,743	688,855	3,484,888	2,014,275	1,470,613	502,862	967,751	198,035	769,716	34.95
40 22000 Dulles Retail Plz.	Loudoun Co.	25,621	2,929,351	484,703	2,444,648	1,412,820	1,031,829	474,564	557,265	140,160	417,105	30.79
41 12950 Highland Crossing Dr.	Fairfax Co.	28,740	3,331,833	549,994	2,781,839	1,604,658	1,177,181	496,228	680,953	158,782	522,171	32.18
42 7469 Richmond Hwy.	Fairfax Co.	30,474	3,068,882	506,351	2,562,531	1,475,962	1,086,569	465,346	621,223	146,485	474,738	31.97
45 6230-I Rolling Rd.	Fairfax Co.	24,489	2,556,464	420,705	2,135,759	1,228,931	906,827	336,433	570,394	123,283	447,111	33.95
49 881 N. Quincy St.	Arlington Co.	49,571	5,268,727	860,126	4,408,601	2,543,457	1,865,144	658,531	1,206,613	253,281	953,332	34.42
54 42015 Village Ctr. Plz.	Loudoun Co.	35,433	4,018,668	665,448	3,353,219	1,945,884	1,407,336	482,163	925,173	191,306	733,867	34.82
55 9934 Liberia Ave.	Manassas City	62,219	6,069,503	1,002,653	5,066,849	2,920,799	2,146,050	653,420	1,492,631	290,596	1,202,035	36.32
61 22330 S. Sterling Blvd.	Loudoun Co.	27,517	2,719,262	451,885	2,267,378	1,313,365	954,013	385,211	568,802	129,187	439,615	32.78
63 8951 Ox Rd.	Fairfax Co.	24,065	2,489,235	409,551	2,079,684	1,201,810	877,874	407,425	470,449	119,234	351,215	30.56
73 43150 Broadlands Ctr. Plz.	Loudoun Co.	40,587	4,157,663	685,885	3,471,779	2,004,440	1,467,339	456,148	1,011,191	197,851	813,340	36.06
76 7121 Leesburg Pike	Falls Church City	30,323	3,349,357	548,760	2,800,597	1,619,893	1,180,704	536,681	644,023	159,438	484,585	30.85
78 5331 Merchants View Sq.	Prince William Co.	30,461	3,148,165	520,169	2,627,996	1,523,707	1,104,289	434,978	669,311	149,803	519,508	33.02
80 6206 Little River Tpk.	Fairfax Co.	32,662	3,583,687	592,289	2,991,398	1,724,522	1,266,876	458,291	808,585	171,545	637,040	34.30
81 1301 S. Joyce St.	Arlington Co.	3,460	408,553	66,305	342,248	195,492	146,756	138,874	7,882	24,438	(16,557)	12.18
82 46930 Cedar Lakes Plz.	Loudoun Co.	56,068	5,988,864	988,875	4,999,989	2,895,537	2,104,452	583,245	1,521,207	288,289	1,232,918	37.10
83 7263-B Arlington Blvd.	Fairfax Co.	18,415	1,890,972	314,763	1,576,208	919,341	656,867	406,066	250,801	89,926	160,875	25.15
84 3903 Fair Ridge Dr. Ste. N.	Fairfax Co.	24,429	2,605,204	430,212	2,174,992	1,255,173	919,819	395,824	523,995	123,979	400,016	31.87
85 2930 Chain Bridge Rd.	Fairfax Co.	34,071	3,549,959	583,523	2,966,436	1,707,367	1,259,069	499,848	759,220	167,414	591,806	33.11
90 12965 Fair Lakes Shp. Ctr.	Fairfax Co.	44,202	4,627,165	763,472	3,863,693	2,227,116	1,636,578	517,559	1,119,018	221,193	897,825	35.90

(continued)

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Analysis of Store Performance — Fiscal Year 2021												
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)
93	6124 Rose Hill Dr.	Fairfax Co.	2,709,118	446,101	2,263,018	1,304,141	958,877	352,918	605,959	129,395	476,564	34.06
94	42385 Ryan Rd., #106	Loudoun Co.	3,396,891	560,966	2,835,925	1,638,760	1,197,164	464,670	732,495	161,677	570,817	33.32
99	378 Elden St.	Fairfax Co.	4,218,367	695,446	3,522,922	2,035,740	1,487,181	539,096	948,089	202,904	745,181	34.15
109	1922 Wilson Blvd.	Arlington Co.	5,463,915	895,010	4,568,905	2,640,041	1,928,863	649,326	1,279,537	266,892	1,012,645	34.91
111	5722 Union Mill Rd.	Fairfax Co.	3,765,358	621,790	3,143,568	1,807,011	1,336,556	514,586	821,970	179,578	642,393	33.57
119	501 Montgomery St.	Alexandria City	5,632,778	927,396	4,705,382	2,731,684	1,973,698	441,471	1,532,227	274,289	1,257,937	38.80
120	5926 Kingtowne Ctr.	Fairfax Co.	4,519,218	745,265	3,773,953	2,176,629	1,597,324	515,667	1,081,657	215,311	866,346	35.66
127	13300-C Franklin Farm Rd.	Fairfax Co.	2,076,339	342,864	1,733,475	1,000,034	733,441	360,177	373,264	98,638	274,625	29.74
131	6920-E Bradlick Shp. Ctr.	Fairfax Co.	2,856,200	471,690	2,384,510	1,375,546	1,008,964	438,515	570,449	136,735	433,714	31.70
133	9130 Mathis Ave.	Manassas City	4,707,812	780,799	3,927,013	2,268,127	1,658,887	500,838	1,158,048	224,367	933,681	36.42
136	18 Fairfax St., S.E.	Loudoun Co.	6,065,987	999,418	5,066,568	2,926,554	2,140,015	586,737	1,553,278	290,787	1,262,491	37.29
166	5064 Fort Evans Rd. N.E.	Loudoun Co.	6,649,515	1,097,629	5,551,886	3,209,022	2,342,864	623,252	1,719,612	316,998	1,402,614	31.60
168	1001 N. Fillmore St.	Arlington Co.	2,693,513	438,137	2,255,376	1,301,291	954,085	443,538	543,431	129,030	414,401	31.65
170	1238 Elden St. Space A-3	Fairfax Co.	2,635,382	436,426	2,198,955	1,272,114	926,841	443,538	483,303	127,956	355,347	30.04
181	106 Washington St.	Loudoun Co.	1,573,835	258,141	1,315,695	760,410	555,285	200,187	355,098	75,598	279,501	34.16
203	6478 King St.	Alexandria City	5,405,698	888,303	4,517,395	2,601,838	1,915,557	570,348	1,345,209	259,917	1,085,292	36.51
208	44110 Ashburn Village Blvd.	Loudoun Co.	3,395,851	560,718	2,835,133	1,638,193	1,196,941	421,743	775,198	163,117	612,081	34.54
210	11160-A S. Lakes Dr.	Fairfax Co.	3,308,642	543,547	2,765,095	1,590,942	1,174,153	460,853	713,300	157,712	555,588	33.22
212	167 Hillwood Ave.	Falls Church City	2,867,345	470,538	2,396,806	1,380,717	1,016,090	418,924	597,166	136,883	460,283	32.46
215	320 23rd St. S.	Arlington Co.	3,071,506	502,506	2,569,000	1,485,957	1,083,043	483,006	600,037	145,432	454,605	31.16
219	8410 Old Courthouse Rd.	Fairfax Co.	8,811,539	1,457,478	7,354,061	4,247,047	3,107,014	999,273	2,107,741	432,239	1,675,502	35.56
224	Rt 50, 13944 Lee Jackson Hwy.	Fairfax Co.	3,741,438	618,627	3,122,811	1,794,233	1,328,578	490,197	838,381	181,200	657,181	34.10
228	1524 Belle View Blvd.	Fairfax Co.	5,623,938	923,268	4,700,670	2,719,060	1,981,610	517,097	1,464,513	269,203	1,195,310	37.67
231	436 E. Maple Ave.	Fairfax Co.	3,479,397	574,161	2,905,236	1,674,655	1,230,581	461,496	769,086	164,466	604,619	33.88
234	9574-76 Old Keene Mill Rd.	Fairfax Co.	3,772,519	621,493	3,151,026	1,816,370	1,334,656	514,404	820,252	180,865	639,387	33.42
235	8628-B Richmond Hwy.	Fairfax Co.	3,393,979	805,916	2,588,062	1,330,286	1,254,702	466,967	788,584	234,368	1,033,367	37.76
236	200 Little River Tnpk.	Fairfax Co.	4,870,904	859,916	4,011,026	2,330,286	1,680,740	432,283	1,254,702	164,079	604,505	34.30
241	11260 James Swart Cir.	Fairfax Co.	4,552,736	745,969	3,806,767	2,197,244	1,609,523	640,157	969,366	217,632	751,734	32.90
248	4709-B Lee Hwy.	Arlington Co.	2,973,885	487,853	2,486,031	1,433,045	1,052,987	402,629	650,358	141,469	508,889	33.52
260	6284 Arlington Blvd.	Fairfax Co.	5,554,769	920,370	4,634,399	2,679,663	1,954,736	561,736	1,393,000	264,472	1,128,528	36.89
264	16661 River Ridge Blvd.	Prince William Co.	8,494,390	1,397,147	7,097,243	4,103,710	2,993,532	846,010	2,147,522	402,771	1,744,751	36.99
267	1445B Chain Bridge Rd.	Fairfax Co.	8,594,390	1,086,245	7,508,145	4,103,710	3,404,445	724,565	1,578,728	314,736	1,263,991	35.84
268	6400 Springfield Plz.	Fairfax Co.	6,557,451	1,141,884	5,415,567	3,119,197	2,427,038	577,374	1,849,664	331,600	1,518,065	38.62
271	13991 Jefferson Davis Hwy.	Prince William Co.	6,888,118	1,141,884	5,746,235	3,319,197	2,427,038	432,815	1,041,147	138,787	469,545	32.45
273	9421 Lorton Market St.	Fairfax Co.	2,942,244	485,191	2,457,052	1,415,905	1,041,147	432,815	608,332	138,787	469,545	32.45
286	7555 Linton Hall Rd.	Prince William Co.	6,274,727	1,035,790	5,238,937	3,027,664	2,211,273	690,279	1,520,994	298,050	1,222,944	36.00
294	3556 E S. Jefferson St.	Fairfax Co.	6,689,817	1,104,897	5,584,920	3,236,408	2,348,512	730,958	1,617,554	325,238	1,292,315	35.83
295	8095 Sudley Rd.	Prince William Co.	6,158,330	1,020,042	5,138,289	2,969,162	2,169,127	659,594	1,509,533	294,693	1,214,841	36.29
301	4292 Merchants Plz.	Prince William Co.	4,633,167	765,739	3,867,428	2,234,696	1,632,732	490,308	1,142,424	219,442	922,982	36.45
316	4108 Fortuna Ctr. Plz.	Prince William Co.	4,730,695	780,368	3,950,327	2,279,450	1,670,877	443,254	1,227,622	225,025	1,002,597	37.69
317	9600E Main St.	Fairfax City	2,862,812	470,658	2,392,154	1,376,305	1,015,848	427,341	588,507	135,513	452,994	32.26
319	2507 N. Harrison St.	Arlington Co.	3,157,658	518,782	2,638,876	1,524,599	1,114,277	428,483	685,794	149,908	535,886	33.40
322	1020 E. Main St.	Fairfax Co.	4,332,489	717,044	3,615,445	2,078,035	1,537,409	519,066	1,018,343	207,587	810,755	35.26
346	8105 Lee Hwy.	Loudoun Co.	5,584,304	917,063	4,667,241	2,693,184	1,974,057	610,756	1,363,300	266,365	1,096,935	36.07
352	2555 John Milton Dr.	Fairfax Co.	4,261,039	700,725	3,560,313	2,050,128	1,510,185	529,660	980,526	204,292	776,234	34.66
353	4295 Cheshire Plz.	Fairfax Co.	2,661,135	438,257	2,222,879	1,282,730	940,148	430,847	509,302	126,848	382,453	30.84
357	1454 N. Point Village Shp. Cntr.	Prince William Co.	6,604,971	1,095,780	5,509,191	3,190,496	2,318,696	745,751	1,572,944	313,859	1,259,086	35.65
362	100 Edds Lane	Loudoun Co.	5,606,202	924,082	4,682,120	2,699,641	1,982,479	564,667	1,417,812	265,467	1,152,345	37.04
367	20070 Ashbrook Comm. Plz.	Loudoun Co.	4,442,572	731,735	3,710,837	2,137,687	1,573,150	575,280	997,870	211,870	786,000	34.16
368	10308 Willard Way	Loudoun Co.	3,725,513	614,607	3,110,906	1,795,621	1,315,285	512,713	802,572	178,299	624,273	33.25
369	6343A Columbia Pike	Fairfax City	1,848,490	304,446	1,544,044	889,499	654,545	417,283	237,263	88,040	149,223	24.54
371	5739 Burke Centre Pkwy.	Fairfax Co.	2,640,246	435,160	2,205,086	1,269,410	935,676	380,167	555,509	125,570	429,939	32.77
371	5739 Burke Centre Pkwy.	Fairfax Co.	2,850,127	470,359	2,379,768	1,375,991	1,003,778	379,606	624,171	135,461	488,710	33.65

(continued)

(3) Store expenses include miscellaneous revenue and net cash overages.
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Analysis of Store Performance— Fiscal Year 2021												
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)
372	3161 Duke St.	26,666	2,834,359	466,711	2,367,648	1,366,006	1,001,642	399,344	602,298	136,580	465,718	32.90
374	2955A S. Glebe Rd.	43,791	4,551,737	749,190	3,802,547	2,197,929	1,604,618	504,471	1,100,147	219,735	880,412	35.80
375	2225 Old Bridge Rd.	33,950	3,319,209	547,968	2,771,241	1,595,768	1,175,473	388,226	787,248	158,429	628,819	35.45
378	2940 Columbia Pike	28,765	3,118,894	512,806	2,606,087	1,503,733	1,102,355	512,876	589,479	149,899	439,580	30.54
380	3815-3817 Mount Vernon Ave.	27,898	2,925,174	481,002	2,444,173	1,412,022	1,032,151	528,143	504,008	138,899	365,110	28.93
384	5109 Westfields Blvd.	38,531	3,834,822	632,832	3,201,989	1,843,501	1,358,488	458,178	900,310	184,086	716,224	35.18
385	9575 Braddock Rd.	22,705	2,113,913	348,033	1,765,880	1,018,310	747,570	384,581	362,989	100,892	262,097	28.86
388	8150 Leesburg Pike, Ste. 110	14,018	2,338,915	386,777	1,952,138	1,123,608	828,530	380,562	372,890	11,628	289,776	28.93
393	10685 Braddock Rd.	21,687	2,129,633	350,727	1,778,906	1,025,455	753,452	380,562	372,890	101,248	271,642	29.22
397	4349 Duke St.	71,704	7,556,201	1,248,708	6,307,493	3,633,550	2,673,943	868,991	1,804,952	366,475	1,438,477	35.56
416	686 N. St. Asaph St.	17,866	1,996,782	326,401	1,670,381	964,204	706,176	475,577	200,600	97,088	133,512	23.03
418	24570 Dulles Landing Dr.	48,327	5,701,954	939,454	4,762,500	2,745,127	2,017,373	609,147	1,408,226	269,518	1,138,708	36.45
419	8074 Rolling Rd.	22,632	2,381,821	393,173	1,988,648	1,145,103	843,545	478,102	365,443	113,576	251,867	27.08
421	10140 Fairfax Blvd.	20,655	2,235,326	369,375	1,865,951	1,072,077	793,874	385,178	408,696	108,491	300,205	29.95
424	44722 Brimfield Dr.	21,194	2,508,685	413,182	2,095,503	1,200,775	894,728	411,868	482,859	122,308	360,551	30.84
425	5940 Richmond Hwy.	32,238	3,363,171	551,438	2,811,733	1,625,938	1,185,795	427,134	758,661	161,633	597,029	34.15
438	4604 Kenmore Ave.	21,434	2,186,654	358,354	1,828,299	1,053,418	774,881	375,888	398,993	105,594	293,399	29.81
439	14220 Smoketown Rd.	8,026	899,496	148,803	750,693	430,567	320,125	245,816	74,310	50,600	23,710	19.18
443	6464 Trading Sq.	13,183	1,360,722	223,715	1,137,007	655,216	481,792	272,524	209,267	66,138	143,129	26.96
Northern Virginia		3,450,275	365,133,828	60,201,345	304,932,483	176,012,779	128,919,704	46,347,400	82,572,304	17,491,896	65,080,409	34.31
37	15149 Montanus Dr.	39,908	3,376,322	556,756	2,819,567	1,625,238	1,194,329	381,559	812,770	160,360	652,410	35.81
51	265 Turkey Sag Trail	23,705	1,890,919	313,880	1,577,039	917,721	659,318	247,861	411,457	89,983	321,473	33.60
661	1083-E Marsh Rd.	27,389	2,820,615	377,460	1,903,155	1,098,078	805,077	342,527	462,551	108,902	353,748	32.06
725	390-A Lyndon Dr.	40,984	3,399,320	559,493	2,839,826	1,639,072	1,200,755	340,375	860,380	161,711	698,669	37.01
884	199-B Winchester Rd.	25,647	2,447,329	402,211	2,045,118	1,180,459	864,659	324,186	540,473	116,194	424,280	33.77
163	583 N. Madison Rd., Spc. 9	20,314	1,607,641	265,772	1,341,870	772,052	569,817	251,928	317,889	76,490	241,400	31.55
227	200 S. Main St.	10,705	861,444	141,129	720,316	413,332	306,984	191,803	115,181	40,894	74,287	25.01
274	28 Madison Plz. Dr.	13,163	1,080,872	178,285	902,586	520,206	382,381	215,078	167,303	51,041	116,262	27.25
297	45 Main St.	606	70,336	11,417	58,920	35,805	23,114	33,699	(10,585)	4,906	(15,490)	(5.79)
303	175 W. Lee Hwy.	72,984	6,658,449	1,098,229	5,560,219	3,214,680	2,345,540	615,665	1,729,874	317,043	1,412,831	37.71
329	185 Southgate Shp. Ctr.	33,756	2,835,999	467,737	2,368,262	1,368,405	993,857	311,056	688,801	135,388	553,413	36.01
Warrenton/Culpeper		309,161	26,509,247	4,372,369	22,136,878	12,785,047	9,351,831	3,255,736	6,096,095	1,262,812	4,833,283	34.73
46	183 Community St.	28,310	2,681,612	443,971	2,237,642	1,298,425	939,216	326,233	612,983	126,867	486,116	34.68
50	325 Four Leaf Lane, Ste. 3	19,458	1,842,882	303,872	1,539,009	893,567	645,443	288,071	357,372	85,483	271,889	31.24
70	98 Stoneridge Dr. N.	31,956	2,604,075	427,765	2,176,309	1,253,991	922,318	339,052	583,267	124,307	458,960	34.05
125	304 Pantops Ctr.	38,728	3,538,511	582,201	2,956,310	1,707,700	1,248,610	334,567	914,043	168,194	745,849	37.53
126	5819 Rock Fish Valley Hwy.	14,630	1,357,040	220,697	1,136,343	656,372	479,971	186,532	293,439	64,723	228,716	33.12
138	202 E. Main St., Ste. 2	26,128	1,954,621	322,203	1,632,419	938,060	694,359	300,930	393,429	93,275	300,155	31.84
185	502 W. Main St.	37,649	3,432,606	565,826	2,866,780	1,662,211	1,204,569	404,658	799,911	167,911	632,000	34.90
189	138 Scottsville Village Sq.	13,266	1,052,846	174,345	878,501	508,314	370,187	185,955	184,232	50,298	133,934	29.28
202	1902 Emmet St.	57,981	5,798,730	963,985	4,834,745	2,815,516	2,019,229	462,304	1,496,925	280,326	1,216,599	37.60
253	1169 Emmet St.	48,451	4,718,868	776,421	3,942,447	2,278,199	1,664,248	464,942	1,199,307	226,077	973,230	37.08
321	77 Callohill Dr.	13,652	1,048,572	174,542	874,030	506,287	367,743	228,103	139,640	49,767	89,873	25.22
359	1872 Rio Hill Ctr.	31,741	2,900,970	478,230	2,422,740	1,395,793	1,026,947	327,692	699,255	138,147	561,108	35.83
376	11016 Kentucky Springs Rd.	31,623	2,614,113	431,631	2,182,482	1,264,953	917,529	295,175	622,354	125,073	497,281	35.53
392	445 Merchant Walk Sq.	44,152	4,250,341	699,341	3,551,001	2,050,169	1,500,832	385,023	1,115,809	203,435	912,374	37.92
408	45 Market St.	32,307	2,788,583	458,538	2,330,045	1,347,335	982,711	330,955	651,756	133,353	518,403	35.03
Charlottesville		470,032	42,584,371	7,023,568	35,560,803	20,576,891	14,983,912	4,920,191	10,063,721	2,037,235	8,026,486	35.34

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

(continued)

Analysis of Store Performance — Fiscal Year 2021												
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)
117	309 Twelfth St.	53,175	4,500,896	749,293	3,751,603	2,164,633	1,586,970	371,710	1,215,260	218,524	996,736	38.79
160	1128 E. Lynchburg Salem Tmpk.	26,285	1,976,003	326,805	1,649,197	911,711	737,486	273,421	464,065	94,679	369,386	35.23
176	Hwy. 501, 416 Lusardi Dr.	10,669	797,636	132,203	665,433	382,642	282,791	210,144	72,647	38,201	34,446	20.89
262	20401 Timberlake Rd.	47,639	3,833,582	635,301	3,198,281	1,841,848	1,356,433	341,657	1,014,776	183,869	830,907	38.25
266	2118 Wards Rd.	41,995	3,606,506	600,025	3,006,480	1,738,732	1,267,749	410,086	857,663	172,315	685,348	35.64
279	18013 Forest Rd.	35,540	2,978,598	492,073	2,486,525	1,428,400	1,058,125	310,383	747,743	141,704	606,039	36.87
281	216 Amelon Sq. Plz.	33,017	2,600,713	430,086	2,170,627	1,245,576	925,051	312,078	612,974	123,709	489,265	35.35
285	199 Ambriar Ship. Ctr.	16,382	1,235,313	203,750	1,031,563	592,891	438,672	225,312	213,360	58,628	154,732	29.02
287	4925 Boonsboro Rd.	34,020	2,959,727	486,782	2,472,945	1,435,065	1,037,880	337,358	700,522	141,966	558,556	35.32
347	1055 Clarion Rd. Ste. D	27,755	2,145,327	355,288	1,790,039	1,028,399	761,640	264,322	497,318	102,264	395,054	34.98
354	7795 Richmond Hwy.	22,148	1,601,088	265,277	1,335,811	767,435	568,376	253,423	314,953	76,202	238,750	31.48
399	1051 Village Hwy. Ste. H	18,162	1,327,676	219,965	1,107,711	637,425	470,286	209,894	260,392	63,076	197,316	31.43
400	14521 Forest Rd. Ste. H	20,402	1,659,180	273,290	1,385,890	797,531	588,359	240,164	348,195	78,752	269,443	32.71
410	14807 Moneta Rd.	22,144	1,717,887	283,427	1,434,460	833,090	601,369	241,139	360,230	81,915	278,315	32.70
	Lynchburg	409,334	32,940,132	5,453,567	27,486,565	15,805,377	11,681,188	4,001,089	7,680,098	1,575,806	6,104,293	35.09
132	2777 Greensboro Rd.	33,376	2,806,790	465,296	2,341,495	1,343,727	997,767	308,318	689,450	135,521	553,928	36.31
146	639 W. Main St.	23,393	2,086,014	346,381	1,739,633	997,690	741,943	313,092	428,851	99,922	328,929	32.37
154	235 N. Union St.	13,928	1,157,331	192,281	965,049	552,114	412,935	199,947	212,988	55,766	157,222	30.20
191	400 Old Franklin Tmpk.	45,138	3,441,428	569,270	2,872,159	1,653,172	1,218,987	365,921	853,066	164,834	688,233	36.54
213	12990 B. T. Washington Hwy.	38,591	3,149,071	520,588	2,628,483	1,523,147	1,105,336	357,313	748,023	152,565	595,458	35.44
276	221 Nor-Dan Dr.	41,218	3,913,186	650,237	3,262,949	1,877,362	1,385,587	361,092	1,024,495	188,997	835,498	37.97
277	985 Fairystone Park Hwy.	26,590	1,913,311	316,976	1,596,335	913,628	682,706	272,368	410,338	91,122	319,216	33.25
283	Hwys. 29 & 703, Rt. 2	17,525	1,400,772	232,427	1,168,345	671,151	497,194	205,549	291,644	66,832	224,812	32.64
291	786 Commonwealth Blvd.	41,463	3,517,568	583,997	2,933,571	1,694,949	1,238,621	363,119	875,503	168,536	706,967	36.70
324	301 S. Main St.	14,086	1,062,544	176,219	886,324	506,950	379,375	182,120	197,255	50,317	146,938	30.41
373	3282 Riverside Dr.	47,116	4,202,935	696,342	3,506,593	2,023,076	1,483,517	370,201	1,113,316	201,891	911,424	38.25
	Danville/Martinsville	342,424	28,650,951	4,750,016	23,900,935	13,756,967	10,143,968	3,299,040	6,844,928	1,376,304	5,468,624	35.67
59	3136 Halifax Rd.	48,819	3,888,667	647,308	3,241,359	1,870,870	1,370,489	398,054	972,435	185,872	786,563	36.87
143	812 E. Atlantic St.	47,430	3,933,173	652,426	3,280,748	1,891,270	1,389,477	343,618	1,045,860	188,167	857,693	38.39
157	93 Brunswick Sq. Ct.	15,222	1,245,781	206,804	1,038,977	598,329	440,647	224,936	215,711	59,484	156,228	29.14
172	112 N. Main St.	12,882	979,917	162,754	817,163	471,442	345,721	213,395	132,326	46,932	85,394	25.32
214	608 Virginia Ave.	21,265	1,656,714	274,740	1,381,974	795,620	586,354	210,737	375,617	78,822	296,795	34.50
	South Boston	145,618	11,704,252	1,944,032	9,760,220	5,627,531	4,132,688	1,390,740	2,741,949	559,276	2,182,673	35.26
152	1506 S. Main St.	45,724	3,662,950	605,847	3,057,103	1,755,495	1,301,608	377,062	924,547	175,447	749,099	36.99
161	501F Main St.	10,526	786,241	131,769	654,472	378,168	276,304	174,992	101,313	37,468	63,845	24.88
164	1618 W. Virginia Ave.	13,935	1,060,484	175,584	884,900	507,881	377,020	241,840	135,179	50,565	84,614	24.54
178	974 Main St.	12,171	964,727	160,026	804,701	462,515	342,186	197,394	144,792	46,194	98,599	26.81
196	110 King St.	12,895	937,346	155,108	782,238	449,755	332,484	204,008	128,476	44,790	83,686	25.48
204	1592 Anderson Hwy.	9,223	693,733	114,240	579,492	333,110	246,382	190,297	156,085	33,200	122,885	19.77
275	1423 S. Main St.	19,130	1,566,992	259,995	1,306,998	754,156	552,841	295,482	257,360	75,124	182,236	28.22
351	15127 Patrick Henry Hwy.	15,706	1,242,539	205,879	1,036,660	596,032	440,627	221,838	218,789	59,789	159,000	29.37
	Farmville	139,310	10,915,013	1,808,448	9,106,565	5,237,112	3,869,452	1,902,912	1,966,541	522,576	1,443,964	29.80
38	2501 New Kent Hwy., Suite C.	44,331	3,571,134	590,128	2,981,007	1,720,658	1,260,349	335,644	924,704	170,504	754,201	37.64
77	1800 S. Creek One, Spc. H.	27,002	2,118,810	350,195	1,768,615	1,020,666	747,949	285,319	462,630	100,253	362,377	33.63
86	2610 Buford Rd.	38,016	3,550,922	585,261	2,965,662	1,716,613	1,249,049	400,021	849,028	167,165	681,863	35.68
89	34-A Broad. St. Rd.	29,031	2,541,643	419,719	2,121,925	1,224,474	897,450	308,066	589,385	121,232	468,152	34.93
97	6504 Hull St.	42,918	4,653,714	777,759	3,875,955	2,242,701	1,639,254	404,718	1,234,536	224,545	1,009,991	38.29
101	3100-A W. Broad St.	45,443	4,353,198	719,040	3,634,158	2,117,737	1,516,421	512,684	1,003,737	209,906	793,831	34.75

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

(continued)

Analysis of Store Performance — Fiscal Year 2021												
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)
102	1901 W. Main St.	42,922	3,933,879	648,807	3,285,072	1,891,816	1,393,256	410,646	982,610	191,731	790,879	36.60
104	7028 Woodlake Comm. Loop	63,498	5,515,796	906,425	4,609,371	2,661,602	1,947,769	443,345	1,504,424	262,673	1,241,751	38.95
108	10242 Staples Mills Rd.	32,399	2,861,153	471,930	2,389,224	1,376,216	1,013,008	326,534	686,473	135,923	550,551	35.74
116	12635 Jefferson Davis Hwy.	66,201	6,061,061	1,002,748	5,058,313	2,924,321	2,133,992	476,986	1,657,006	289,884	1,367,122	39.10
150	6030 Brook Rd.	25,330	2,371,851	392,886	1,978,965	1,145,111	833,855	342,453	491,401	107,594	383,807	32.75
159	201 Stonebridge Plz. Ave.	49,238	4,844,682	802,145	4,042,537	2,331,064	1,711,474	439,772	1,271,702	232,150	1,039,552	38.01
169	10 N. Thompson St.	67,977	6,939,311	1,144,362	5,794,949	3,350,137	2,444,812	555,917	1,888,894	337,789	1,551,106	38.84
171	8700 W. Broad St.	41,181	3,953,866	658,667	3,295,200	1,912,969	1,382,231	430,218	952,012	189,658	762,354	35.94
180	2026 E. Main St.	56,244	6,324,183	1,046,169	5,278,014	3,054,697	2,223,316	525,013	1,698,303	311,553	1,386,750	38.47
182	1217-19 W. Broad St.	27,315	2,610,943	430,852	2,180,091	1,280,086	900,005	361,164	538,841	128,205	410,636	32.23
187	2421 Venable St.	20,903	2,014,758	335,290	1,679,469	960,661	718,808	262,317	456,491	97,485	359,006	34.46
190	13113 Rittenhouse Dr.	70,557	6,551,304	1,083,443	5,467,861	3,158,746	2,309,115	565,393	1,743,722	311,121	1,432,601	38.41
205	2288 John Rolfe Pkwy.	20,150	1,730,388	286,984	1,443,404	844,162	599,242	263,975	335,267	82,040	253,227	31.22
207	10106 Brook Rd.	43,154	4,024,300	663,768	3,360,532	1,937,498	1,423,035	376,172	1,046,862	190,581	856,281	37.77
242	1601 Willow Lawn Dr.	52,060	5,185,888	853,330	4,332,559	2,503,719	1,828,840	492,558	1,336,282	247,664	1,088,618	37.45
243	245-B N. Washington Hwy.	42,947	3,577,556	590,148	2,987,409	1,720,156	1,267,253	373,002	894,250	171,357	722,893	36.70
247	9685 W. Broad St.	36,554	3,306,540	547,007	2,759,532	1,589,740	1,169,792	341,132	828,660	157,901	670,760	36.83
251	2924 N. Ave.	19,467	1,758,461	292,663	1,465,798	839,451	626,346	268,469	357,877	84,769	273,109	32.17
252	618 W. Southside Plz.	46,991	4,475,265	743,777	3,731,488	2,159,899	1,571,589	462,178	1,109,411	215,833	893,578	36.59
254	7015 Three Chopt Rd.	31,511	3,061,054	502,488	2,558,566	1,480,956	1,077,610	431,204	646,406	145,430	500,976	32.78
270	809-823 E. Parham Rd.	45,010	3,981,373	661,277	3,320,096	1,919,982	1,400,114	446,026	954,087	196,688	757,400	35.63
284	14229 Midlothian Tnpk.	63,884	5,751,458	951,002	4,800,456	2,781,071	2,019,385	547,009	1,472,376	274,774	1,197,602	37.36
292	1521 Parham Rd.	37,204	3,401,872	560,653	2,841,219	1,647,695	1,193,525	372,361	821,163	162,988	658,175	35.83
300	9502 Chamberlayne Rd.	44,812	3,747,775	618,945	3,128,830	1,805,614	1,323,217	368,409	954,807	179,437	775,370	37.20
304	2734 Fairground Rd.	19,538	1,587,651	264,357	1,323,293	771,113	552,181	253,600	298,581	75,327	223,254	30.71
305	3816 Mechanicsville Tnpk.	44,073	4,316,838	716,684	3,600,154	2,075,694	1,524,459	440,342	1,084,117	206,866	877,252	36.92
308	11252 Patterson Ave.	18,197	1,626,359	268,288	1,358,071	784,144	573,927	275,776	298,151	77,369	220,782	30.07
314	4320-D S. Laburnum Ave.	74,131	7,224,432	1,196,956	6,027,476	3,480,869	2,546,606	622,034	1,924,572	346,710	1,577,863	38.41
315	7048 Commons Plz.	53,069	4,680,450	773,249	3,907,201	2,259,925	1,647,276	482,638	1,164,637	223,948	940,689	36.62
326	2105 Academy Rd.	25,759	2,087,836	344,266	1,743,570	1,007,407	736,163	274,153	462,010	99,070	362,940	33.87
330	5722 Hopkins Rd.	49,632	4,870,390	806,990	4,063,400	2,354,445	1,708,955	423,636	1,285,319	232,119	1,053,200	38.19
331	5420 Pump Rd.	85,059	8,941,084	1,474,447	7,466,636	4,313,939	3,152,698	698,731	2,453,967	429,906	2,024,060	39.13
332	4018 Glenside Dr.	36,192	3,107,131	513,943	2,593,189	1,495,538	1,097,651	369,409	728,241	148,755	579,486	35.19
334	7057 Mechanicsville Tnpk.	68,095	5,669,636	936,078	4,733,558	2,727,299	2,006,259	522,076	1,484,183	270,143	1,214,040	37.92
348	7036 Forest Hill Ave.	45,673	4,266,342	705,986	3,560,356	2,065,722	1,494,634	416,970	1,077,664	202,074	875,590	37.07
350	11108 Midlothian Tnpk.	87,270	7,770,330	1,284,155	6,486,174	3,746,100	2,740,074	599,319	2,140,755	367,493	1,773,262	39.35
360	2901 Hermitage Rd.	34,192	3,361,295	557,475	2,803,820	1,618,368	1,185,452	240,506	944,946	170,591	774,355	39.62
363	9953 Hull St. Rd.	51,768	4,418,588	730,898	3,687,690	2,128,264	1,559,426	415,929	1,143,497	207,441	936,057	37.73
366	1370 Gaskins Rd.	35,862	3,429,168	564,424	2,864,743	1,656,433	1,208,310	424,750	783,560	162,706	620,854	34.56
389	11367 Nuckols Rd.	30,696	3,072,326	506,566	2,565,760	1,481,951	1,083,809	381,031	702,778	145,690	557,088	34.62
390	16605 Mountain Rd.	19,982	1,625,470	267,422	1,358,048	781,921	576,127	267,011	309,116	76,981	232,135	30.73
402	11400 W. Huguenot Rd.	10,952	1,065,379	175,442	889,938	508,880	381,058	159,478	221,580	57,416	164,163	31.88
407	13113 River's Bend Blvd.	31,270	2,903,986	479,989	2,423,997	1,397,617	1,026,380	373,599	652,780	139,151	513,630	34.22
441	4991 Nine Mile Rd.	40,126	3,933,543	652,509	3,281,033	1,890,913	1,390,121	441,641	948,479	190,028	758,451	35.87
Richmond		2,135,786	198,732,373	32,851,991	165,880,382	95,866,759	70,013,623	20,211,338	49,802,286	9,528,617	40,273,668	36.80
35	2757 Jefferson Davis Hwy.	45,800	4,390,069	727,064	3,663,005	2,123,924	1,539,080	406,353	1,132,727	210,818	921,909	37.56
44	18035 Jefferson Davis Hwy.	25,196	2,075,259	342,996	1,732,264	994,390	737,874	288,864	449,010	98,826	350,184	33.40
62	1416 Carl D. Silver Parkway	52,227	5,351,842	884,224	4,467,618	2,572,604	1,895,014	499,740	1,395,274	255,966	1,139,308	37.81
64	43 Town and Country Dr.	41,840	3,538,843	584,082	2,954,761	1,740,391	1,214,370	358,805	855,565	168,392	687,172	35.92
74	10857 Tidewater Trail	20,596	1,915,396	316,596	1,598,799	919,109	679,690	288,012	391,678	91,431	300,247	32.20
95	10025 Jefferson Davis Hwy.	53,203	4,936,573	816,437	4,120,136	2,377,283	1,742,853	430,147	1,312,706	236,140	1,076,566	38.35

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

(continued)

Analysis of Store Performance — Fiscal Year 2021												
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)
103	6348 Jefferson Davis Hwy.	22,119	1,795,261	299,456	1,495,805	868,242	627,563	265,469	362,094	85,775	276,319	32.07
121	507 William St.	31,171	3,057,880	504,411	2,553,469	1,471,059	1,082,411	280,250	802,161	149,053	653,108	37.85
183	9 Village Ctr. Dr., Suite 125	43,593	3,962,875	653,935	3,308,940	1,905,529	1,403,411	420,985	982,426	188,949	793,477	36.52
200	356 Garrisonville Rd.	51,024	5,181,372	854,491	4,326,881	2,497,917	1,828,963	492,704	1,336,260	246,101	1,090,159	37.53
209	5055 Jefferson Davis Hwy.	50,275	4,418,112	714,096	3,604,015	2,076,009	1,528,006	439,446	1,088,561	206,423	882,137	36.97
221	16424 Consumer Row	17,173	1,540,720	255,605	1,285,115	741,281	543,834	237,747	306,087	76,884	229,203	31.47
239	320 W. Broadus Ave, Unit E.	11,934	914,103	150,961	763,142	438,012	325,131	201,448	123,683	43,560	80,123	25.28
245	1249 Jefferson Davis Hwy.	27,626	2,468,869	407,873	2,060,997	1,184,704	876,292	320,887	555,405	117,510	437,895	34.26
313	4185 Plank Rd.	61,739	5,443,128	899,831	4,543,297	2,625,704	1,917,593	489,888	1,427,705	260,453	1,167,252	37.98
412	50 N. Stafford Complex	29,136	2,761,932	454,986	2,306,947	1,332,801	974,145	327,727	646,418	131,390	515,028	35.12
	Fredericksburg	584,653	53,652,233	8,867,043	44,785,190	25,868,959	18,916,231	5,748,473	13,167,758	2,567,673	10,600,085	36.28
130	700 McKinney Blvd., Ste. 400	23,159	1,746,670	290,544	1,456,126	848,597	607,528	265,404	342,124	82,482	259,642	31.50
149	4699 Richmond Rd.	17,047	1,385,311	227,947	1,157,364	667,431	489,932	249,618	240,314	66,678	173,636	28.99
192	101 S. Main St.	50,570	4,013,212	661,593	3,351,618	1,935,870	1,415,749	361,751	1,053,997	191,766	862,231	37.97
220	1722 King's Hwy., Ste. 109	10,212	802,804	133,493	669,311	389,960	279,350	170,663	108,688	37,940	70,748	25.44
238	142 Northumberland Hwy.	19,687	1,399,293	230,670	1,168,623	673,552	495,071	231,495	263,576	66,260	197,316	30.59
	Northern Neck	120,675	9,347,290	1,544,248	7,803,042	4,515,411	3,287,631	1,278,931	2,008,699	445,126	1,563,573	33.25
32	16273 General Puller Hwy	19,579	1,460,614	241,397	1,219,216	705,858	513,359	238,901	274,457	69,221	205,237	30.58
155	2334 York Crossing Dr.	34,925	2,751,763	454,460	2,297,303	1,323,394	973,909	319,376	654,533	131,168	523,365	35.53
175	416 14th St.	24,391	1,893,954	313,854	1,580,100	947,006	633,093	265,866	367,228	90,509	276,719	31.18
179	231 Virginia St.	15,868	1,255,718	207,854	1,047,865	611,403	436,462	188,617	247,845	59,503	188,341	31.55
198	1628 Tappanhook Blvd.	23,816	1,863,452	307,120	1,556,332	896,193	660,139	271,102	389,037	88,784	300,253	32.59
233	6736 Main St.	40,287	3,088,445	510,908	2,577,537	1,483,386	1,094,151	293,735	800,416	147,450	652,966	37.68
257	4917 Richmond Tapp. Hwy.	24,982	1,943,111	321,161	1,621,950	934,423	687,527	290,966	396,560	92,293	304,267	32.19
333	10972 Buckley Hall	18,845	1,387,295	228,305	1,158,990	666,498	492,492	233,414	259,078	65,850	193,228	30.39
	West Point/Mathews	202,693	15,644,352	2,585,059	13,059,293	7,568,161	5,491,132	2,101,978	3,389,155	744,777	2,644,377	33.43
60	Unit 4330 Westgate Dr.	52,376	4,489,254	745,576	3,743,678	2,159,492	1,584,186	373,830	1,210,357	215,695	994,662	38.76
114	4575 Whitehill Blvd.	43,644	4,068,514	676,180	3,392,334	1,970,126	1,422,208	399,076	1,023,132	196,837	826,294	36.93
118	14 Washington St., W.	27,225	2,658,334	442,147	2,216,188	1,273,471	942,717	369,122	573,595	128,789	444,806	33.36
144	301 Market Dr. Ste. H Unit 8	37,939	3,396,644	564,408	2,832,236	1,634,997	1,197,239	354,392	842,847	162,455	680,392	36.65
151	210 N. Main St.	28,249	2,375,605	393,698	1,981,907	1,142,613	839,294	317,880	521,414	113,961	407,453	33.72
232	3107 Blvd.	45,554	3,824,033	633,328	3,190,705	1,834,856	1,355,848	395,799	960,050	183,014	777,036	36.88
240	201 S. Country Dr.	14,545	1,193,389	197,557	995,832	575,174	420,658	269,970	150,688	57,126	93,562	24.39
255	3330 S. Grater Rd.	49,246	4,374,918	728,545	3,646,373	2,118,103	1,528,271	406,115	1,122,155	209,758	912,397	37.51
310	5232 Oaklawn Blvd.	37,281	3,375,403	559,620	2,815,783	1,623,205	1,192,578	345,589	846,989	161,871	685,118	36.88
	Petersburg/Hopewell	336,059	29,756,095	4,941,060	24,815,035	14,332,036	10,482,999	3,231,772	7,251,226	1,429,506	5,821,720	36.17
43	236 Carmichael Way	35,068	2,939,226	483,970	2,455,255	1,416,758	1,038,497	308,236	730,261	139,375	590,885	36.57
53	11409 Windsor Blvd, Unit B	17,593	1,350,504	223,912	1,126,592	649,126	477,466	248,927	228,540	64,129	164,410	28.75
69	648 Grassfield Pkwy.	41,105	3,644,304	600,976	3,043,328	1,756,601	1,286,727	360,895	925,832	173,162	752,670	37.14
71	143 B Granby St.	7,495	828,131	159,930	692,200	399,322	292,878	210,149	82,729	39,793	42,936	21.60
79	1434 Sam's Dr., Units B108-111	54,543	4,989,202	826,715	4,162,487	2,404,842	1,757,645	504,243	1,253,402	238,634	1,014,768	36.91
98	3312 Princess Anne Rd.	41,772	3,805,426	626,311	3,179,115	1,832,301	1,346,814	409,065	937,749	180,699	757,050	36.35
105	869 Lynnhaven Pkwy.	44,353	4,101,384	739,732	3,421,652	1,973,996	1,447,656	530,126	917,530	197,766	719,764	34.12
106	2973 Shore Dr.	54,124	4,491,929	739,696	3,752,233	2,170,068	1,582,165	376,061	1,206,104	216,837	989,267	38.49
107	141 W. Virginia Beach Blvd.	73,609	7,748,620	1,286,000	6,462,621	3,755,961	2,706,660	715,721	1,990,939	377,618	1,613,321	37.42
110	1136 London Blvd.	39,126	3,836,040	638,775	3,197,265	1,864,888	1,332,377	359,466	972,911	185,366	787,545	37.18
128	159 W. Ocean View Ave.	54,389	4,639,398	767,163	3,872,235	2,228,174	1,644,061	414,160	1,229,901	224,312	1,005,588	38.21
129	1615 General Booth Blvd.	45,422	3,683,972	606,816	3,077,156	1,769,984	1,307,172	391,968	915,204	176,800	738,404	36.52
134	2301 #M Colley Ave.	67,747	6,304,811	1,044,165	5,260,646	3,048,762	2,211,884	508,838	1,703,046	304,978	1,398,068	38.74

(continued)

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

RETAIL OPERATIONS DIVISION

Analysis of Store Performance — Fiscal Year 2021												
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)
165	550 E. Liberty St.	38,836	3,865,594	642,481	3,223,112	1,859,376	1,363,736	356,348	1,007,388	186,228	821,160	37.86
188	4334 Holland Rd.	63,065	5,776,028	957,606	4,818,422	2,787,045	2,031,377	477,056	1,554,321	276,966	1,277,355	38.69
211	5911 Harbour View Blvd.	40,106	4,140,756	684,094	3,456,662	1,994,322	1,462,341	418,642	1,043,698	198,342	845,356	36.94
216	1100-102 Armoury Dr.	36,419	2,938,877	487,420	2,451,457	1,423,196	1,028,261	305,258	723,003	139,510	583,493	36.44
225	405 30th St.	106,018	9,134,708	1,505,675	7,629,034	4,396,160	3,232,873	633,747	2,599,127	440,507	2,158,619	40.11
226	7862 Tidewater Dr., Unit 105	66,462	6,378,013	1,056,331	5,321,683	3,064,883	2,256,800	589,542	1,667,258	307,911	1,359,347	37.88
237	3812 Geo. Washington Hwy.	40,236	3,960,916	657,681	3,303,234	1,904,789	1,398,445	413,004	985,337	191,327	794,010	36.65
246	5020 Ferrell Pkwy.	32,621	3,049,092	507,649	2,541,443	1,465,169	1,076,273	393,004	683,269	146,146	537,123	34.27
249	2350 E. Little Creek Rd.	45,832	3,791,316	627,358	3,163,958	1,825,211	1,338,746	396,988	941,758	180,014	761,744	36.64
256	1612 Laskin Rd.	119,048	11,696,822	1,933,776	9,763,045	5,631,827	4,131,218	906,509	3,224,709	570,045	2,654,664	39.23
263	5900 Virginia Beach Blvd.	71,543	7,246,573	1,202,674	6,043,898	3,494,756	2,549,143	562,445	1,986,698	351,470	1,635,227	39.16
278	3333 Virginia Beach Blvd.	86,997	7,541,514	1,247,483	6,294,030	3,633,231	2,660,800	644,992	2,015,808	363,114	1,652,694	38.46
280	1103 S. Military Hwy.	77,499	6,904,168	1,144,533	5,759,635	3,335,826	2,423,809	479,557	1,944,252	334,661	1,609,592	39.89
288	5909 High St. W.	49,929	4,541,802	752,184	3,789,618	2,183,960	1,605,658	420,108	1,185,551	218,081	967,470	37.86
298	8211 W. Constance Rd.	36,075	3,185,191	532,041	2,653,150	1,536,958	1,116,192	340,458	775,734	153,828	621,906	36.23
299	1917-19 S. Church St.	42,866	3,532,893	584,346	2,948,547	1,701,114	1,247,434	371,604	875,830	168,566	707,264	36.56
306	2085 Lynnhaven Pkwy.	58,690	5,195,404	858,559	4,336,845	2,497,542	1,839,304	537,933	1,301,371	249,721	1,051,649	36.77
307	957 & 959 Providence Sq.	55,051	4,581,804	759,453	3,822,352	2,212,953	1,609,399	399,348	1,210,051	219,625	990,425	38.19
311	4020 Victory Blvd., Suite 13	54,270	5,313,425	882,416	4,431,010	2,564,804	1,866,206	474,614	1,391,592	255,141	1,136,451	38.00
312	2815-G Godwin Blvd.	35,291	3,160,422	524,601	2,635,821	1,525,952	1,109,869	343,571	766,298	151,156	615,142	36.06
325	22718 Main St.	12,739	970,613	160,834	809,779	465,434	344,346	214,319	130,026	46,865	83,161	25.14
328	836 Eden Way N., Unit 146B	41,765	4,044,575	670,364	3,374,211	1,949,579	1,424,632	390,055	1,034,577	195,079	839,498	37.33
336	1067 Independence Blvd.	65,195	5,608,156	926,426	4,681,730	2,700,527	1,981,203	643,544	1,337,659	270,807	1,066,852	35.54
349	237 S. Battleground Blvd.	54,269	4,570,057	756,266	3,813,791	2,209,400	1,604,391	409,375	1,195,017	218,089	976,927	37.92
355	4300 Portsmouth Blvd.	52,713	4,654,564	772,217	3,882,347	2,253,057	1,629,290	399,485	1,229,805	223,465	1,006,341	38.21
361	3014 Tnpk. Rd.	51,030	4,918,790	817,208	4,101,582	2,382,933	1,718,649	482,559	1,236,090	235,666	1,000,424	36.95
370	2151 Upton Dr.	79,614	6,717,175	1,103,703	5,613,472	3,240,983	2,372,489	521,030	1,851,459	322,376	1,529,083	39.19
377	3875 Bridge Rd., Ste. 29	36,747	3,418,534	564,710	2,853,825	1,649,604	1,204,221	374,088	834,133	163,151	666,982	36.03
379	5832 Northampton Blvd.	50,440	4,957,227	820,338	4,136,889	2,387,548	1,749,341	469,889	1,279,452	239,276	1,040,176	37.53
391	13478 Carrollton Blvd.	25,072	2,302,568	380,797	1,921,771	1,106,993	814,778	312,822	501,956	110,518	391,438	33.54
394	535 N. Birdneck Rd.	28,652	2,593,929	427,715	2,166,214	1,246,920	919,294	334,430	584,864	124,313	460,552	34.24
409	7550 Granby St. Suite #80	43,053	4,031,249	670,580	3,360,669	1,955,930	1,404,739	429,046	975,693	192,671	783,021	36.06
413	1457 N. Main St. Suite 28	26,487	2,431,260	403,541	2,027,719	1,170,424	857,295	313,544	543,751	115,735	428,016	34.20
415	1340 N. Great Neck Rd.	37,485	3,234,916	533,265	2,701,652	1,557,372	1,144,280	329,808	814,471	155,413	659,058	36.86
423	1595 International Blvd.	43,103	4,141,704	686,120	3,455,584	1,996,704	1,458,880	406,760	1,052,120	200,886	851,234	37.12
428	807 Shore Dr.	35,987	3,031,751	498,048	2,533,704	1,460,205	1,073,499	396,501	676,998	143,629	533,369	34.02
429	164 Central Park Ave.	34,098	3,738,673	616,016	3,122,656	1,798,178	1,324,478	416,091	908,387	179,745	728,642	35.97
437	1400 Kempsville Rd.	37,558	3,425,149	566,315	2,858,834	1,652,837	1,205,998	301,610	904,388	163,877	740,511	38.15
444	317 Virginia Beach Blvd.	12,112	1,140,578	187,995	952,583	546,467	406,116	232,184	173,932	59,898	114,034	26.48
Norfolk/Virginia Beach		2,501,320	228,229,736	37,770,980	190,458,756	110,040,951	80,417,806	22,179,826	58,237,980	10,983,291	47,254,689	37.25
48	697 Centerville Rd.	68,082	5,714,965	940,309	4,774,657	2,758,599	2,016,058	481,002	1,535,055	272,862	1,262,193	38.54
92	30 W. Mercury Blvd.	35,707	3,297,309	546,795	2,750,514	1,572,190	1,178,324	370,332	807,993	158,138	649,855	36.29
112	61 N. Mallory St.	40,650	3,916,054	651,651	3,264,403	1,894,453	1,369,950	374,342	995,607	189,419	806,189	37.23
148	4640-6 Monticello Ave.	66,062	6,096,020	1,002,178	5,093,842	2,941,469	2,152,372	604,979	1,547,393	291,218	1,256,176	37.05
158	3099 Jefferson Ave.	40,526	4,070,092	676,530	3,393,562	1,953,967	1,439,595	391,581	1,048,014	196,853	851,161	37.53
217	619 Pilot House Dr.	62,278	6,089,680	1,009,224	5,080,456	2,934,608	2,145,848	482,553	1,663,295	295,788	1,367,507	39.03
222	5005 Victory Blvd.	33,435	3,217,505	531,188	2,686,317	1,553,825	1,132,492	398,692	733,800	152,697	581,102	34.57
244	4909 W. Mercury Blvd.	61,509	6,186,036	1,027,559	5,158,478	2,984,099	2,174,379	446,808	1,727,571	299,525	1,428,046	39.70
250	2078 Nickerson Blvd., Ste. 5	39,810	3,445,986	570,996	2,874,990	1,659,030	1,215,959	372,151	843,808	165,281	678,528	36.26
258	3831 Kecoughtan Rd.	42,864	4,068,722	674,725	3,393,997	1,962,727	1,431,270	391,345	1,039,925	196,908	843,017	37.30
265	19 Towne Ctr. Way	29,409	2,844,190	471,294	2,372,896	1,368,624	1,004,272	360,672	643,600	136,438	507,162	34.40

(continued)

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

Analysis of Store Performance — Fiscal Year 2021												
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)
272	55 Hidenwood Shp. Ctr.	34,452	2,924,483	484,192	2,440,291	1,403,261	1,037,030	368,678	668,352	139,979	528,373	34.62
282	2400 Cunningham Dr.	80,836	8,355,903	1,386,033	6,969,871	4,041,970	2,927,901	788,502	2,139,399	400,037	1,739,362	37.40
290	5226 Geo. Washington Hwy.	32,360	2,682,169	442,237	2,239,932	1,290,771	949,161	368,592	580,569	128,285	452,284	33.35
320	1244 Richmond Rd.	46,440	4,360,544	715,928	3,644,616	2,103,419	1,541,197	506,099	1,035,098	213,226	821,872	35.27
335	801-F Merrimac Trail	31,809	2,862,180	472,740	2,389,440	1,375,158	1,014,282	374,970	639,311	139,436	499,876	33.98
340	309-A Oyster Point Rd.	37,819	3,574,564	591,478	2,983,086	1,721,498	1,261,587	394,592	866,995	170,558	696,437	36.03
341	621 Stoney Creek Lane	56,294	5,513,050	914,328	4,598,722	2,662,787	1,935,935	533,157	1,402,778	266,547	1,136,231	37.19
342	10872 Warwick Blvd.	27,716	2,498,907	416,467	2,082,440	1,209,003	873,437	325,199	548,239	119,970	428,268	33.80
381	1480-3C Quarterpath Rd.	23,138	2,142,387	353,888	1,788,499	1,039,680	748,819	302,682	446,137	102,479	343,658	32.56
382	475 Wythe Creek Rd.	29,458	2,481,495	409,716	2,071,779	1,196,269	875,510	290,446	585,063	118,692	466,371	35.30
417	201 Tradesman Way	27,500	2,280,852	376,872	1,903,980	1,096,019	807,961	331,671	476,290	109,449	366,841	32.61
420	980 J. Clyde Morris Blvd.	24,353	2,338,381	389,911	1,948,470	1,132,274	816,196	309,225	506,970	111,973	394,998	33.57
422	14272 Warwick Blvd.	54,818	5,364,116	890,209	4,473,907	2,592,038	1,881,869	470,616	1,411,253	258,562	1,152,692	38.08
	Newport News/Hampton	1,027,325	96,325,590	15,946,445	80,379,145	46,447,740	33,931,405	10,038,887	23,892,517	4,634,320	19,258,198	36.55
156	22485 Lankford Hwy.	25,650	2,064,262	341,843	1,722,419	998,994	723,425	255,154	468,272	100,076	368,196	34.40
162	7017 & 7019 Lankford Hwy.	15,163	1,201,140	198,286	1,002,853	576,994	425,859	241,954	183,905	57,618	126,287	27.02
177	4301 Pension St.	17,842	1,315,052	214,597	1,100,455	631,732	468,723	213,608	255,115	63,489	191,626	30.89
223	4090-B Lankford Hwy.	17,331	1,233,823	204,166	1,029,656	591,711	437,945	225,953	211,992	58,715	153,277	28.97
344	25234 Lankford Hwy.	30,839	2,344,884	387,525	1,957,359	1,126,156	831,203	295,031	536,172	111,664	424,508	34.63
	Eastern Shore	106,825	8,159,161	1,346,418	6,812,743	3,925,587	2,887,155	1,231,700	1,655,455	391,563	1,263,892	31.99
	Statewide Totals	14,314,095	\$1,322,141,643	\$218,474,316	\$1,103,667,328	\$637,150,702	\$466,516,626	\$151,417,188	\$315,099,438	\$63,390,819	\$251,708,619	35.56%

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

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

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

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

Analysis of Distillery Store Performance — Fiscal Year 2021										
ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adjusted Net Profit	Rate of Return to Virginia (3)
Statewide Distillery Totals	11,323,534	1,870,355	9,453,179	5,426,007	4,027,171	2,263,518	81,956	1,102,012	579,686	21.64%
10 Three Brothers Distillery Inc.	5,301	884	4,418	2,597	1,821	1,060	28	583	150	19.50%
12 Belle Isle Craft Spirits Inc.	456,910	63,129	393,781	222,088	171,692	93,010	9,144	44,072	25,466	19.39%
13 Vitae Spirits Distillery, LLC	53,739	8,467	45,271	24,286	20,985	10,159	102	4,579	6,145	27.19%
14 Dark Hollow Hooch, LLC	59,644	9,943	49,701	28,336	21,365	11,929	270	5,797	3,370	22.32%
15 Copper Fox Distillery Enterprises, LLC	390,989	65,181	325,808	188,007	137,801	68,572	2,208	38,534	28,487	23.96%
16 Virginia Distillery Co., LLC	255,226	42,575	212,651	127,624	85,027	51,080	1,190	24,191	8,566	20.04%
17 James River Distillery, LLC	11,182	1,864	9,318	5,315	4,003	2,236	8	853	906	24.77%
18 Chesapeake Bay Distillery, LLC	211,570	35,342	176,228	102,191	74,037	42,057	1,450	21,511	9,019	20.97%
19 Williamsburg Distillery Inc. DBA Eight Shires Coloniale	81,540	13,593	67,947	37,880	30,067	16,308	306	7,600	5,853	23.85%
20 Karlson & Omara Distilleries, LLC	219,302	36,558	182,744	107,254	75,490	43,860	854	21,457	9,319	20.92%
21 Old House Vineyards, LLC	144,240	24,045	120,195	68,162	52,033	28,848	606	14,451	8,128	22.30%
22 Reservoir Distillery, LLC	245,409	40,910	204,499	117,435	87,064	49,082	806	21,738	15,438	22.96%
23 Muntarkey Distilled Spirits, LLC	454,634	75,788	378,847	221,318	157,529	90,927	3,258	43,915	19,429	20.94%
24 Mount Defiance Gidery & Distillery, LLC	154,569	25,767	128,802	72,521	56,281	30,914	998	15,104	9,265	22.66%
25 River Hill Wine & Spirits, LLC	77,932	12,991	64,941	36,163	28,777	15,586	662	7,697	4,832	22.87%

(1) Includes state taxes, but does not include 5% sales tax. (2) State taxes on distilled spirits sold in ABC stores (20%). (3) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales;

Net Sales=Gross Sales - Spirits Taxes; Gross Profit = Net Sales-COGS; Adjusted Net Profit = Gross Profit-Commission-Case Handling Fee-AC&AE

continued on next page

Analysis of Distillery Store Performance — Fiscal Year 2021										
ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adjusted Net Profit	Rate of Return to Virginia (3)
28 Silverback Spirits, LLC	833,700	138,978	694,722	390,910	303,812	166,740	5,392	81,024	50,656	22.75%
29 Davis Valley Winery and Vineyard Inc.	76,589	12,767	63,821	36,308	27,514	15,318	268	7,450	4,478	22.52%
30 Copper Fox Distillery Enterprises, LLC	509,469	84,896	424,573	244,250	180,323	101,889	2,892	50,097	25,446	21.66%
31 The Mount Vernon Ladies Association of the Union	714,400	120,753	593,648	345,955	247,693	142,869	10,568	80,057	14,198	18.89%
34 Belmont Farms of Virginia, Inc.	225,215	37,543	187,672	109,886	77,786	45,043	1,832	21,621	9,290	20.80%
65 Catoctin Creek Distilling Company, LLC	627,692	104,646	523,046	299,075	223,971	125,259	3,848	52,579	42,286	23.41%
91 Sazerac Distillers, LLC	848,075	141,374	706,701	413,194	293,507	169,615	7,276	81,038	35,578	20.87%
430 Springfiled Distillery, LLC	154,916	25,824	129,091	73,147	55,944	30,983	702	15,073	9,186	22.60%
431 Bondurant Brothers Distillery, LLC	8,281	1,178	7,103	3,331	3,772	1,413	62	777	1,520	32.58%
432 Pached Group, LLC	212,305	35,230	177,075	102,565	74,510	42,283	1,650	19,571	11,005	21.78%
433 Rugged Mountain Farm, LLC	463,231	77,084	386,147	221,643	164,504	92,482	2,892	45,473	23,656	21.75%
434 Dilawri Barrels, LLC	109,042	17,164	91,878	54,753	37,125	22,681	820	10,447	3,177	18.65%
435 Aass Distillery, LLC	7,308	1,218	6,089	3,389	2,701	1,462	16	778	445	22.76%
450 Falls Church Distillers, LLC	163,055	27,181	135,874	77,076	58,798	32,611	1,278	15,342	9,567	22.54%
451 Ironclad Distillery Inc.	380,121	63,366	316,755	175,910	140,844	76,024	1,478	39,296	24,046	23.00%
452 Twin Creeks Distillery Inc.	54,460	9,078	45,381	25,456	19,926	10,892	324	5,163	3,547	23.18%
453 Blue Sky Distillery, LLC	52,444	8,742	43,702	24,906	18,796	10,489	296	5,161	2,849	22.10%
454 Glenway Farms Inc.	85,584	14,267	71,317	40,369	30,948	17,117	358	8,487	4,986	22.50%
455 Buffalo Brands Inc.	17,759	2,960	14,799	8,256	6,543	3,552	116	1,640	1,235	23.63%
456 Franklin County Distilleries, LLC	142,900	23,821	119,079	66,840	52,239	28,580	596	14,027	9,035	22.99%
460 Cavalier Ventures, LLC	996,750	165,014	831,736	478,518	353,218	199,408	6,788	99,231	47,791	21.35%
461 Mountain View Brewing, LLC	70,584	8,039	62,545	39,116	23,429	14,475	1,866	6,743	345	11.88%
462 Bombolini, LLC	55,595	9,268	46,327	26,123	20,205	11,119	294	5,419	373	22.74%
463 Caisel Beer and Spirits Company	88,454	14,745	73,709	41,838	31,871	17,691	288	8,530	5,363	22.73%
464 Dry Fork Fruit Distillery, LLC	23,498	3,917	19,581	11,036	8,544	4,700	84	2,120	1,641	23.65%
465 Virago Spirits, LLC	172,949	28,716	144,233	81,315	62,917	34,467	1,548	16,783	10,119	22.46%
466 Cape Charles Distillery, LLC	266,709	44,935	221,774	128,044	93,733	53,911	1,142	25,236	13,444	21.89%
467 Three Crosses Distilling Company, LLC	344,478	57,424	287,053	164,816	122,237	75,227	1,616	30,946	14,448	20.86%
468 Greenspur Inc.	36,717	6,121	30,597	16,792	13,805	7,343	202	3,134	3,125	25.18%
469 Hill Top Distillery, LLC	113,580	18,934	94,646	53,567	41,079	22,716	516	11,028	6,819	22.67%
470 Buffalo Brands Inc.	53,475	8,914	44,561	24,694	19,867	10,695	376	5,178	3,618	23.44%
471 R.D. Wilhelm	101,887	16,985	84,902	47,939	36,964	20,477	602	9,717	6,167	22.72%
472 Clock Shop Beverage, LLC	1,587	264	1,322	747	575	317	10	126	122	24.33%
473 Down Home Spirits, LLC	72,581	12,099	60,482	34,416	26,066	14,516	318	6,664	4,567	22.96%
474 Vitae Spirits Distillery, LLC	92,994	15,988	77,006	46,166	30,840	19,182	240	9,415	2,003	19.35%
475 Old Virginia Hand Hewn Log Homes, LLC	108,671	18,115	90,556	51,261	39,295	21,734	528	10,810	6,222	22.40%
476 Flying Ace Distillery, LLC	118,465	19,748	98,717	56,025	42,692	23,693	426	13,377	5,196	21.06%
477 7 Hollows Farm, LLC	1,922	364	1,558	1,148	410	437	32	237	(296)	3.55%
478 Smith River Spirits	15,993	2,666	13,327	7,529	5,798	3,199	82	1,799	719	21.16%
479 J.H. Bards Spirit Company, LLC	55,044	9,176	45,868	25,794	20,074	11,009	298	5,941	2,826	21.80%
480 Vincent's Vineyard Inc.	3,876	646	3,230	1,807	1,423	775	24	428	195	21.71%
481 Highlands Distilling Company, LLC	6,994	1,166	5,828	3,291	2,537	1,399	36	748	354	21.74%
482 Roosters Rise--n-Shine Distillery, LLC	10,323	1,721	8,602	4,843	3,758	2,065	64	1,217	413	
483 Deep Creek Distilling Company, LLC	163	27	136	77	59	33	-	-	26	32.85%
484 Dogged State Distilling Company	1,511	252	1,259	711	548	-	22	-	526	51.48%
Staterwide Distillery Totals	11,323,534	1,870,355	9,453,179	5,426,007	4,027,171	2,263,518	81,956	1,102,012	579,686	21.64%

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

LICENSED ESTABLISHMENTS' STATISTICS

2021 Establishments by License Category — By Cities

Cities	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Alexandria	13	0	3	2	2	1	6	6	15	4	0	13	22	34	13	168	229	1	532
Bedford	0	0	0	0	0	0	0	0	3	0	0	0	1	5	0	5	7	0	21
Bristol	2	0	0	2	3	0	1	1	23	1	0	2	4	8	4	17	28	0	96
Buena Vista	0	0	0	0	0	0	0	0	4	0	0	1	0	3	0	1	6	0	15
Charlottesville	19	0	6	7	11	0	13	5	28	0	5	5	20	7	10	101	154	2	393
Chesapeake	10	0	7	7	2	0	2	8	100	0	1	19	32	19	6	128	185	0	526
Colonial Heights	3	0	0	0	0	0	0	2	14	0	0	4	5	2	2	20	27	0	79
Covington	0	0	0	0	1	0	0	0	5	0	0	1	1	4	0	1	5	0	18
Danville	4	0	2	2	2	0	1	6	49	0	1	7	8	25	1	23	41	1	173
Emporia	0	0	0	0	0	0	0	1	14	0	0	1	2	4	0	1	2	0	25
Fairfax	2	0	0	2	2	0	2	3	2	0	0	4	9	11	0	41	70	0	148
Falls Church	2	0	0	0	2	0	1	1	2	0	1	2	3	5	1	29	49	0	98
Franklin	1	0	0	0	0	0	0	0	10	0	0	1	1	3	0	6	8	0	30
Fredericksburg	0	1	0	0	3	0	3	1	20	0	0	2	9	5	5	62	92	1	204
Galax	1	0	0	0	1	0	0	0	7	0	0	2	3	3	1	6	11	0	35
Hampton	15	1	3	4	7	0	1	12	80	0	1	11	15	14	5	74	106	1	350
Harrisonburg	2	2	1	2	7	0	2	6	25	1	0	4	12	13	3	45	73	1	199
Hopewell	3	0	0	1	0	0	1	6	19	0	0	3	2	7	0	12	20	1	75
Lexington	0	2	0	0	0	0	4	0	2	0	0	1	3	1	1	12	20	0	46
Lynchburg	5	1	1	5	2	0	3	6	50	0	0	7	15	12	6	58	97	0	268
Manassas	2	0	1	1	4	0	1	3	10	0	1	4	5	22	0	31	54	0	139
Manassas Park	0	0	0	1	0	0	0	0	2	0	0	0	0	6	0	5	8	0	22
Martinsville	2	0	0	0	0	0	0	2	10	0	0	1	2	6	0	11	15	0	49
Newport News	9	0	2	2	3	1	3	9	111	0	1	12	20	24	5	103	162	0	467
Norfolk	17	1	1	3	11	6	10	22	90	0	1	16	28	29	12	199	273	2	721
Norton	0	0	0	0	0	0	0	0	5	1	0	0	1	1	0	6	9	1	24
Petersburg	2	0	0	1	1	0	0	5	38	0	0	2	3	13	0	23	37	0	125
Poquoson	0	0	0	0	0	0	0	1	3	0	0	1	1	3	0	7	14	0	30
Portsmouth	5	0	0	0	2	2	0	11	66	0	0	8	9	13	1	44	53	0	214
Radford	0	0	0	0	1	0	1	1	6	1	0	1	0	6	0	10	15	0	42
Richmond	39	0	13	16	25	0	14	17	186	3	7	15	32	45	9	324	411	9	1,165
Roanoke	11	1	0	1	7	1	4	9	87	0	1	8	13	22	5	96	141	2	409
Salem	3	0	2	2	2	0	2	4	21	0	0	3	4	2	0	19	30	0	94
Staunton	2	1	0	0	4	0	3	3	16	1	0	3	6	8	2	20	39	3	111
Suffolk	9	1	0	0	1	0	1	4	41	1	0	7	13	10	3	47	63	0	201
Virginia Beach	50	0	6	8	13	7	11	12	164	1	5	41	61	41	27	440	584	7	1,478
Waynesboro	3	0	0	1	0	0	1	3	16	0	1	2	6	7	1	16	34	3	94
Williamsburg	11	7	0	1	3	0	3	0	9	0	1	3	4	1	7	50	65	3	168
Winchester	8	1	2	3	4	0	3	5	12	0	0	5	5	9	3	41	62	1	164
Grand Total	255	19	50	74	126	18	97	175	1,365	14	27	222	380	453	133	2,302	3,299	39	9,048

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

(2) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2019

LICENSED ESTABLISHMENTS' STATISTICS

2021 Establishments by License Category — By Counties

Counties	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Accomack	4	3	2	2	1	0	0	3	30	1	0	2	7	13	1	25	37	0	131
Albemarle	45	6	2	32	11	0	6	6	40	0	5	4	29	4	10	47	89	49	385
Alleghany	2	0	0	0	1	0	0	4	10	0	0	1	1	5	0	7	13	0	44
Amelia	0	0	0	0	0	0	0	1	11	0	0	1	0	3	0	1	5	0	22
Amherst	1	0	0	4	2	0	1	1	22	0	0	2	2	8	0	8	12	5	68
Appomattox	3	0	0	0	0	0	0	2	12	0	0	1	2	5	1	5	7	0	38
Arlington	7	0	2	2	2	4	10	6	37	1	0	20	32	38	29	223	314	0	727
Augusta	3	1	2	11	5	0	1	3	40	0	1	2	7	15	1	10	27	7	136
Bath	2	1	0	1	1	0	0	0	6	0	0	0	1	4	3	5	10	3	37
Bedford	13	1	0	5	4	1	1	6	32	1	0	3	6	14	1	22	37	8	155
Bland	0	0	0	0	0	0	0	0	6	0	0	0	0	3	0	0	1	0	10
Botetourt	3	0	2	4	1	0	0	1	23	1	1	1	3	6	0	13	24	3	86
Brunswick	1	0	0	2	0	0	0	0	19	1	0	1	1	3	0	4	7	0	39
Buchanan	0	0	0	0	0	0	0	0	21	1	0	2	2	9	0	1	3	0	39
Buckingham	1	0	0	0	0	0	0	0	12	0	0	0	3	5	0	1	3	0	25
Campbell	2	0	0	3	0	0	0	3	39	0	1	4	5	22	1	16	24	4	124
Caroline	0	1	0	1	0	0	0	1	29	0	0	1	2	5	0	7	15	1	63
Carroll	2	0	0	2	0	0	0	1	17	0	0	1	1	8	1	3	8	2	46
Charles City	1	2	0	1	0	0	0	0	5	0	0	0	0	2	0	3	6	1	21
Charlotte	1	0	0	0	0	0	0	1	12	0	0	1	0	14	0	2	4	0	35
Chesterfield	17	1	5	2	4	0	3	7	124	1	0	26	39	35	6	177	257	2	706
Clarke	6	2	1	4	0	0	0	2	8	1	1	0	1	4	0	5	13	4	52
Craig	0	0	0	0	0	0	0	0	3	0	0	0	0	4	2	0	0	0	9
Culpeper	4	0	1	5	6	0	1	4	20	1	2	3	8	12	3	20	32	5	127
Cumberland	0	0	0	0	0	0	0	0	7	0	0	0	0	2	0	1	3	0	13
Dickenson	0	0	0	0	0	0	0	0	12	2	1	1	1	3	0	0	2	0	22
Dinwiddie	2	0	0	0	0	0	0	1	25	0	0	2	1	9	0	5	7	0	52
Essex	2	1	0	1	0	0	0	1	12	0	0	0	2	2	0	9	11	2	43
Fairfax	62	0	62	63	16	0	31	25	60	0	4	57	131	164	37	635	966	7	2,320
Fauquier	25	0	3	25	8	0	4	4	32	2	0	4	13	12	4	33	55	30	254
Floyd	1	0	0	0	1	0	0	2	5	0	1	0	2	6	0	5	12	4	39
Fluvanna	4	0	0	4	0	0	0	0	9	0	0	1	4	2	0	5	9	4	42
Franklin	6	0	2	4	3	0	2	1	27	0	5	3	3	19	1	23	35	2	136
Frederick	9	2	4	9	0	0	2	5	39	1	0	5	17	12	2	28	45	8	188
Giles	0	1	0	0	0	0	1	2	15	2	0	2	1	11	1	3	6	1	46
Gloucester	6	0	0	1	2	0	0	3	21	1	0	3	6	8	0	19	30	1	101
Goochland	6	1	0	2	6	0	1	3	15	1	1	0	2	1	1	14	20	5	79
Grayson	0	0	0	0	0	0	0	0	6	1	0	0	0	4	0	0	2	0	13
Greene	1	0	0	3	1	0	1	1	8	0	0	1	2	5	0	5	15	2	45
Greensville	0	0	0	0	0	0	0	1	11	0	0	0	0	1	0	2	2	0	17
Halifax	4	1	0	2	1	0	0	4	24	0	1	2	1	22	1	9	17	2	91
Hanover	16	0	8	15	2	0	3	4	53	2	1	6	16	16	1	57	86	3	289
Henrico	47	1	14	20	6	0	14	15	148	2	0	29	50	35	21	202	306	3	913
Henry	4	0	0	2	1	0	1	4	46	0	1	6	1	27	1	5	19	2	120
Highland	1	0	0	1	0	0	0	0	3	0	0	0	0	1	0	0	2	1	9
Isle of Wight	1	0	0	1	2	0	0	3	22	0	1	3	6	6	1	12	22	6	86
James City	6	0	1	1	3	0	1	3	21	0	2	3	14	6	3	51	67	4	186
King & Queen	1	0	0	0	1	0	0	0	3	0	0	0	0	4	0	1	2	0	12
King George	0	0	0	0	0	0	0	0	17	0	0	1	3	2	0	7	8	3	41
King William	0	0	0	0	0	0	0	0	8	0	0	1	2	5	0	7	12	0	35
Lancaster	3	1	0	2	1	0	0	4	11	0	0	2	3	4	3	18	28	2	82
Lee	0	0	0	0	0	0	0	1	21	1	1	1	2	9	0	4	5	0	45
Loudoun	58	5	19	62	39	18	18	7	32	1	4	18	51	79	14	250	391	71	1,137
Louisa	5	0	0	4	2	0	0	2	26	1	0	2	4	13	1	16	26	4	106
Lunenburg	2	0	0	0	0	0	0	4	7	0	0	0	2	7	0	0	4	0	26
Madison	5	2	0	6	3	0	1	1	8	0	0	0	1	4	1	4	7	10	53
Mathews	1	1	0	0	0	0	0	2	7	0	0	0	1	2	0	3	7	0	24
Mecklenburg	4	0	0	3	2	0	0	9	40	0	1	3	1	19	0	12	20	4	118
Middlesex	5	0	0	0	0	0	0	1	6	0	0	0	5	8	0	13	17	0	55
Montgomery	2	0	0	3	9	0	2	1	39	0	1	4	12	17	8	53	76	2	229

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LICENSED ESTABLISHMENTS' STATISTICS

2021 Establishments by License Category—By Counties

Counties	All Others (1)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (2)	Restaurants (Beer and Wine)	Wineries	Grand Total
Nelson	14	6	1	11	8	0	1	1	16	0	5	0	0	8	2	7	15	19	114
New Kent	5	2	0	3	1	0	0	0	16	0	0	2	3	4	0	15	22	4	77
Northampton	2	2	1	4	1	0	1	1	18	0	2	1	1	5	3	14	22	1	79
Northumberland	3	0	0	3	1	0	0	3	8	0	0	1	2	4	0	8	13	4	50
Nottoway	0	1	2	2	0	0	0	3	19	0	1	0	2	5	0	6	10	0	51
Orange	5	2	0	6	4	0	1	1	19	0	0	2	5	4	1	18	29	8	105
Page	4	4	0	1	1	0	0	3	16	0	2	1	2	10	1	5	19	4	73
Patrick	1	0	0	2	0	0	0	1	13	0	0	2	2	11	1	3	10	2	48
Pittsylvania	3	0	1	7	0	0	1	3	49	0	0	1	0	24	0	10	20	3	122
Powhatan	2	0	0	0	2	0	0	1	13	0	1	1	1	4	0	14	21	2	62
Prince Edward	1	0	0	1	1	0	2	2	20	0	0	2	2	5	1	13	20	0	70
Prince George	1	1	0	0	0	0	0	2	18	0	1	1	1	7	0	8	14	0	54
Prince William	26	0	10	15	11	1	3	9	52	1	2	20	44	108	8	195	295	8	808
Pulaski	5	0	1	5	2	0	0	4	20	0	0	5	4	11	0	11	18	4	90
Rappahannock	10	4	0	8	3	0	0	0	2	0	2	0	0	4	1	6	8	13	61
Richmond	0	0	2	3	0	0	2	0	8	0	0	1	1	3	0	1	6	0	27
Roanoke	4	1	4	6	3	0	3	3	42	0	0	4	10	7	1	42	68	2	200
Rockbridge	2	6	0	4	6	0	4	2	20	1	2	0	2	11	3	7	14	7	91
Rockingham	8	0	1	6	5	0	2	3	38	0	0	2	7	8	1	14	32	7	134
Russell	0	0	0	1	1	0	0	2	18	0	1	1	2	5	0	2	4	1	38
Scott	0	0	0	0	0	0	0	0	19	0	0	1	2	15	0	0	2	0	39
Shenandoah	5	2	1	9	4	0	0	9	26	0	2	3	7	19	1	9	31	14	142
Smyth	1	0	0	0	2	0	0	1	20	1	3	2	3	14	1	9	14	2	73
Southampton	0	0	0	0	0	0	0	2	13	0	0	1	1	5	0	1	3	0	26
Spotsylvania	8	1	3	10	2	0	2	8	59	0	1	12	16	13	0	56	87	7	285
Stafford	9	0	2	4	5	0	2	6	40	1	0	6	16	12	2	43	70	2	220
Surry	1	0	0	1	0	0	0	0	3	0	0	0	0	3	0	1	2	2	13
Sussex	0	0	0	0	0	0	1	1	18	0	0	0	2	7	0	0	7	0	36
Tazewell	2	0	0	1	3	0	0	2	32	2	0	2	7	17	0	8	19	1	96
Warren	3	1	0	4	2	0	0	3	27	0	0	1	3	8	0	23	41	7	123
Washington	3	2	0	6	3	0	1	2	33	0	0	2	8	20	1	23	35	3	142
Westmoreland	4	1	0	3	2	0	0	6	10	0	0	2	2	9	1	12	21	5	78
Wise	2	0	0	1	2	0	0	1	28	0	0	4	4	9	1	10	12	1	75
Wythe	2	0	0	2	4	0	0	3	27	1	0	2	3	15	1	10	15	2	87
York	9	2	0	0	4	1	2	3	27	1	1	7	8	6	3	40	65	3	182
Grand Total	552	72	159	444	230	25	133	257	2,231	34	62	328	685	1,208	194	2,760	4,374	415	14,163

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

(2) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2019

MAP OF VIRGINIA COUNTIES AND CITIES



A Message from the Chair and Chief Executive Officer



ABOVE: Juggling the facility’s construction blueprints, CEO Travis Hill and Board Chair Maria Everett stand at the northeast corner of the new distribution center. *Photo by Doug Buerlein Photography, courtesy of StateWays Magazine.*

It is our pleasure to present the 2021 fiscal year annual report for the Virginia Alcoholic Beverage Control Authority. These facts and figures represent ABC’s 23rd consecutive record-breaking year for retail sales for a third time generating more than \$1 billion in alcohol sales. Virginia ABC operations contributed a record \$237.3 million in profits from retail sales. These profits combined with \$294 million in retail taxes as well as \$85.1 million collected in wine and beer taxes resulted in an all-time high of \$616.4 million transferred to Virginia’s general fund, \$71.1 million above last year’s contribution. A major source of revenue for the Commonwealth, ABC has contributed more than \$12 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*.

Financial Results in Brief, Fiscal Year 2021

SOURCE	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16
ABC profit disbursements (1)	237,299,273	212,090,014	196,657,876	179,190,609	171,154,888	164,888,413
State Taxes (2)	220,077,922	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928
General Sales tax (3)	73,866,526	57,644,636	48,846,783	45,357,513	43,343,103	41,343,208
Wine Liter Tax (4)	41,986,750	39,628,720	38,465,862	37,649,424	36,801,248	36,208,113
Malt beverage tax (5)	43,128,431	42,219,288	41,383,922	41,633,945	42,818,745	43,181,973
Total	616,358,902	545,257,655	499,498,962	464,741,232	448,564,614	433,434,635

- (1) Source: “Statement of Revenues, Expenses and Changes in Net Position.” Profits are reported in accordance with generally accepted accounting principles. Profits include licensing fees and ABC’s portion of the wine liter tax.
- (2) Source: “Notes to Financial Statements 4.B. General Fund.” State tax on distilled spirits = 20%. State tax on wine sold in ABC stores = 4%.
- (3) Source: “Notes to Financial Statements 4.C. Department of Taxation--Sales Tax.” General sales tax rate is 6.0% in the localities that make up the Northern Virginia and Hampton Roads regions, and 5.3% statewide.
- (4) Source: “Notes to Financial Statements 4.B. General Fund.” The non-ABC portion of the wine liter tax = \$.40 per liter. \$9,141,363 of the wine liter tax is transferred to the Virginia Department of Behavioral Health and Developmental Services.
- (5) Source: “Notes to Financial Statements 8. Collections of Malt Beverage Tax.”

Sales of All Beverages, Fiscal Year 2021

	Gallons*	Liters	Total Gallons (%)	Gross Dollars (\$)	Gross Sales (%)
State Store Sales					
Distilled Spirits	13,827,406	52,342,400	96.6%	1,307,961,576	96.6%
Virginia Wine	40,862	154,678	0.3%	3,003,970	0.3%
Vermouth	45,496	172,222	0.3%	2,469,552	0.3%
Alcohol	5,009	18,960	0.0%	674,116	0.0%
Non-Alcoholic Mixers	391,373	1,481,507	2.7%	8,066,582	2.7%
Total	14,310,145	54,169,766	100.0%	\$1,322,175,796	100.0%
Direct Sales from Wholesalers					
Wines (\$0.40 Liter) (1)	29,437,898	111,434,515	16.2%	\$44,573,808	16.2%
Beer (\$7.95 Barrel)	152,754,665	578,239,036	83.8%	\$43,123,919	83.8%
Total	182,192,563	689,673,551	100.0%	\$87,697,727	100.0%

*excludes non-beverage items, confiscated items, distillery store sales (1)Gross Liter Tax for Wines after 12% allocated to ABC Revenue
Source: Research and Planning

FINANCIAL STATEMENTS

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Contacting Virginia Alcoholic Beverage Control Authority

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



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 2, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the Virginia Alcoholic Beverage Control Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Virginia Alcoholic Beverage Control Authority as of June 30, 2021, and the respective 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.

Other Matters

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 54 through 58; 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 104 through 105; 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 106; the Schedule of Employer's Share of Net OPEB Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance and Line of Duty programs on pages 107 through 110. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who

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considers it to be an essential part of the 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Virginia Alcoholic Beverage Control Authority's basic financial statements. The Introductory, Statistical, and Six-Year Financial Forecast sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Introductory, Statistical and Six-Year Financial Forecast sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2021, on our consideration of the Virginia Alcoholic Beverage Control Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

MANAGEMENT'S DISCUSSION AND ANALYSIS

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer
Travis G. Hill



Chair
Maria J. K. Everett

Vice Chair
Beth G. Hungate-Noland

Board of Directors
William D. Euille
Gregory F. Holland
Mark E. Rubin

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, 2021. The MD&A is required supplemental information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an overall view of the Authority's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the Authority's financial condition and results of operation for fiscal year ended June 30, 2021. 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 13.5% in fiscal year 2021. This increase in revenue is primarily due to an \$59 million incremental increase in the number of bottles/units sold and \$74 million is due to premiumization where customers selected higher quality premium brands.

The Authority's Cost of Goods Sold (COGS) for alcohol increased almost \$80 million from 2020 due to the increased sales volume and the addition of six new stores. Historically, COGS is about 48.0% of gross sales. In fiscal year 2021, COGS was 48.3%. Cost of Goods Sold trends are available in the Statistical Section on page 116.

The Authority's operating expenses increased 14.7% in fiscal year 2021. Personal service cost increased by \$22.7 million from fiscal year 2020, primarily due to increased staff and pay to run stores during the pandemic for the full year. Contractual service cost increased by \$6.8 million from fiscal year 2020, a 13.5% increase. The increase in contractual service cost is primarily attributed to increased IT contractor support to assist with the implementation of internal projects, particularly the new Point of Sale and Sales Audit systems. The increase in Supplies and Materials expense of \$1.3 million, or 26.6% in fiscal year 2021, is due to the purchase of protective equipment required to prevent the spread of the Coronavirus in all store locations and offices.

The Authority's operations earned record profits of \$233.0 million and disbursed \$237.3 million to the Commonwealth. In addition, the Authority collected state excise tax on sales of \$220.1 million. The increase in profits for fiscal year 2021 is primarily due to the overall increase in sales throughout all stores and the opening of six new retail stores.

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, 2021. 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

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, 2021. The purpose of this statement is to present all revenues received and accrued, all expenses paid and accrued, and all gains and losses from capital assets. Operating revenues are generally received through providing goods and services to all clients of the Authority. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for the operating revenue. Salaries and benefits for staff are the largest type of operating expense. Non-operating revenues are revenues received for which goods and services are not directly provided and the same applies for non-operating expenses.

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

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

FINANCIAL ANALYSIS

The Authority ended fiscal year 2021 with a total of \$284.3 million in total assets and deferred outflows, a 58.5% increase over the prior fiscal year. \$130.2 million of total assets is attributed to current assets. Included in the \$130.2 million is \$80.8 million in inventory of alcohol merchandise for resale, a \$0.5 million increase over fiscal year 2020. The Authority does not purchase the alcohol in its warehouse until it is being shipped to one of its stores. At periodic times throughout the year, the Authority purchases the inventory in its warehouse, prior to vendors implementing a price increase, called an Advance Buy. This increase is primarily attributed to a change in Advance Buy opportunities presented to the Authority in fiscal year 2021, compared to fiscal year 2020 and the addition of six new stores during the year.

Total Assets and Deferred Outflows

- *Current assets* increased \$10.6 million from the 2020 fiscal year, primarily due to a \$8.6 million increase in cash and cash equivalents. This increase is due to net cash provided by operating activities. No accelerated payments of vouchers were necessary in 2021. Receivables increased by \$0.8 million from last fiscal year primarily due to credit card receivables. The Authority's credit card receivables are deposited in the Commonwealth's account the following business day. This delay creates a credit card receivable. The increase in receivable balance follows the increase in the sale of alcohol.
- *Capital assets, net* -- capital assets saw a \$88.7 million increase to \$121.8 million in fiscal year 2021 primarily due to the new Building, warehouse and equipment in Hanover totaling \$77.0 million.
- *Deferred Outflows* – combined deferred outflows of resources for both pension and OPEB increased by \$5.3 million in fiscal year 2021.

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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

Net Position	FY 2021	FY 2020	Change (\$)	Change (%)
Current and other assets	\$ 130,229,609	\$ 119,676,490	\$ 10,553,119	8.8%
Capital assets, net	121,818,144	33,116,293	88,701,851	267.8%
Other assets - OPEB	2,955,302	2,523,739	431,563	17.1%
Total assets	255,003,055	155,316,522	99,686,533	64.2%
Deferred outflows of resources, Pension	23,571,080	19,300,257	4,270,823	22.1%
Deferred outflows of resources, OPEB	5,757,984	4,738,265	1,019,719	21.5%
Total assets and deferred outflows	284,332,119	179,355,044	104,977,075	58.5%
Current liabilities	160,339,188	137,569,488	22,769,700	16.6%
Noncurrent liabilities	119,879,875	107,213,581	12,666,294	11.8%
Total liabilities	280,219,063	244,783,069	35,435,994	14.5%
Deferred inflows of resources, Pension	1,206,161	4,379,921	(3,173,760)	-72.5%
Deferred inflows of resources, OPEB	11,144,075	11,073,987	70,088	0.6%
Total liabilities and deferred inflows	292,569,299	260,236,977	32,332,322	12.4%
Net position:				
Investment in capital assets	121,818,144	33,116,293	88,701,851	267.8%
Restricted	2,955,302	2,523,739	431,563	17.1%
Unrestricted	(133,010,626)	(116,521,965)	(16,488,661)	14.2%
Total net position	\$ (8,237,180)	\$ (80,881,933)	\$ 72,644,753	-89.8%

Total Liabilities and Deferred Inflows

Current Liabilities - increased \$22.8 million or 16.6% from fiscal year 2020. The increase is primarily due to \$20.6 million due to Commonwealth of Virginia primarily for an acquired line of credit to cover operating expenses, as the Authority's cash balance at year-end is transferred to the Commonwealth of Virginia.

Noncurrent liabilities – increased \$12.7 million primarily due to an increase in the net pension liability.

Deferred inflows of resources – decreased \$3.1 million primarily due to deferred inflows of resources for Pension.

Total Net Position

Investment in capital assets represents the Authority's total investment in non-depreciable capital assets, depreciable capital assets and construction-in-progress. This increased by \$88.7 million in fiscal year 2021.

The restricted component of net position is the \$3.0 million Virginia Retirement System Disability Insurance Program (VSDP OPEB), that can only be used to pay for VSDP OPEB benefits. The unrestricted component of net position decreased by \$16.5 million from the prior year while total net position increased \$72.6 million in fiscal year 2021.

The Authority lacks working capital (current assets in excess of current liabilities) to fund all its business needs at year-end including accelerated payments of taxes and profits before June 30. Given this periodic lack of necessary working capital, the Authority depends on a \$80.0 million line of credit with the State Comptroller to meet day-to-day operations. At June 30, 2021, the amount borrowed was \$65.8 million. (See Note 4)

REVENUE

The vast majority of the Authority's revenue comes from the sale of alcoholic beverages. This revenue is generated through the 394 state-run stores located throughout the Commonwealth. During fiscal year 2021, gross alcohol sales, including state tax on sales, reached an all-time high of \$1,329.8 million, up \$156.3 million over fiscal year 2020. The net revenue without state tax on sales of alcohol increased from \$979.8 million in fiscal year 2020 to \$1,109.5 million in fiscal year 2021 or an 13.2% increase. License and permit fees increased from \$14.1 million to \$14.9 million, a 5.4% increase. Federal grant revenue and penalties collected decreased this fiscal year, while wine wholesalers' tax increased.

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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

Operating Revenue	FY 2021	FY 2020	Change Amount	Change Percent
Sales of alcohol	\$ 1,109,481,996	\$ 979,823,691	\$ 129,658,305	13.2%
License and permit fees	14,869,126	14,105,749	763,377	5.4%
Wine wholesalers tax	4,478,961	4,079,190	399,771	9.8%
Penalties	156,967	842,199	(685,232)	-81.4%
Federal grants and contracts	-	89,498	(89,498)	-100.0%
Mixed beverage tax on common carriers	22,097	67,278	(45,181)	-67.2%
Miscellaneous	5,950,800	1,283,889	4,666,911	363.5%
Net operating revenues	\$ 1,134,959,947	\$ 1,000,291,494	\$ 134,668,453	13.5%

EXPENSES

In fiscal year 2021, operating expenses (not including cost of sales for alcohol) increased from \$226.7 million to \$263.1 million, an increase of 16.1%. Approximately 71.0% of the Authority's total operating expenses are for the cost of sales of alcohol sold through the Authority's stores. Personal services (cost of personnel and benefits) accounts for 16.7% of the Authority's total operating expenses. The remaining 12.3% is made up of contractual services (e.g., VITA, computer software development & maintenance), continuous charges (e.g., store rentals) and other miscellaneous charges. Continuous services increased by \$2.7 million over the prior year primarily due to an increase in building rentals due to standard contractual increases in rent as well as the new rental contracts for the addition of six new stores. Contractual services increased by \$6.8 million, driven by a \$3.8 million increase in custodial services, a \$1.0 million increase in outbound freight services, and a \$0.6 million increase in commission payments.

Operating Expenses	FY2021	FY 2021 % Expenses	FY 2020	Change (\$)	Change (%)
Cost of goods - Alcohol	\$ 642,888,983	71.0%	\$ 563,153,604	\$ 79,735,379	14.2%
Personal services	151,766,426	16.7%	129,098,812	22,667,614	17.6%
Continuous services	38,644,856	4.3%	35,976,421	2,668,435	7.4%
Contractual services	56,862,610	6.3%	50,090,559	6,772,051	13.5%
Supplies and materials	6,056,788	0.7%	4,783,598	1,273,190	26.6%
Depreciation & amortization	4,026,437	0.4%	2,890,134	1,136,303	39.3%
Expendable equipment	5,084,688	0.5%	3,464,031	1,620,657	46.8%
Other	677,665	0.1%	361,709	315,956	87.4%
	263,119,470	29.0%	226,665,264	36,454,206	16.1%
Total operating expenses	\$ 906,008,453	100.0%	\$ 789,818,868	\$ 116,189,585	14.7%

The Authority's operating expenses are driven by sales. In fiscal year 2021, the Authority's operating expenses increased by 14.7% over fiscal year 2020; but as a percentage of sales, the Authority had two increases and one decrease and one with no change in the four main cost drivers. Cost of goods sold (COGS), and personal services saw percentage of sales increase of 0.4% and 0.5% respectively. The 0.4% increase of COGS for alcohol (as a percentage of sales) correlates with the increase in alcohol sales and the 0.5% increase in personal services (as a percentage of sales) is primarily due to increased staff and pay to run stores during the pandemic.

Operating Expenses as a Percentage of Sales	FY 2021	% of Sales	FY 2020	% of Sales	% Change
Sales - Alcohol	\$ 1,109,481,996		\$ 979,823,691		
Cost of goods - Alcohol	642,888,983	57.9%	563,153,604	57.5%	0.4%
Personal services cost	151,766,426	13.7%	129,098,812	13.2%	0.5%
Continuous charges	38,644,856	3.5%	35,976,421	3.7%	-0.2%
Contractual services	56,862,610	5.1%	50,090,559	5.1%	0.0%

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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

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 2021, approximately \$69.4 million was disbursed to other state agencies. The remaining \$167.9 million was disbursed to the General Fund in accordance with the *Code of Virginia*.

Revenues, Expenses and Change in Net Position	FY 2021	FY 2020	Change
Net operating revenues	\$ 1,134,959,947	\$ 1,000,291,494	\$ 134,668,453
Total operating expenses	906,008,453	789,818,868	116,189,585
Non-operating revenues / (expenses)	4,051,749	1,488,296	2,563,453
Net profit before disbursements	233,003,243	211,960,922	21,042,321
Capital asset contribution	76,940,783	9,969,000	66,971,783
Disbursements of profit to the General Fund of the Commonwealth	(167,871,163)	(142,661,735)	(25,209,428)
Appropriation Act disbursements	(69,428,110)	(69,428,279)	169
Total disbursements	(237,299,273)	(212,090,014)	(25,209,259)
Change in net position	72,644,753	9,839,908	62,804,845
Total net position - beginning	(80,881,933)	(90,721,841)	9,839,908
Total net position - ending	\$ (8,237,180)	\$ (80,881,933)	\$ 72,644,753

Economic Factors and Next Year's Budget

Premiumization - During fiscal year 2021, \$74 million of the increase in stores sales was driven by consumers selecting higher quality premium brands.

Incremental units – During fiscal year 2021 \$59 million of the increase in store sales was driven by an increase in the number of bottles/units sold.

Days of the Week Sales - In fiscal year 2021, Wednesday sales grew to \$181.6 million, up \$38.8 million, a 27.1% increase. This can be attributed to having 53 Wednesdays in fiscal year 2021, up from 51 in fiscal year 2020.

In fiscal year 2022, 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 \$1,350.0 million, or a 1.2% increase over fiscal year 2021 year-end gross sales of \$1,329.8 million. This increase considers continued growth in the store network, sales increases driven by COVID-19 and the purchasing of premium products by retail customers.

Risks include supply chain disruptions continued economic stressors related to the COVID-19 pandemic and weather fluctuations, particularly during the holiday season, projected increases in expenses due to personal protective measures put in place in all stores and facilities, as well as, improving information technology infrastructure.

ABC expects expenses to continue to increase in fiscal year 2022. Expenses such as store rents will increase because of contractual escalation clauses and the addition of new stores. The Authority also expects an increase in logistics related expenses, such as additional staff and freight charges, due to the continued expansion of stores and increasing sales volume, including increased deliveries to dual operation stores. The expectation for significant and continued investment in information technology continues as the Authority advances existing and future systems and associated infrastructure. The Authority also expects an increase in expenses as the completion of projects enter the implementation stage. As these projects are implemented, depreciation and amortization expense will occur, increasing the Authority's operating expenses in the upcoming fiscal years.

The General Assembly has approved four main projects to upgrade the Authority's infrastructure and further invest in business operations. Of the approved projects, the new licensing management system is currently in the development stage with an expected completion date of January 2022. The Human Capital Management System is also in the development phase with an expected completion date of fiscal year 2023. The new FMS system, which went live July 1, 2019, has ongoing support and amortization expense in fiscal year 2022. The sales audit system and the new POS system are live with ongoing support and amortization expense in fiscal year 2022. These projects are imperative to further solidify the Authority as a continued source of significant revenue for the Commonwealth.

FINANCIAL STATEMENTS

Statement of Net Position - As of June 30, 2021

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$	39,486,421
Petty cash		423,550
Receivables (Note 1D)		7,052,929
Inventory - Alcohol (Note 1E, 12)		80,790,618
Prepaid insurance expenses (Note 1M)		846
Prepaid other expenses (Note 1M)		2,475,245
Total current assets		130,229,609

Noncurrent assets:

Nondepreciable capital assets - Land (Note 3)		11,608,114
Depreciable capital assets, net (Note 3)		100,224,942
Nondepreciable construction in progress (Note 3)		9,985,088
Total noncurrent assets (capital assets, net)		121,818,144
Other Assets - OPEB (Note 10)		2,955,302
Total noncurrent & other assets		124,773,446

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

23,571,080

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

5,757,984

Total assets and deferred outflows of resources

284,332,119

Liabilities

Current liabilities:

Accounts payable (Note 7)		78,849,588
Unearned revenue (Note 1C)		523,200
Due to Commonwealth of Virginia (Note 4)		70,155,550
Obligations under securities lending (Note 1F)		3,648,859
Compensated absences payable (Note 6)		6,675,105
Net OPEB liability (Note 10)		486,886
Total current liabilities		160,339,188

Noncurrent liabilities:

Compensated absences payable (Note 6)		2,194,235
Net pension liability (Note 9)		97,081,164
Net OPEB liability (Note 10)		20,604,476
Total noncurrent liabilities		119,879,875

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

1,206,161

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

11,144,075

Total liabilities and deferred inflows of resources

292,569,299

Net Position

Investment in capital assets		121,818,144
Restricted net position (Note 1J)		2,955,302
Unrestricted net position		(133,010,626)
Total net position	\$	(8,237,180)

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

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FINANCIAL STATEMENTS

Statement of Revenues, Expenses, and Changes in Net Position - For the Year Ended June 30, 2021

Operating revenues:

Sales of alcohol	\$ 1,109,481,996
License and permit fees	14,869,126
Wine wholesalers tax	4,478,961
Penalties	156,967
Mixed beverage tax on common carriers	22,097
Miscellaneous	5,950,800

Total operating revenues 1,134,959,947

Operating expenses:

Cost of sales of alcohol	642,888,983
Personal services	151,766,426
Continuous charges	38,644,856
Contractual charges	56,862,610
Supplies and materials	6,056,788
Depreciation and amortization	4,026,437
Expendable equipment	5,084,688
Other	677,665

Total operating expenses 906,008,453

Operating income 228,951,494

Nonoperating revenues (expenses):

Rents	24,319
Income from security lending transactions (Note 1F)	11,273
Expenses from security lending transactions	(11,273)
Income from CARES Act	1,583,027
Interest income (expense)	46,873
Seized assets	9,786
Other - Games of Skill	2,387,744

Total nonoperating revenues before disbursements 4,051,749

Net profit before contributions & disbursements 233,003,243

Capital asset contribution

76,940,783

Disbursements:

Disbursements of profits to the General Fund of the Commonwealth	(167,871,163)
Appropriation Act disbursements	(69,428,110)

Total disbursements (237,299,273)

Total nonoperating revenues (expenses) after disbursements 72,644,753

Total net position - July 1, 2020 (80,881,933)

Total net position - June 30, 2021 \$ (8,237,180)

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

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FINANCIAL STATEMENTS

Statement of Cash Flows - For the Year Ended June 30, 2021

Cash flows from operating activities:	
Cash received from sales	\$ 1,109,725,302
Cash received from licenses and fees	13,356,911
Cash received from other revenues	9,815,061
Cash payments for cost of sales	(643,718,224)
Cash payments for personal services	(136,567,576)
Cash payments for other expenses	(116,490,022)
	236,121,452
Net cash provided by operating activities	236,121,452
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	65,750,783
Due to the Commonwealth repayments	(33,129,473)
Cash received from CARES Act, seized assets and rental income	4,090,134
Cash received from taxes	335,931,198
Disbursements of tax collections to the General Fund of the Commonwealth	(263,175,387)
Disbursements of tax collections to the Commonwealth's Department of Taxation	(74,805,866)
Disbursements of profit to the General Fund of the Commonwealth	(177,886,071)
Appropriation Act Disbursements	(69,428,110)
	(212,652,792)
Net cash used for noncapital financing activities	(212,652,792)
Cash flows from capital and related financing activities:	
Construction in-progress	(13,867,035)
Acquisition of equipment	(2,271,710)
Proceeds from sale of depreciable assets	52,585
Interest Income	46,873
	(16,039,287)
Net cash used for capital financing activities	(16,039,287)
Net Increase in cash and cash equivalents	7,429,373
Cash and cash equivalents - July 1, 2020	28,831,739
Cash and cash equivalents - June 30, 2021	\$ 36,261,112
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 39,486,421
Petty cash	423,550
Securities lending cash equivalents	(3,648,859)
	\$ 36,261,112
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	\$ 228,951,494
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	4,026,437
Loss on disposal of depreciable capital assets	213,395
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable	(763,853)
Increase in inventory	(493,635)
Increase in compensated absences	678,765
Increase in accounts payable	1,219,451
Increase in prepaid items	(504,201)
Decrease in unearned revenues	(1,512,216)
Increase in pension liabilities	13,747,797
Increase in pension deferred outflows	(4,270,823)
Decrease in pension deferred inflows	(3,173,760)
Increase in OPEB deferred outflows	(1,019,719)
Decrease in OPEB liabilities	(616,205)
Increase in OPEB deferred inflows	70,088
Increase in OPEB assets	(431,563)
	(431,563)
Net cash provided by operating activities	\$ 236,121,452
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions	
Donation of Hanover facility and land adjustment	\$ 76,940,783

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

FINANCIAL STATEMENTS

Notes to Financial Statements: Appendix – As of June 30, 2021

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 very 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, which is lower than market value. Inventory increased in fiscal year 2021 primarily due to opening of six new stores and the expansion of four existing stores.

F. Securities Lending

Investments held by the Treasurer of Virginia represent the Authority's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the ACFR. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in 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

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FINANCIAL STATEMENTS

Notes to Financial Statements — As of June 30, 2021

fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

See Note 10 (page 78) for general information about the other post-employment benefits (OPEB) plans and calculation of the net OPEB liability.

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FINANCIAL STATEMENTS

Notes to Financial Statements — As of June 30, 2021

H. Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. It increases 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 assets that are applicable to a future reporting period. It decreases 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.

K. Deficit Net Position

The Deficit Net Position at year-end was primarily as a result of recording the Authority's 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 liability recognition.

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 categorized as to credit risk.

The Authority participates in the State Treasury's securities lending program. Collateral held for security lending transactions of \$3,648,859 represents the Authority's allocated share of cash collateral received and reinvested and securities received by the State Treasury securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's ACFR.

3. CAPITAL ASSETS

Generally, the standard for capitalization of tangible property is \$5,000 or more per unit with an expected useful life of greater than one year. The standard for capitalization of computer software is \$100,000 with an expected useful life greater than one year. Property, plant, equipment, and intangibles are stated at cost at the time of acquisition and are setup in a comprehensive capital asset system. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets useful lives are not capitalized. 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 10 to 40 years on buildings, from three to eight years on equipment, and from three to 10 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 (right-of-ways) and intellectual property (patents, copyrights and trademarks).

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Notes to Financial Statements — As of June 30, 2021

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

	Balance at July 1, 2020 (as restated)	Acquired	Deleted	Transferred	Balance at June 30, 2021
Non-depreciable capital assets:					
Land	\$ 11,608,114	\$ -	\$ -	\$ -	\$ 11,608,114
Construction in-progress	12,614,743	13,867,035	(16,496,690)	-	9,985,088
Total non-depreciable capital assets	24,222,857	13,867,035	(16,496,690)	-	21,593,202
Depreciable capital assets:					
Buildings	9,220,575	51,923,463	-	-	61,144,038
Office equipment	6,320,830	3,189,212	-	-	9,510,042
Motor vehicle equipment	4,805,564	1,351,313	(488,970)	-	5,667,907
Stores equipment	12,269,298	564,411	(5,541,954)	-	7,291,755
Warehouse and warehouse equipment	13,945,188	22,184,096	-	-	36,129,284
Intangibles	13,597,531	16,496,690	(4,516,184)	-	25,578,037
Total depreciable capital assets	60,158,986	95,709,185	(10,547,108)	-	145,321,063
Less accumulated depreciation:					
Buildings	9,055,895	11,833	-	-	9,067,728
Office equipment	5,911,917	155,991	-	-	6,067,908
Motor vehicle equipment	4,119,740	402,270	(471,992)	-	4,050,018
Stores Equipment	11,162,481	258,576	(5,541,955)	-	5,879,102
Warehouse and warehouse equipment	13,286,523	236,024	-	-	13,522,547
Intangibles	7,814,252	2,961,743	(4,267,177)	-	6,508,818
Total accumulated depreciation	51,350,808	4,026,437	(10,281,124)	-	45,096,121
Depreciable capital assets, net	8,808,178	91,682,748	(265,984)	-	100,224,942
Total capital assets, net	\$ 33,031,035	\$ 105,549,783	\$ (16,762,674)	\$ -	\$ 121,818,144

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

Land value of \$9,969,000, acquired directly from the Seller during fiscal year 2020 with the transaction paid for by the Commonwealth and contributed to the Authority in a non-monetary transaction, was adjusted lower by \$85,258 in fiscal year 2021 for a refund received from the Seller. Adjustment is reflected in the Land balance at July 1, 2020. The land adjustment was recorded on the Authority's books as a capital contribution with no gain or loss recognized on the adjustment.

Building, warehouse and equipment were transferred to the Authority at the end of the year with the transaction paid for by the Commonwealth and contributed to the Authority in a non-monetary transaction. The assets were transferred at their actual cost totaling \$77,026,041 and were accounted for as a capital contribution with no gain or loss recognized on the transfer.

4. DUE TO THE COMMONWEALTH

A. Note Payable

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, 2021, the Authority had outstanding \$65,750,783 of its available line of credit to extinguish a cash overdraft.

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Notes to Financial Statements — As of June 30, 2021

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

Balance at July 01, 2020	Acquired	Deleted	Balance at June 30, 2021
\$ 33,129,473	\$ 65,750,783	\$ (33,129,473)	\$ 65,750,783

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 2021 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, 2021, is summarized below.

	Excise Tax	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2020	\$ 1,938,348	\$ 1,866,331	\$ 3,804,679
Receipts for fiscal year	220,077,922	41,986,750	262,064,672
Disbursements to the General Fund	(220,380,959)	(42,794,428)	(263,175,387)
Balance due to the General Fund, June 30, 2021	\$ 1,635,311	\$ 1,058,653	\$ 2,693,964

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, 2021, is summarized below.

Balance due to the Department Taxation, July 1, 2020	\$ 1,564,306
Sales Tax Collections	73,866,526
Disbursements to the Department of Taxation	(74,805,866)
Balance due to the Department Taxation, June 30, 2021	\$ 624,966

D. Earned Surplus

The Appropriation Act, Chapter 1289 of the 2021 Acts of Assembly, 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 additional \$1,085,838 due to the General Fund at June 30, 2021.

5. LEASE COMMITMENTS

The Authority is committed under various operating lease agreements for retail store buildings. Rent expense under operating lease agreements amounted to \$31,933,907 for the year. A summary of future obligations under lease agreements as of June 30, 2021, follows.

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Notes to Financial Statements — As of June 30, 2021

Year Ending June 30,	
2022	\$ 29,502,200
2023	24,833,739
2024	21,075,071
2025	16,569,885
2026	11,472,649
2027-thereafter	<u>20,787,162</u>
Total obligations	<u>\$ 124,240,706</u>

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, 2021. Employees accrue PTO leave at a rate of eight to 13 hours semi-monthly, depending on their length of service. The maximum leave accumulation per year is dependent upon years of service, but in no case may it exceed 360 hours at the end of the leave year. The maximum compensation for Annual Leave Bank and PTO payouts is 336 hours.

Balance at July 01, 2020	Short Term Increase	Long Term Decrease	Balance at June 30, 2021	Amounts due within one year
\$ 8,190,575	\$ 1,047,495	\$ (368,730)	\$ 8,869,340	\$ 6,675,105

7. ACCOUNTS PAYABLE

The Authority's accounts payable and accrued liabilities consisted of the following as of June 30, 2021:

Vouchers payable	\$ 32,868,815
Payroll payables	9,625,683
Disbursements pending	<u>36,355,090</u>
Total Accounts Payable	<u>\$ 78,849,588</u>

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

8. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2021, the Authority collected \$43,128,431 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.

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Notes to Financial Statements — As of June 30, 2021

Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

B. Retirement Plan Provisions By Plan Structures

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
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.	Plan 2 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.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <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.
Eligible Members	Eligible Members	Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • 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 employees 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 employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

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Notes to Financial Statements — As of June 30, 2021

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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>VRS Plan 2 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 2 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>	
Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</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 plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
Service Credit	Service Credit	Service Credit
<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>

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Notes to Financial Statements — As of June 30, 2021

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting	Vesting	Vesting
<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.</p> <p>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> <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>

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Notes to Financial Statements — As of June 30, 2021

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Average Final Compensation	Average Final Compensation	Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
<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 nonhazardous 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%.</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> <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: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</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: Age 60 with at least five years (60 months) of service credit.</p> <p>VaLORS: Not applicable.</p>

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Notes to Financial Statements — As of June 30, 2021

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>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p>
<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><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 under the Virginia Sickness and Disability Program (VSDP). • 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>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>Exceptions to COLA Effective Dates:</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> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage	Disability Coverage	Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<u>Defined Benefit Component:</u> Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

C. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2021 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 21.90% of covered employee compensation. These rates were based on an actuarially determined rates from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, 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 Retirement Plan were \$7,459,792 and \$7,310,652 for the years ended June 30, 2021, and June 30, 2020, respectively. Contributions from the Authority to the VaLORS Retirement Plan were \$1,171,738 and \$1,363,952 for the years ended June 30, 2021 and June 30, 2020, respectively.

- D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2021, the Authority reported a liability of \$85,049,558 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$12,031,606 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the Net Pension Liability was based on the Authority's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Authority's proportion of the VRS State Employee Retirement Plan was 1.17393% as compared to 1.14305% at June 30, 2019. At June 30, 2020, the Authority's proportion of the VaLORS Retirement Plan was 1.53880% as compared to 1.59872% at June 30, 2019.

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Notes to Financial Statements — As of June 30, 2021

For the year ended June 30, 2021, the Authority recognized pension expense of \$12,865,555 for the VRS State Employee Retirement Plan and \$1,391,330 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2019, and June 30, 2020, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,226,236	\$ 865,462
Net differences between projected and actual earnings on pension plan investments	7,324,993	-
Changes in assumptions	3,788,553	-
Changes in proportion and differences between:		
Employer contributions and proportionate share of contributions	2,599,768	340,699
Employer contributions subsequent to the measurement date	<u>8,631,530</u>	<u>-</u>
Total	<u>\$ 23,571,080</u>	<u>\$ 1,206,161</u>

\$8,631,530 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, 2022. 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 2022	3,708,934
FY 2023	4,896,369
FY 2024	2,784,050
FY 2025	2,344,036
FY 2026	-

E. Actuarial Assumptions

- The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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Mortality rates:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

- The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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Notes to Financial Statements — As of June 30, 2021

Mortality rates:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 are as follows:

Mortality Rates (Pre-retirement, postretirement, healthy and disabled)	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

F. Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<u>State Employee Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
Total Pension Liability	\$ 26,014,925	\$ 2,282,351
Plan Fiduciary Net Position	<u>18,770,068</u>	<u>1,500,469</u>
Employers' Net Pension Liability (Asset)	<u>\$ 7,244,857</u>	<u>\$ 781,882</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.15%	65.74%

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

G. Long-Term Expected Rate of Return

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

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Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP -Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
	*Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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, 2020, the rate contributed by the Authority for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority’s proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 120,534,499	\$ 85,049,558	\$ 55,212,811

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority’s proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$ 16,515,015	\$ 12,031,606	\$ 8,328,580

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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 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annualreport.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, 2021, the Authority had accrued retirement contributions payable to the pension plan of \$507,475, including \$436,428 payable to the VRS State Employee Retirement Plan and \$71,047 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by Authority employees through June 30, 2021, but not yet paid to the plan.

10. OTHER POSTEMPLOYMENT BENEFITS

A. Pre-Medicare Retiree Healthcare Plan

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

1. Eligibility requirements

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

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

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

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

- 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 4,400 retirees and 90,000 active employees in the program as of June 30, 2020. 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.

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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, 2020. 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 6.75 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2020 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.34 years
Discount Rate	2.21%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2029
Mortality	Mortality rates vary by participant status
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2020.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

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

At June 30, 2021 the employer reported a liability of \$6,789,374 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$568.8 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. The covered employer's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 1.19358% as compared to 1.17347% at June 30, 2019. For the year ended June 30, 2021, the participating employer recognized a Pre-Medicare Retiree Healthcare OPEB decrease in expense of \$1,408,722.

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Notes to Financial Statements — As of June 30, 2021

At June 30, 2021, 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 expected and actual experience	\$ -	\$ 3,456,734
Changes in assumptions	-	5,559,245
Changes in proportion	985,481	-
Subtotal	<u>\$ 985,481</u>	<u>\$ 9,015,979</u>
Amounts associated with transactions subsequent to the measurement date	<u>442,097</u>	<u>-</u>
Total	<u>\$ 1,427,578</u>	<u>\$ 9,015,979</u>

\$442,097 reported as deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2022. 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:

2022	\$ (2,279,710)
2023	\$ (2,279,710)
2024	\$ (1,904,980)
2025	\$ (1,067,209)
2026	\$ (416,340)
Total Thereafter	\$ (82,549)

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 2.21%, 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 (1.21%) or one percentage point higher (3.21%) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Rate (2.21%)</u>	<u>1% Decrease (3.21%)</u>
OPEB Liability	\$ 7,144,350	\$ 6,789,374	\$ 6,429,587

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 6.75% decreasing to 4.50%, as well as what the employer's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.75% decreasing to 3.50%) or one percentage point higher (7.75% decreasing to 5.50%) than the current rate:

	<u>1% Decrease (5.75% decreasing to 3.50%)</u>	<u>Trend Rate (6.75% decreasing to 4.50%)</u>	<u>1% Increase (7.75% decreasing to 5.50%)</u>
OPEB Liability	\$ 6,086,120	\$ 6,789,374	\$ 7,614,193

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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 with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.

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

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

c. Health Insurance Credit Program Notes:

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

3. Contributions

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2021, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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

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Notes to Financial Statements — As of June 30, 2021

the Authority to the VRS State Employee Health Insurance Credit Program were \$687,455 and \$679,503 for the years ended June 30, 2021, and June 30, 2020, respectively.

4. 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, 2021, the Authority reported a liability of \$7,417,581 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, 2020, 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2020, the Authority's proportion of the VRS State Employee Health Insurance Credit Program was 0.80801% as compared to 0.79068% at June 30, 2019.

For the year ended June 30, 2021, the Authority recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$713,138. 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 proportion.

At June 30, 2021, 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	\$ 3,087	\$ 111,314
Net differences between projected and actual earnings on State HIC OPEB plan investments	36,498	-
Changes in assumptions	123,571	35,163
Changes in proportion	396,547	90,388
Employer contributions subsequent to the measurement date	<u>687,455</u>	<u>-</u>
Total	<u>\$ 1,247,158</u>	<u>\$ 236,865</u>

\$687,455 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, 2022. 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 2022	\$ 68,068
FY 2023	\$ 72,577
FY 2024	\$ 86,267
FY 2025	\$ 72,161
FY 2026	\$ 23,765
Thereafter	\$ -

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5. 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, 2019, 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, 2020.

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	4.50%
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

- Mortality rates – General State Employees, page 98.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – JRS Employees, page 99.

6. 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, 2020, NOL amounts for the VRS State Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	State Employee HIC OPEB Plan
Total State Employee HIC OPEB Liability	\$ 1,043,382
Plan Fiduciary Net Position	125,378
State Employee net HIC OPEB Liability (Asset)	<u>\$ 918,004</u>
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	12.02%

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.

7. 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:

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Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long term rate of 6.75 % which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

8. 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, 2020, the rate contributed by the Authority for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. From July 1, 2020, 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.

9. 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	\$ 8,219,441	\$ 7,417,581	\$ 6,727,586

10. 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 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

At June 30, 2021, the Authority had accrued health insurance credit contributions payable to the OPEB plan of \$40,515. The payable is based on OPEB contributions earned by Authority employees through June 30, 2021, 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 Safety belt 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.

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Notes to Financial Statements — As of June 30, 2021

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$330,308 and \$302,420 for the years ended June 30, 2021, and June 30, 2020, respectively.

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, 2021, the entities reported a liability of \$4,731,151 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.28350% as compared to 0.27533% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$228,412. 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.

At June 30, 2021, 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	\$ 303,460	\$ 42,494
Net differences between projected and actual earnings on GLI OPEB program investments	142,119	-
Changes in assumptions	236,613	98,789
Changes in proportionate share	244,303	57,249
Employer contributions subsequent to the measurement date	330,308	-
Total	<u>\$ 1,256,803</u>	<u>\$ 198,532</u>

\$330,308 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, 2022. 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:

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Year ended June 30,

FY 2022	\$ 119,255
FY 2023	\$ 159,390
FY 2024	\$ 196,021
FY 2025	\$ 186,354
FY 2026	\$ 59,667
Thereafter	\$ 7,276

5. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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	4.50%
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*

* *Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.*

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

- Mortality rates – General State Employees, page 98.
- Mortality rates – Teachers, page 100.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – JRS Employees, page 99.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 100.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 101.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 101.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 102.

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, 2020, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

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Notes to Financial Statements — As of June 30, 2021

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
	Inflation		2.50%
	*Expected arithmetic nominal return		<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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 member contributions will be made per the VRS guidance 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, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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.

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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	\$ 6,219,461	\$ 4,731,157	\$ 3,522,504

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 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2019annual-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, 2021, the Authority had accrued group life insurance contributions payable to the OPEB plan of \$48,509. The payable is based on OPEB contributions earned by Authority employees through June 30, 2021, 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 below.

2. Provisions

a. 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.

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b. 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.

c. 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, 2021, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable

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Notes to Financial Statements — As of June 30, 2021

during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the entity were \$370,361 and \$360,058 for the years ended June 30, 2021, and June 30, 2020, 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, 2021, the entity reported an asset of \$2,955,302 for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Authority's proportion was 1.33913% as compared to 1.28634% at June 30, 2019.

For the year ended June 30, 2021, the Authority recognized VSDP OPEB expense of \$223,584. 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, 2021, 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	\$ 277,885	\$ 613,263
Net differences between projected and actual earnings on VSDP OPEB plan investments	201,056	-
Changes in assumptions	39,392	121,346
Changes in proportionate share	3,410	258,171
Employer contributions subsequent to the measurement date	<u>370,361</u>	<u>-</u>
Total	<u>\$ 892,104</u>	<u>\$ 992,780</u>

\$370,361 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, 2022. 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 2022	\$ (120,774)
FY 2023	\$ (66,847)
FY 2024	\$ (62,801)
FY 2025	\$ (58,289)
FY 2026	\$ (83,473)
Thereafter	\$ (78,853)

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5. Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities. For the following Mortality Rates, see “Notes to Financial Statements: Appendix”

- Mortality rates – General State Employees, page 98.
- Mortality rates – SPORS Employees, page 99.
- Mortality rates – VaLORS Employees, page 99.

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, 2020, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	Disability Insurance Program
Total VSDP OPEB Liability	\$ 269,531
Plan Fiduciary Net Position	490,220
Employers’ Net OPEB Liability (Asset)	<u>\$ (220,689)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	181.88%

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

7. Long-Term Expected Rate of Return

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

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Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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, 2020, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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)	\$ (2,696,392)	\$ (2,955,302)	\$ (3,187,712)

10. VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-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, 2021, the Authority had accrued VSDP contributions payable to the OPEB plan of \$21,205. The payable is based on OPEB contributions earned by Authority employees through June 30, 2021, but not yet paid to the plan.

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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 below.

2. Plan Description

1. Eligible Employees

The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities as well as 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).

2. Benefit Amounts

The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals:

1. **Death** – The Line of Duty Act 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 Line of Duty Act program provides health insurance benefits.
 - Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.
 - Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

3. Contributions

The contribution requirements for the Line of Duty Act Program (LODA) 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 Line of Duty Act Program (LODA) for the year ended June 30, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, 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 Line of Duty Act Program (LODA) from the entity were \$68,862 and \$69,871 for the years ended June 30, 2021, and June 30, 2020, 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, 2021, the entity reported a liability of \$2,153,256 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020, and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially

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Notes to Financial Statements — As of June 30, 2021

determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.51413% as compared to 0.54690% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$160,114. 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, 2021, 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	\$ 228,572	\$ 293,560
Net differences between projected and actual earnings on LODA OPEB plan investments	-	3,061
Changes in assumptions	576,443	134,181
Changes in proportionate share	60,464	269,117
Employer contributions subsequent to the measurement date	<u>68,862</u>	<u>-</u>
Total	<u>\$ 934,341</u>	<u>\$ 699,919</u>

\$68,862 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, 2022. 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 2022	\$ 13,434
FY 2023	\$ 14,000
FY 2024	\$ 14,603
FY 2025	\$ 14,781
FY 2026	\$ 14,970
Thereafter	\$ 93,772

5. Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%

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Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% 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 98.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – Largest Ten Locality Employers with Public Safety Employees, page 102.
- Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees, page 103.

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, 2020, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

	<u>Line of Duty Act Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	<u>4,333</u>
LODA Net OPEB Liability (Asst)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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 2.21% 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 2.21% 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

8. Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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 2.21%, 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 (1.21%) or one percentage point higher (3.21%) than the current rate:

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	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Covered Employer's Proportionate Share of the LODA Net OPEB Liability	\$ 2,555,885	\$ 2,153,256	\$ 1,849,762

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 a 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 employer's proportionate share of the LODA Net OPEB Liability	\$ 1,779,736	\$ 2,153,256	\$ 2,641,814

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 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-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, 2021, the bailment inventory was valued at \$71,535,274.

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- **Mortality rates – General State Employees**

Pre-Retirement:	
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.	
Post-Retirement:	
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.	
Post-Disablement:	
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decreased rate from 7.00% to 6.75%

- **Mortality rates – SPORS Employees**

Pre-Retirement:	
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.	
Post-Retirement:	
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	
Post-Disablement:	
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP- 2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decreased rate from 7.00% to 6.75%

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- **Mortality rates – VaLORS Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 applicable VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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• Mortality rates – Teachers

Pre-Retirement:	
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.	
Post-Retirement:	
RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.	
Post-Disablement:	
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 applicable VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

• Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:	
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.	
Post-Retirement:	
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	
Post-Disablement:	
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decreased from 7.00% to 6.75%

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FINANCIAL STATEMENTS

Notes to Financial Statements: Appendix – As of June 30, 2021

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

Pre-Retirement:	
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.	
Post-Retirement:	
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	
Post-Disablement:	
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Pre-Retirement:	
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.	
Post-Retirement:	
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	
Post-Disablement:	
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.	
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

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FINANCIAL STATEMENTS

Notes to Financial Statements: Appendix – As of June 30, 2021

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

• Mortality rates – Largest Ten Locality Employers With Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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FINANCIAL STATEMENTS

Notes to Financial Statements: Appendix – As of June 30, 2021

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing employer Plans – VRS State Employee Retirement Plan
For the Fiscal Year Ended June 30, 2021

Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan For the Measurement Dates of June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	1.17%	1.14%	1.11%	1.08%	1.05%	1.03%	1.01%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 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	\$ 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	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	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2020 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 VRS State Employee Retirement Plan For the Years Ended June 30, 2015 through 2021

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

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

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REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing employer Plans – VaLORS State Employee Retirement Plan
For the Fiscal Year Ended June 30, 2021

Schedule of Employer's Share of Net Pension Liability VaLORS State Employee Retirement Plan For the Measurement Dates of June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	1.54%	1.60%	1.65%	1.69%	1.78%	1.99%	2.00%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,031,606	\$ 11,095,665	\$ 10,284,000	\$ 11,067,000	\$ 13,798,000	\$ 14,143,000	\$ 13,470,000
Employer's Covered Payroll	\$ 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	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	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2020 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 VaLORS State Employee Retirement Plan For the Years Ended June 30, 2015 through 2021

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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%

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 98.

The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2016, 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 99.

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REQUIRED SUPPLEMENTARY INFORMATION

Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees
For the Fiscal Year Ended June 30, 2021

SCHEDULE OF EMPLOYER'S SHARE OF TOTAL OPEB LIABILITY

For the Years ended June 30, 2021, 2020, 2019 and 2018

	2021	2020*	2019*	2018*
Employer's proportion of the collective total OPEB liability	1.19%	1.17%	1.15%	1.11%
Employer's proportionate share of the collective total OPEB liability	\$ 6,789,374	\$ 7,966,474	\$ 11,535,795	\$ 14,448,345
Employer's covered-employee payroll	\$ 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	11.12%	13.53%	21.11%	29.42%

Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, only four years of data is 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, 2021

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

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

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

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REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing employer Plans -- Health Insurance Credit Program (HIC)

For the Fiscal Year Ended June 30, 2021

Schedule of Employer's Share of Net OPEB Liability -- Health Insurance Credit Program (HIC)

For the Measurement Dates of June 30, 2020, 2019, 2018 and 2017

	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability (Asset)	0.8080%	0.7907%	0.7717%	0.7591%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 7,417,581	\$ 7,298,540	\$ 7,040,000	\$ 6,912,000
Employer's Covered Payroll	\$ 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	12.73%	13.54%	13.54%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

Schedule of Employer Contributions -- Health Insurance Credit Program (HIC)

For the Years Ended June 30, 2018 through 2021

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 685,790	\$ 687,455	\$ (1,665)	\$ 61,231,265	1.12%
2020	\$ 679,304	\$ 679,503	\$ (199)	\$ 58,291,025	1.17%
2019	\$ 630,723	\$ 630,505	\$ 218	\$ 53,907,914	1.17%
2018	\$ 613,687	\$ 613,224	\$ 463	\$ 52,007,392	1.18%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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, see "Notes to Financial Statements -- Appendix"

- Mortality rates – General State Employees, page 98.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – JRS Employees, page 99.

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REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing employer Plans -- Group Life Insurance Program (GLI)

For the Fiscal Year Ended June 30, 2021

Schedule of Employer's Share of Net OPEB Liability -- Group Life Insurance Program (GLI)

For the Measurement Dates of June 30, 2020, 2019, 2018 and 2017

	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.2835%	0.2753%	0.27337%	0.26635%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 4,731,151	\$ 4,480,351	\$ 4,153,000	\$ 4,009,000
Employer's Covered Payroll	\$ 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	8.10%	8.30%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four 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 2021

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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, see "Notes to Financial Statements -- Appendix"

- Mortality rates – General State Employees, page 98.
- Mortality rates – Teachers, page 100.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – JRS Employees, page 99.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 100.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 101.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 101.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 102.

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REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing employer Plans -- Disability Insurance Program (VSDP)

For the Fiscal Year Ended June 30, 2021

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

For the Measurement Dates of June 30, 2020, 2019, 2018 and 2017

	2020	2019	2018	2017
Employer's Proportion of the Net VSDP OPEB Liability (Asset)	1.33913%	1.28634%	1.21104%	1.11695%
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)	\$ (2,955,302)	\$ (2,523,739)	\$ (2,728,000)	\$ (2,395,000)
Employer's Covered Payroll	\$ 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	-5.09%	-4.87%	-5.71%	-5.47%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four 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 2021

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 372,029	\$ 370,361	\$ 1,668	\$ 61,046,315	0.61%
2020	\$ 360,221	\$ 360,058	\$ 163	\$ 58,106,466	0.62%
2019	\$ 321,487	\$ 322,829	\$ (1,342)	\$ 51,852,685	0.62%
2018	\$ 315,386	\$ 315,270	\$ 116	\$ 47,785,688	0.66%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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, see "Notes to Financial Statements -- Appendix"

- Mortality rates – General State Employees, page 98.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the Fiscal Year Ended June 30, 2021

Schedule of Employer's Share of Net OPEB Liability -- Line of Duty Act Program (LODA)

For the Measurement Dates of June 30, 2020, 2019, 2018 and 2017

	2020	2019	2018	2017
Employer's Proportion of the Net LODA OPEB Liability (Asset)	0.51413%	0.54690%	0.54331%	0.51555%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 2,153,256	\$ 1,962,202	\$ 1,704,000	\$ 1,355,000
Employer's Covered Payroll	\$ 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	38.41%	34.50%	30.40%	22.60%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four 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 2021

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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%

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four 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.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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, see "Notes to Financial Statements -- Appendix"

- Mortality rates – General State Employees, page 98.
- Mortality rates – SPORS Employees, page 98.
- Mortality rates – VaLORS Employees, page 99.
- Mortality rates – Largest Ten Locality Employers with Public Safety Employees, page 102.
- Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees, page 103.

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.

STATISTICAL SECTION

Financial — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total operating revenues	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773	730,075,776	689,511,021	662,433,062	632,923,574
Total operating expenses	906,008,453	789,818,868	701,360,862	664,660,269	637,017,607	606,624,500	577,709,566	549,746,146	528,108,106	501,071,632
Operating income	228,951,494	210,472,626	201,322,463	180,217,023	170,545,838	165,321,273	152,366,210	139,764,875	134,324,956	131,851,942
Non-operating revenues (expenses)	4,051,749	1,488,296	682,140	601,355	2,318,691	(128,586)	130,466	164,396	(603,087)	246,632
Net profit before disbursements	233,003,243	211,960,922	202,004,603	180,818,378	172,864,529	165,192,687	152,496,676	139,929,271	133,721,869	132,098,574
Capital asset contribution: land and new headquarters and warehouse	76,940,783	9,969,000	-	-	-	-	-	-	-	-
Disbursements:										
Disbursements of profits to General Fund of the Commonwealth	(167,871,163)	(142,661,735)	(126,727,832)	(109,261,467)	(101,725,746)	(96,860,303)	(84,572,527)	(72,851,385)	(67,437,563)	(64,163,784)
Appropriation Act disbursements	(69,428,110)	(69,428,279)	(69,930,044)	(69,929,142)	(69,429,142)	(68,028,110)	(67,465,310)	(67,135,959)	(67,139,188)	(67,858,000)
Total disbursements	(237,299,273)	(212,090,014)	(196,657,876)	(179,190,609)	(171,154,888)	(164,888,413)	(152,037,837)	(139,987,344)	(134,576,751)	(132,021,784)
Net increase/(decrease) after disbursements & capital contributions	72,644,753	9,839,908	5,346,727	1,627,769	1,709,641	304,274	458,839	(58,073)	(854,882)	76,790
Total Net Position - July 1	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)	1,745,383	1,803,458	2,658,340	2,581,550
Net effect in change in accounting principle				(26,872,474)			(75,042,000)			
Net Position - July 1, as restated	(80,881,933)	(90,721,841)	(96,068,568)	(97,696,336)	(72,837,777)	(72,837,777)	(73,296,617)	1,803,458	2,658,340	2,581,550
Total Net Position - June 30	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,567)	(70,823,862)	(72,533,503)	(72,837,778)	1,745,385	1,803,458	2,658,340

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Investment in Capital Assets	121,818,144	33,116,293	15,485,332	9,110,959	9,305,696	10,325,665	11,623,322	10,917,072	9,254,140	10,076,413
Restricted Net Position	2,955,302	2,523,739	2,728,000	2,395,000						
Unrestricted Net Position	(133,010,626)	(116,521,965)	(108,935,173)	(107,574,527)	(80,129,558)	(82,859,168)	(84,461,099)	(9,171,689)	(7,450,682)	(7,418,073)
Total Net Position	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)	1,745,383	1,803,458	2,658,340

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

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STATISTICAL SECTION

Financial — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross alcohol sales	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239	768,800,059	733,850,264
Excise tax	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584	126,802,220	120,988,748
Excise tax as a % of gross sales	16.57%	16.50%	16.52%	16.36%	16.43%	16.47%	16.48%	16.49%	16.49%	16.49%
Net alcohol sales	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655	641,997,839	612,861,516

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

OPERATING REVENUES - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sales of alcohol	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655	641,997,839	612,861,516
Sales of lottery tickets	-	-	1,008,508	1,583,218	1,775,666	2,204,199	2,336,382	2,476,712	2,604,381	2,662,214
License & permit fees	14,869,126	14,105,749	14,460,539	13,875,412	13,514,032	13,304,832	12,967,544	12,606,895	12,122,130	12,005,411
Wine wholesalers tax	4,478,961	4,079,190	4,923,698	4,414,271	4,484,962	4,295,718	4,259,463	3,958,111	3,760,195	3,467,123
Penalties	156,967	842,199	1,149,306	687,045	760,810	816,695	1,041,342	1,020,717	1,018,368	973,266
Federal grants & contracts	-	89,498	153,488	651,384	269,767	280,007	239,915	306,285	361,936	446,546
Mixed beverage tax on common carriers	22,097	67,278	31,236	24,336	20,597	25,039	22,103	24,475	27,035	30,778
Miscellaneous	5,950,800	1,283,889	956,286	1,190,883	1,088,729	1,144,972	795,756	549,169	541,177	476,720
Total operating revenues	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773	730,075,776	689,511,021	662,433,062	632,923,574

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.

STATISTICAL SECTION

Revenues — Last Ten Fiscal Years

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

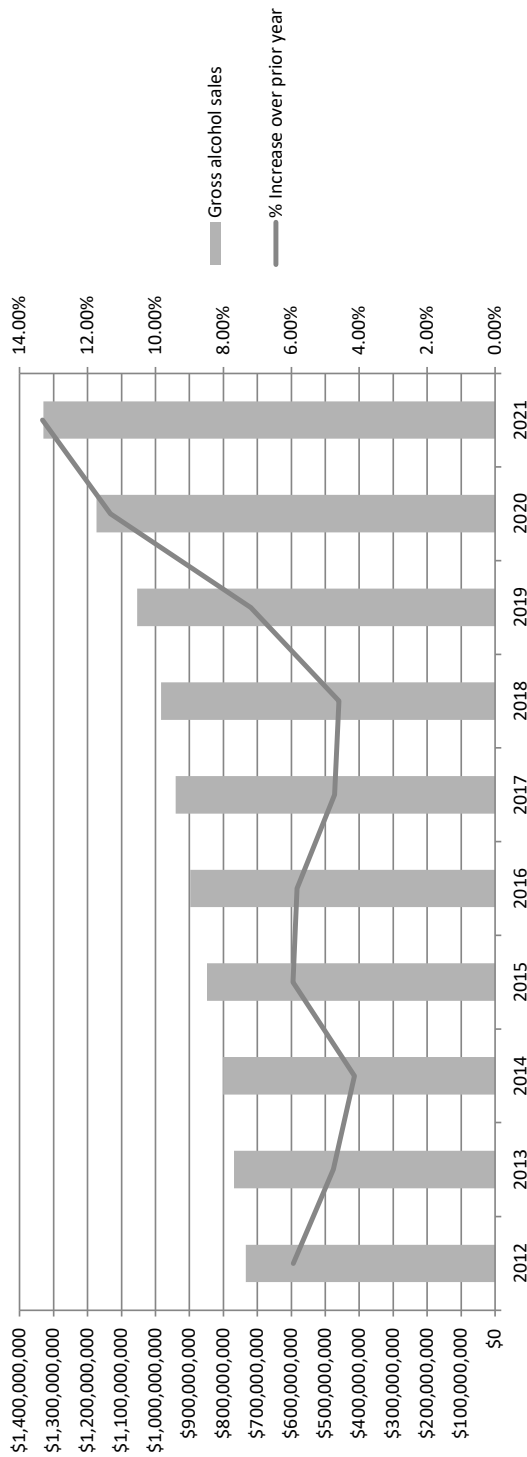
	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sales of alcohol	13.23%	11.34%	7.00%	4.68%	4.77%	5.85%	5.96%	4.14%	4.75%	5.94%
Sales of lottery tickets	N/A	(100.00%)	(36.30%)	(10.84%)	(19.44%)	(5.66%)	(5.67%)	(4.90%)	(2.17%)	6.63%
License & permit fees	5.41%	(2.45%)	4.22%	2.67%	1.57%	2.60%	2.86%	4.00%	0.97%	(0.41%)
Wine wholesalers tax	9.80%	(17.15%)	11.54%	(1.58%)	4.41%	0.85%	7.61%	5.26%	8.45%	7.00%
Penalties	(81.36%)	(26.72%)	67.28%	(9.70%)	(6.84%)	(21.57%)	2.02%	0.23%	4.63%	(14.82%)
Federal grants & contracts	(100.00%)	(41.69%)	(76.44%)	141.46%	(3.66%)	16.71%	(21.67%)	(15.38%)	(18.95%)	(27.94%)
Mixed beverage tax on common carriers	(67.16%)	115.39%	28.35%	18.15%	(17.74%)	13.28%	(9.69%)	(9.47%)	(12.16%)	9.68%
Miscellaneous	363.50%	34.26%	(19.70%)	9.38%	(4.91%)	43.88%	44.90%	1.48%	13.52%	(0.71%)
Total Increase	13.46%	10.81%	6.84%	4.62%	4.61%	5.74%	5.88%	4.09%	4.66%	5.74%

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

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

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

GROSS ALCOHOL SALES - Last Ten Fiscal Years



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STATISTICAL SECTION

Revenues — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Rents	24,319	27,729	24,893	24,168	27,244	31,559	210,061	225,074	195,361	191,950
Income from security lending transactions	11,273	82,668	164,801	25,613	342	3,320	113	157	321	1,024
Interest income	46,873	297,522	607,387	334,667	182,039	64,013	-	-	-	-
Seized assets	9,786	31,867	49,861	242,520	109,408	-	-	-	-	54,682
Other - Special Employer Contributions (VRS)	-	-	-	-	2,000,000	-	-	-	-	-
Federal Funding: CARES Act	1,583,027	1,131,178	-	-	-	-	-	-	-	-
Other - Games of Skill	2,387,744	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	4,063,022	1,570,964	846,941	626,968	2,319,033	98,892	210,175	225,231	195,682	247,656
Increase (decrease)	2,492,058	724,023	219,973	(1,692,065)	2,220,141	(111,283)	(15,056)	29,549	(51,974)	50,736
% Increase (decrease)	158.63%	85.49%	35.09%	(72.96%)	2245.02%	(52.95%)	(6.68%)	15.10%	(20.99%)	25.76%

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STATISTICAL SECTION

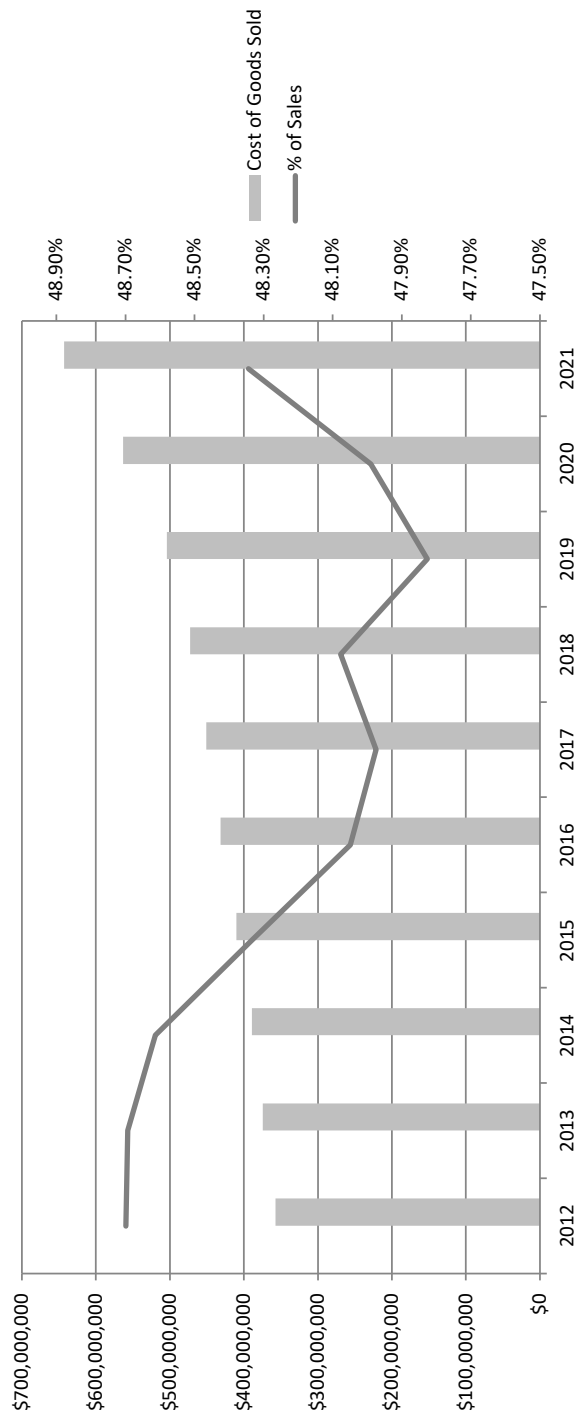
Cost of Goods Sold — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross alcohol sales	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239	768,800,059	733,850,264
Excise tax	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584	126,802,220	120,988,748
Net alcohol sales	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655	641,997,839	612,861,516
Cost of Goods Sold	642,888,983	563,153,604	504,150,211	472,772,427	451,003,488	431,328,614	409,991,902	389,204,362	374,356,481	357,374,917
% of Gross Alcohol Sales	48.34%	47.99%	47.83%	48.08%	47.97%	48.05%	48.33%	48.61%	48.69%	48.70%

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

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



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STATISTICAL SECTION

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Personal services	151,766,426	\$ 129,098,812	\$ 112,085,785	\$ 113,535,743	\$ 108,120,748	\$ 102,977,280	\$ 99,345,268	\$ 96,016,888	\$ 91,151,356	\$ 83,223,807
Continuous services	38,644,856	35,976,421	34,276,756	32,134,553	31,315,640	29,278,603	27,954,258	26,238,093	25,209,421	24,687,763
Contractual services	56,862,610	50,090,559	40,966,570	34,948,390	35,181,744	31,215,352	29,216,426	27,263,123	26,498,703	25,737,133
Supplies and materials	6,056,788	4,783,598	3,496,605	3,906,161	3,429,626	3,272,558	3,393,215	3,401,478	3,437,872	2,885,166
Depreciation & amortization	4,026,437	2,890,134	2,127,490	2,580,739	2,216,175	2,580,090	2,664,489	2,573,170	2,101,808	1,958,032
Expendable equipment	5,084,688	3,464,031	2,867,828	2,539,276	3,453,386	2,986,732	2,258,331	2,209,117	2,066,725	1,869,571
Other	677,665	361,709	372,382	347,589	611,832	856,410	661,649	500,029	860,993	812,313
Total operating expenses	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025	165,493,637	158,201,899	151,326,879	141,173,785

Increase from prior FY	36,454,206	30,471,848	6,200,965	5,663,300	11,162,126	7,673,388	7,291,738	6,875,020	10,153,094	3,430,344
% Increase	16.08%	15.53%	3.26%	3.07%	6.45%	4.64%	4.61%	4.54%	7.19%	2.49%

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retail & Distribution Expenses	177,532,993	149,241,340	133,346,792	129,705,731	122,428,825	115,809,039	110,179,547	104,958,799	99,315,094	93,533,636
Administrative Expenses	61,974,111	58,544,041	49,874,639	44,903,559	43,837,955	40,354,100	37,763,015	35,000,633	34,665,598	32,106,833
Regulatory Expenses	17,723,154	16,900,634	17,288,559	16,527,661	16,885,187	17,328,181	17,900,232	17,936,183	16,984,251	15,086,772
GASB 68, GASB 75 and other Adjustments	5,889,212	1,979,249	(4,316,574)	(1,144,500)	1,177,184	(324,295)	(349,157)	306,285	361,936	446,544
Total Operating Costs	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025	165,493,637	158,201,899	151,326,879	141,173,785

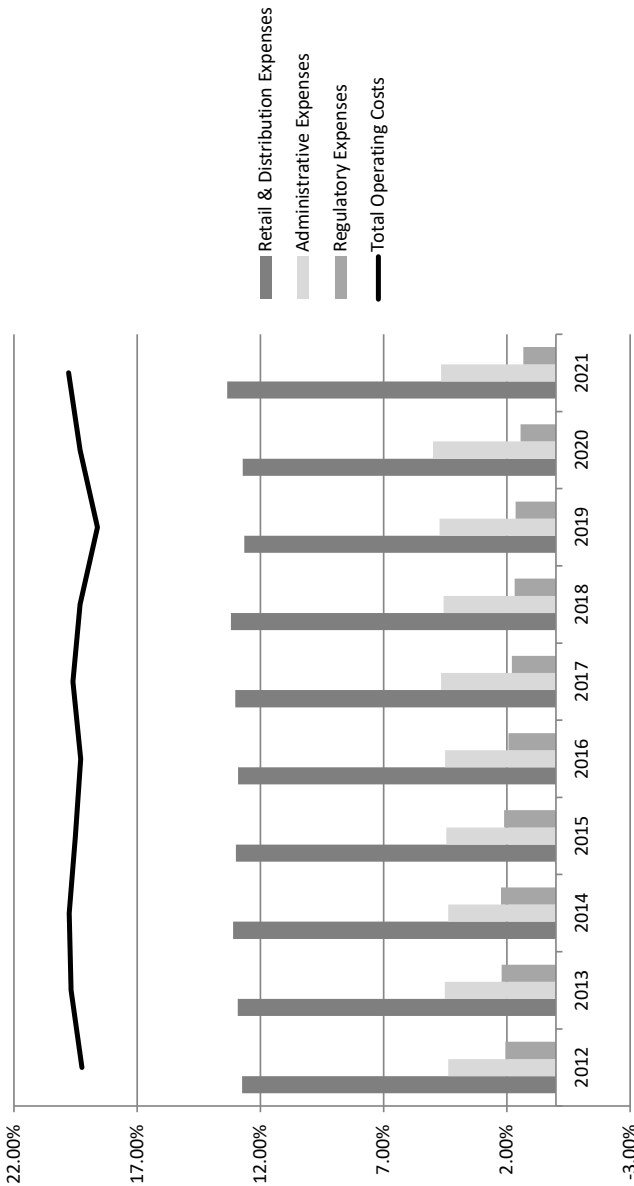
- Notes: 1. Area breakdown from final Profit & Loss statement for respective fiscal year
 2. Store breakage removed from operating expense and classified as part of Cost of Goods Sold on financial statements
 3. Cost of Goods Sold for Virginia is for Lovers merchandise added back in FY 2017 and FY 2018

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STATISTICAL SECTION

Expenses — Last Ten Fiscal Years

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



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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses from security lending transactions	11,273	82,668	164,801	25,613	342	3,320	113	157	321	1,024
Seized assets	-	-	-	-	-	224,158	79,596	60,678	798,449	-
Total non-operating expenses	11,273	82,668	164,801	25,613	342	227,478	79,709	60,835	798,770	1,024
Increase (decrease)	(71,395)	(82,133)	139,188	25,271	(227,136)	147,769	18,874	(737,935)	797,746	(122,173)
% Increase (decrease)	(86.36%)	(49.84%)	543.43%	7389.18%	(99.85%)	185.39%	31.02%	(92.38%)	NM	(99.17%)

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STATISTICAL SECTION

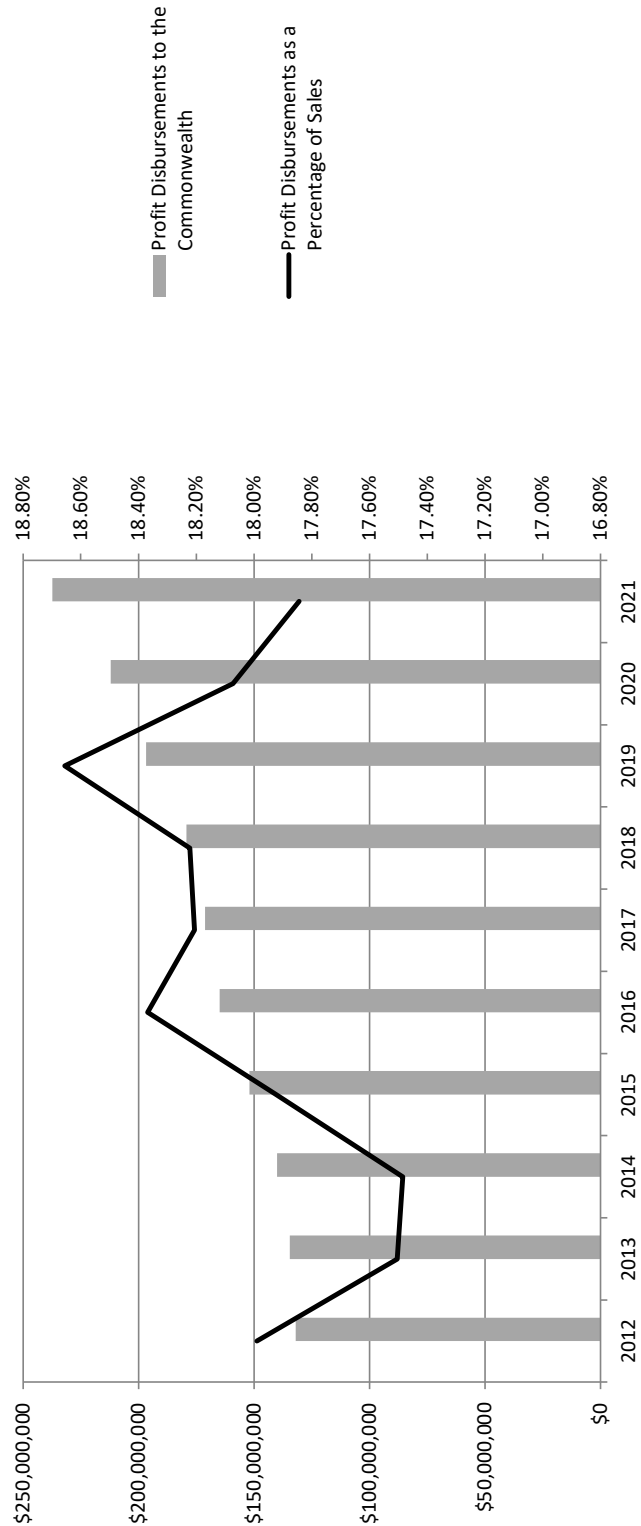
Profits — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross alcohol sales	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239	848,245,457	800,612,239	768,800,059	733,850,264
Excise tax	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928	139,832,186	132,043,584	126,802,220	120,988,748
Net alcohol sales	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311	708,413,271	668,568,655	641,997,839	612,861,516
Profit Disbursement to the Commonwealth	237,299,273	212,090,014	196,657,876	179,190,609	171,154,888	164,888,413	152,037,837	139,987,344	134,576,751	132,021,784
% of Gross Sales	17.84%	18.07%	18.66%	18.22%	18.21%	18.37%	17.92%	17.49%	17.50%	17.99%

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

DISBURSEMENTS TO THE COMMONWEALTH - Last Ten Fiscal Years



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STATISTICAL SECTION

Operational — Last Ten Fiscal Years

STORES BY YEAR - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Stores, July 1	388	377	370	366	359	351	349	342	337	334
New Stores	6	12	7	5	9	8	4	7	6	3
Closed Store	-	1	-	1	2	-	3	-	2 ¹	0
Total Stores, June 30	394	388	377	370	366	359	350	349	341	337

Note: 1. Store #042 - Mount Vernon was listed as closed on 7/31/12 and relocated on 4/3/13

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Store square footage ¹	1,197,485	1,191,176	1,233,746	1,190,407	1,158,478	1,146,234	1,117,425	1,112,807	1,091,146	1,073,910
Total transactions	36,449,743	35,733,748	33,652,166	32,241,445	31,270,307	30,398,994	29,712,285	28,770,720	27,846,686	26,678,450
Total bottles sold	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001	57,049,526	55,397,422	53,516,181	51,717,746
Gross alcohol sales	\$ 1,329,826,387	\$ 1,173,498,688	\$ 1,054,141,782	\$ 983,360,484	\$ 940,095,513	\$ 897,687,239	\$ 848,245,457	\$ 800,612,239	\$ 768,800,059	\$ 733,850,264
Average bottle price	\$ 16.51	\$ 15.28	\$ 14.85	\$ 15.01	\$ 15.48	\$ 15.46	\$ 14.87	\$ 14.45	\$ 14.37	\$ 14.19
Average sales per transaction	\$ 36.48	\$ 32.84	\$ 31.32	\$ 30.50	\$ 30.06	\$ 29.53	\$ 28.55	\$ 27.83	\$ 27.61	\$ 27.51
Average sales per square foot	\$ 1,110.52	\$ 985.16	\$ 854.42	\$ 826.07	\$ 811.49	\$ 783.16	\$ 759.11	\$ 719.45	\$ 704.58	\$ 683.34

Notes: Information provided by Authority's Research & Planning office

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

continued on next page

STATISTICAL SECTION

Operational — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Store square footage ¹	0.53%	-3.45%	3.64%	2.76%	1.07%	2.58%	0.41%	1.99%	1.60%	0.63%
Total transactions	2.00%	6.19%	4.38%	3.11%	2.87%	2.31%	3.27%	3.32%	4.38%	4.40%
Total bottles sold	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%	3.52%	3.48%	5.22%
Average bottle price	8.04%	2.90%	-1.09%	-3.01%	0.11%	3.99%	2.88%	0.60%	1.24%	0.68%
Average sales per transaction	11.10%	4.84%	2.70%	1.45%	1.81%	3.44%	2.59%	0.79%	0.37%	1.48%
Average sales per square foot	12.72%	15.30%	3.43%	1.80%	3.62%	3.17%	5.51%	2.11%	3.11%	5.27%

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
#256 - Virginia Beach	\$11,696,800 (1)	\$9,614,876 (1)	\$9,848,073 (2)	\$9,335,821 (1)	\$9,356,735 (1)	\$9,202,992 (1)	\$8,226,884 (1)	\$8,630,556 (1)	\$8,487,325 (1)	\$9,217,925 (1)
#225 - Virginia Beach	\$9,134,708 (2)	\$8,456,061 (4)	\$9,212,139 (3)	\$8,708,926 (2)	\$8,292,157 (2)	\$8,399,650 (2)	\$8,081,614 (2)	\$7,312,737 (2)	\$7,001,529 (2)	\$6,544,207 (3)
#331 - Richmond	\$8,941,006 (3)	\$7,750,902 (5)								
#219 - Vienna	\$8,811,514 (4)	\$8,672,118 (2)	\$8,607,977 (4)	\$7,966,670 (3)	\$7,652,272 (5)		\$6,461,490 (5)	\$6,107,183 (5)		\$6,121,640 (5)
#267 - Tysons	\$8,494,372 (5)									
#397 - Alexandria		\$8,597,200 (3)	\$9,870,509 (1)							
#169 - Richmond			\$7,588,304 (5)	\$7,936,805 (4)	\$7,754,878 (4)	\$7,621,199 (4)	\$7,048,143 (4)	\$6,490,317 (4)	\$6,167,351 (4)	\$6,669,833 (2)
#278 - Virginia Beach				\$7,526,361 (5)	\$7,773,909 (3)	\$7,699,741 (3)	\$7,462,194 (3)	\$6,652,089 (3)	\$6,440,523 (3)	\$6,133,558 (4)
#358 - Alexandria						\$7,133,652 (5)				
#282 - Hampton									\$5,934,201 (5)	

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STATISTICAL SECTION

Operational — Last Ten Fiscal Years

BOTTLES SOLD - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total bottles sold	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001	57,049,526	55,397,422	53,516,181	51,717,746
Increase of prior year	3,755,997	5,806,777	5,485,632	4,768,232	2,673,955	1,008,475	1,652,104	1,881,241	1,798,435	2,566,437
% Increase over prior year	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%	2.98%	3.52%	3.48%	5.22%
50mL bottles sold	22,794,484	22,169,462	20,266,659	16,640,845	13,316,637	12,130,465	12,546,559	12,339,394	11,463,831	10,711,448
Change from prior year	625,022	1,902,803	3,625,814	3,324,208	1,186,172	(416,094)	207,165	875,563	752,383	882,680
% change prior year	2.82%	9.39%	21.79%	24.96%	9.78%	-3.32%	1.68%	7.64%	7.02%	8.98%
50mL bottles as % of total	28.30%	28.87%	28.55%	25.41%	21.95%	20.89%	21.99%	22.27%	21.42%	20.71%

Notes: 1. Source: Policy, Planning & Analysis

2. Sales of 50mL bottles increased in FY2018 due to a pricing change by a distributor that lowered many popular brands from \$1.79 to \$0.99.

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

	Fiscal Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tito's Handmade	\$57,855,124 (1)	\$52,339,240 (1)	\$42,122,282 (1)	\$33,451,056 (1)	\$25,018,702 (3)					
Hennessy VS	\$52,767,346 (2)	\$46,879,265 (2)	\$35,309,436 (2)	\$33,157,815 (2)	\$33,941,737 (1)	\$25,269,088 (2)	\$18,758,631 (4)			
Jack Daniel's #7 Black	\$30,392,412 (3)	\$30,259,503 (3)	\$29,979,450 (3)	\$29,282,762 (3)	\$28,702,100 (2)	\$27,599,088 (1)	\$26,925,694 (1)	\$25,658,300 (1)	\$25,018,476 (1)	\$23,714,063 (1)
Patron Silver	\$28,915,618 (4)	\$20,933,661 (5)								
Jim Beam	\$23,236,012 (5)	\$23,485,631 (4)	\$22,713,241 (4)	\$21,494,889 (4)	\$20,421,335 (4)	\$19,805,216 (3)	\$18,657,478 (5)	\$17,802,469 (3)	\$17,593,209 (3)	\$16,892,320 (4)
Fireball Cinnamon			\$19,224,053 (5)	\$18,749,122 (5)		\$19,110,580 (5)	\$18,759,979 (3)	\$16,124,716 (5)		
Smirnoff 80					\$18,807,951 (5)	\$19,294,602 (4)	\$18,966,572 (2)	\$19,066,109 (2)	\$19,532,760 (2)	\$19,801,223 (2)
Grey Goose								\$17,104,944 (4)	\$16,944,481 (4)	\$17,829,724 (3)
Crown Royal									\$16,022,401 (5)	\$15,814,294 (5)

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STATISTICAL SECTION

Operational — Last Ten Fiscal Years

PRODUCTS SOLD BY CASE - Last Ten Fiscal Years

Fiscal Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Vodka	1,666,837	1,656,207	1,556,616	1,505,294	1,471,413	1,448,851	1,423,240	1,398,474	1,396,567	1,383,751
Domestic	898,413	907,464	855,285	823,756	795,487	774,794	761,099	738,803	720,810	708,694
Imported	394,030	389,336	363,835	355,140	351,388	350,341	340,831	342,794	345,758	343,277
Flavored	374,394	359,408	337,496	326,398	324,538	323,716	321,310	316,877	329,999	331,780
Straight Bourbon Whiskey	736,207	703,214	625,562	578,328	535,671	515,177	483,441	457,349	429,988	400,583
Rum	494,499	484,048	465,274	464,810	455,635	446,425	425,817	423,243	424,539	427,484
Domestic	41,635	27,389	438,456	438,855	434,086	429,928	142,537	137,762	141,445	144,878
Imported	452,864	456,658	26,818	25,955	21,549	16,497	283,279	285,481	283,094	282,606
Tequila	615,083	461,861	398,587	353,493	324,504	291,677	242,280	227,319	219,623	208,781
Cordials - Liqueurs - Specialties	452,504	558,782	517,338	488,640	474,718	478,332	530,603	503,019	-	413,783
Imported	281,355	361,042	331,695	314,610	298,289	295,955	303,305	285,565	-	212,622
Domestic	171,149	197,740	185,643	174,030	176,429	182,377	227,298	217,454	-	201,161
Flavored Whiskey**	366,550									
Cognac\Armagnac	251,574	203,289	194,789	187,912	183,177	160,584	173,099	165,700	173,679	167,154
Gin	247,227	246,321	237,108	234,097	236,821	236,616	234,712	237,533	244,341	246,381
Domestic	120,931	132,294	134,651	137,315	142,038	145,141	157,721	163,085	172,552	178,540
Imported	113,592	101,292	90,512	84,557	81,542	78,884	64,857	62,515	60,108	56,337
Flavored	12,288	12,363	11,567	11,805	12,780	12,116	11,616	11,351	11,025	10,829
Sloe	417	372	378	420	461	475	518	582	656	675
Canadian Whiskey	149,935	201,871	161,568	161,060	160,640	157,516	151,833	136,390	134,537	138,537
Brandy	168,741	171,495	201,729	192,563	193,188	191,377	181,654	160,685	143,184	165,142
Grape	114,374	121,000	7,254	7,035	7,315	7,312	7,218	7,269	-	17,375
Imported	21,846	14,663	35,540	35,943	36,328	33,534	28,036	10,686	-	9,918
Flavored	32,521	35,832	158,935	149,585	149,545	150,531	146,400	142,730	143,184	137,849
Scotch Whiskey	181,068	171,167	168,753	121,746	149,837	124,684	102,713	91,924	86,930	82,973
Cocktails	190,166	151,914	224,697	198,396	180,239	172,073	156,180	158,155	168,439	179,181
Domestic	107,019	90,017	111,572	101,123	103,626	104,110	100,208	98,016	96,777	96,719
Imported	83,147	61,897	113,125	97,273	76,613	67,963	55,972	60,139	71,662	82,462
Tennessee Whiskey	124,981	121,693	41,690	36,217	34,608	34,856	6,165	7,068	-	4,761
Blended Whiskey	91,456	148,003	71,435	61,056	42,006	33,107	49,808	53,071	-	77,701
Irish Whiskey	89,296	80,162	71,192	62,282	53,596	46,944	39,789	34,966	32,013	27,610
Straight Rye Whiskey	63,447	50,554	51,732	45,534	53,320	73,124	62,705	54,575	46,262	47,723
Domestic Whiskey	43,709	64,721	57,617	56,801	53,194	47,235	41,368	41,383	39,881	39,224
Moonshine ⁽²⁾	45,288	39,141	39,986	32,505	26,609	21,271	13,534	9,366	6,647	4,447
Specialty Bottles	35,588	43,221	59,784	50,671	58,168	58,656	61,838	25,571		19,874
Imported	21,345	26,600	19,973	16,086	26,459	25,407	30,060	25,571		19,874
Domestic	14,243	16,621	39,811	34,585	31,709	33,249	31,778			
Egg Nog	24,005	25,321	22,972	20,034	18,653	13,101	13,349	14,334	12,881	10,930
Rock & Rye	2,200	2,398	2,368	2,236	1,813	1,610	1,271	1,288	1,419	1,296
Alcohol ⁽¹⁾	2,097	2,091	1,250	1,227	53	57	56	40	49	43
Bottled Bond Whiskey		737	629	561	601	606	1,574	1,165	584	378
Corn Whiskey	1,699	691	489	408	325	441	724	32,022	24,643	11,861
Vermouth	25,324	25,175	22,681	21,903	17,848	16,561	15,892	15,819	15,821	15,693
Virginia Wine	17,278	15,762	14,936	14,480	14,624	13,131	12,241	11,533	12,087	11,180
Non-Alcoholic Mixers	176,008	157,705	134,259	128,533	123,882	114,393	103,893	99,270	106,037	114,158
Non Beverage Item	22,509	24,996	27,587	29,272	28,399	24,387	20,549	17,331	20,978	19,974
Statewide Totals *	6,285,276	5,812,539	5,371,999	5,049,498	4,892,942	4,722,187	4,548,753	4,377,428	3,740,545	4,220,603
Increase from prior FY	472,738	440,540	322,501	156,556	170,755	173,434	171,325	636,883	(480,058)	224,895
% Increase	8.13%	8.20%	6.39%	3.20%	3.62%	3.81%	3.91%	17.03%	-11.37%	5.73%

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

ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Authority Transition — Enactment Clause

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 requires:

That by October 15 each year, the Alcoholic Beverage Control 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 2021	FY 2020	FY 2019	FY 2018	FY 2021	FY 2020	FY 2019	FY 2018
Sales	\$ 1,333.6	\$ 1,173.6	\$ 1,054.1	\$ 983.3	100.0%	100.0%	100.0%	100.0%
- Excise tax	220.4	193.8	174.3	161.0	16.5%	16.5%	16.5%	16.4%
+ Other revenue	24.2	20.8	23.3	22.3	1.8%	1.8%	2.2%	2.3%
Net revenue	\$ 1,137.4	\$ 1,000.6	\$ 903.1	\$ 844.6	85.3%	85.3%	85.7%	85.9%
Cost of goods sold	642.9	563.2	504.5	473.7	48.2%	48.0%	47.9%	48.2%
Operation costs	177.5	149.9	134.0	130.3	13.3%	12.8%	12.7%	13.3%
Administrative costs	62.0	58.5	49.9	44.9	4.7%	5.0%	4.7%	4.6%
Regulatory costs	17.7	16.9	17.3	16.5	1.3%	1.4%	1.6%	1.7%
Net Profit	\$ 237.3	\$ 212.1	\$ 197.4	\$ 179.2	17.8%	18.1%	18.7%	18.2%

Notes:

1. All support costs (e.g. Human Resources, Information Technology, Finance, etc.) for Regulatory and Operations are included in the Administrative Costs category.
2. The Authority's total operating costs excludes the year-end VRS pension liability adjusting entries, the new 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 (Warehouse), 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 of the administrative functions that are necessary to support the business. These include Information Technology, Internal Audit, Procurement and Support Services, Research & Planning, Education and Prevention, Marketing, Human Resources, Financial Management Services, Communications, Real Estate and Facilities Management, the Authority's Leadership, 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 1,880 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 2021, Cost of Goods Sold represents 48.2% of the sales revenue collected. This percentage is consistent with previous years.

continued on next page

ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Authority Transition — Enactment Clause

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

Administrative Costs increases are primarily driven by the cost of Information Technology, new store construction costs, an aging central office and warehouse facility (repairs), and the increased focus on Marketing and Communications over the past few years (to communicate information about the Authority and its products). These costs are all tied back to either revenue generating activities or activities that support continued operation of the business.

In the Administrative Costs category, Information Technology continues to be the largest contributor to departmental costs. In fiscal year 2022, Administrative Costs are expected to increase due to depreciation and amortization for the warehouse and central office, and increased compensation costs for state mandated and Authority Board approved pay increases.

ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Six-Year Financial Forecast — As of October 16, 2020

Six-Year Financial Forecast – As of October 29, 2021

Six-Year Financial Forecast
Fiscal Year 2021 - Fiscal Year 2027
(in million)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue Sources: Growth Rate		1.23%	1.23%	3.00%	4.00%	4.50%	4.50%
Alcoholic Beverages (Store Sales)	1,333.6	1,350.0	1,366.6	1,407.6	1,463.9	1,529.8	1,598.6
Less: State Taxes on Spirits & Wine	220.4	224.8	227.5	234.4	243.7	254.7	266.1
Net Store Sales	1,113.2	1,125.2	1,139.1	1,173.2	1,220.2	1,275.1	1,332.5
Other Revenue	22.6	35.9	22.9	23.4	23.8	24.3	24.8
Total ABC Revenue	1,135.8	1,161.1	1,162.0	1,196.6	1,244.0	1,299.4	1,357.3
Cost of Goods Sold:	642.9	650.7	658.7	678.5	705.6	737.4	770.5
Operating Costs:	257.2	295.4	305.9	314.7	325.0	336.1	347.6
Infrastructure Projects:	-	-	7.1	10.2	10.6	10.6	10.6
Federal Funding - Cares Act	(1.6)	-	-	-	-	-	-
ABC Net Profit	237.3	215.0	190.3	193.2	202.8	215.3	228.6

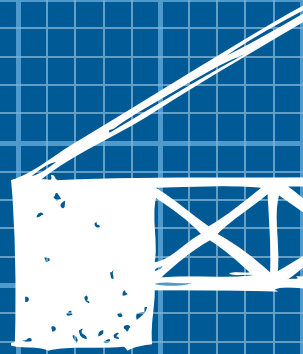
ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2022 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC's cost structure.

In fiscal year 2022, ABC expects sales to grow in the retail segment but at a lower rate due to ongoing and anticipated supply chain related issues. Like other industries, the spirits industry is challenged with materials needed for the production, bottling, and transportation of spirits. Manufacturers have indicated that bottles, glass, and plastic are in short support. Further compounding the issue is the shortage in labor, trucking, and congestion at U.S. ports. Many of these trends are expected to continue into mid-2022 and possibly 2023. In addition, sales growth projections are lower than the previous year's growth projections due to unprecedented growth of fiscal year 2021 including unexpected sales growth during the later stages of the pandemic, which resulted in multiple fiscal years' worth of sales growth occurring in a short period of time. Sales in the mixed beverage licensee (restaurant) segment have returned to pre-pandemic levels, reversing the COVID-driven decline, but remain fluid due to restaurant industry staffing concerns. Licensee revenue is projected to grow at a very modest rate, and overall other revenue will be down from 2021 due to the Games of Skill being discontinued. The forecast includes an assumption that the sale of ABC's old office and warehouse will be sold in FY 2022 at a \$14.7 million gain.

On the expense side, ABC is faced with mandated salary and benefit costs, market-based increases in salaries and wages to remain competitive, automatic rent escalation, telecommunication and technology costs and growth in credit card discount fees that are all very difficult to influence in the short run. One of the challenges that ABC faces is the change in marketplace demand for workers and the increased wages and personnel costs associated with the demand for employees. The forecast represents the state-mandated pay increase for staff as well as additional costs to remain competitive with marketplace compensation. Maintaining strong wage structures amid an increasingly competitive landscape, is a priority to both retain and hire the talent to grow the Authorities revenues. For fiscal year 2022 there are significant increases in amortization (\$2.4 million) for the point-of-sale/sales audit systems, depreciation expense on the completed new headquarters and distribution center (\$3.9 million) and ongoing support of new system projects, principally the licensing project.

During fiscal year 2021, ABC contributed \$237.3 million (accrual basis) of net profits to the Commonwealth, and collected \$305.2 million of taxes on store sales, wine and beer and an additional \$73.9 million of general sales tax totaling \$616.4 million. ABC expects to meet transfer requirements in fiscal year 2022 given the projected increase in gross sales. However, risks include the impact of supply chain on inventory, reduced purchases and unforeseen increases in expenses.

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