

November 13, 2023 Board Meeting

Virginia ABC Board of Directors



November Board Meeting Agenda

- 9:00AM Call to Order
- Approval of Minutes
 - Approve minutes from Sept 15, 2023
- New Business
 - Commending Resolution (Tom Kirby)
- 10AM Hearing
 - Sweetwater Tavern
- New Business
 - Annual Reports (*Tom Kirby*):
 - Virginia ABC Annual Report
 - Virginia Higher Education Substance Use Advisory Committee (VHESUAC) Annual Report
 - Virginia's Office for Substance Abuse Prevention (VOSAP) Annual Report
 - Financial Report (*David Alfano*)
 - Real Estate Committee Recommendations (*Tom Kirby*)
- Closed Session
- Comments from the Board
- Public Comments
- Adjournment

Minutes: September 15, 2023

Required Action

Approval of Minutes from September 15, 2023 meeting



BOARD MEETING MINUTES: September 15, 2023 ABC Headquarters

Call Meeting to Order at 9:03 a.m.

A Attendees

Board Chair Tim Hugo
Board Vice-Chair Bob Sledd
Board Member Greg Holland
Board Member William Eulle
Board Member Mark Rubin

Chief Executive Officer, Travis Hill
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Administrative Officer, David Alfano
Chief Digital and Brand Officer, Vida Williams
Chief Information Officer, Paul Williams

Deputy Secretary, Chris Curtis
Office of the Attorney General, Josh Laws
Director of Finance, Doug Robinson
Executive Assistant, Kathleen LaMotte
Administrative Staff Assistant, Lisa Cherefko

Approval of Minutes

The Board reviewed the minutes from the July 20 and August 22, 2023 board meetings. Board Member Holland moved to amend minutes to remove a sentence concerning the nature of the budget discussions. Mr. Holland moved to approve the minutes as amended, Board Member Rubin seconded the motion. The motion passed on a roll-call vote of 5 – 0.

CEO Announcement

Travis Hill spoke on the Authority's August 30 announcement concerning revised store hours for about 169 store locations. Mr. Hill advised the Board that he wasn't aware of the revisions or the announcements. There is a periodic process to amend store hours, and this decision was not tied to the recent budget process. While this was in keeping with prior practice, Mr. Hill advised that too many stores were adjusted. The Authority reviewed prior sales and initial sales for the first 10 days of hours reductions and asked for retail to return stores to their previous hours of operation on September 22 to give stores time to ensure adequate staff coverage. A new process will be set up to include retail, finance and analytics to focus on store hours and any adjustments to store hours will be approved by Mr. Hill, who will also approve leases as they come up. Mr. Hill stated going forward any adjustments to store hours or leases will be approved by him so that he can communicate changes to the Board and stakeholders. Chairman Hugo advised obtaining industry input prior to making any changes to store hours.

Adoption of Commending Resolutions

The Board reviewed resolutions commending the service of former Board Chair Maria Everett and Board Vice-Chair Beth Hungate-Noland. Director Euille moved to approve the resolution, Board member Rubin seconded the motion, and the motion passed on a roll-call vote of 5 – 0.

Approval of revised Travel Policy

Doug Robinson, Director of Finance, reported that:

- The Authority recommends the Board reinstate the use of the GSA per diem for meals and incidentals for travel expenses. In 2023, the Authority spent over \$700,000 in travel costs and returning to the per diem rates for meals and incidentals will reduce the burden of record keeping for frequent travelers and make the expense reporting process more efficient. Use of the GSA per diem is an accepted practice throughout the Commonwealth.
- To use the per diem rates, a traveler would have to book an overnight stay 60 miles or greater from their workplace and the travel must be approved by a supervisor.
- This change is being made because frequent travelers, largely from Real Estate and the Bureau of Law Enforcement, requested a return to the use of the per diem rates to reduce the administrative burden and recordkeeping. The return to per diem will result in significant efficiencies in auditing expense reports, however, it would not reveal the purchase of alcohol, but employees are expected to follow the code of conduct. This is a net neutral change that will result in slight cost savings. The processing time for expense reports is 15 – 20 minutes and if there are any errors in the report, it must be corrected and go through the process again. The existing BAR system has the functionality to allow for this change, so there is no extra spend for third-party contractors.

Vice Chair Sledd moved to approve the updated Travel policy, this motion was seconded by Mr. Rubin. The motion passed on a roll-call vote of 5 – 0.

Approve Recommendations of Real Estate Committee

Mr. Hill reviewed the recommendations from the August and September Real Estate Committee (REC) meetings.

Mr. Hill wanted to speak on the store conversion from a self-service store to a counter store of Store 361 following high-level theft. Store has been closed since April, and there was a shooting outside the store unrelated to our store. In reviewing the numbers with the committee, the least costly option is to open it as a counter store.

Vice-Chair Sledd asked what the different options and considerations for re-opening Store 361 were. Mr. Hill responded that personal safety for employees and the reduction of theft were core factors in the decision, and the upcoming presentation from Retail will review other theft mitigation efforts underway.

REC recommended the relocation of Store 036 (Gainesville), and the renewals of 27 new stores, stores 152 (Farmville), 197 (Tazewell County), 247 (Glen Allen), 250 (Hampton), 340 (Newport News), 352 (Herndon), 056 (Winchester), 124 (Covington), 132 (Martinsville), 176 (Brookneal), 214 (Clarksville), 229 (Roanoke), 251 (Richmond), 304 (Goochland), 304 (Goochland), 335 (Williamsburg – York County), 356 (Radford), and 386 (Stuarts Draft).

Mr. Euille moved to accept the REC's recommendations. Mr. Holland seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote 5– 0.

Update on Retail Theft

Mr. Hill introduced retail team that has helped create strategies for stores, especially in Hampton Roads area to help actions to reduce thefts in partnership with local law enforcement to be good stewards for the Commonwealth.

Jennifer Burke, Director of retail, reported that:

- Stores have been divided into three levels of shrink and a store's level determined how decisions were made concerning that store. The levels are:
- Level 1 – Accounts for 354 stores with a 0.40% or below or nonexistent shrink.
- Level 2 – Accounts for 28 stores with a 0.41% – 0.99% shrink rate.
- Level 3 – Accounts for 18 stores with a 1% “or higher “grab and go” rate. These stores are where the Authority is primarily concerned with employee safety.
- All store layouts and camera sight lines were evaluated, and bottle locking devices were added in partnership with suppliers. Unfortunately, the bottle locking devices aren't highly effective as they're easy to remove. They are most effective in Level 2 stores but don't work in Level 3 stores
- Some locations have experienced an individual coming into the back room, taking a case of spirits and then exiting through the back door we have installed intrusion alarms and removed ABC store signage on the exterior back doors so the store exits are not so easily identifiable.
- Retail is providing training to retail employees and working with them so they understand Retail takes their safety very seriously and cautions them to not get involved in a theft but instead be a good witness and instructs them what to look for and when to call 911. Retail is also partnering with the ABC Bureau of Law Enforcement and local Police Departments by meeting with them regularly, sometimes multiple times a week. It was noted that ABC has a good relationship with the Chesapeake Police Department and meet with them once a month to report our progress in slowing down theft. More labor hours were added during peak theft periods.
- The Authority has installed intrusion alarms and keypads on back doors and removed ABC signage from back doors, while the signage helped truck drivers deliver product, it also made an exit strategy more clear for shoplifters.
- Training retail teams on being a good witness and crime reporting criteria was increased.
- Leadership will visit with Chesapeake Police monthly and has seen some progress on slowing down of theft

Chief Tom Kirby reported that the Bureau of Law Enforcement (BLE) has facilitated meetings for retail, and BLE representatives have attended most of the meetings. BLE has relationships with most departments and has done operations in some of the stores to try to catch thefts in progress.

- Retail has reviewed store displays and placed empty product boxes to have a full look, but the empty boxes aid to reduce theft.
- Partnership with local law enforcement offices has been effective; a frequent shoplifter was just arrested this week
- Tim Nixon reviewed Operation Customer Engage. These efforts to mitigate shoplifting by ensuring retail staff is ready to assist and are watching customers. This would help mitigate opportunistic shoplifters, but not the professionals.
- Retail leadership reviewed further steps around training, partnership coordination, continued prevention and mitigation and fortification and statistical updates.
- Rising retail theft is a nationwide problem, not just at ABC

Vice-Chair Sledd asked about recent news stories concerning gangs that swarm into stores across the nation, is this addressed? Director Burke replied that ABC's training does address this, being a good witness is the biggest part of that. There is no bottle of liquor worth their life, and employees are advised to take note and call 911, and not to stop thieves.

- The Authority has implemented several process and system changes – centralized dashboards, upgrades to POS system to capture reporting. There is also a cycle count inventory process.

Thomas Aruanno reported that –

- Mr. Aruanno shared a chart of self-reported shoplifting at Level 3 high shrink stores. While August shrink went up, there is a correlation in the holidays and increased shrink
- Actual shrink in stores, show a downward trend since the new efforts have been implemented.
- Must be cautious of “whack-a-mole” where people shift to other ABC Stores that may not have as much implemented in theft deterrence.

Mr. Hill added that cycle counting will help determine the actual inventory, there is an opportunity to see what is happening, and Internal Audit also working to prioritize higher risk stores.

Vice-Chair Sledd asked about systems in place to address internal theft. Mr. Hill responded that it is reported up through district managers and if there is a crime BLE is involved.

Board Chair Hugo advised that he appreciates ABC adapting to circumstances and adapting to counter stores, and asked if Richmond Police have recommended counter stores? Mr. Hill responded that the Authority is looking at how the actions we take are impacting the rates of theft and will talk on a store-by-store basis, while maintaining a conversation with local police. The Authority tries to balance customer service with deterring customer theft.

Board Member Holland asked about efforts to get the police departments to be more visible around stores. Chief Kirby responded that a recent meeting with ABC leaders and the local police department where ABC implemented many of the suggestions from law enforcement. ABC has also added space in stores for police to come do paperwork, built relationships with precinct captains, and is seeing police officers in stores now. While Virginia ABC has not seen mob type of theft that you see in some cities referred to by Mr. Sledd, it may happen.

Board Member Rubin expressed that while he is fully supportive of all these things, he assumes there is cost. Mr. Hill responded that while staff was added, it is accounted for in the budget.

Mr. Hugo thanked the retail leaders for their presentation.

Information Security Update

Mr. Hill noted the high-level questions will need to go to closed session to not reveal ABC vulnerabilities.

Mr. Williams and Ms. Enroughty reported that:

- The Authority must stay adaptable and aware of potential threats.
- Identity and access management, in the past there were over 100 passwords, and now there is a single sign on with a multi-factor authentication making the system more secure.

Mr. Sledd asked about what threats the Authority is trying to prevent? Mr. Williams replied the major threats are ransomware shutting down systems, encrypting and stealing info and that we mitigate these threats as well as we can. There are also threats of compromised, stealing or sharing of personal and customer information including health information from HR and someone publishing data we wouldn't want shared. The Authority does not store credit card information on any ABC system and a special key is needed to unlock certain sensitive information. Mr. Williams stated it costs money to stop attacks, but it costs much more to fix it.

- In terms of hacks, the user identity is the principal point of weakness. Administrative privileges are limited and only used for specific pieces of work, limits roles for people to avoid moving from function to function. If an account is compromised, it couldn't be leveraged to get elsewhere.

Mr. Sledd asked if the ABC uses older operating systems that are more vulnerable. Mr. Williams responded that the ABC is current on all operating systems, but has some peripheral systems that are older. The Authority is moving to Cloud based systems managed by vendors help stay in compliance.

- The Authority has moved off VITA to software-defined network. During COVID, the Authority had to change culture to a decentralized organization. This has improved our resilience.
- PEN tests are done routinely and fixes are promptly implemented. Have been very happy with network, reliability has been fabulous and ability to test is quick.
- Scanning and compliance – ABC is scanned a lot which cause performance impacts. There is a routine process to create tickets to fix any problems identified in these scans. Sometimes things must be fixed by vendors, fixes sometimes take a day, or longer.

Ms. Enroughty reported that:

- Risk exceptions – one carried forward from a previous Board meeting, 5 new exceptions, 2 closed.
- The Authority refreshed the IT strategy in 2023, this tries to minimize footprint with less exposure, minimize sensitive data.
- Contract with vendors our security requirements from the beginning baked into contract, and vendors monitored for compliance.
- Multi-factor authentication enhances security, required on sensitive systems.
- ABC's Cyber Insurance was recently renewed, premiums went down a little.
- Ongoing efforts include PCI audit for the payment card, which is completed by a third party.
- The APA audit is in process, working on open audit points, hoping can close 2022 items. Still waiting for final report
- Security Operations is constantly reviewing spam emails and malware efforts. Incident response plan reviewed and updated.
- The Authority is constantly looking to improve security and recovery training. Trending positively on compliance. Looks for new and innovative ways to train.
- Regular spearphishing tests are conducted where fictitious emails are sent. These results have trended positively and are much better than industry average.
- Penetration test scheduled for this year for PCI compliance. An outside company tries to get into the system. We have engaged a vendor to conduct the test and reached out to them this week to establish the rules of engagement. We anticipate the test to be completed in Fall, 2023. Internal and external scans of VITA and PCI's will be taken.

Vice-Chair Sledd asked how does ABC keep current and how do we make sure we are one step ahead or keeping up with hackers? Mr. Williams replied that ABC collaborates and works with various industry groups and Commonwealth entities with similar targets and that the staff reads materials to keep current and participate in a multi-state analysis committee. State and local government and schools share information, and we receive regular security alerts the Federal government provides. Mr. Sledd enquired if there is a successful hack, do we have back up? Mr. Williams replied One Drive provides a backup of everyone's PC and all information is encrypted. If a laptop is stolen, data is not compromised because no one can access the data. Mr. Williams concluded that most attacks are ransomware hits and these are not as big a threat to us.

Mr. Hugo thanked Mr. Williams and Ms. Enroughty for their presentation and work being done every day.

Mr. Hill – VAL recovery was a great example of partnership with vendor, BLE and IT and it was a great recovery.

Public Health Briefing

Mr. Hill advised that Katie Crumble prepared this briefing in response to some questions from Mr. Euille. Ms. Williams reported on behalf of Mrs. Crumble, who was unable to attend today's meeting.

Ms. Williams reported that:

- Per a Washington Post Article forwarded by Euille, during the pandemic alcohol use increased by 17% and after the pandemic saw a 1% increase in beer and wine. The largest increase was among 25–44-year-olds.
- Virginia did not experience that same level of change and stayed consistent.
- The rise of hobbies during the pandemic included food and cocktail consumption. Bourbon hunting also accelerated during this period of time, however, this is anecdotal.
- Excessive alcohol use trends are indicating a shift. There has been a decline in binge drinking and experimentation from high school and college students. We consider ABC's engagement with high school and college students as contributing to this decline although nationwide, these groups drink less than those in the past.
- For the first time women are drinking more than males and engaging in more risky drinking of a ratio of 3:1. Anecdotal evidence points to the marketing of light and ready to drink beverages has encouraged this increase and is indicative evidence the pandemic was more stressful and impacted drinking by women.
- In Virginia, alcohol traffic safety trends reflect a downflow of incidences. However, there is an increase in the overall blood alcohol content level when an incident occurs.
- A Gallup Poll shows young adults in the US are drinking less than in prior decades.
- There is a generational trend that is having an impact on the alcohol industry. We are seeing growing popularity with non-alcoholic beverages and low alcohol level bars. Those numbers have not been determined in VA. Retail is interested in the trend and is considering expanding our portfolio of products to include no and low alcohol beverages.
- Research has shown that 40% of consumers weren't "purposeful" in selecting a particular brand and will change brand loyalty if a coupon is available for another brand.
- The Authority is expanding opportunities to engage the community in health and data research. We are partnering with universities and in support of other activities that could challenge alcohol use from a vice perspective. We are making sure we are promoting health and safety. We are seeking to partner with legislators and Bureau.
- Education and Prevention becoming ABC Community Health and Engagement. Overview new departments created under that umbrella and expansion of the mission.

Mr. Euille thanked staff for being responsive to the initial question and he is pleased to know that Virginia is not at the top of the list of alcohol sales increases. He stated that ABC is making outstanding efforts in outreach to protect the physical and mental health of the public and our processes should be shared state wide.

Mr. Sledd asked for specific examples of how ABC is encouraging reduced drinking. Ms. Williams replied that

Re that we are entering into partnerships with schools and universities and educating students about alcohol and its effects. The Youth Alcohol and Drug Abuse Prevention Project (YADAPP) is being brought back to high schools for ongoing programs. We receive grants that help with community outreach. We are active with the legislature. We examine product labels to assess if they will be attractive to kids. We are active in crossover products review which is exceptionally important, because alcohol is now being put into traditionally non-alcoholic beverages. We write training programs and conduct webinars.

Mr. Euille – participated in a youth leadership program in Alexandria and the most important thing the youth were concerned about was mental health.

Organizational Structure Update

Hill reported that:

- On page 141 of the Board’s materials, a new organizational structure was shared. Ms. Williams would be assuming leadership of the Authority’s Communications Division in conjunction with a new hire, Public Information Officer Jeff Caldwell, who served in the McDonnell administration as well as at several other Agencies.

Mr. Caldwell’s position was being recruited prior to the departure of the previous Director of Communications. Mr. Hill replied that externally and internally we have divided those functions across two individuals. Tracey Lorraine was already the Director of Change Management, and the Authority will utilize her past experience with communications. Creative Services added to digital, which often partners with local businesses and synergizing around KPI and ROI. All will be moved to the third floor to sit together to promote collaboration and efficiency.

Mr. Sledd stated that the retail division needs to focus on making the system more efficient for licensees, and helping them with their sales, how do you envision that going forward? Mr. Hill responded that Regional Managers will work with licensees to help them place their orders and that our store on Broad Street is very engaged with licensees and has a very large back room. Mr. Hill indicated that we continue to work on ACH payment and other positions. Ms. Burke stated a lot of stores specifically set up to accommodate licensees, they have roll up garage doors, etc. Almost every store has licensee engagement. If there is an obstacle, they report it to their Regional Manager and they begin to find a solution. We will be working closely with the casinos prior to them opening to explore what they need from ABC even if that means opening a larger store near them and noted 20% of all allocated items are allotted to licensees. If the licensees don’t take the bottles, they go to the stores.

Mr. Rubin added that the Authority’s BLE spends a lot of time with licensees to help them comply, not just punish. Chief Kirby assured the Board that the BLE actively develops relationships with licensees.

Updates from the Office of Legal Counsel

Mr. Daniel reported that:

- The Authority recently completed a ten-month process going line-by-line of the regulations with stakeholders. The Authority provided these proposed regulations to the Board to take home and review, and the Board will be asked to vote on them at their November Meeting.

Sara Ross reported that:

- The Authority held over 25 internal and external meetings with stakeholders from all three tiers in regulatory review.
- Stakeholders from all three tiers were involved in the regulatory review planned in 2022. The approach was to make sure regulations were clear. Our regulations guide is for all three tiers and set up how according to how Enforcement will regulate the code.
- Highlights include the second tab in the Board binders contains a clean version of proposed regulations and the third tab contains the redlines.
- There were 12 regulations for which they offered substantial modifications. 21 regulations were partially or entirely deleted.

Mr. Rubin asked what is the process is going forward and was there a final meeting to ensure we met the obligation for obtaining public comments? Mr. Daniels replied they would be ready by the next board review and then the new regulations can be finalized and added that a lot of commentary was written and discussed in detail but almost most all comments were complimentary. They made sure they went through each comment and addressed it even if they disagreed.

Mr. Rubin remarked this was quite an amazing process and extremely well attended by all three tiers with lively discussions.

Chief Reports

GAO Report

Mr. Daniel reported that:

- The Board's binder contained a basic summary sheets on magnitude and volume of cases of what OLC is doing.
- In this time period, Hearings received 111 referrals from Enforcement – about two a day.
- Expedited consents are a very successful program for penalties that comport to the regulations and bring matters to a speedy resolution.
- Negotiated settlements are mostly the work of the OLC, those are ones that get a little bit sticky that can't move forward with expedited consent.
- Three board appeals are pending – Board will review in closed session.
- FOIA requests were fairly substantial during this last reporting period.

CLEO Report

Chief Kirby reported that:

- Recruiting efforts for sworn staff are on the right track: ABC had a hire a few months ago of 15 special agents, now down to 14. Three existing agents have transferred to the compliance unit, which works with licensees and distributors. This was in Northern Virginia, Chesapeake and Richmond.
- Two processes underway right now – one is just for northern Virginia. There were a few more people in process that didn't accept the offer, and a new hiring process started immediately.
- Reviewed industry standard best practices process, including polygraph, roundtable, medical and psychological testing. There are four weeks of in-house training and 12 weeks with an established agent.
- Extended three conditional offers to NoVA agents. There's another process in the background phase, about 38 checks underway right now, the number will go down.
- ABC BLE is stringent about who we hire, which may be different from a traditional law enforcement agency. We are hopeful that we'll get 15 – 20. There are a total of 41 in the pipeline (though not all will be hired) they may be onboarded starting late November.
- We have seen a great deal of improvement – used to hire just two agents at a time. Believes we are on the right track, and we will be able to fill the remaining open positions

Mr. Sledd asked what the turnover rate is in Enforcement? Chief Kirby replied that it takes four years for an Agent to be fully trained due to the complexity of the laws and restaurant associations employ attorneys to understand the laws. This is why we have a six-month hiring process. We have recently combined the written test and oral board to happen on the same day so candidates get more of the process completed in one day. It takes four weeks complete the background checks.

Mr. Sledd asked how long it takes before an Agent is effective? Chief Kirby responded they are effective after 16 weeks of training and noted that while they have their own assigned territory they work directly with licensing, other agents, SACs and Command and the Office of Legal Counsel. The turnover rate has slowed now that new initiatives have been put in place. Mr. Alfano will work with the HR team to pull statistics.

Mr. Hugo asked if all Special Agents must be sworn police officers and if it would be possible to leverage non-sworn resources. Chief Kirby replied all Agents must be sworn police officers. Director Hugo stated he had received a letter from stakeholders asking the Board to look into utilizing non-sworn employees. Chief Kirby

said years ago we attempted to utilize non-sworn resources and it was inefficient because it was difficult to balance work between what sworn and non-sworn can do and a non-sworn employee would be reluctant to go into a public safety incident. Chief Kirby concluded that we are always looking for ways to leverage non-sworn employees but not to be investigators or go into businesses.

CROO Report

Mr. Dunham reported that:

- Retail sales are sluggish compared to last year at this time. The National Retail Federation reports that credit card sales throughout the US have been in a slight decline in several states but remain optimistic going into the Holiday season.
- Bottle sales and licensee sales are down. There is a small reversal in retail bottle sales, not seeing sales growth. Consumers are buying more small sizes. There is also a softening in the retail market. Diageo is predicting market sales to go down.

Mr. Alfano commented that August preliminary numbers are below budget by almost \$4M.

- DC Out Of Stocks – typically 65 – 75 items pre COVID, now it's 127. Haven't seen that number since October of 2020. This is caused by supplier issues – load scheduling, manufacturing is still there.
- Ms. Heilborn added that the ABC is still seeing crunches in inbound shipping, global shortage of shipping containers, many suppliers are still struggling, especially with flavors.
- Marketing efforts will focus on key events. A Doorbuster sale is planned around Halloween.
- Real Estate – budgeted four new store openings this year.

Mr. Sledd asked if it would be helpful for the Distribution Center to track productivity numbers better such as cases moved per labor hour and that the Board would like to know trends from the old facility vs. the new because we spent all this money to be more efficient and they want to know if the new facility is paying for itself? Mr. Dunham replied productivity in the warehouse should be dramatically better now vs. in old building but they will start putting those kind of numbers in reports.

Mr. Sledd complimented ABC as many transitions of this magnitude fall flat on their face and ABC made sure we maintained continuity. Now that we have done that, ABC should concentrate on improving efficiency.

Mr. Hill commented that ABC launched texting notifications for allocated liquors and had 25K sign up in the first 24 hours. This helps move shoppers off social media.

Mr. Hugo asked why sales were flat. Mr. Dunham replied that sales experienced substantial increases during COVID and are now levelling off. Mr. Shiffer reported that industry partners advise alcohol sales are soft nationwide. Mr. Dunham will work with NABCA to see if there is reporting available for control states.

CAO Report

Mr. Alfano reported that:

- Sales for the month of July. August is still preliminary will be available at the next meeting.
- July store sales on target. Higher licensing and permit fees brought revenue over budget. Variable administrative costs, this is where retail and dc wages fall. There was an over-allocation of hours and there is a plan to get back on track.
- Lower than anticipated IT hardware and software costs helped offset retail costs. Will continue to monitor monthly and make adjustments to stay on plan throughout the year.

CIO Report

Mr. Williams reported that:

- Staffing levels are good, reliability is good. The Authority is targeting an 8% vacancy rate. It takes a while to hire, Mr. Williams thought the market would get better but it is not moving. Hiring is difficult, had a couple of unsuccessful recruitments. There is competition and salary competition with other agencies.
- Reduced the number of products, reduced the number of hours. Not making targets now, not capitalizing on labor, doing smaller products and bugs and backlogs
- Finance/budget is on target. Accrual reversing and actuals hitting – not worried about it at this time. Not enough data for year with only one month of data available.
- IT KPI – happy with most of them but will be re-working for 2024.
- Failure in VAL at end of August. The interface did not recover on Thursday resulting in a catastrophic failure. After discussions with the vendor, the Authority took the system down. ABC Staff worked that Saturday and Sunday and had the system back up on Monday. The Authority couldn't find root cause of VAL failure, but Mr. Williams is not sure there's value in IDing it, because VAL has moved to SaaS this issue will not happen again.

CEO Report

Mr. Hill reported that:

- One summary suspension did apply for a temporary license while a hearing was pending
- Mr. Hill signed three leases since the Board last met.
- There are five new distillery stores.
- Store sales are close to budget the first month of the fiscal year. Operating costs are unfavorable due to labor hours.
- We are anticipating a busier season going into the Halloween and Holiday seasons.
- Online orders are higher than pre-covid. Greatest use is currently on demand.
- Retail stock continues to improve.
- Employee turnover is a big callout with a decline in wages and full time turnover due to engagement efforts. We are trying to make sure we drive down those numbers.
- Time to fill open positions has improved. We are finding good candidates the first time around. SWAM numbers are above target.

Board Commentary

- Director Hugo asked if ABC needed anything legislatively. Mr. Hill replied there is a sunset issue that needs to be addressed concerning the delivery and take out for mixed beverages and where that authorization goes but thinks it will be rescinded.

Public Comment

Mr. Hugo called for any Public Comment, none was received.

Closed Session

At 12:43 p.m., Mr. Rubin moved that the Board enter closed session Virginia Code §2.2 37.11(A)(7) to discuss legal advice and counsel on probable or actual litigation on three cases pending before the Board. Mr. Euille seconded. The motion passed on a roll call vote of 5 – 0. Attending the closed session in full were Tim Hugo, Bob Sledd, Greg Holland, Mark Rubin, William Euille, Josh Laws, Rachel Yates, Maureen Mshar, John Daniel, Chris Curtis, and Travis Hill.

Return to Open Session

When the Board returned from Closed session at 1:44, Mr. Rubin moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but legal advice and counsel on probable or actual litigation pursuant to

§2.2 37.11(A)(7), and only public business matters lawfully exempted from open meeting requirements was discussed. Board Member Holland seconded; the motion passed on a roll-call vote of 5 - 0.

Approval of Settlement Offer

Mr. Rubin moved to accept a settlement offer in regards to the Charlie G case/Hard Times. The motion was seconded by Holland. The motion passed on roll call vote of 4 – 0, Mr. Euille recused himself from the vote.

Closed Session

At 1:46 p.m., Mr. Rubin moved that the Board enter closed session Virginia Code §2.2 37.11(A)(1) to discuss an employment matter regarding a specific public employee. Mr. Sledd seconded. The motion passed on a roll call vote of 5 – 0. Attending the closed session in full were Tim Hugo, Bob Sledd, Greg Holland, Mark Rubin, William Euille, John Daniel, Chris Curtis, and Travis Hill.

Return to Open Session

When the Board returned from Closed session at 2:10, Mr. Rubin moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but employment matter regarding a specific public employee pursuant to §2.2 37.11(A)(1), and only public business matters lawfully exempted from open meeting requirements was discussed. Board Member Holland seconded; the motion passed on a roll-call vote of 5 - 0.

Meeting Adjournment

Meeting adjournment at 2:10 p.m.



Hearing

Sweetwater Tavern

New Business

Board Approval: Commending Resolution (Kirby)

Board Approval: Regulation Proposals (Hucks-Watkins)

Board Approval: Annual Reports (Kirby)

Board Information: Financial Report (Alfano)

Board Information: Real Estate Recommendations (Kirby)



Commending Resolution (Chief Kirby)

RESOLUTION OF THE VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Celebrating the leadership, accomplishments and contributions to the Commonwealth of Virginia by Travis G. Hill

WHEREAS, Travis G. Hill is a double Tar Heel, having received his undergraduate and Juris Doctor degrees from the University of North Carolina at Chapel Hill; and

WHEREAS, Travis G. Hill had a distinguished career practicing law with the law firm of Williams Mullen in the City of Richmond; and

WHEREAS, the call of the rewards and value of public service focused his attention on improving his adopted Commonwealth; and

WHEREAS, he was appointed as Deputy Secretary of Agriculture and Forestry by Governor McDonnell where he worked diligently and successfully to enhance the opportunities for farmers and foresters in the Commonwealth; and

WHEREAS, during his service in that role he endured non-stop travels across the Commonwealth surviving on the hand me down beef jerky from the Secretary; and

WHEREAS, he was appointed as the Chief Operating Officer of the then Department of Alcoholic Beverage Control Authority by Governor McAuliffe in October of 2014; and

WHEREAS, Travis G. Hill worked tirelessly calling on his legal expertise, creativity, and thoughtfulness to transition the Department to the Virginia Alcoholic Beverage Control Authority; and

WHEREAS, Travis G. Hill was appointed by Governor McAuliffe as the first Chief Executive Officer of the new Authority in 2018 and reappointed to that position by Governor Northam in recognition of his leadership talent, encyclopedic knowledge of the alcohol industry and management acumen; and

WHEREAS, during his tenure as CEO, he managed the transition of the Authority from VITA establishing a customized and successful technology system for the Authority, advocated for funding to construct a 100 million dollar state of the art alcohol distribution warehouse and headquarters, moved the Authority and it's personnel to those facilities in the midst of a global pandemic, increased sales to more than 1.6 billion dollars annually, instituted investment in infrastructure and foundational changes of the delivery of spirits to Virginia consumers and did so while still transferring profits in excess of budget requirements to the Commonwealth General Fund each and every year while serving as CEO of the Authority; and

WHEREAS, his talents and accomplishments were recognized on a national level when he was elected and serves as the President of the National Conference of State Liquor Administrators, one of the most prominent national organizations in the alcohol industry; and

WHEREAS, Travis enjoys a reputation for thoroughness and thoughtfulness, often manifested in his briefings to legislators and others with no less than 120 pages of slide deck; and

WHEREAS, his managerial talents, compassion, dignity, and fundamental fairness while serving as the first CEO of the Authority is unparalleled and will be sorely missed by his fellow teammates and the citizens of the Commonwealth; and now, therefore be it

RESOLVED, that Travis G. Hill is commended for his instigation of the creation of the Virginia Alcoholic Beverage Control Authority, his foresight and vision in creating a Commonwealth entity that will serve the Commonwealth well for many, many years to come while increasing economic contributions and opportunity for the citizens of the Commonwealth while maintaining public safety; and be it

FURTHER RESOLVED, that his teammates express a very deep gratitude for his service and for the contributions he has made to both their professional and personal lives and wishes him the very best for continuing success and achievement in his future endeavors.

Approved: November 2023

Timothy D. Hugo, Chair

Robert C. Sledd, Vice-Chair

William D. Euille, Board Member

Gregory F. Holland, Board Member

Mark E. Rubin, Board Member



Annual Reports (Chief Kirby)

The following were mailed to board members last week, and will also be included in the Board Meeting Binders on November 13, 2023:

- Virginia ABC Annual Report (pending APA approval letter)
- Virginia's Office for Substance Abuse Prevention Annual Report
- Virginia Higher Education Substance Use Advisory Committee Annual Report

Financial Report (Chief Alfano)

September 2023 Financial Performance

Virginia ABC



September 2023 YTD Variance Explanations

- **Net Revenues** are \$8.2M or 2.7% below budget mainly due lower store sales of \$11.2M , partially offset by higher than planned licensee fee revenue of \$1.1M.
- **Cost of Goods Sold** favorability of \$5.9M is directly attributable to the lower sales and remains consistent at roughly 48% of store and online sales.
- **Variable Administrative Costs** are \$2.5M higher than budget mainly due to an overallocation of store wage hours for July and August. September wages are approximately \$126K unfavorable to budget. Retail leadership has implemented a staffing plan that is projected to make-up for the Q1 variance and get back to budget.
- **Fixed Administrative Costs** are \$4.2M or 21.6% favorable to budget mainly due to the following:
 - \$0.8M Favorable leave liability adjustment due to higher PTO usage in Q1
 - \$0.7M Lower than anticipated computer software development costs
 - \$0.5M Lower than anticipated network server costs
 - \$0.3M Lower than anticipated computer software purchases
 - \$0.3M Lower than anticipated personal services costs
 - \$0.6M Lower store fixture costs for new stores versus budget (related to timing)
 - \$0.4M Lower media spend versus budget (related to timing)
 - \$0.3M Lower employee training versus budget (related to timing)
- **Regulatory Costs** of \$6.3M are \$0.5M unfavorable mainly due to lower than anticipated attrition rates.
- **YTD Net Profits** of \$55.7M are \$1.1M or 1.9% unfavorable to budget.



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - YTD as of 09/30/2023

	FY 2024		FY 2024		FY 2024	FY 2024		FY 2023		
	Actual		Budget		Variance	Percentage		Actual		Variance Percentage
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 349.8		\$ 361.0		\$ (11.2)	-3.1%	●	\$ 344.9		\$ 4.9 1.4%
Online Sales	1.9		2.0		(0.1)	-5.0%	●	1.9		- 0.0%
Other	6.4		5.3		1.1	20.8%	●	6.2		0.2 3.2%
Gross Revenue	358.1		368.3		(10.2)	-2.8%	●	353.0		5.1 1.4%
Less: Spirits Excise Tax	58.1		60.1		2.0	3.3%	●	57.3		(0.8) -1.4%
Net Revenue	300.0		308.2		(8.2)	-2.7%	●	295.7		4.3 1.5%
Variable Operating Costs:										
Cost of Goods Sold	168.3	47.9%	174.2	48.0%	5.9	3.4%	●	167.8	48.4%	(0.5) -0.3%
Variable Administrative Costs	54.5		52.0		(2.5)	-4.8%	●	51.3		(3.2) -6.2%
Total Variable Costs	222.8		226.2		3.4	1.5%	●	219.1		(3.7) -1.7%
Contribution Margin	77.2		82.0		(4.8)	-5.9%	●	76.6		0.6 0.8%
Contribution Margin as a % of Store Sales	22.0%		22.6%					22.1%		
Fixed Operating Costs:										
Fixed Administrative Costs	15.2		19.4		4.2	21.6%	●	18.3		3.1 16.9%
Regulatory Costs (Enforcement & Hearings)	6.3		5.8		(0.5)	-8.6%	●	5.8		(0.5) -8.6%
Total Fixed Costs	21.5		25.2		3.7	14.7%	●	24.1		2.6 10.8%
ABC Net Profit	\$ 55.7		\$ 56.8		\$ (1.1)	-1.9%	●	\$ 52.5		\$ 3.2 6.2%
Net Profit as a % of Store Sales	15.8%		15.6%					15.1%		
Net Profit as a % of Net Sales	18.6%		18.4%					17.7%		

● Favorable Variance
● Unfavorable Variance

NM = Not Meaningful

Notes: Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.
Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.
Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - Month of August

	FY 2024 Actual		FY 2024 Budget		FY 2024 Variance	FY 2024 Percentage		FY 2023 Actual		Variance	Percentage
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 114.2		\$ 118.8		\$ (4.6)	-3.9%	●	\$ 111.6		\$ 2.6	2.3%
Online Sales	0.6		0.6		-	0.0%	●	0.6		-	0.0%
Other	2.4		2.2		0.2	8.6%	●	2.0		0.4	17.6%
Gross Revenue	117.2		121.6		(4.4)	-3.6%	●	114.2		3.0	2.6%
Less: Spirits Excise Tax	19.0		19.8		0.8	4.0%	●	18.5		(0.5)	-2.7%
Net Revenue	98.2		101.8		(3.6)	-3.6%	●	95.7		2.5	2.6%
Variable Operating Costs:											
Cost of Goods Sold	54.7	47.6%	57.3	48.0%	2.6	4.5%	●	53.9	48.0%	(0.8)	-1.5%
Variable Administrative Costs	18.1		17.0		(1.1)	-6.5%	●	17.2		(0.9)	-5.2%
Total Variable Costs	72.8		74.3		1.5	2.0%	●	71.1		(1.7)	-2.3%
Contribution Margin	25.4		27.5		(2.1)	-7.7%	●	24.6		0.8	3.1%
Contribution Margin as a % of Store Sales	22.1%		23.0%					22.0%			
Fixed Operating Costs:											
Fixed Administrative Costs	5.1		6.3		1.2	19.6%	●	5.9		0.8	13.7%
Regulatory Costs (Enforcement & Hearings)	2.0		1.9		(0.1)	-5.3%	●	1.9		(0.1)	-5.3%
Total Fixed Costs	7.1		8.2		1.1	13.8%	●	7.8		0.7	9.1%
ABC Net Profit	\$ 18.3		\$ 19.3		\$ (1.0)	-5.2%	●	\$ 16.8		\$ 1.5	8.7%
Net Profit as a % of Store Sales	15.9%		16.1%					15.0%			
Net Profit as a % of Net Sales	18.6%		18.9%					17.6%			
● Favorable Variance											
● Unfavorable Variance											
NM = Not Meaningful											
Notes:	Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.										
	Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.										
	Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.										



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - Month of September

	FY 2024		FY 2024		FY 2024	FY 2024		FY 2023			
	Actual		Budget		Variance	Percentage		Actual	Variance	Percentage	
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 114.9		\$ 121.6		\$ (6.7)	-5.5%	●	\$ 114.8	\$ 0.1	0.1%	
Online Sales	0.7		0.8		(0.1)	-12.5%	●	0.7	-	0.0%	
Other	1.8		2.0		(0.2)	-10.0%	●	2.3	(0.5)	-22.7%	
Gross Revenue	117.4		124.4		(7.0)	-5.6%	●	117.8	(0.4)	-0.4%	
Less: Spirits Excise Tax	19.1		20.3		1.2	5.9%	●	19.1	-	0.0%	
Net Revenue	98.3		104.1		(5.8)	-5.6%	●	98.7	(0.4)	-0.4%	
Variable Operating Costs:											
Cost of Goods Sold	55.3	47.8%	58.8	48.0%	3.5	5.9%	●	56.8	49.2%	1.5	2.6%
Variable Administrative Costs	18.0		18.0		-	0.0%	●	17.0	(1.0)	-5.9%	
Total Variable Costs	73.3		76.8		3.5	4.5%	●	73.8	0.5	0.7%	
Contribution Margin											
	25.0		27.3		(2.3)	-8.5%	●	24.9	0.1	0.3%	
Contribution Margin as a % of Store Sales	21.6%		22.3%					21.6%			
Fixed Operating Costs:											
Fixed Administrative Costs	4.5		6.5		2.0	30.8%	●	6.1	1.6	26.3%	
Regulatory Costs (Enforcement & Hearings)	2.2		2.1		(0.1)	-4.8%	●	2.0	(0.2)	-10.0%	
Total Fixed Costs	6.7		8.6		1.9	22.1%	●	8.1	1.4	17.4%	
ABC Net Profit											
	\$ 18.3		\$ 18.7		\$ (0.4)	-2.3%	●	\$ 16.8	\$ 1.5	8.8%	
Net Profit as a % of Store Sales	15.8%		15.3%					14.6%			
Net Profit as a % of Net Sales	18.6%		18.0%					17.0%			
●	Favorable Variance										
●	Unfavorable Variance										
NM	= Not Meaningful										
Notes:	Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.										
	Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.										
	Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.										



Real Estate Recommendations (Chief Kirby)

Real Estate Committee Recommendations

Overview

September:

- 0 New Stores
- 0 Relocations
- 0 Expansions
- 1 Conversion
- 6 Renewals

Action

Approve Real Estate Recommendations



Real Estate Committee Recommendations

ACTION	COMMENTS
October 2023	
New Stores	
N/A	N/A
Relocation	
N/A	
Conversions	
Store #110 (Portsmouth)	Convert self-service location to counter store
Renewals	
Store #074 (Fredericksburg-Spotsylvania County) The Shops at River Club	2400 square feet at \$19.58 per square foot, with 3% annual escalations , for a 5 year term (RE is still trying to get a lower rental rate)
Store #286 (Gainesville-Prince William County) Gateway Center	3520 square feet at \$40 per square foot, flat, for a 5 year term
Store #330 (Richmond-Chesterfield County) Meadowbrook Plaza	3750 square feet at \$18.15 per square foot, flat, for a 5 year option term
Store #363 (Richmond-Chesterfield County) Oxbridge Square	4000 square feet at \$18.36 per square foot, with 2% annual escalations, for a 5 year option term



Chief Reports Submitted

GAO – John Daniel

CLEO – Tom Kirby

CDBO – Vida Williams

CROO – Mark Dunham

CAO – David Alfano

CIO – Paul Williams

Interim CEO – Tom Kirby



GAO Report – John Daniel

Legal Update

Hearings Summary

FOIA Requests



OLC Status Report

JUDICIAL MATTERS

Style of Case	Court	Charges/Violations/ Complaint	Status of Case	Parties/Opposing Counsel Involved	Decision
Commonwealth v. Vinoshipper.com	Virginia Supreme Court	Out-of-state wine shipper shipping from unlicensed locations	The court issued its decision on August 15, 2023 reversing the circuit court's decision and agreeing with the Board's ruling; Vinoshipper noted an appeal and filed their petition on 9/14/23; our brief in opposition was filed 10/4/23; ABC filed Motion to Dismiss on 9/28/23 due to late filing of Petition for Appeal in the Court of Appeals; Vinoshipper filed their response to the MTD on 10/6/23; now we wait for the SCV to rule	Mark Shuford- licensee/Rachel Yates, Maureen Mshar-ABC Kevin McNally and Moira O'Brien- interested parties	N/A

OLC Status Report

<p>Sadler Brothers Oil Company, et al v. Commonwealth</p>	<p>Greensville County Circuit Court</p>	<p>Skill games</p>	<p>Pre-trial motions were filed on 10/20 and 11/13/2023 by the parties; trial has been scheduled for December 18, 19 and 20, 2023; order filed by the Supreme Court on 10/13/2023 vacating Greensville injunction enjoining the Commonwealth from enforcing the ban on skill games.</p>	<p>William Stanley-licensee/Jim Flaherty, Erin O’Neil, Calvin Brown-AG’s office (Tonya Hucks-Watkins support counsel)</p>	<p>N/A</p>
<p>Falu Patel v. Commonwealth</p>	<p>City of Roanoke Circuit Court</p>	<p>Skill games</p>	<p>Last filing was transfer of matter from Roanoke County to Roanoke City on 1/13/2022; no service listed on court website; no new filing as of 10/25/2023</p>	<p>Stephen Heretick-licensee/Defendants listed as Commonwealth of VA, Mark Herring, and Donald Caldwell (no attorney information showing) (Tonya Hucks-Watkins support counsel)</p>	<p>N/A</p>

OLC Status Report

The Food Group, Inc. t/a Hard Times	Fredericksburg City Circuit Court	Appeal of Board Order	Counsel for plaintiff filed a Motion to Reinstate the case on 6/26/2023; A scheduling order was entered on September 25, 2023; Negotiations fell through, this matter will be heard on December 19, 2023 at 1 pm; a court reporter has been retained from Hearings	Dennis McCarthy for plaintiff; Maureen Mshar for ABC	N/A
4Cyber Café	Richmond Circuit Court (CL23003178-00)	Appeal of Board Order	Licensee filed pro se notice of appeal on July 3, 2023; No new filing from petitioner as of 10/17/2023; the Motion to Dismiss will be heard on November 17, 2023 at 9 a.m. Room 305,; Farnsworth court reporting has been retained for the hearing	Pro Se appellant; Maureen Mshar for ABC	N/A

Resolutions

Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
13313796	On July 7, 2023 and July 8, 2023, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3VAC5-30-30.	<ol style="list-style-type: none"> 1. The Licensee agrees to pay the sum of \$750 as a civil penalty, which shall be divided into three installment payments of \$250 each; the first installment is due with the signed paperwork on October 12, 2023; the second on November 13, 2023 and the third on December 12, 2023. 2. In addition, the licensee will voluntarily surrender her ABC license on October 12, 2023 along with her signed resolution and first payment. 3. Should the licensee fail to make these payments after surrendering her license, ABC will consider her license surrendered as revoked. 	3	10/11/2023
755917	On May 16, 2023, within five years immediately preceding the date of the hearing, the licensee or a person enumerated in Section 4.1-225 1., Jake Addeo, was convicted of the violation of a law of this Commonwealth applicable to the manufacture, transportation, possession, use, or sale of alcoholic beverages, in violation of Section 4.1-225 1.b. of the Code of Virginia.	<ol style="list-style-type: none"> 1. Licensee agrees to pay a civil penalty of \$1,000; and 2. Jake Addeo, sole owner of the licensed establishment, must obey all laws in the Commonwealth related to the sale and consumption of alcoholic beverages. If Mr. Addeo is charged with a violation of law with regard to the sale or consumption of alcoholic beverages within the next 12 months from the date of this agreement, the Licensee agrees to voluntarily surrender his ABC license for a mandatory 7-day suspension. Nothing will prevent VA ABC from seeking appropriate administrative charges and additional penalties based on any new violation of law as described herein. 	9	10/18/2023
13343044	The applicant or person enumerated in Section 4.1-222 1., Rasha Al-Ahmed, 8th Street Grill & Market, Inc., has demonstrated by its/his/her record as a former licensee of the Board, a lack of respect for law and order. REF: Section 4.1-222 1.h. of the Code of Virginia.	<ol style="list-style-type: none"> 1. Applicant will hire a manager to oversee all aspects of the operation of the store located at 502 8th Street, which manager will be the representative for dealing with VA ABC and other federal, state and local authorities 2. Applicant will change their hours of operation to close at 12 am instead of 1/1:30 a.m. 3. Majed Ibrahim will not be involved in any operational aspect of the business whatsoever. He is also not permitted to be on the licensed premises during operating hours; however, could be on the premises when the business is closed solely to perform building maintenance, except that Majed Ibrahim cannot perform maintenance within one hour of the store opening or closing 4. Applicant will make available their surveillance footage to the Roanoke City Police department and VA ABC upon request (by the way, this has always been our policy and it has helped solve crime in Roanoke) 5. The applicant will install "no trespassing" signs; "no loitering" beyond 15 minutes signs; "no firearms" signs and enforce such policies. The applicant will further cooperate with law enforcement to enforce these policies as needed. 6. The applicant will have DCJS-certified security 7 nights a week from 7 pm - 12 am 7. The applicant will be a 12-month period of probation. During the probationary period, if the Chief of the Virginia ABC Bureau of Law Enforcement or the Board finds the applicant to be in violation of this agreement, the Code of Virginia, or Board regulations, the licensee shall voluntarily surrender the licenses as revoked. The surrender shall be effective upon notice to the licensee and shall be subject to appeal 	1	10/26/2023
066405	Between 7/25/2022 and 7/23/2023, the licensee sold wine in an unauthorized manner, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-		Compliance	10/30/2023

Total civil penalties: \$ 10,500.00
Total costs of investigation paid: \$ 0.00
Total days of suspension: 0 days
Licensees providing certified training: 0
12-month probationary period: 1
CPA-Audits: 1
Surrender License as Revoked: 3
**** See special requirements for 7 Eleven 37155B, Slyde @23, Three Blacksmiths and 8th Street Grill & Market, Inc. above***



Resolutions

Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
076726	On June 14, 2022, at approximately 1720 hours, the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than 21 years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3 VAC5-50-10 and 3 VAC 5-50-20.	\$1,500 civil penalty (licensee completed RSVP training within 12 months preceding the incident)	3	9/13/2023
13151174	1. On June 26, 2023, it was discovered that the licensee removed from the licensed premises alcoholic beverages purchased under the license, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-325 A.19. of the Code of Virginia. 2. On June 26, 2023, it was discovered that the licensee stored alcoholic beverages purchased under the license in an unauthorized place, in violation of Sections 4.1-225 1.b. and 4.1-325 A.19. of the Code of Virginia and 3VAC5-50-90 A.	1. \$500 civil penalty 2. \$500 civil penalty	9	9/18/2023
13236522	On August 12, 2023, at approximately 10:40 a.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than 21 years of age, in violation of Sections 4.1-202, 4.1-225 1.b., and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	5	9/18/2023
753047	On July 23, 2023, at approximately 1138 hours, the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than 21 years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3 VAC5-50-10 and 3 VAC5 -50-20.	\$2,500 civil penalty	6	9/18/2023

Resolutions

Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
753812	The Licensee has failed to take reasonable measures to prevent an act of violence resulting in death or serious bodily injury, or a recurrence of such acts, on or about July 16, 2023, from occurring on the licensed premises, any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or any portion of public property immediately adjacent to the licensed premises, in violation of Sections 4.1-102 and 4.1-225 1.q. of the Code of Virginia.	<ol style="list-style-type: none"> 1. The Licensee agrees to close all premises, to include turning off the gas pumps and all lights, from midnight to 7 a.m., Monday through Sunday, effective upon the signing of this agreement; 2. The Licensee agrees to place a removable parking deterrent across the lot when the premises is closed to ensure that no one drives into the lot; and 3. These terms will remain as restrictions on the license for a minimum of a 12-month probationary period. After that time, the licensee may petition for removal of the restrictions. However, if after six months have passed from the signing of this agreement and the Bureau of Law Enforcement consents in writing, the parties may agree to remove or modify these restrictions prior to the twelve-month probationary period's end. 	7	9/28/2023
13156848	<ol style="list-style-type: none"> 1. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a "restaurant" within the meaning of Sections 4.1-100, 4.1-206.3 A.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110 A., 3 VAC 5-50-110 C., and 3 VAC 5-50-110 D. 2. The licensee failed to submit to the Board a complete and accurate annual review report for the year ending February 28, 2023, in violation of Sections 4.1-114, 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-70-90 D. 3. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a "restaurant" within the meaning of Sections 4.1-100 of the Code of Virginia, in violation of Sections 4.1-206.3 B.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110 A. and 3 VAC 5-50-110 B. 	The Licensee agrees to surrender their license as revoked.	4	10/2/2023
755412	<ol style="list-style-type: none"> 1. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a "restaurant" within the meaning of Sections 4.1-100, 4.1-206.3 A.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110 A., 3 VAC 5-50-110 C., and 3 VAC 5-50-110 D. 2. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a "restaurant" within the meaning of Sections 4.1-100 of the Code of Virginia, in violation of Sections 4.1-206.3 B.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110 A. and 3 VAC 5-50-110 B. 	The Licensee agrees to surrender their license as revoked.	4	10/2/2023

FOIA

Date Received	Requester	Request	Status
Fri 9/1/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history at Corner Kitchen, ABC license #88063.	Completed - no responsive records
Fri 9/1/23	Aubrey Nelson (Underwriter, Auto Owners Ins.)	Violation history at 8 Chains North Winery, ABC license #756616 #64781 and #013275910.	Completed - responsive records provided
Fri 9/1/23	Aubrey Nelson (Underwriter, Auto Owners Ins.)	Violation history at The Stadium Inn, ABC license #013347046.	Completed - no responsive records
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Shockoe Valley Market, ABC license #69079.	Completed - responsive records provided
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Manchester Market, ABC license #88555.	Completed - responsive records provided
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Robinson St. Market, ABC license #91170.	Completed - no responsive records
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Patterson Market, ABC license #013275243, and Patterson Mini Mart, #755104	Completed - no responsive records
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Chachus/Capital Market located at 2601 W Main St, Richmond, VA.	Completed - no responsive records
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at ABC license #81952, t/a Shockoe Heights Market.	Completed - no responsive records
Fri 9/8/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at Scott Provisions located at 1400 Roseneath Road, Richmond, Virginia.	Completed - no responsive records
Tue 9/12/23	Chris Wyndham (Underwriter, Auto Owners Ins.)	Violation history at 7 Eleven, ABC license #756302.	Completed - no responsive records

FOIA

Date Received	Requester	Request	Status
Tue 9/12/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history at ABC license #754653, Rockets Café Market located at 4841 Old Main Street, Henrico, VA.	Completed - responsive records provided
Tue 9/12/23	Tom Lisk (Attorney, Cozen O'Connor)	Records on Smokey Bones Bar & Fire Grill 5 locations: ABC license #50897, location 4590 Virginia Beach Blvd, Virginia Beach, Va ABC license #50894, location 12541 Jefferson Ave, Newport News, VA ABC license #50891, location 1405 Greenbrier Pkwy, Chesapeake, VA ABC license #50887, location, 4813 Valley View Blvd, Roanoke, VA ABC license #50892, location 2601 Prince William Pkwy, Woodbridge, VA	Completed - responsive records provided
Wed 9/13/23	Nicole Miller	A detailed report of the below locations for ABC violations. Looking for date of violation, what the violation is. Not looking for any further details such as names of those violated, we just want to know the actual ABC violations. Looking for 2022 and 2023. Please send this via email in an Excel File. - Casa Blanca Restaurant 6963 Hechinger Dr, Springfield, VA 22151 - Viva Tequia 6133 Backlick Rd, Springfield, VA 22150 - Paper Moon 6315 Amherst Ave, Springfield, VA 22150 - Diamond Club 7203 Little River Turnpike, Annandale, VA 22003 - Casa Grande 7137 Little River Turnpike suite d, Annandale, VA 22003	Completed - responsive records provided
Wed 9/13/23	Donna Spurrier (Spurrier Group)	Spurrier Group and Familiar Creatures are requested the information noted below as a result of our loss in the bid for the Advertising Services Contract #132-23-SP. While we are not contesting the award, we do feel that we were the best qualified for the work. Being that the review team at Virginia ABC did not see our value, we want to learn from this experience so that we can better understand how to provide a more accurate representation of our capabilities in the future. Please provide electronic copies of the following documents: - Short list agency's original proposal - Short list agency's oral presentation deck/proposal - Review board scoring and notes for both the original proposal and the oral presentation	Completed - records exempt
Thu 9/14/23	Ashley Dalton (Underwriter, Auto Owners Ins.)	Violation history for Garden Grove Brewing Company, ABC licenses #90447 (Farm Winery), #86014 (Brewery), and #86015 (Shipper).	Completed - responsive records provided
Mon 9/18/23	Ashley Dalton (Underwriter, Auto Owners Ins.)	Violation history at Brew One LLC t/a Eastern Divide Brewing Co., ABC license #95470 (Brewery) and #750372 (Restaurant).	Completed - responsive records provided



FOIA

Date Received	Requester	Request	Status
Mon 9/18/23	Lloyd Hawthorne (Youth Program Coordinator, Youth & Human Services, City of Colonial Heights)	My office is in the process of completing a needs assessment for the City of Colonial Heights. I have a request for data needed to complete my section of the project. I was wondering if you could provide the 2022 ABC compliance check data for Colonial Heights. Police records informed me that those checks haven't been done in the past few years so they weren't able to assist me.	Completed - responsive records provided
Mon 9/18/23	Michael Foster (Fable Branding & Advertising)	[Fable Branding + Advertising] submitted a response for the Virginia ABC RFP for an advertising agency. Now that it looks like there is an intent to award, would it be possible for me to see Fable Branding + Advertising's score card, along with the winning agencies scorecard and submission, please?	Completed - records exempt
Mon 9/18/23	Aubrey Nelson (Underwriter, Auto Owners Ins.)	Violation history of Rantam Ltd. t/a The Plantation on Sunnybrook and Plantations Creations, ABC License #92018	Completed - responsive records provided
Tue 9/19/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Butchs BBQ LLC t/a Riverside Tavern, ABC license #755884	Completed - no responsive records
Wed 9/20/23	Michael Foster (Fable Branding & Advertising)	I wanted to follow up on my request from Monday to be sent the presentation and scorecard for the winning agency, Elevation, for the VA ABC Marketing RFP #132-23. We'd also like to request to view the scorecard for Fable Branding + Advertising as well.	Completed - records exempt
Wed 9/20/23	Jim Marson (Investigator, Joseph Smith, Ltd.)	Claim No.: IN7892-001 Date of Incident: 04/22/2023 Name: Felicia Russ video footage of incident at Store 272 on 4/22/2023	Completed - responsive records provided
Wed 9/20/23	Quintin C. Tedeschi (Director, The Tedeschi Detective Agency)	[C]opies of VA ABC reports, incident reports, investigators files, notes, photos, videos, ABC violations and charges and witness interviews pertaining to the VA ABC investigation involving the shooting incident which occurred on July 23rd, 2022, at 2220 Broad Rock Boulevard, Richmond, VA., at a business then called Pitts BBQ. I request the same information for Corey Ferrard Brown, (Brown was arrested and convicted as a result of the shooting), Lisa Ann Peters, (Peters was the owner of Pitts BBQ at the time of the shooting), Roger Hill, and Cole Lee. Hill and Lee were working as security officers at Pitts BBQ during the time of the incident.	Completed - records exempt
Wed 9/20/23	Tom Aruanno	I am requesting a copy of the final report from Fraud waste and abuse investigation for reference number HL-2023-664	Completed - responsive records provided
Fri 9/22/23	Tom Lisk (Attorney, Cozen O'Connor)	...I respectfully request that Special Agent-in-Charge Davis confirm whether the Regional ABC Office has ever required, in his tenure, any cruise ship traveling in interstate commerce and docking at the Norfolk Cruise Ship Terminal to obtain any form of Virginia ABC license or permit while so docked, when no alcohol was being brought onto the ship nor being taken off of the same ship. You may consider this a FOIA request, if you must, in order to provide a substantive response.	Completed - no responsive records

FOIA

Date Received	Requester	Request	Status
Fri 9/22/23	Scott Flax	Requesting the following information (Preferably in MS Excel) for the product in the link below (Makers Mark Cellar Aged - 01948) - https://www.abc.virginia.gov/products/bourbon/makers-mark-cellar-aged?productSize=0 - Inventory information including which stores received shipments of this product (Store #, Address, Dates and Quantities received) - Sales information including the Date/Time that each bottle was sold - Were the bottles sold as retail or to Licensee?	Withdrawn
Mon 9/25/23	Holly Steele (Dogged State Distilling Co.)	1. Records of all sales of Dogged State Distilling Co. Dorado Vodka 750ml in all Virginia ABC stores since January 1, 2021. I am specifically requesting the number of bottles sold and the total sales revenue generated by those sales in Virginia ABC stores. This number is not to include the number sold from Dogged State's Distillery Store. 2. Total number of bottles of Dorado Vodka 750ml, Dorado Vodka 1.75L, and Henry's 100 1.75L that have been reported to VA ABC and the total amount of tax paid on those bottles.	Completed - responsive records provided
Mon 9/25/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of FRD Inc. t/a Little Mexico, and license #49563	Completed - responsive records provided
Mon 9/25/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history at San Jose Mexican Restaurant, ABC license #013288635	Completed - responsive records provided
Tue 9/26/23	Brian Lewis (Hyco Corner LLC)	We are the landlord and owners of the land and building at 10896 Buckley Hall Road, Mathews, VA 23109, Hyco Corner, LLC. It has come to my attention they may be some alleged ABC violations by our tenant, Rajgur, Inc./DBA/Hyco Market. We would like a complete copy of the ABC files you have for the history of this tenant, as well as for the history of the property back to roughly 1977 of records are available that far back.	Completed - responsive records provided
Wed 9/27/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of Five Greens Restaurant Inc. t/a The Log House 1776, ABC license #61699	Completed - responsive records provided
Thu 9/28/23	Chris Wyndham (Underwriter, Auto Owners Ins.)	Violation history of Shawns Smokehouse BBQ Co., ABC license #83399	Completed - no responsive records
Fri 9/29/23	Tony Clark	Want to know if N.Y. Kabob House. 537 Warrenton Rd. Fredericksburg, VA ever have a abc license. Please let me know if I need more information.	Withdrawn

FOIA

Date Received	Requester	Request	Status
Mon 10/2/23	Rich Inlow (Woodbridge Elks Lodge 2355)	I am requesting the information under FOIA regarding an anonymous tip that was made on or about 9/20 against the Woodbridge Elks Lodge located at 14602 Minnieville road Woodbridge, Va 22193. The information requested is as follows: Name, phone number, date, time and context of the complaint. Requesting information on a complaint : from 9/25/2023	Completed - records exempt
Tue 10/3/23	Alexandra Miller	I'm doing a project on a cafe or a former business that was opened between 1991 to 1994. In the Alexandria, Virginia, it was the French Quarter Cafe, and it was involved in the French Quarter Cafe, the Virginia Alcoholics Leverage Control Board case in the year 1991. And I just wanted to reach out to see if you guys have any archives or any records pertaining to that case for that business, or if you could just shed a new light on that situation.	Completed - no responsive records
Tue 10/3/23	Teri Parker (ABC Consulting)	I understand you conducted an inspection on Barvina Bottom Burger License #752321 and found 2 bottles without their MB stamp. Client reached out to the ABC Authority store and had them stamped. Please see the attached picture with the 2 MB stamps on bottles. I would like to see if we could get a copy of the inspection report so that we can make sure our clients are in compliance.	Completed - records exempt
Tue 10/3/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of Rosalia Giambanco Gallina & Vito Gallina t/a Roma Ristorante of King William, ABC license #94190	Completed - no responsive records
Wed 10/4/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Sals Italian Restaurant & Pizzeria, ABC license #81618	Completed - no responsive records
Wed 10/4/23	Abigail McCaleb (Underwriter, Auto Owners Ins.)	Violation history of Woodstock Brewhouse, ABC license #91982 (restaurant) and #85522 (brewery)	Completed - responsive records provided
Fri 10/6/23	Colt Riley (Underwriter, Auto Owners Ins.)	Violation history of 3 Famous Anthonys, license #2645, #70694, & #10398	Completed - responsive records provided
Fri 10/6/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of The Prizery, ABC license #40614	Completed - no responsive records
Fri 10/6/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of New Exxon Mart, ABC license #33191	Completed - responsive records provided

FOIA

Date Received	Requester	Request	Status
Mon 10/9/23	Jenna Kuhn	I am seeking video and audio recordings related to the interactions between Virginia ABC Store Employees and a Licensee that occurred on October 6th, 2023, at Store Number 99. Specifically, I request the following records: 1. Full audio and video recordings from approximately 6:45 PM to about 7:20 PM on October 6th, 2023, covering the interactions between Virginia ABC employees and the Licensee. (when the Licensee pulled up to the back entrance of the Store and rang the bell, and entered wearing a Purple Shirt) 2. The audio interaction involving the Taller female ABC employee (lacking a name tag and not identifying herself by name).	Completed - responsive records provided
Mon 10/9/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of BSM Coffee LLC t/a White Hart Café, ABC license #752912	Completed - responsive records provided
Tue 10/10/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of MacPerko LLC t/a Leftys Main Street Grille, ABC license #87762	Completed - responsive records provided
Wed 10/11/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Lake Sports Bar LLC t/a Blue 53 Sports Bar & Grill, ABC license #91273	Completed - no responsive records
Wed 10/11/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Juerma Enterprises Inc. t/a Coach & Four Restaurant, ABC license #81999	Completed - responsive records provided
Wed 10/11/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of P&K Thai Inc., t/a Elephant Thai Restaurant, ABC license #85808	Completed - responsive records provided
Wed 10/11/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Dan River Grocery Store LLC t/a Dan River Grocery, ABC license #754417	Completed - no responsive records
Fri 10/13/23	Eric Pisk (TAGB, LLC t/a The Alpine Goat Brewery)	Final Decisions of Virginia ABC Board related to Industry Brewery Objections - specifically War Craft Brewery and 4Js Farm Brewery	Completed - responsive records provided
Mon 10/16/23	Michael Foster (Fable Branding & Advertising)	VA ABC Marketing RFP #132-23 - Fable Branding + Advertising's score card - presentation and scorecard for the winning agency, Elevation - Yebo presentation materials	Completed - responsive records provided
Wed 10/18/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of The Beverage Bin LLC t/a The Beverage Bin, ABC license #753803	Completed - responsive records provided

FOIA

Date Received	Requester	Request	Status
Wed 10/18/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of The Beverage Bin LLC t/a The Beverage Bin, ABC license #753803	Completed - responsive records provided
Wed 10/18/23	Chris Wyndham (Underwriter, Auto Owners Ins.)	Violation history of Iron & Ale LLC t/a Iron & Ale, located at 106 Cornerstone St., Lynchburg, Virginia, ABC license #93910	Completed - responsive records provided
Thu 10/19/23	Andrew Herrick (Deputy County Attorney, Albemarle County)	Copy of the filed Virginia ABC banquet application #013422983 along with the submitted rental contract agreement and invitation flyer	Completed - responsive records provided
Thu 10/19/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of C Caldwell Properties LLC t/a The Smithfield Inn, located at 112 Main St., Smithfield, Virginia, ABC license #94269	Completed - responsive records provided
Thu 10/19/23	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of The Original Dahlia Inc., t/a The Original Dahlia Inc., located at 2221 Bedford Ave., Lynchburg, Virginia, ABC license #66887	Completed - responsive records provided
Fri 10/20/23	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Gordon Trent Golf Course t/a Gordon Trent Golf Course, located at 2160 Golf Course Rd., Stuart, Virginia, ABC license #24497	Completed - responsive records provided
Mon 10/23/23	Charles Nixon	[A]ny and all records you have regarding the incident that occurred at your Courtland VA store on March 22, 2023. The incident involved myself and an intoxicated customer which necessitated the panic alarm alert to the Southampton County Sheriff's Office. This request specifically ask for all documentation in possession of the ABC authority from the store manager, any statements I personally wrote out, any documents in your possession from the sheriffs department and COMPLETE video footage from all cameras within the store of the incident. Also any documentation regarding the ABC Authority's internal investigation of this incident.	Pending
Tue 10/24/23	Jerry Cable (The Tobacco Company)	I need a disk with the contact information for all ABC mixed beverage licensees including E-mails in Virginia - also same contact info for the city of Richmond.	Completed - responsive records provided

FOIA

Date Received	Requester	Request	Status
Wed 10/25/23	Scott Flax	<p>Requesting the following information related to special release lottery winners for the Lottery conducted in October 2023 for the following bottles:</p> <p>Blanton’s Gold Edition Bourbon (\$119.99) 1,382 bottles 51.5% ABV Blanton’s Straight From The Barrel Bourbon (\$149.99) 717 bottles 65.5% ABV Michter’s Celebration Sour Mash Whiskey 2022 (\$5,999.99) 1 bottle 56.4% ABV Michter’s Limited Release 20 Year Bourbon (\$1,149.99) 11 bottles 56.2% ABV</p> <p>Requesting the following information on the winners in excel format:</p> <ul style="list-style-type: none"> • Product Name • First and Last Name of the winner • City/Town of the winner (if available) 	Completed - responsive records provided
Thu 10/26/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	Violation history of Christians Pizza 5 LLC t/a Christians Pizza, ABC license #013207109	Completed - no responsive records
Fri 10/27/23	Noah Cruz	<p>Documents related to the retail hotel liquor licenses for the locations in the table below. To ease the records search, I have included an associated license number where I have been able to identify one.</p> <p>Specifically, I request digital copies of the following:</p> <ul style="list-style-type: none"> • Original license application, including all attachments. • Updates and amendments filed in association with the license, including attachments thereto. • Any license inspection report issued upon approval or renewal of the license since 2015. <p>Location (DBA) Address Known License Number Hyatt Regency Crystal City 2799 Richmond Hwy, Arlington, VA 22202 25434 Westin Arlington 801 N Glebe Rd, Arlington, VA 22203 90320 Embassy Suites Crystal City 1300 Richmond Hwy, Arlington, VA 22202 87007 Hilton Arlington National Landing 2399 Richmond Hwy, Arlington, VA 22202 751889 Double Tree by Hilton Hotel Wash DC Crystal City 300 Army Navy Dr, Arlington, VA 22202 91523</p>	Pending
Fri 10/27/23	Charles Nixon	I submitted a FOIA request on October 23rd requesting any and all records regarding the incident at your Courtland store where my life was threatened by an intoxicated customer. I would like to also request video footage from the camera that shows activity outside the front of the store from 8:45pm until 9:30 pm. Also the camera that shows entryway to the store during the same time.	Pending
Mon 10/30/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	violation history of Four Seasons Farm and Produce LLC, ABC license #99925	Completed - responsive records provided

FOIA

Date Received	Requester	Request	Status
Mon 10/30/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	violation history of Zynodoa Inc. t/a Zynodoa, ABC license #44795	Completed - no responsive records
Tue 10/31/23	Jacob Gasterland (Underwriter, Auto Owners Ins.)	violation history of Fredericksburg Restaurants Inc. t/a La Petite Auberge, ABC license #28466	Completed - responsive records provided
Wed 11/1/23	Eric Kolenich (Reporter, Richmond Times Dispatch)	copy of an ABC permit application from Healthier Choices Management Corp for Ellwood Thompson grocery store	Pending
Wed 11/1/23	Michael Foster (Fable Branding & Advertising)	[A copy of the] the full evaluation with all competitive agencies shown [for VA ABC Marketing RFP #132-23]	Completed - responsive records provided

CLEO Report – Chief Tom Kirby

UAB Compliance



UAB Year-To-Date Compliance Rates

Calendar Year: 2023	ALCOHOL		TOBACCO	
As of 10/31/2023	3 rd Cycle (Ending: 12/15/23)	Calendar Year To Date	DBHDS Grant	DBHDS Supplemental
Scheduled	1100	3308	820	1028
No sale	590	2237	659	778
Sale	68	358	97	172
Not completed	72	343	64	78
ABC Store: no sale	95	358		
ABC Store: sale	6	14		
Remaining	370	370	0	0
Compliance rate	89.7%	86.2%	87.2%	81.9%

- Scheduled Alcohol (YTD) includes a total 100 complaint-based checks, received, and completed.
- ABC store results are subset of total results. ABC Store results include distillery stores.
- Not completed includes temporary/seasonal closed, unsafe, UAB known to clerk, etc. and are not considered in establishing the compliance rate because the check was not completed.

CDBO Report – Vida Williams

Press Releases

Community Health & Engagement Update

Corporate Communications Update



Press Releases

Date released	Topic	Distribution	Approved By
September 12	Virginia ABC Launches Text Notifications for Limited Availability Drops <i>Published by WUSA 9, Fox 5 DC, WVEC 13, Paste Magazine, Northern Virginia Magazine, The Bourbon Flight, Virginian Review, Henrico Citizen, Augusta Free Press</i>	Press Release statewide	Travis Hill
September 13	Miss Virginia Katie Rose Partners with Virginia ABC to Teach Students About Making Healthy Choices <i>Published by Augusta Free Press</i>	Press Release statewide	Katie Crumble
September 26	Virginia ABC Honored with Best Practices Award by StateWays Magazine <i>Published by StateWays Magazine</i>	Press Release statewide	Travis Hill
September 28	Travis G. Hill to Step Down as Virginia ABC Chief Executive Officer <i>Published by Richmond Times-Dispatch, Virginia Business, WWBT 12, Virginia Mercury, WSET</i>	Press Release statewide	Travis Hill

Community Health & Engagement (CH&E)

In-Store Request Program

- Applications were accepted September 1-30 2023 for fundraising opportunities in January to June 2024
- 31 applications were received
- Review committee met on October 24, 2023
- 19 applications met all criteria and were approved
- Applications will be accepted March 1-31 2024 for July to December 2024 requests
- CH&E is interested in increasing variety among fundraising organizations over the next year

January	February	March	April	May	June
20 Store #107 KOVAR Store #134 KOVAR Store #226 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR	09 Store #229 KOVAR	01 Store #140 KOVAR	05 Store #184 KOVAR Store #143 Lions Club Store #224 KOVAR Store #384 KOVAR Store #90 KOVAR	03 Store #37 KOVAR Store #329 KOVAR	07 Store #392 KOVAR
	10 Store #229 KOVAR Store #440 KOVAR	02 Store #140 KOVAR		04 Store #37 KOVAR Store #329 KOVAR	08 Store #392 KOVAR
	11 Store #440 KOVAR	08 Store #338 KOVAR		10 Store #333 KOVAR Store #292 KOVAR Store #337 KOVAR	15 Store #107 KOVAR Store #134 KOVAR Store #226 KOVAR Store #249 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR
	17 Store #107 KOVAR Store #134 KOVAR Store #226 KOVAR Store #249 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR	15 Store #270 KOVAR Store #370 KOVAR Store #331 KOVAR Store #292 KOVAR Store #122 KOVAR	06 Store #301 KOVAR Store #375 KOVAR Store #184 KOVAR Store #143 Lions Club Store #58 KOVAR Store #224 KOVAR Store #384 KOVAR Store #90 KOVAR	11 Store #333 KOVAR Store #292 KOVAR Store #337 KOVAR	28 Store #213 KOVAR
		16 Store #270 KOVAR Store #119 KOVAR Store #90 KOVAR Store #134 KOVAR Store #226 KOVAR Store #249 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR Store #370 KOVAR Store #148 KOVAR Store #331 KOVAR Store #292 KOVAR Store #122 KOVAR Store #306 KOVAR	11 Store #72 KOVAR Store #313 KOVAR Store #90 KOVAR Store #241 KOVAR Store #368 KOVAR	17 Store #350 KOVAR Store #402 KOVAR	29 Store #213 KOVAR
		17 Store #370 KOVAR	12 Store #72 KOVAR Store #313 KOVAR Store #90 KOVAR Store #241 KOVAR Store #368 KOVAR Store #291 KOVAR Store #306 KOVAR	18 Store #107 KOVAR Store #134 KOVAR Store #226 KOVAR Store #249 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR Store #350 KOVAR Store #402 KOVAR	
		22 Store #383 KOVAR	13 Store #72 KOVAR Store #313 KOVAR Store #90 KOVAR Store #241 KOVAR Store #368 KOVAR Store #33 KOVAR	24 Store #38 KOVAR Store #267 KOVAR	
		23 Store #383 KOVAR Store #98 KOVAR	19 Store #315 KOVAR Store #363 KOVAR Store #159 KOVAR Store #116 KOVAR	25 Store #350 KOVAR Store #402 KOVAR Store #353 KOVAR	
		28 Store #280 Lions Club	20 Store #315 KOVAR Store #363 KOVAR Store #159 KOVAR Store #116 KOVAR Store #107 KOVAR Store #134 KOVAR Store #226 KOVAR Store #249 KOVAR Store #379 KOVAR Store #409 KOVAR Store #423 KOVAR Store #148 KOVAR		
		29 Store #280 Lions Club	25 Store #280 Lions Club		
		30 Store #280 Lions Club	26 Store #280 Lions Club Store #152 KOVAR Store #254 KOVAR Store #202 KOVAR Store #37 KOVAR Store #329 KOVAR		
			27 Store #280 Lions Club Store #152 KOVAR Store #253 KOVAR Store #202 KOVAR Store #37 KOVAR Store #329 KOVAR		

Community Health & Engagement (CH&E)

Virginia's Office for Substance Abuse Prevention (VOSAP) Annual Report

- Statewide collaborative group facilitated by Virginia ABC focused on youth substance use prevention per COV §4.1-103.02
- This year's report includes national & statewide youth substance use data along with focus on Virginia's efforts on risk & protective factors in three areas: youth access & drug education, caregiver support & community support
- Report due to Legislative Services December 1 following Board approval

Virginia Higher Education Substance use Advisory Committee (VHESUAC) Annual Report

- Two-tier statewide collaborative group facilitated by Virginia ABC focused on substance use prevention, education, treatment & recovery at Virginia's institutions of higher education per COV §4.1-103.02
- This year's report includes student health trends, tracking of strategic plan to completion & launch of campus recognition program to begin statewide data collection
- Report due to Legislative Services December 1 following Board approval

Corporate Communications Office (CCO)

Staffing and Administration

- Integration of change and corporate communications resources into CCO
- Optimizing synergies across talent and integrated efforts

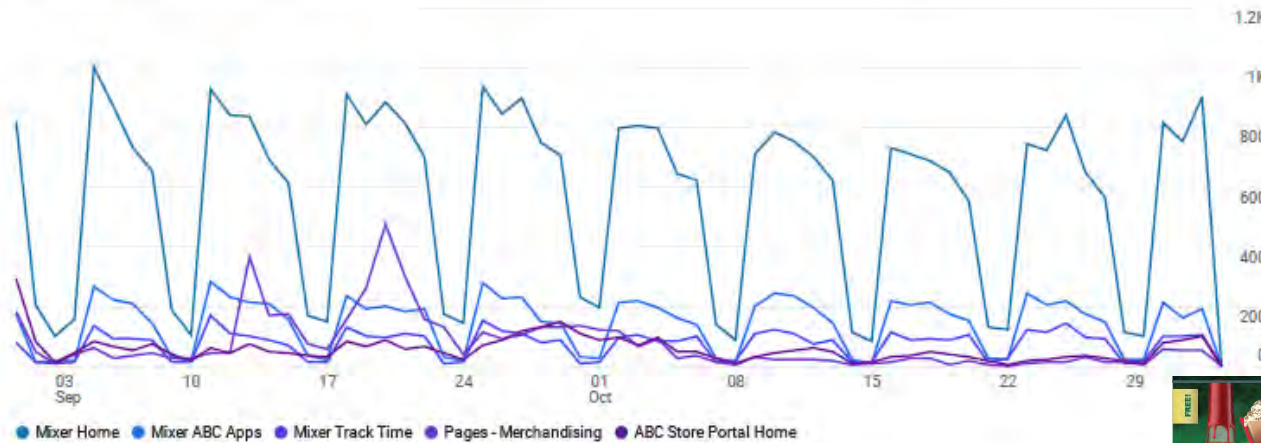
Delivery

- Supporting Interim CEO communications needs
- Virginia ABC Annual Report delivered
 - Copy creation and assimilation
 - Packets prepared in conjunction with Community Health and Engagement & Digital
- Built Ambassador Program proposal in support of stores, service and sales
- WOLO LA
 - In process of go-live support and continuous issues monitoring
 - Developed and implemented 5 resolution strategies to resolve gaps
 - Inaugural WOLO Public Lottery After-action review delivered
- Delivered ABC's Fall Town Hall
 - 80 in person attendees
 - 306 attendees via live-stream
- Mixer Memo published weekly

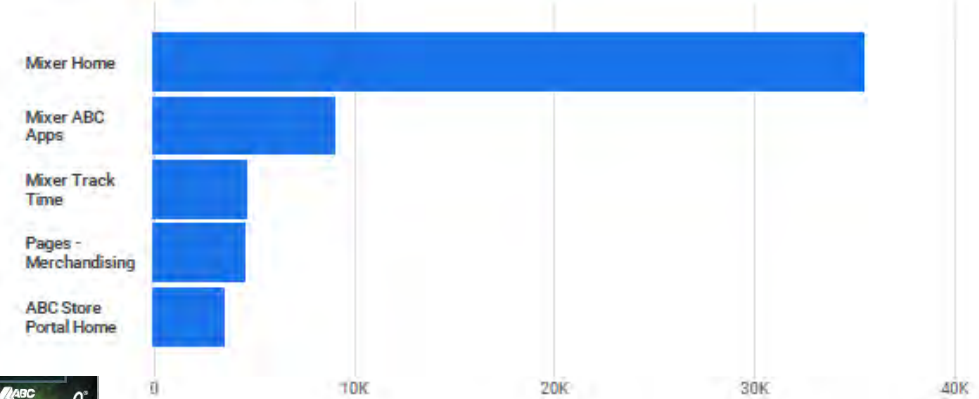
Corporate Communications Office (CCO)

Corporate Communications Views

Views by Page title and screen class over time



Views by Page title and screen class



- **Mixer:** 35,000 Views (September through November)
- **October Distilleries eNewsletter:** 59.2% open rate & 9.2% click rate, 25% and 28% above industry standard
- **Spirited Virginia Magazine:** 65,000 copies delivered to 400 stores for pick up by customers and licensees
- **Q4 Licensee Newsletter:** 4,000+ recipients; 53% open rate, well above industry average of 30.6%

Retail Operations Update

Retail Sales Summary

Out of Stocks update

Marketing update

Real Estate and Facilities update



Retail Report – Chief Mark Dunham

Retail Sales Summary

Weekly cumulative sales and bottles sold as of October 28th

Sales totaling \$467,423,846 are up \$3,144,124 or 0.7% when compared to last year. Sales are down \$14,596,205 or 3.0% below the \$482,020,051 target. The weekly cumulative comparison includes 120 sales days this year to 121 last year (1 additional Friday last year (avg. sales \$6.3M)). There are currently 399 stores open this year, there were 397 stores open last year. Four new stores opened in FY2023, 521 in Grayson opened on September 24, 2022; 522 in Winchester opened October 26, 2022; 524 in Roanoke opened January 24, 2023; and 523 in Fairfax opened February 26, 2023.

To date bottles sold

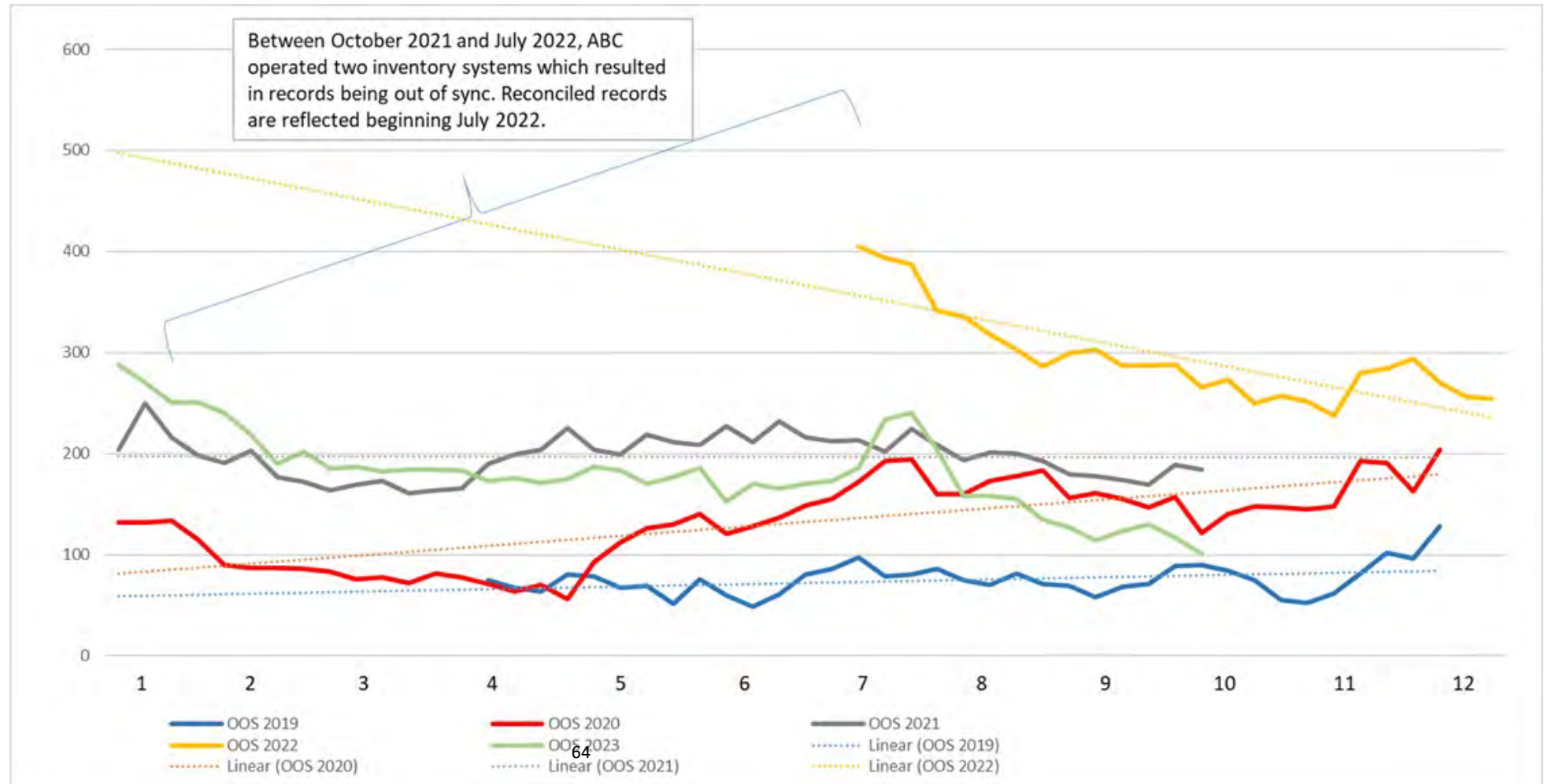
Total number of bottles sold increased 2.5%, retail bottles sold increased 2.8%. Mixed beverage licensee bottles sold (0.4%) are flat. Mixed beverage licensee dollars are 18.1% of total sales, up from last year with 17.6% of total sales.

Retail Operations Update



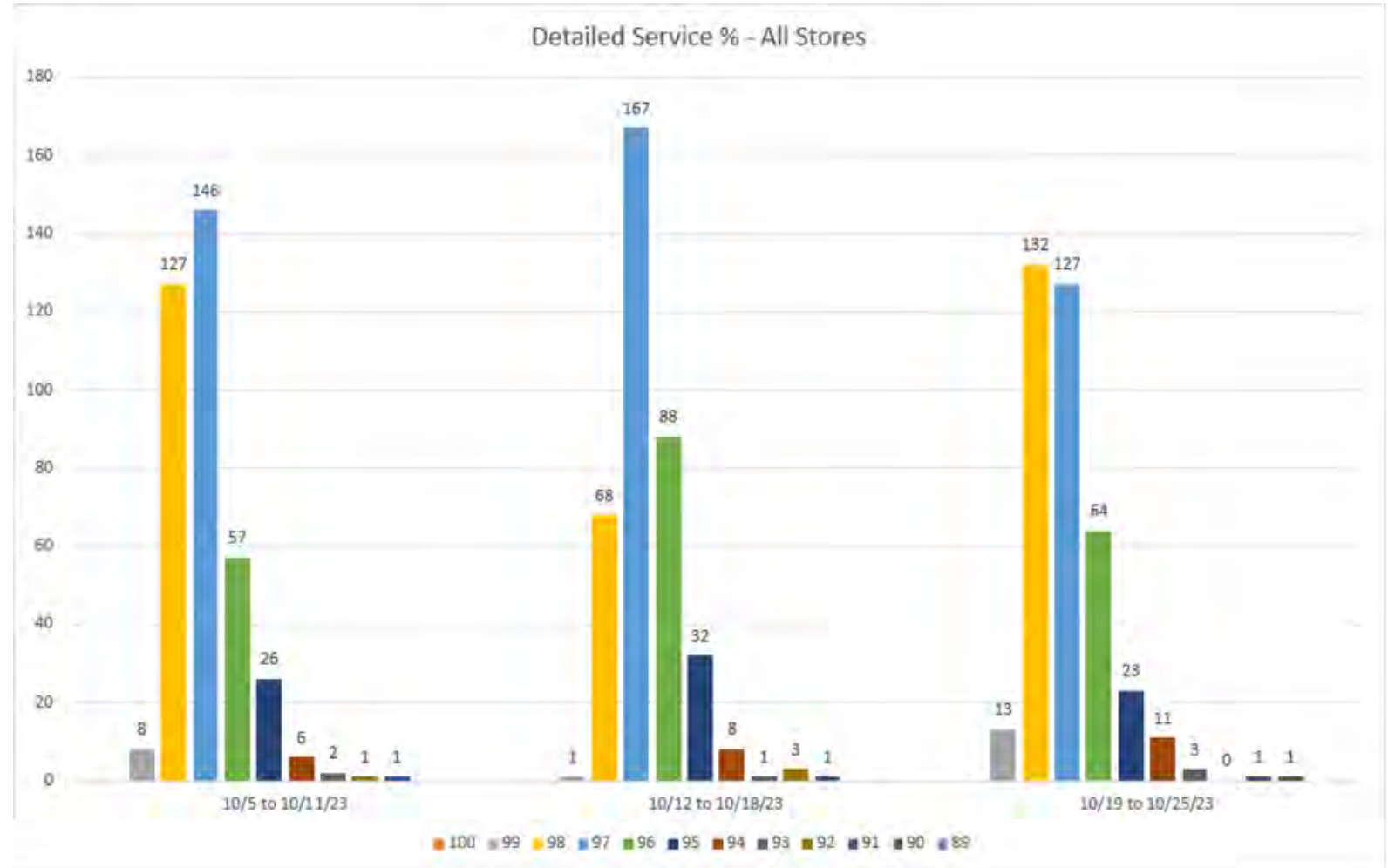
Distribution Center Out of Stocks

In stock goal is 97%. We have 95.86% of standard items in stock in the warehouse. Currently, we have 101 standard products out of stock compared to 117 last week.



Retail Store Out of Stocks

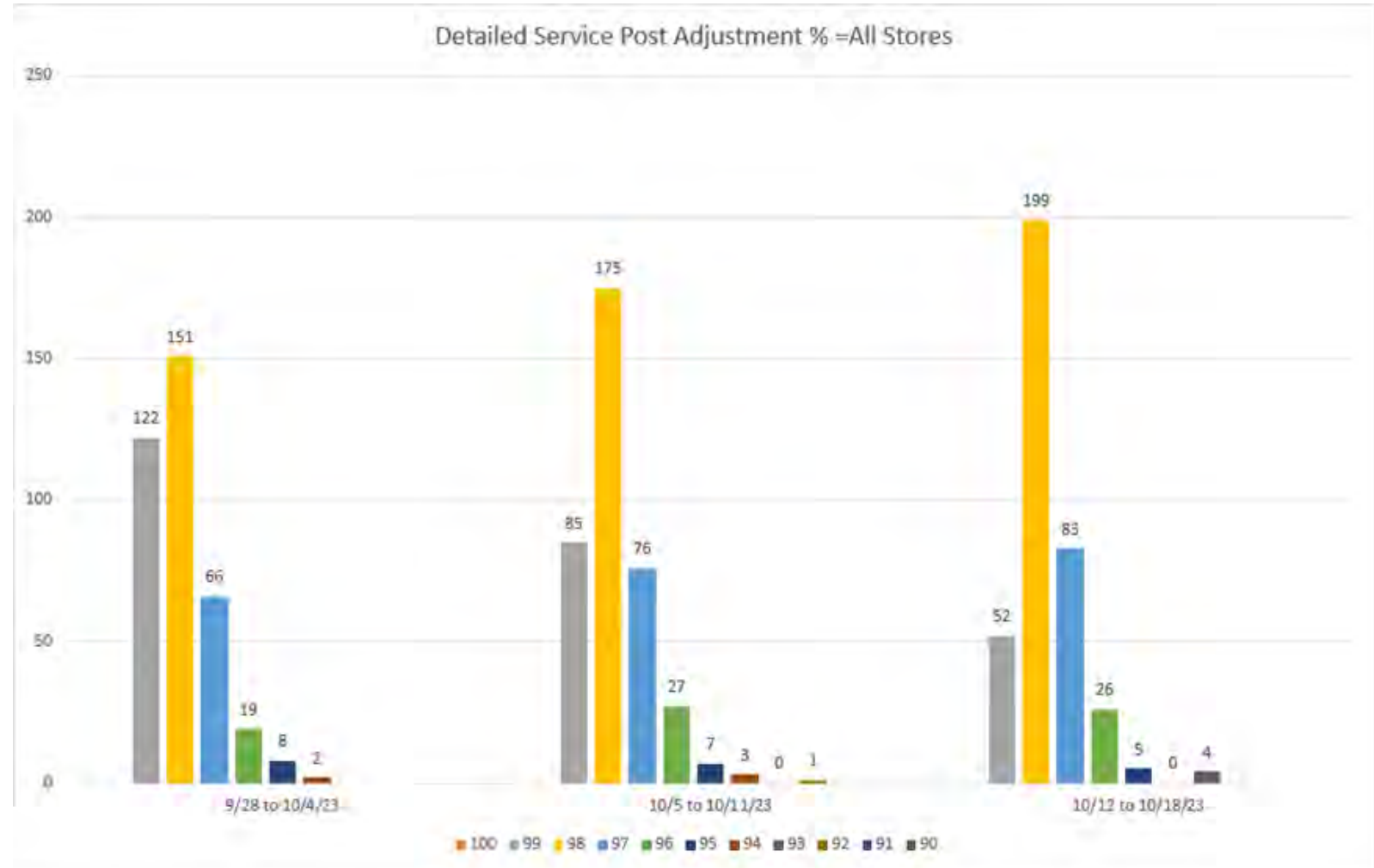
Retail Store In-stock – October
 103 stores below 97% compared to
 101 in September.



Retail Store Out of Stocks

Retail Store In-stock goal is 97%.

The chart below shows the same in-stock percentage for stores with DC out of stocks removed. We currently have 35 stores below 97% in stock.



Distribution Center

Average cases shipped daily in October was 24,732 with a peak day of 27,233.

*October represents Month-to-Date.

Month	2022 Cases Shipped Daily Avg.	Peak Day	2023 Cases Shipped Daily Avg.	Peak Day	2022 CPLH	2023 CPLH
Jan	24,534	34,621	23,360	29,165	22.85	31.77
Feb	24,740	31,489	24,819	30,387	28.376	33.79
Mar	28,764	36,556	25,467	34,131	32.669	32.73
Apr	25,538	30,011	25,472	31,431	28.23	36.35
May	24,974	30,753	25,296	29,765	27.716	35.10
Jun	25,090	36,093	27,861	36,052	28.31	38.20
Jul	25,292	34,323	26,530	36,236	26.962	35.12
Aug	23,377	30,802	24,141	26,585	25.994	35.22
Sep	25,149	30,623	26,045	33,352	27.119	37.24
Oct*	25,903	31,400	24,732	27,233	30.472	36.92
Nov	26,914	32,698			32.378	
Dec	28,490	37,347			35.737	
Average YTD	25,814	33,060	25,324	36,236	28.92	35.13

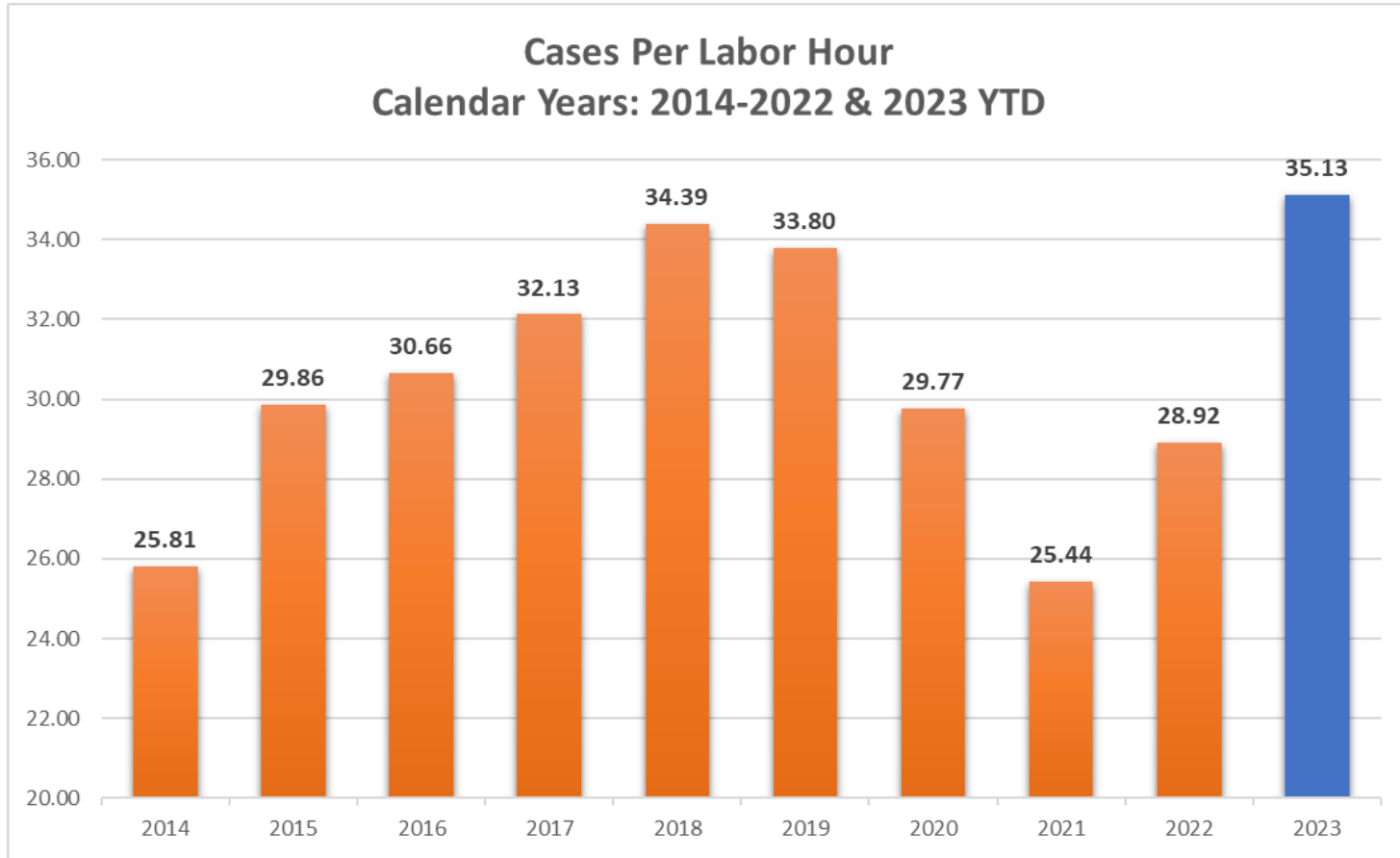
Distribution Center Productivity: Cases per Labor Hour YTD

Jan – 31.77
 Feb – 33.79
 Mar – 32.73
 Apr – 36.35
 May – 35.10
 June – 38.20
 July – 35.12
 August – 35.22
 September – 37.24
 *October – 36.92

Calendar YTD through 10/30:
 Shipped 5,220,474 cases against a forecast of 5,364,302.



Distribution Center



- 2018 Hermitage RD productivity peaked
- 2019 two key teammates were pulled out of the warehouse for the Freight Way DC project
- 2020 COVID / social distancing guidelines decreased productivity
- 2021 April split staff between two facilities
- 2022 Team WOW DC stabilization project implemented

Marketing Update

Spirited Thursday - September 21 (Bourbon)

Spirited Thursday sale featuring a variety of Bourbon products to celebrate 'Bourbon Heritage Month'

Sales increased \$215,670 or 150% and bottle sales were up 5,168 or 166% versus a year ago.

Total results quoted above include both in-store and online sales.

- Jefferson's Reserve was part of the same sale in 2022.
- Comparing overall ABC sales for the promotion vs the same week in 2022:
 - Bottles sold were down 0.8% in 2023
 - Total revenue was up 0.6% in 2023

September 21, 2023 Spirited Thursday Retail Orders						
Product	SKU	Size	9/21/23 Dollars	9/15/22 Dollars	Dollar Increase	% Dollar Increase
Elijah Craig Small Batch Bourbon	17916	750ml	\$37,954	\$13,308	\$24,647	185%
Basil Hayden's Bourbon	16676	750ml	\$51,796	\$19,777	\$32,018	162%
WhistlePig Piggyback Bourbon	22071	750ml	\$38,240	\$0	\$38,240	
Old Forester 1920 Craft Bourbon	20376	750ml	\$50,135	\$2,640	\$47,496	1799%
Woodford Reserve Double Oaked Bourbon	22228	750ml	\$88,723	\$15,537	\$73,186	471%
Jefferson's Reserve Bourbon	19006	750ml	\$29,802	\$89,987	(\$60,185)	-67%
Horse Soldier Small Batch Bourbon	26576	750ml	\$31,221	\$1,615	\$29,606	1833%
Bulleit 10 Year Bourbon	17090	750ml	\$31,904	\$1,242	\$30,662	2469%
TOTALS			\$359,776	\$144,106	\$215,670	150%
September 21, 2023 Spirited Thursday Online Orders						
Product	SKU	Size	9/21/23 Dollars	9/15/22 Dollars	Dollar Increase	% Dollar Increase
Elijah Craig Small Batch Bourbon	17916	750ml	\$2,323	\$128	\$2,195	1716%
Basil Hayden's Bourbon	16676	750ml	\$2,123	\$168	\$1,955	1164%
WhistlePig Piggyback Bourbon	22071	750ml	\$3,039	\$0	\$3,039	
Old Forester 1920 Craft Bourbon	20376	750ml	\$6,348	\$60	\$6,288	10481%
Woodford Reserve Double Oaked Bourbon	22228	750ml	\$7,443	\$420	\$7,023	1673%
Jefferson's Reserve Bourbon	19006	750ml	\$1,248	\$6,095	(\$4,847)	-80%
Horse Soldier Small Batch Bourbon	26576	750ml	\$2,112	\$85	\$2,027	2385%
Bulleit 10 Year Bourbon	17090	750ml	\$2,507	\$0	\$2,507	
TOTALS			\$27,144	\$6,956	\$20,188	290%



Marketing Update

Flash Sale – October 16 (Tequila)

One-day sale featuring 20% off all Tequila products priced \$49.99 or more.

Sales of the same products increased \$82,301 or 81% and bottle sales were up 1,509 or 96% versus a year ago for the same products & day. This sale was only available on-line (used to drive traffic to the stores).

- This promotion was designed to increase sales and drive traffic to the stores. This was the first ABC Flash Sale (not announced until the morning of the sale). ABC absorbed the 20% discount.
- There were 263 Tequila products available at 20% off.
- The Flash Sale day sales significantly outpaced the other days of the week vs 2022.

Flash Sale (Tequila) - October 16, 2023 - Week by Day Comparison				
Week Comparison	October 2023 Dollars	October 2022 Dollars	Dollar Increase	% Dollar Increase
10/16 - Monday (FLASH SALE)	\$183,306	\$101,004	\$82,302	81%
10/17 - Tuesday	\$150,090	\$148,571	\$1,518	1%
10/18 - Wednesday	\$181,547	\$185,328	(\$3,781)	-2%
10/29 - Thursday	\$240,111	\$264,067	(\$23,956)	-9%
10/20 - Friday	\$445,306	\$486,697	(\$41,392)	-9%
10/21 - Saturday	\$396,029	\$399,952	(\$3,923)	-1%
10/22 - Sunday	\$102,227	\$82,839	\$19,388	23%
TOTALS	\$1,698,614	\$1,668,459	\$30,155	2%

Marketing Update

Virginia Spirits Sale-A-Bration – September Month long sale featuring 20% off participating Virginia Distillers products

Sales increased \$535,841 or 25.5% and bottle sales were up 17,628 or 20.4% versus the same sale a year ago.

Total results quoted above only include in-store and online sales.

- This was the second year for the month-long sale.
- Overall participation increased from 130 products in 2022 to 167 products in 2023.
- The 2023 Sale-A-Bration has ABC picking up 15% and the distillers covering 5% of the overall 20% discount.
- Note – the 2021 total sales numbers are listed in the chart. In 2021, we did NOT have a sale for the month of September for Virginia Distillers. Sales have increased 76% in two years.

2023 Virginia Spirits Sale-A-Bration Final Results & Comparison					
	2021	2022	2023	2023 Increase vs '22	2023 % Increase vs '22
Total Revenue	\$1,498,184	\$2,103,665	\$2,639,506	\$535,842	25.47%
Total Bottles Sold	51,721	86,550	104,178	17,628	20.37%

Marketing Plans

Planned Activity – Rolling 90 Days

	THEME	PODs	FRONT COUNTER	DOORBUSTER SALES	MINI-MONDAY	IN-STORE DISPLAYS	LOTTERIES & BARREL PICKS
OCTOBER	Holiday Theme Dress Up Your Holidays	Fall & Holiday Products & Value Added Packages	Apple Picking - Ciroc Apple Vodka & Jack Daniel's Tennessee Apple Whiskey	DoorBuster Sale Potion Promotion - Halloween themed 4-day sale featuring 20% off twenty best selling products in the 1.75L size (October 26 - 29)	Program Discontinued (Budget)	Fall & Holiday Products & Value Added Packages	Lottery Event October 9-13 <hr/> Limited Availability Drop - October 14 <hr/> Flash Sales- October 16 (Tequila) & October 30 (Vodka)
NOVEMBER	Holiday Theme Dress Up Your Holidays	Fall & Holiday Products & Value Added Packages	Cinnamon Roll - RumChata & Kahlua Coffee Liqueur	DoorBuster Sale Black Friday through Cyber Monday Promotion 4-day sale featuring 20% off twenty best selling products in the 750ml size (November 24 - 27)	Program Discontinued (Budget)	Fall & Holiday Products & Value Added Packages	Lottery Events November 13 - 19 <hr/> Flash Sales (Dates/Products - TBD)
DECEMBER	Holiday Theme Dress Up Your Holidays	Fall & Holiday Products & Value Added Packages	Peppermint Bark Martini - RumChata Peppermint Bark & Tito's Handmade Vodka	DoorBuster Sale Last Minute Deals Promotion 4-day sale featuring 20% off twenty best selling products in the 750ml size (December 18-21)	Program Discontinued (Budget)	Fall & Holiday Products & Value Added Packages	Flash Sales (Dates/Products - TBD) <hr/> Barrel Pick Events - December 2 & 9

Real Estate and Facilities Update

New Store Update:

Store 302 (Powhatan)	Awaiting completion of space by Landlord; anticipated Commencement Date: Unknown
Store 405 (Norfolk)	Awaiting completion of space by Landlord; anticipated Commencement Date: January 2024
Store 442 (Hanover)	Awaiting completion of space by Landlord; anticipated Commencement Date: January 2024
Store 525 (Winchester)	Revised draft Lease is with the Landlord for review; anticipated Commencement Date: Unknown
Store 528 (Jonesville)	Fixture installation commencing on 10-30-23
Store 529 (Alexandria)	Awaiting completion of space by Landlord; anticipated Commencement Date: February 2024
Store 530 (Leesburg)	Awaiting completion of space by Landlord; anticipated Commencement Date: December 2023
Store 531 (Lovettsville)	Lease is fully executed; anticipated Commencement Date: January 2024
Store 532 (McLean)	Awaiting ownership documents from Landlord; anticipated Commencement Date: March 2024

Project Type No. of Stores

Expansions:	1
Modernizations:	4
Relocations:	7

CAO Report – David Alfano

DEI

PMO

Diversity Equity and Inclusion Office

- **Programming** (*OneVA Goal #4, Infrastructure and Accountability, Objective #1, Develop agency wide communications plan*)
 - FY24 Focus of DEIO: Accessibility
 - ADA 101 Foundational training, the Interactive Process, Ableism, and Accessibility in the workplace decks are completed.
 - DEI Office present findings to C-Suite on ADA process, data, and trainings in collaboration with HR in February 2024.
 - Trainings will be vetted by HR, Legal, and DEI Council learning subcommittee before delivery to Authority; Scheduling will begin for pilot series in January 2024
 - Completed October, November, and December programming schedule. Sample of Activities:
 - Employee Resource Group (ERG) Fair – 82 participants, with all five (5) ERGs present, plus Observances and Celebrations Committee, DEI Council, and Employee Activities Committee. Great feedback and self-funded!
 - Communication campaigns completed for ADHD, National Disability Employment Awareness, Global Diversity, and Virginia Wine Month for the month of October
 - Communications campaigns on deck for Native American Heritage, National Veterans and Military Families month and awareness campaigns for Diwali, Veterans Day, and International ERG Day for the month of November.
 - December campaigns will focus on celebrations around the world and holiday drives
 - Observances and Celebrations Committee bringing together multiple divisions (Communications, DEI, Talent Acquisitions, Engagement, Executive Administration, and Marketing) to plan, coordinate, and align activities and messaging for future affinity months.
 - Added five (5) new members to committee representing Distribution Center, Retail, Community Engagement, Communications, and Procurement.
 - Created new shareable document and template to review proposed programs in a more efficient manner. Content is reviewed twice monthly, and all members provide feedback and updates on divisional programs and messaging.
- **DEI Training** (*OneVA Goal #3, Training and Education, Objective #1, Provide DEI Training Opportunities for all ABC Employees*)
 - “Introduction to Unconscious Bias” pilot training scheduled for October 31, 2023 (20 participants)
 - “Introduction to Allyship” pilot training scheduled for November 7, 2023 (14 participants)
 - “The Why of DEI” pilot training scheduled for November 28, 2023 (TBD)

Diversity Equity and Inclusion Office

- **DEI Council** (*OneVA Goal #2, Climate & Intergroup Relations, Objective #2, Create opportunities for employees to feel valued and respected and have a platform for feedback*)
 - DEI Council Subcommittee created:
 - Best Practices
 - Employee Learning
 - Employee development
 - DEI Council Subcommittee have set their committee priorities for the upcoming fiscal year.
 - Next DEI Council meeting planned for December 7, 2023.
- **ERG Program** (*OneVA Goal #2, Climate & Intergroup Relations, Objective #2, Create opportunities for employees to feel valued and respected and have a platform for feedback*)
 - Black Employees Resource Group has hosted three “Coffee and Conversation” workshops around the topics of “Identity in the Workplace,” with group members. Survey responses are being utilized to set priorities for FY’24 the group and shared insight with DEI Council subcommittees. Will host Tie Dye Fundraiser on November 1, 2023.
 - Veterans ERG has undergone leadership change and will host Purple Bag Event in collaboration with Crown Royal on November 1, 2023.
 - Family Circle ERG will collaborate with Employee Activities Council to host “Trunk or Treat” Event on November 1, 2023.
 - Women in Search of Excellence ERG has changed leadership and has successfully installed Employee Board (E-board) for the group and will participate with Purple Bag Event on November 1, 2023.
 - ERG leaders have established ERG Leadership committee and meets once a quarter to discuss state of program and best practices.
- **Supplier Diversity Program** (*OneVA Goal #5, Focus Community Engagement Activities, Objective #3, Engage in diverse community events and outreach programs*)
 - Compiled data on diverse suppliers and SKUs; Based on Industry standard’s definition of supplier diversity we have;
 - 71 brands and almost 400 individual SKUs
 - Black Owned Suppliers consisted of 23 brands, 37 women-affiliated brands, and 11 veteran-affiliated brands.
 - Working with Strategy and Analytics and Marketing to evaluate and effectively utilize this data.
 - Purple Bag Project with Crown Royal with Veteran’s Group is a great example of opportunities this program could provide.

Project Management Office

- **Project Progress**

- 3 Active (*Sitecore Upgrade, WOLO LA; Inventory and Order Needs Assessments*)
- 2 completed (*VAL for Licensees and PDH*)

- **PMO Progression**

- Framing commencing for new work/project request mechanism for proper prioritization and visibility
 - New Centralized Intake process has been developed and will be deployed the first of November, preparing for FY 25 work effort planning
- Focus on PMO tools, templates, and processes that standardize PMO engagement
- Weekly meeting with Divisions engaged with the PMO to ensure communication, awareness and prioritization of outstanding needs and requests

3. Major Initiatives for the Month

Status

On track
Some issues
On-hold



Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
PDH	<ul style="list-style-type: none"> The Digital/eCommerce program is foundational for Virginia ABC to transform from a split, multi-channel retail environment to a real-time, omnichannel retail environment. This transformation not only provides Virginia ABC with increased operational efficiency and revenue opportunities, but also provides for the best possible customer experience. Currently Online Ordering and Product Data initiatives are in flight. 	<ul style="list-style-type: none"> The Product Data Hub Implementation project is intended to begin the process of moving product data out of MIPS and into a dedicated data management platform. The primary benefactor in this first phase—and thus the focus of implementation efforts—will be e-commerce and the digital team with the explicit intent of improving data quality, governance, and availability for digital and marketing ops. 	<ul style="list-style-type: none"> Vida Williams 	<ul style="list-style-type: none"> 4/1/2022 	<ul style="list-style-type: none"> 10/30/2023 	On track
WOLO LA	<ul style="list-style-type: none"> The Digital/eCommerce program is foundational for Virginia ABC to transform from a split, multi-channel retail environment to a real-time, omnichannel retail environment. This transformation not only provides Virginia ABC with increased operational efficiency and revenue opportunities, but also provides for the best possible customer experience. Currently Online Ordering and Product Data initiatives are in flight. 	<ul style="list-style-type: none"> WOLO LA leverages the Ship-to-Store functionality to allow online ordering of Limited Availability (LA) products. This will resolve equity issues, address public safety concerns, and increase efficiency. These products are currently available in-store only. With implementation of this project, the Lottery and Online Drops process becomes a web-based solution, enhanced automation and tighter management controls. 	<ul style="list-style-type: none"> Vida Williams 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 3/30/2024 	On track
VAL SaaS Migration	<ul style="list-style-type: none"> In 2021, Virginia ABC decided not to continue with the on-premises model and migrate to Accela's SaaS solution. It is a stated strategic goal of IT to migrate to SaaS models where appropriate. 	<ul style="list-style-type: none"> Virginia ABC is running version 20.2.0 of the Accela Civic Platform on Virginia ABC managed infrastructure- end-of-life (EOL) Oracle 12c database and Windows 2012 servers nearing their end of support 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 11/14/2022 	<ul style="list-style-type: none"> 10/30/2023 	On track

CIO Report – Paul Williams

IT Monthly Summary

IT KPIs (Work in Progress)

IT Support Summary



IT MONTHLY REPORT

202403 Report (September 2023)

IT Monthly Summary

• Introduction

- Budget - we are 10% under budget YTD. We have now implemented the agreed contractor headcount reduction to date which will realize savings over the remainder of the year. We are still targeting some contractor conversions which represent additional savings but these take time and are not always successful.
- VAL migrated last month to SaaS and is stable. We will be decommissioning the old infrastructure at AISn.
- Our project planned hours did not achieve target in September (Actual 86% of target – an improvement over 75% last month). We are heavily weighted to smaller and non capital work plus PTO. We anticipate some pickup later in the year but delays are being realized in the 2 major approved projects.
- We are still improving our 2024 KPIs and have separated metrics from the KPI's into their own tables. A new measure this month is Network Capacity and unit cost – Network average capacity is at 50.6MB per site and a cost of \$2.43 per Megabits / second / month. Industry average is around \$7 / MBs / Month.
- We anticipate the PinPad project completing by the end of October – its running well with our partner Macro now taking over installs (30-50 lanes per day, 5 days per week).
- Our Enterprise Data Architect is on PTO (Sick) and Data Metrics are for August

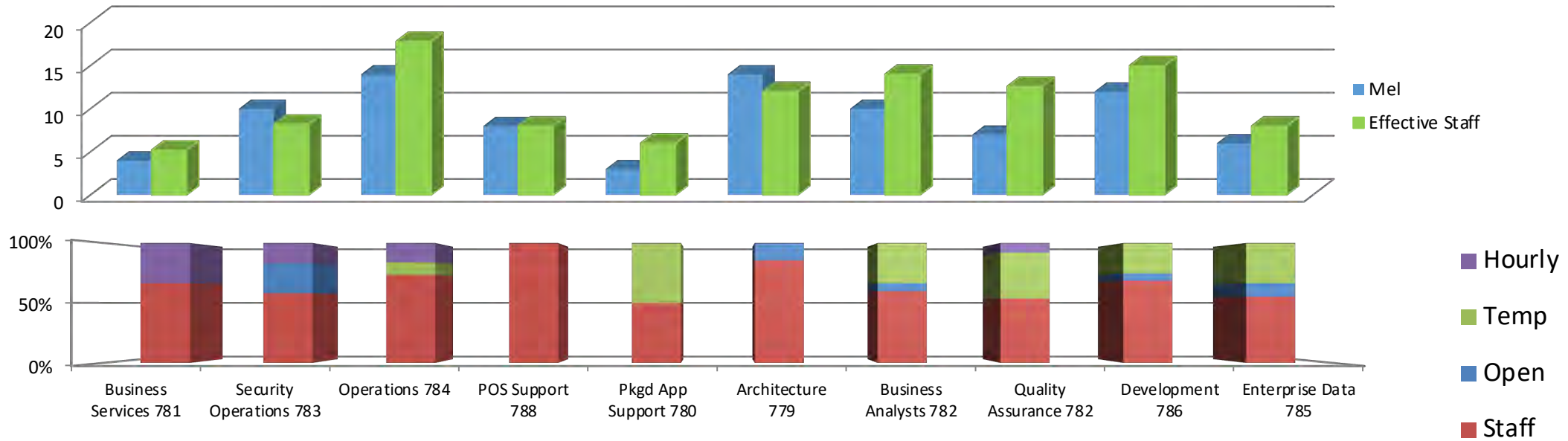
• IT Performance

- All IT systems have been very stable through September – VAL used to be our prime concern - it had some brief interruptions but is significantly more stable than when running in house.
- We are deploying the new WAF in observation mode – it will provide additional defense against AI Bots when fully deployed. The initial deployment caused about 2 hours of Ecommerce down time as the changes to bring it online took time to propagate to public domain servers to re-route traffic.

• People

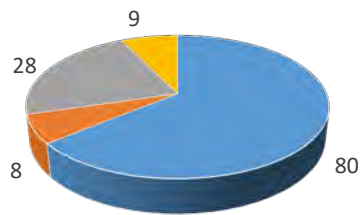
- Staffing is stable and we are holding the vacancy rate at 8%. As planned 6 more contractors were released during September across QA, BSA and Development teams.
- Budget vacancy rate target for the year is 8%. Recruiting remains challenging for key positions.

Headcount Breakdown



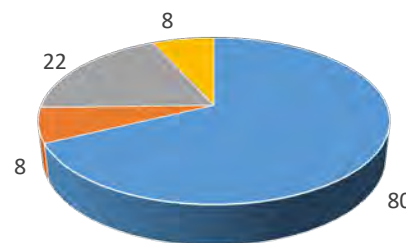
- The vacancy rate at 9/30/23 is 9% - 8 open Positions (was 9% in August). We converted one contractor but lost our Junior DBA and an hourly wage employee, as well as exiting 5 more contractors (BSA, QA and Development)
- We have 4 active recruitments running at the end of September (was 3 at end of August).

Staff Breakdown August



■ Full Time ■ Vacant Positions (8%) ■ Contractors ■ Part Time

Staff Breakdown September



■ Full Time ■ Vacant Positions (8%) ■ Contractors ■ Part Time

IT Resource Utilization

Allocation Hours KPI: 2666

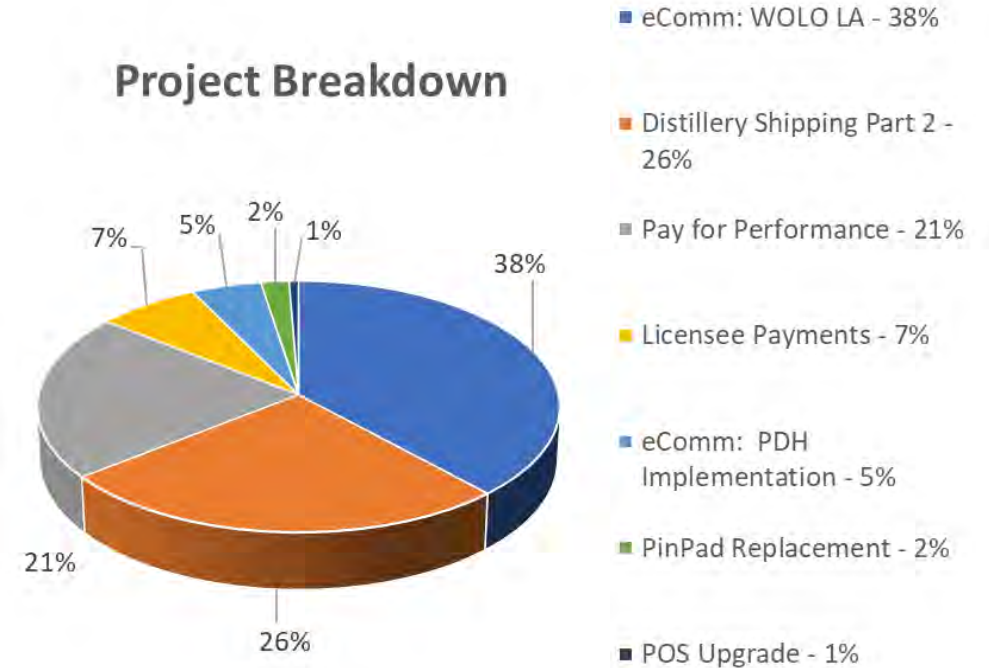
September Hours: 2,289

% to Target: 86%

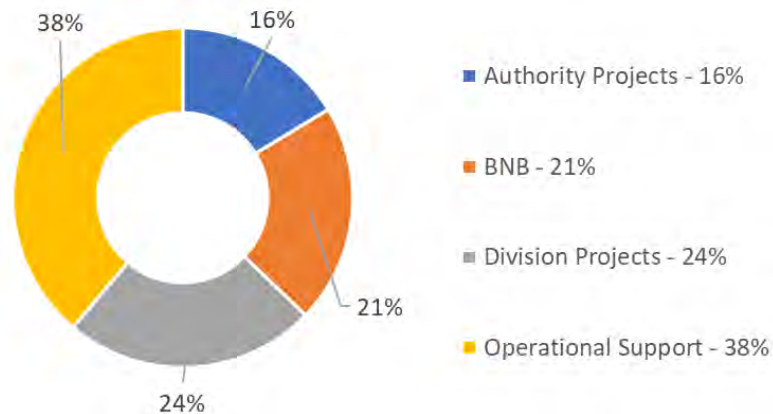


Staff Type	Base Capacity	Actual Capacity	Authority Projects	BnB	Division Projects	Operational Support
BSA	15	11	1.9	3	3.7	2.5
Dev	16.5	11.8	2.4	2.6	3	3.7
Data	10	5.8	0	0	0.2	5.6
QA	13.5	9.8	2	2.4	2.3	3
Total	55	38.4	6.3	8	9.2	14.8

Project Breakdown



Allocation by Effort Type

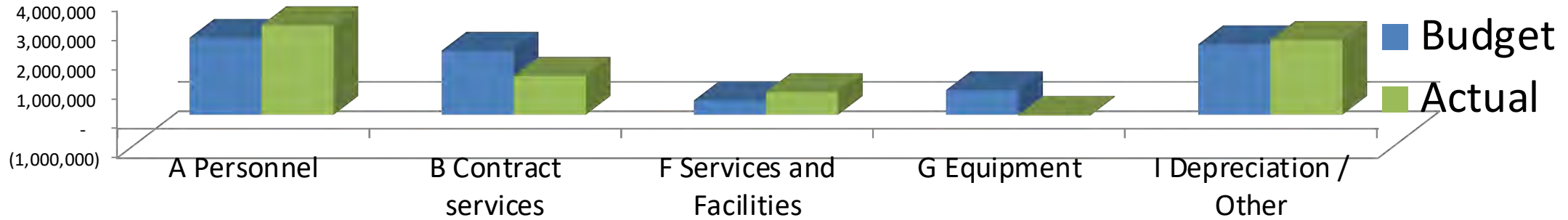


September Allocation Notes

- Target utilization on projects and smaller BnB efforts is 40% of our average allocatable capacity (38.9 WTE / Month or ~ 2,666 hours planned to be available for allocatable work). 2,289 hours (excluding interns) were assigned to allocatable work in September.
- September had 224 hours of PTO.
- Overall capacity has decreased (27%) from FY23 due to contingent staffing reductions.
- The trend of higher allocation to division projects and operational support continues.

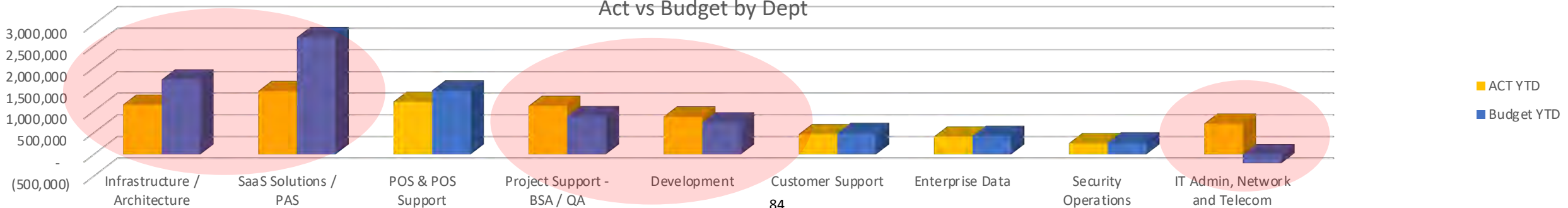
IT Finance / Budget

YTD IT Budget Performance



- At September 30 we are 10% under budget overall (August was 2% under budget). Overall this is significantly below target due to paused cost flow on projects, but there are some underlying concerns that are netting out with IT cost savings to budget being netted against \$1.7M of uncontrollable over budget costs.
- Personnel Costs – 18.2% over budget M2 and now 16.6% overbudget (\$433K). As we are above target for our vacancy rate this should be closer to budget except for capitalization of labor which is behind due to project delays
 - Benefits and salary / hire dates incorrectly budgeted (\$321k)
 - Shortfall in Capitalized labor (project delays/timing \$88k)
 - Carryover unaccrued 2023 costs (\$24k)
- GASB (Technical accounting entries) are \$968K adverse to budget YTD. These are nonoperational entries.
- Depreciation is \$146K over budget YTD.
- Infrastructure is impacted by project delays (SaaS costs). PAS is a under budget for an open position. Development and Business support have cut costs after Q1 that will bring them inline through the year
- The GASB adverse variance and the capitalization shortfalls are IT admin with a adverse variance of \$1.1m to isolate them as they are non operational entries

Act vs Budget by Dept



IT KPI's DRAFT (Re-working KPI's for 2024 – separate Metrics from KPIs)

Measure	Indicator	Current	C-1	C-2	C-3	Comments
Staffing (MEL)	Open + Exits (8,2)	8/1	8/1	7/0	8/2	
Finance – Budget Accuracy	+/- 5% target	-10%	2%	-7.5%	-10.0%	-10% is good, but outside Tolerance
Reliability – Core	Ops hrs. uptime (99.9%)	99.9%	99.9%	99.9%	99.9%	No major service events in September
Reliability POS	Lost Hours (all registers)	0.25	8.25	31.5	10.75	
Resource Allocation	Hours Target / Alloc	86%	76%	103.5%	102%	<p>New Target: 40% of available capacity for enhancements and project work</p> <p>10% improvement over August, but allocation continues to trend higher for divisional projects and operational support as less resources are available for new work with an additional (6) contingent staffing reductions in September. Factoring in the 240 hours of PTO, the allocation would have been 95% to target.</p>
First contact ticket resolution	Tickets closed on 1 touch	96.63%	97.05%	97.1%	97%	Incidents (break/fix, customer calls/emails)
Calls accepted	Answered calls	97.64%	98.27%	95.79%	97.36%	
Average wait time	Customer wait time	43 sec.	34 sec.	36 sec.	44 sec.	
Average call handle time to solve	Industry target is 15 min	4.23 min	4.35 min	4.38 min	4.27 min	

CEO Report

Audit Report

Real Estate Leases

KPI Review



Audit Report – Michael Skrocki

Final Audit Reports filed under separate cover

FOIA exempt documents

Audit Plan Updates



Distillery Audit Update

- Distillery Plan Progress

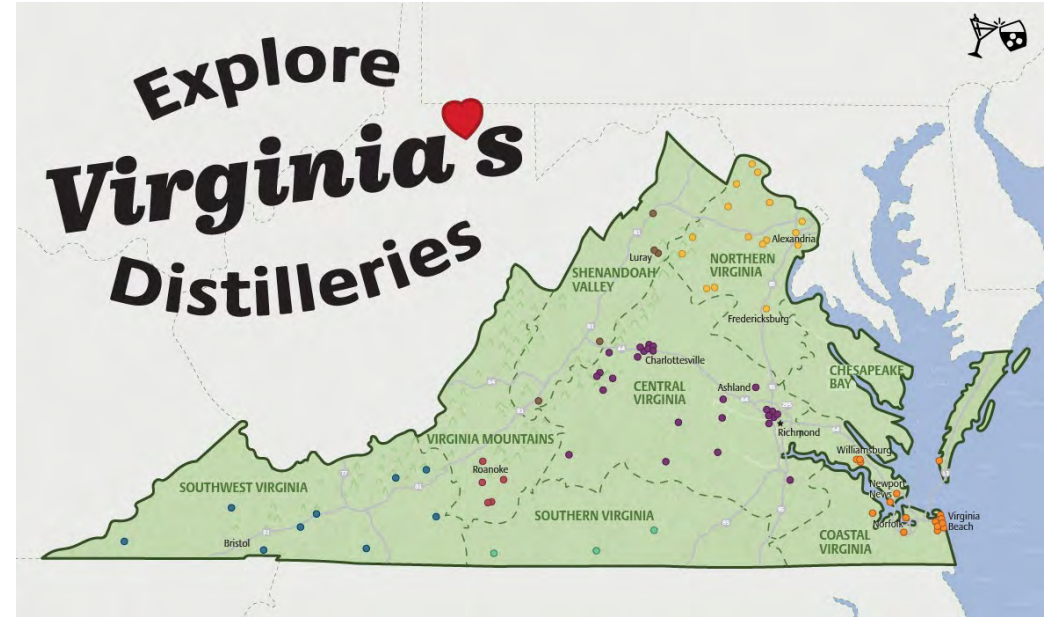
- FY24 plan proposed audit of 35 Distilleries
- 5 Distillery audits completed FY24 YTD
 - 3 Distillery Audits selected for Net Pay consideration
 - 2 Distilleries routine audit selections

- Belle Isle Moonshine (Richmond)

- Previously noted issues from Audit performed in June 2023.
- Follow-up audit scheduled for November 2023

- Waterman's Spirits (Virginia Beach)

- Audit performed for Net Pay request
- Issues noted with inventory management and overall recordkeeping
- Will perform follow-up audit in 4-6 months and give final recommendation on Net Pay



Internal Audit FY 24 Plan Updates

November 2023



License Records Management (VAL)

- Objectives of the Audit

- Policies and Procedures are adequate, accurate, and current for the licensing process
- Proper Cash/check reconciliation procedures in place and operating effectively
- License applications are being properly reviewed and approved

- Procedures

- Reviewed current procedure documents and performed walkthroughs of select processes
- Sample review of daily cashier closeouts for Headquarters location
- Sample Review of licensing applications from May 1 through July 31, 2023

- No Board level issues noted

- Minor issue noted around updating of Policies and Procedures to current VAL processes

Store Audit Progress

- Store Audit Progress
 - FY24 plan proposed audit of 100 Store Locations
 - 17 Store audits completed FY24 YTD
 - Tier 1 and 2 stores with Cash and Inventory Focus
- Cash and Inventory Results
 - No significant issues noted to date
 - Inventory Statistics
 - Counted over 530 products (7785 bottles) with a total retail value over \$200,000
 - Overall inventory accuracy is 97.87% (range between 95.27% and 100%)
 - Net Retail Value Variance is \$1,706.13

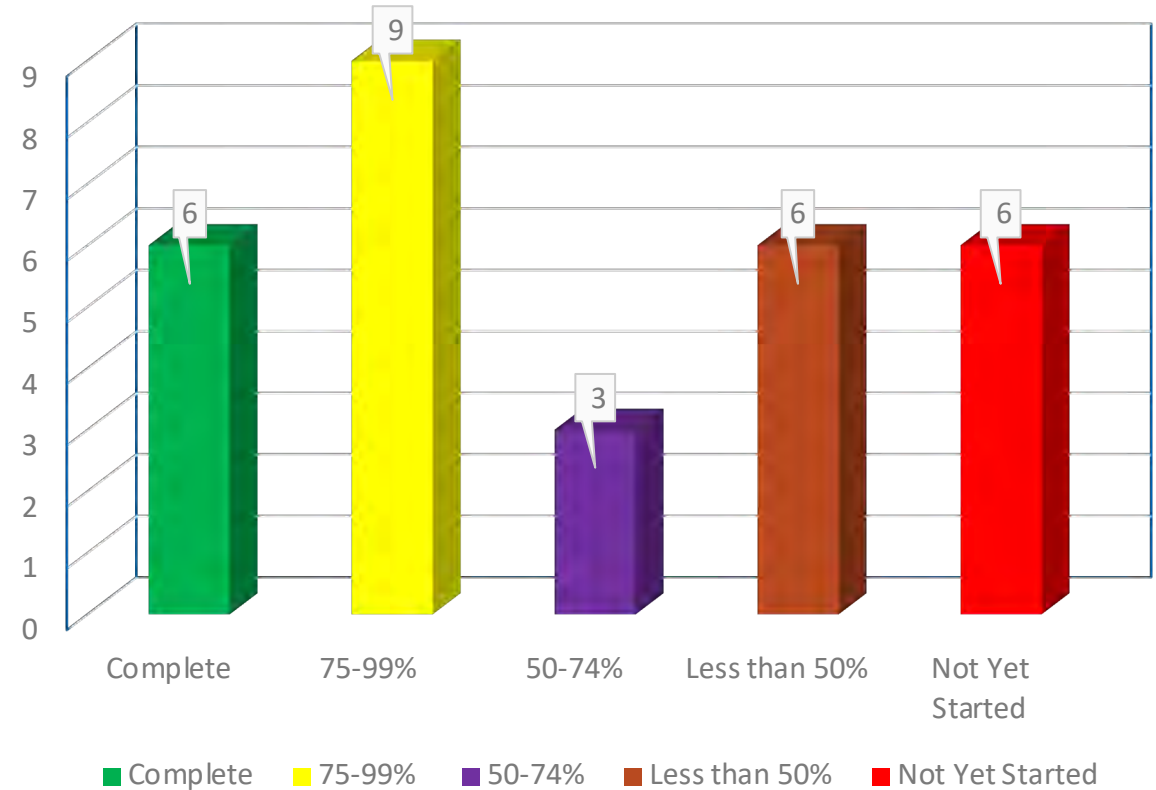


Retail Shrink Follow-up

- Addressing Retail Shrink

- Document published on June 6, 2023
- Summarized a “multipronged approach to address retail and internal theft”
- Identified 28 action items from this document
- 2 additional follow-up items have been added by management in the last month
- Key Completed items – Retail Shrink Dashboard, Enforcement Steering Committee, DC Cycle Counts, Internal Audit Reporting Process

Retail Shrink Action Items



FY 24 Audit Plan

Operational Audits	Division	Status	Notes
License Records Management	Enforcement	Complete	Carry Over from FY 23 Audit plan. No significant issues noted.
Education Grants	Education and Planning	In Progress (Reporting Stage)	Carry over from FY 23 Audit Plan. Audit in reporting stage.
Warehouse – Shipping/Receiving	Logistics	Not Yet Started	Review operational processes around receiving items into the warehouse and then shipping items to stores. How inventory is tracked, managed, security, etc. Focus on Shrink/Swell in warehouse.
FOIA Process	Legal/Various	Next Scheduled	Review the FOIA process and how requests come in, how they are processed, tracked, and how responses are formulated and reviewed.
Fleet Management	Various	Next Scheduled	VA ABC operates over 200 vehicles across the organization, including BLE. Review the management of this fleet, looking for potential cost savings.
Procurement – Bid Process	Procurement	Not Yet Started ⁹³	In response to FOIA requests that came in last year and also look for potential cost savings. Review for adherence to policies and procedures and time and resources of bid process.

Virginia ABC Hotline Calls Summary

All calls noted are received by OSIG Hotline investigators and submitted to VA ABC for review.

No issues were noted at this time that were significant in nature from a reputational or financial risk standpoint.

NOTE – 2 additional investigations were received directly by IA. 1 is complete and 1 is currently in progress.

VA OSIG Hotline Calls Referred to VA ABC	FY2024 (7/1/23 – 11/1/23)
Open from Prior Quarter (FY2023 – Q4)	4
ADD – New Calls Received (FY24)	2
LESS – Closed FY24 to Date	6
Open – In Progress	0

FY 24 Audit Plan

Operational Audits	Division	Status	Notes
Retail Store Audit Program	Retail	In Progress	17 Stores completed YTD in FY24. Majority have been completed in the last 5 weeks. Planning more visits to stay on track with goal of 100 stores visits.
Distillery Stores	Legal	In Progress	5 Distillery Store audits completed YTD in FY24. On track with completion goal of 35 distillery audits this year. Considering remote audit program for smaller distilleries with good reporting history.
SPCC Audit	Procurement	In progress	Historically completed on annual basis, but moving to quarterly review. 1 st Quarter FY24 currently in progress.
Investigations/Special Projects	Various	Ongoing	6 investigations closed in FY24 from OSIG Hotline, with 2 additional investigation referred internally (1 still in progress). Continue to look at option for setup of VA ABC dedicated hotline.
Lottery	Marketing & Merchandising	Ongoing	Internal Audit continues to be involved in expanded role to observe and review process and results. Consults with VA ABC management on review of lottery process.



Real Estate Leases Signed

Store Number and Location	Leased Space	Term	REC Vote	Board Approval
Store #131 (Fairfax) Bradlick Shopping Center 6920-E Bradlick Shopping Center Annandale, Virginia 22003	3000 square feet	5 years	1-19-21	2-17-21
Store #197 (Claypool Hill – Tazewell County) 149 Clay Drive Pounding Mill, Virginia 24637	2400 square feet	5 years	8-1-23	9-15-23
Store #093 (Alexandria – Fairfax County) Rose Hill Plaza 6124 Rose Hill Drive Alexandria, Virginia 22310	2000 square feet	3 years	5-9-23	6-8-23
Store #247 (Henrico) Westpark Shopping Center 9685 W. Broad Street Glen Allen, Virginia 23060	2500 square feet	5 years	8-1-23	9-15-23
Store #384 (Fairfax) Sully Station Shopping Center 5109 Westfields Boulevard Centreville, Virginia 20120	4600 square feet	6 years	11-15-22	11-30-22
Store #168 (Arlington) 1001 N. Fillmore Street Arlington, Virginia 22201	1800 square feet	5 years	2-21-23	3-20-23

Real Estate Leases Signed

Store Number and Location	Leased Space	Term	REC Vote	Board Approval
Store #352 (Herndon – Fairfax County) Fox Mill Shopping Center 2555 John Milton Drive Herndon, Virginia 20171	2500 square feet	5 years	8-21-23	9-15-23
Store #346 (Merrifield – Fairfax County) Merrifield Plaza Shopping Center 8105 Lee Highway Falls Church, Virginia 22402	4000 square feet	10 years	10-18-22	11-30-22
Store #044 (Ladysmith – Caroline County) The Shops at Ladysmith 17495 Patriot Highway Ruther Glen, Virginia 22546	3000 square feet	10 years	4-18-23	6-8-23

Authority KPIs

Data thru September 2023

November 2, 2023

Prepared By: Strategy & Analytics



Authority KPIs

Data thru September 2023

November 2nd, 2023

Prepared By: Strategy & Analytics

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

-  Partner with licensees and other law enforcement agencies to limit the impacts of alcohol consumption on citizens and business
-  Provide education and prevention programs that ensure the safe consumption and sale of alcoholic beverages.
-  Ensure a level playing field for all businesses within the Commonwealth through transparent and consistent regulation.
-  Continue as a reliable revenue stream for the commonwealth through partnerships with Virginia distilleries, as well as the sale of a diverse range of alcoholic products.



Store Sales and Profits: Sales growing at 2.4% CAGR, Profit at -1.4% QTD/YTD.

For the Current Month, store sales have a CAGR of 4.4%, and profits have a CAGR of 5.0%.

Overall Results Summary

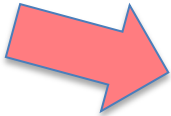
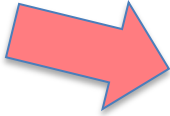
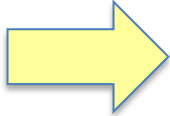



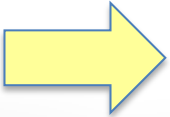

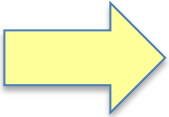
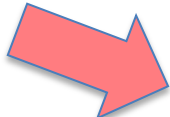
Current Month, Quarter-to-date and YTD vs Prior Year:

- Favorable net revenues mainly store sales; partially offset by net unfavorable operating costs as follows:
- Higher personnel costs due to the state pay increase and unfavorable labor hours in retail
- Lower equipment costs, mainly network servers and fixtures
- Lower media services costs due to planned reduction in promotions
- Lower computer software development costs due to planned reductions
- Lower manual labor costs following a prior year spike in activity

Virginia ABC: Store Sales and Profit Comparisons Sep'23						
<i>In \$M</i>	Current Month	Current Month FY'23	Current Month FY'22	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	115.6	115.6	106.1	0.0%	8.9%	4.4%
Profits	18.3	16.8	16.6	8.9%	9.9%	5.0%
<i>In \$M</i>	Quarter to Date	Quarter to Date FY'23	Quarter to Date FY'22	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	351.7	346.8	335.1	1.4%	4.9%	2.4%
Profits	55.7	52.5	57.3	6.2%	-2.7%	-1.4%
<i>In \$M</i>	FY to Date	FY'23 to Date	FY'22 to Date	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	351.7	346.8	335.1	1.4%	4.9%	2.4%
Profits	55.7	52.5	57.3	6.2%	-2.7%	-1.4%

KPIs related to sales, profits, and Swam spending are red. Transaction count, is challenged. All other KPIs are flat or positive.

Profit and revenue are red due to revenue shortfalls. Operating costs as a % of revenue have improved due to a reduction in expenditures vs. August. Online transaction count increased while the value of those sales fell, and turnover continued to reduce. All other KPIs are steady.

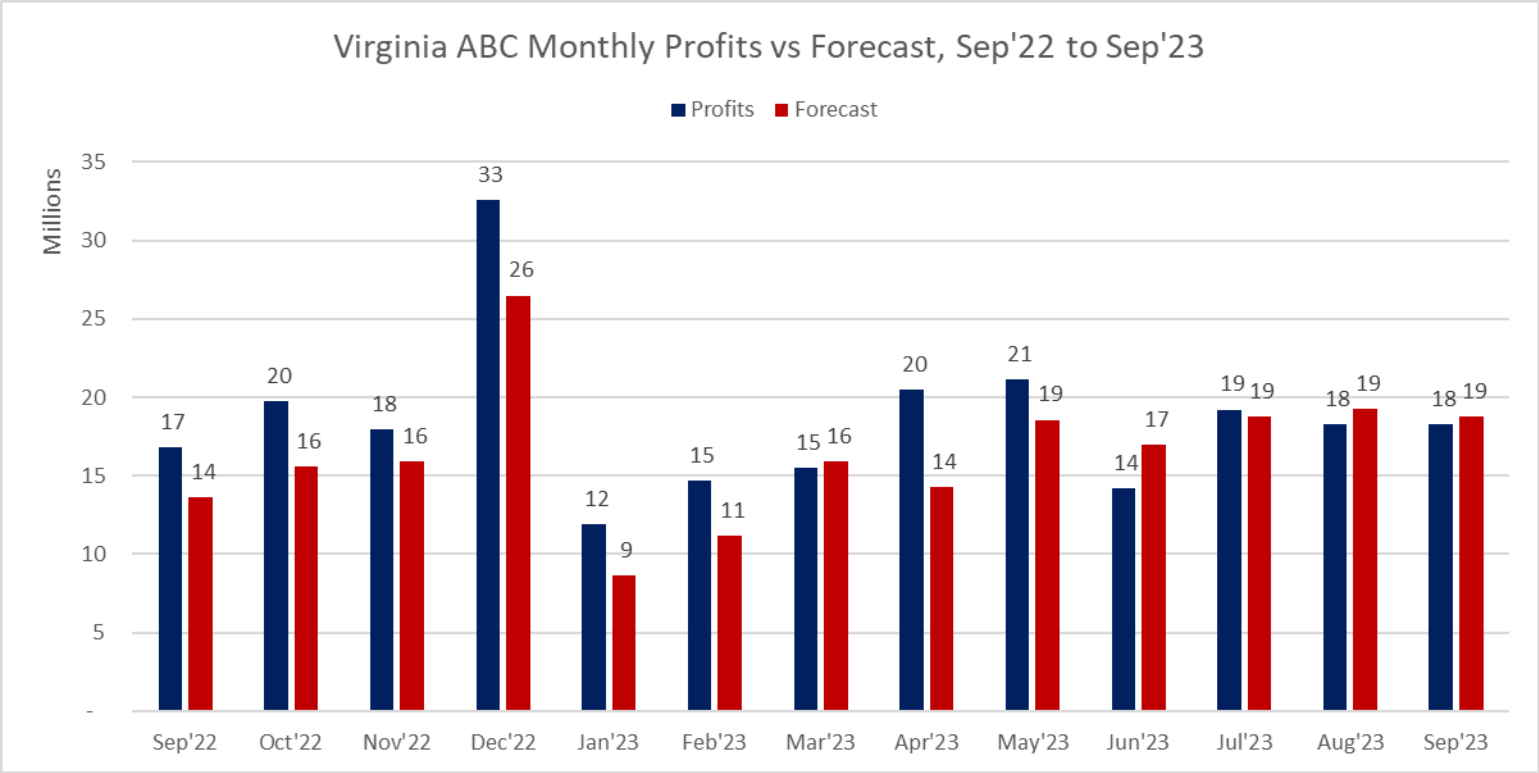
<p>Profit vs Forecast</p>  <p>Profits were \$0.5M (2.5%) below budget</p>	<p>Sales vs Forecast</p>  <p>Sales were \$6.8M (5.5%) below budget</p>	<p>Operating Costs as a % of Net Revenue</p>  <p>Operating costs were favorable to budget while revenues fell short of budget keeping this metric favorable by 0.3%</p>	<p>Number of Transactions</p>  <p>Transaction counts declined</p>	<p>Average Basket Ring</p>  <p>Average basket ring was highly volatile, with a spike in early September, followed by a decline and a return to normal</p>
<p>Number of OLO Transactions</p>  <p>Online transactions were up vs. last year but OLO spending is down</p>	<p>Retail Store In-Stock Position</p>  <p>In-Stock Position remained steady, just below norm</p>	<p>Employee Turnover Rate</p>  <p>Wage and staff turnover both declined</p>	<p>Time to Fill</p>  <p>Time to fill improved vs. last month but remains higher than last year</p>	<p>SWaM Spend</p>  <p>SWaM spend is below goal for July and August</p>

Data thru September 2023



Monthly Profits vs Forecast: Profits unfavorable in September

Profit was unfavorable by \$0.5M (2.5%) for the month of September, driven primarily by lower than forecasted net revenues.



Notes:

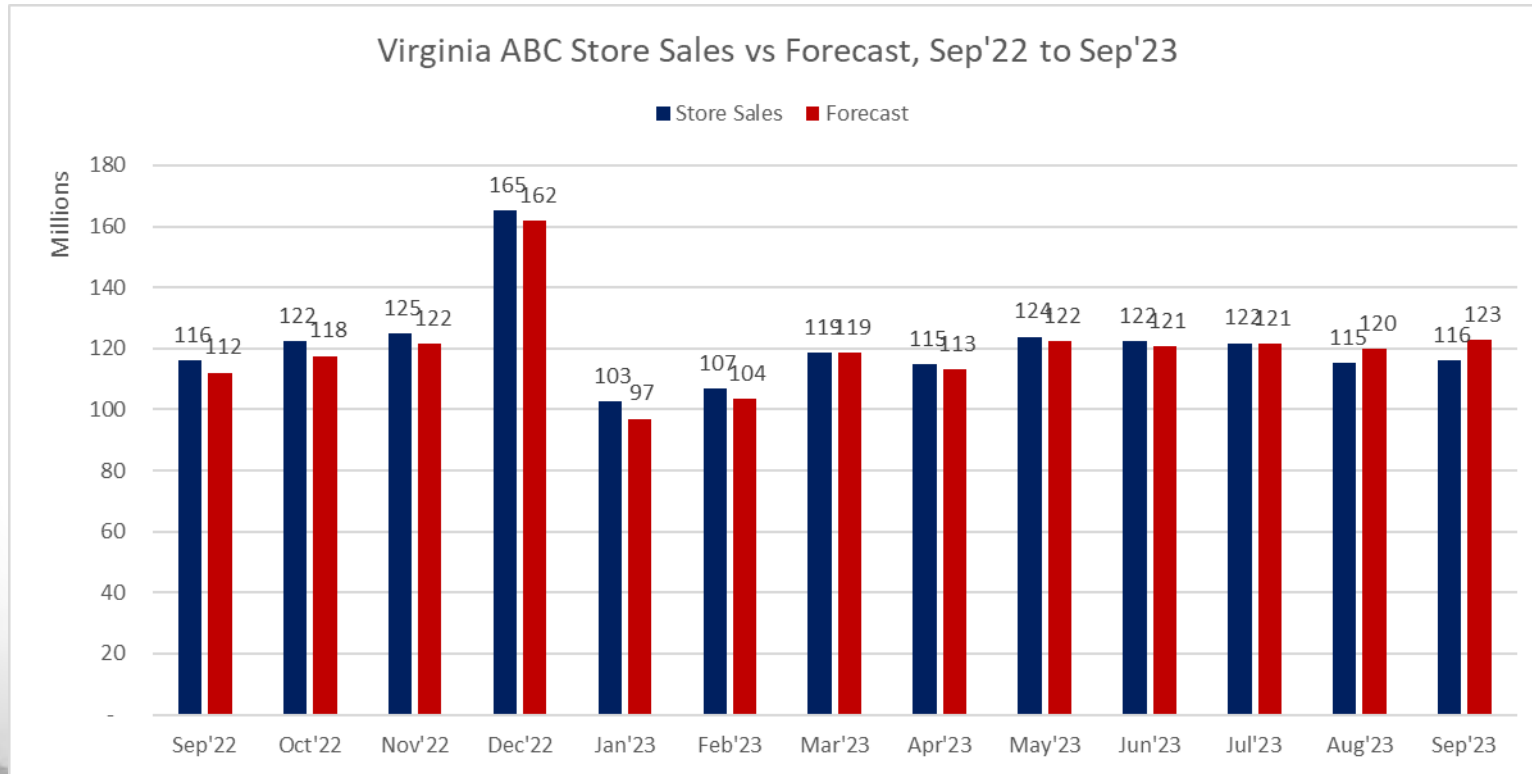
- September profits fell below budget by \$0.5M, driven by unfavorable net revenues due to declines in both customer count and spending.
- Negative effects of revenue on profit were partially offset by lower than budgeted computer software development costs due to reduced project activity, favorable leave liability adjustment due to higher PTO usage, and lower personal services costs due to unfilled positions and attrition.

Source: SmartView



Store Sales vs Forecast: Store sales 5.5% below budget

Store sales for September were below budget by \$6.8M, or 5.5% below the target.



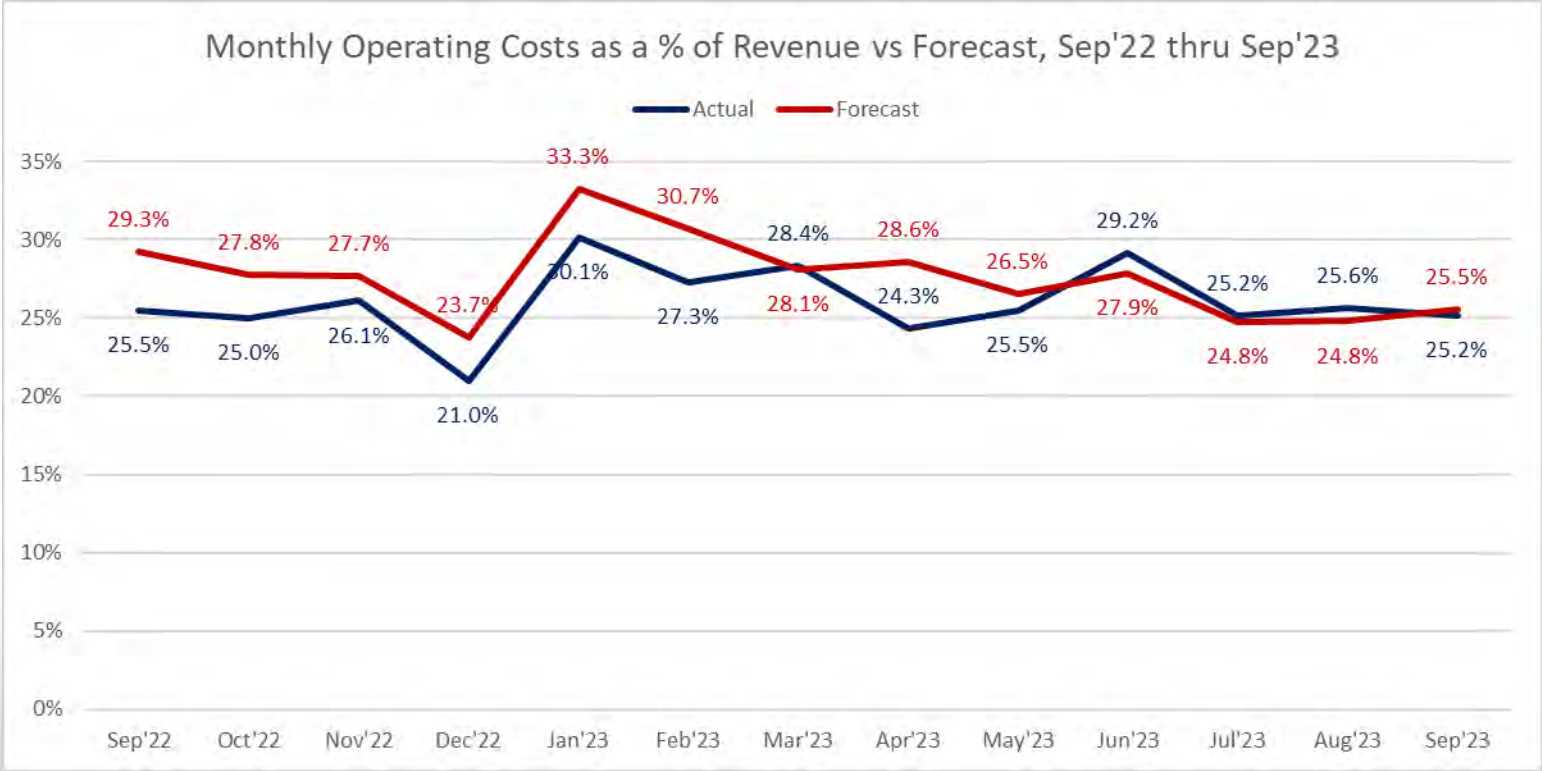
Source: SmartView

Notes:

- Sales in September of \$115.6M were \$6.8M or 5.5% below budget.
- Store sales fell below budget due to declines in both foot traffic and customer spending.

Operating Cost as % of Revenue: September is equal to to budget

Revenues were unfavorable to budget by 5.5%, but operating costs were favorable to budget by 7% for the month of September.



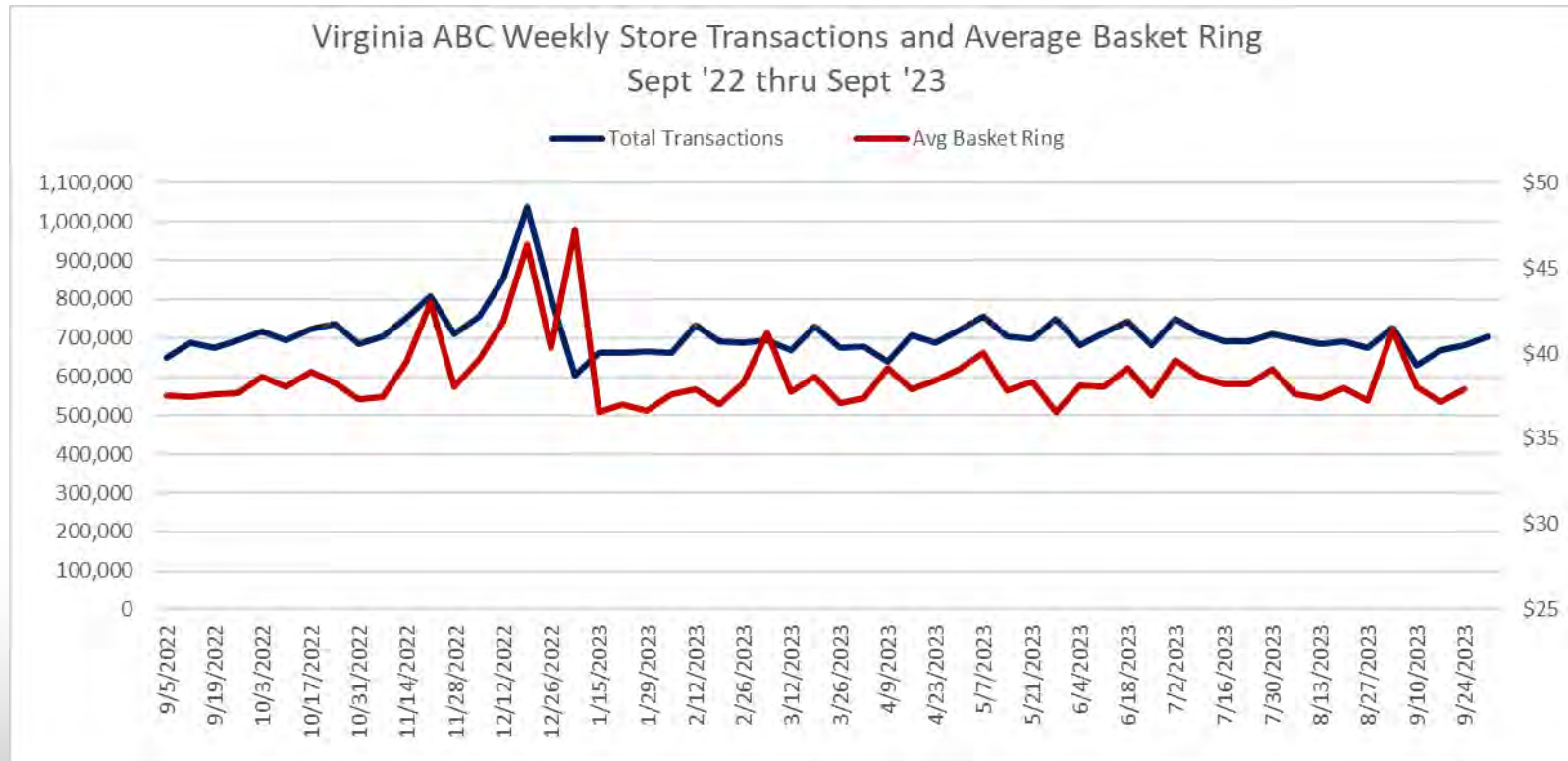
Source: SmartView

Notes:

- Revenues unfavorable for September by 6.8M (5.5%) due to lower customer counts and spending.
- Operating costs were favorable to budget by \$1.9M (7%) primarily due to lower than budgeted computer software development costs due to reduced project activity, favorable leave liability adjustment due to higher PTO usage, and lower personal services costs due to unfilled positions and attrition.

Transaction Trends: Volatility in both transaction counts and value

Transaction counts in September declined, with average basket value highly volatile throughout the month.



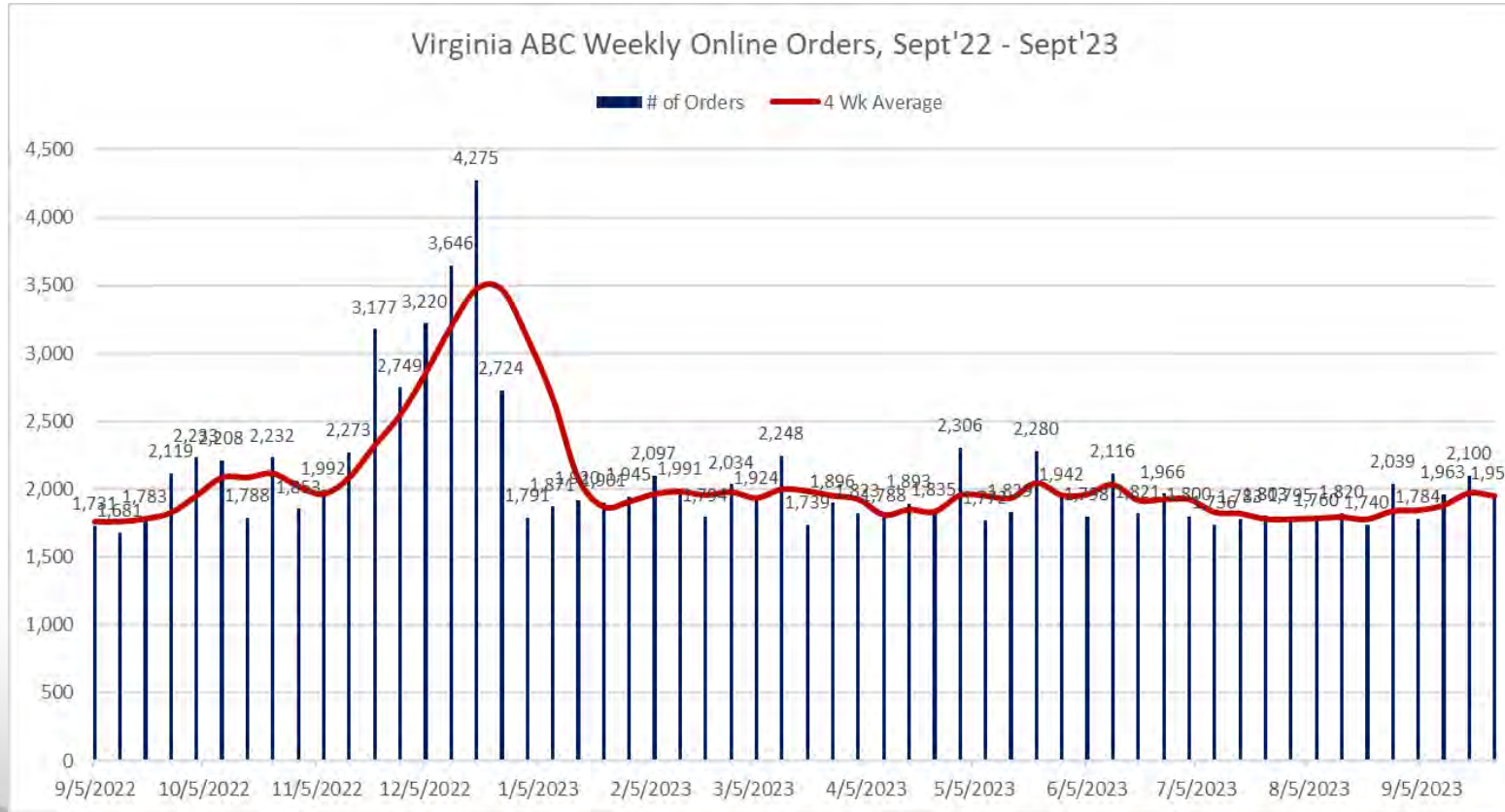
Notes:

- The summer months are often spiky driven by the timing of warm weather holidays, typically leading to smoother trends during the fall months
- Once Halloween hits, cold weather holiday seasonal volatility begins, and October '22 ended the month as expected from a seasonal perspective
- Once holiday driven spikes over November and December end, both basket ring and transaction hit their low points of the year in January

Source: IT

Online Transactions: Online orders showing growth in number but decline in gross sales

Online transactions continuing to grow, with 6% more transactions than the same time last year though spend is down almost 9%



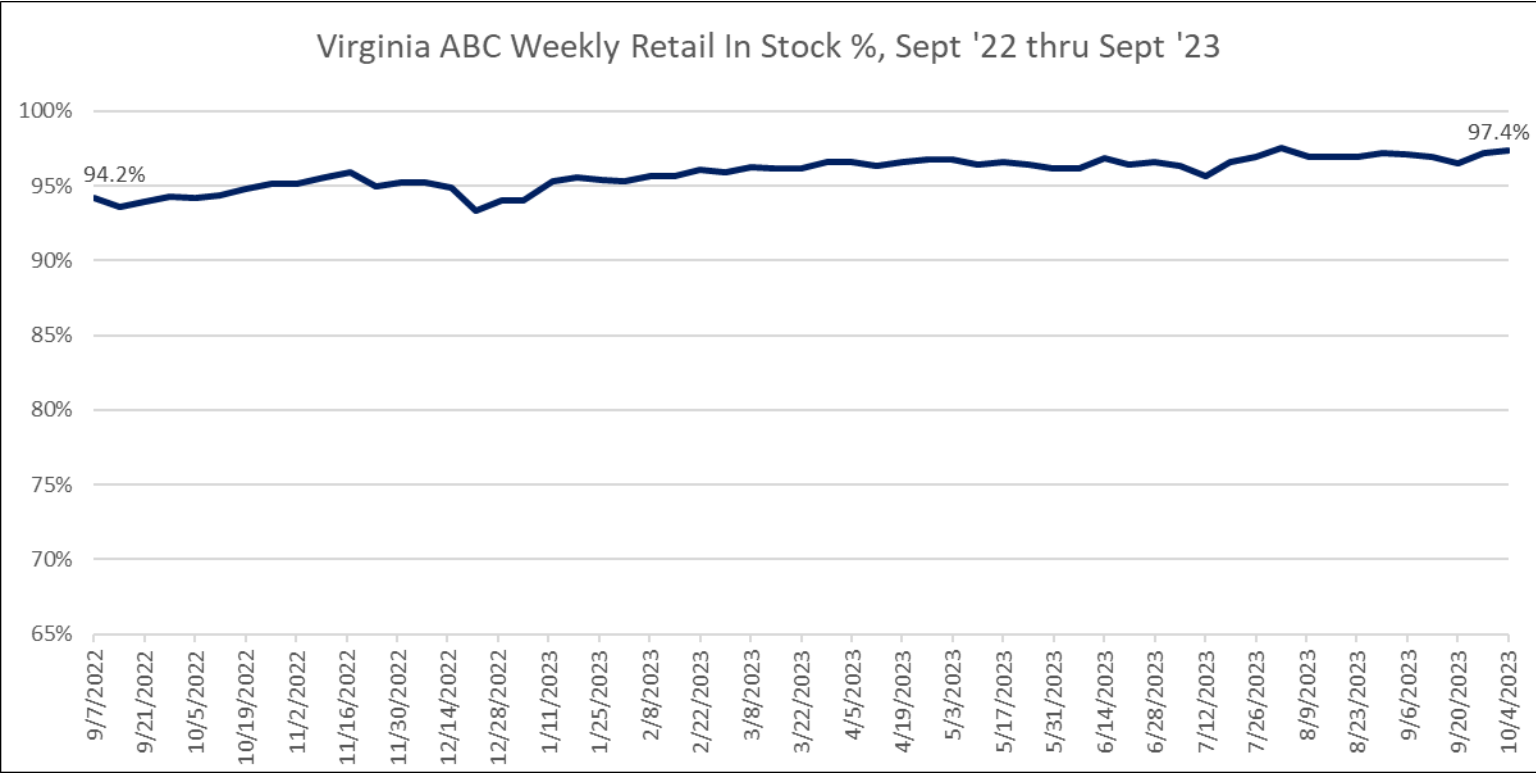
Source: Data Warehouse

Notes:

- Online transactions were mostly flat throughout CY'22 and the first half of CY'23, but '22 showed growth in the fall, prior to and throughout the holiday season
- September '23 averaged 1950 transactions per week, versus 1829 during September '22, increasing 6.6% on a year-over-year basis.
- Average weekly online sales for the month are down to \$160.5K from \$176K (8.9%) last September.

Retail In Stock %: In-stock continues to improve

Retail stocks remain impacted from supply chain difficulties and reached their lowest point in the last year during the holidays. Stock position remains just below historical norm of 98%,



Source: Logistics

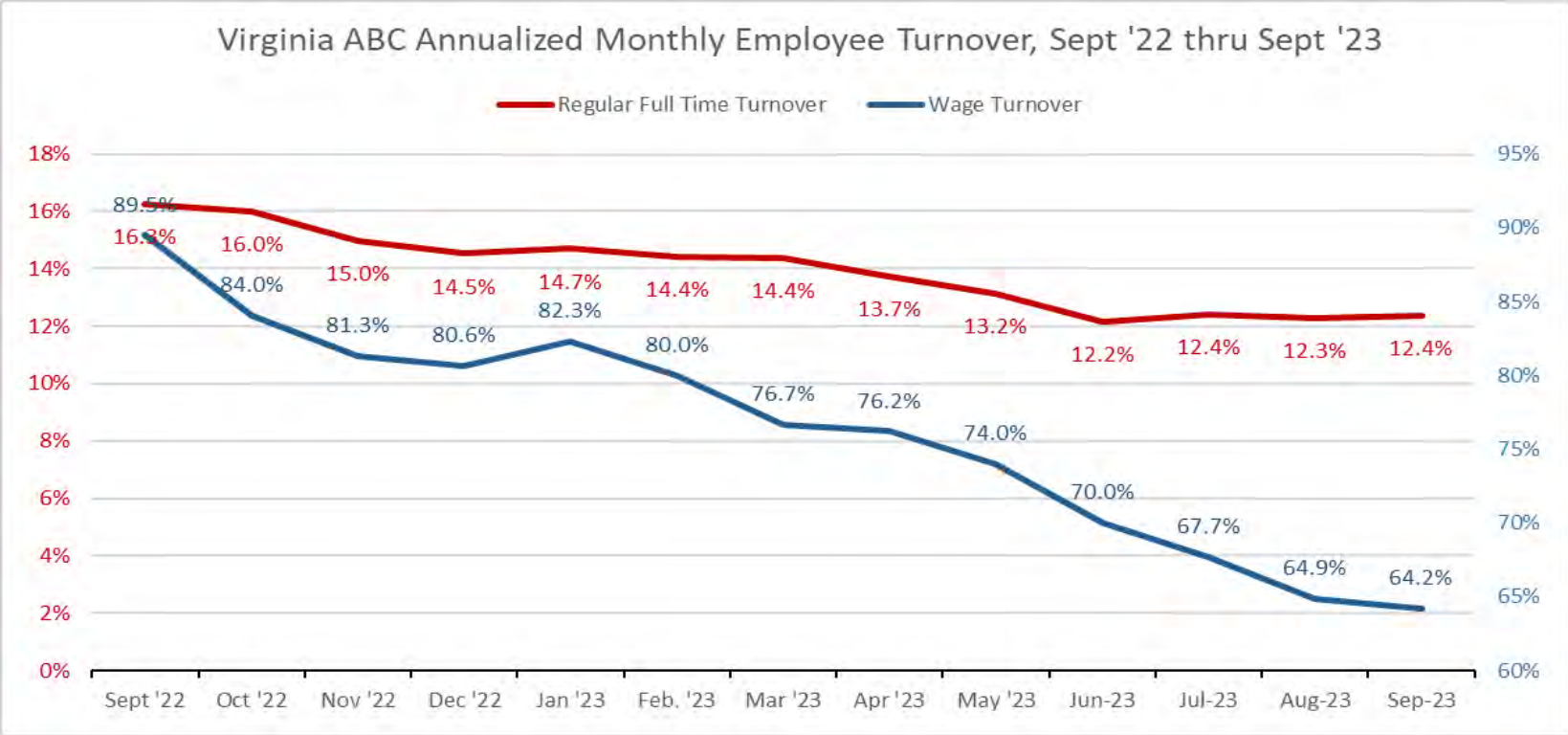
Notes:

- In stock position continues to improve, but has been relatively flat since February 2023 (95.6%) vs September 2023 (97%)
- Lower inventory position in December / January expected as a result of peak period sales and several supplier annual holiday close downs. Target is to recover end of February which was achieved.
- Suppliers are indicating they are allocating product to balance demand across their portfolio of customers
- The elevated sales increases will continue to challenge supply for the foreseeable future
- Work is continuing to right size inventory holdings, eliminate overstocks and “unhealthy” inventory



Employee Turnover: Wage and Staff turnover improving

Turnover rates for both full time and wage associates are showing a clear reduction trend and are improved both versus September of the prior year and prior months of CY'23.



Notes:

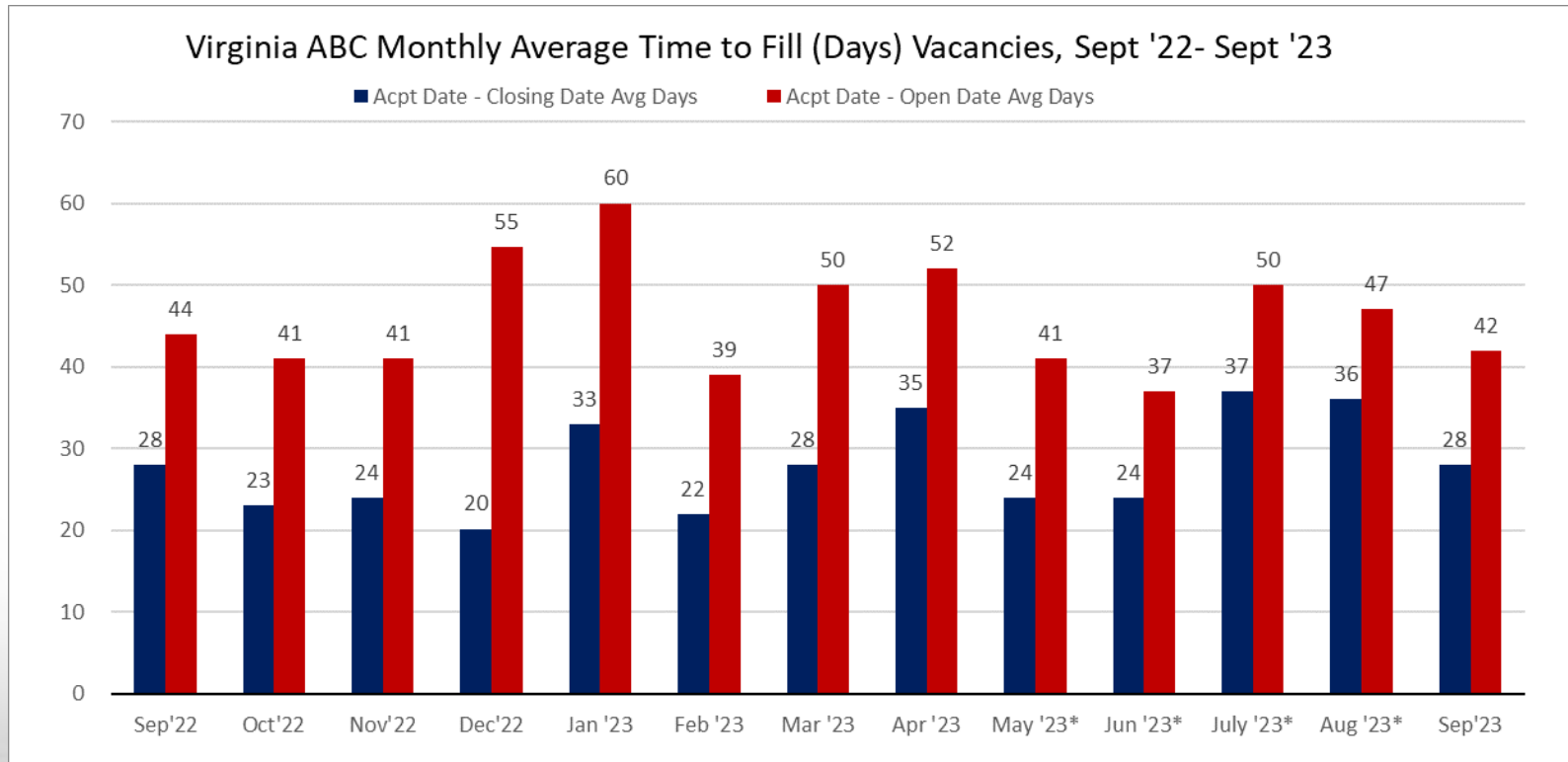
- Employee engagement initiatives and other focused efforts (DEI Surveys and Town Halls) have been launched to address employee retention.
- EET continues to send and collect employee life cycle survey data.
- Additional recruiting KPIs are being identified and added to help determine any challenges and roadblocks in recruiting process.

Source: HR System Query



Time to Fill: Time to Fill improved versus early '23, slowly trending downward over FY23Q1.

Time to fill has improved vs. August and is consistent with last September.



Source: HR System Query

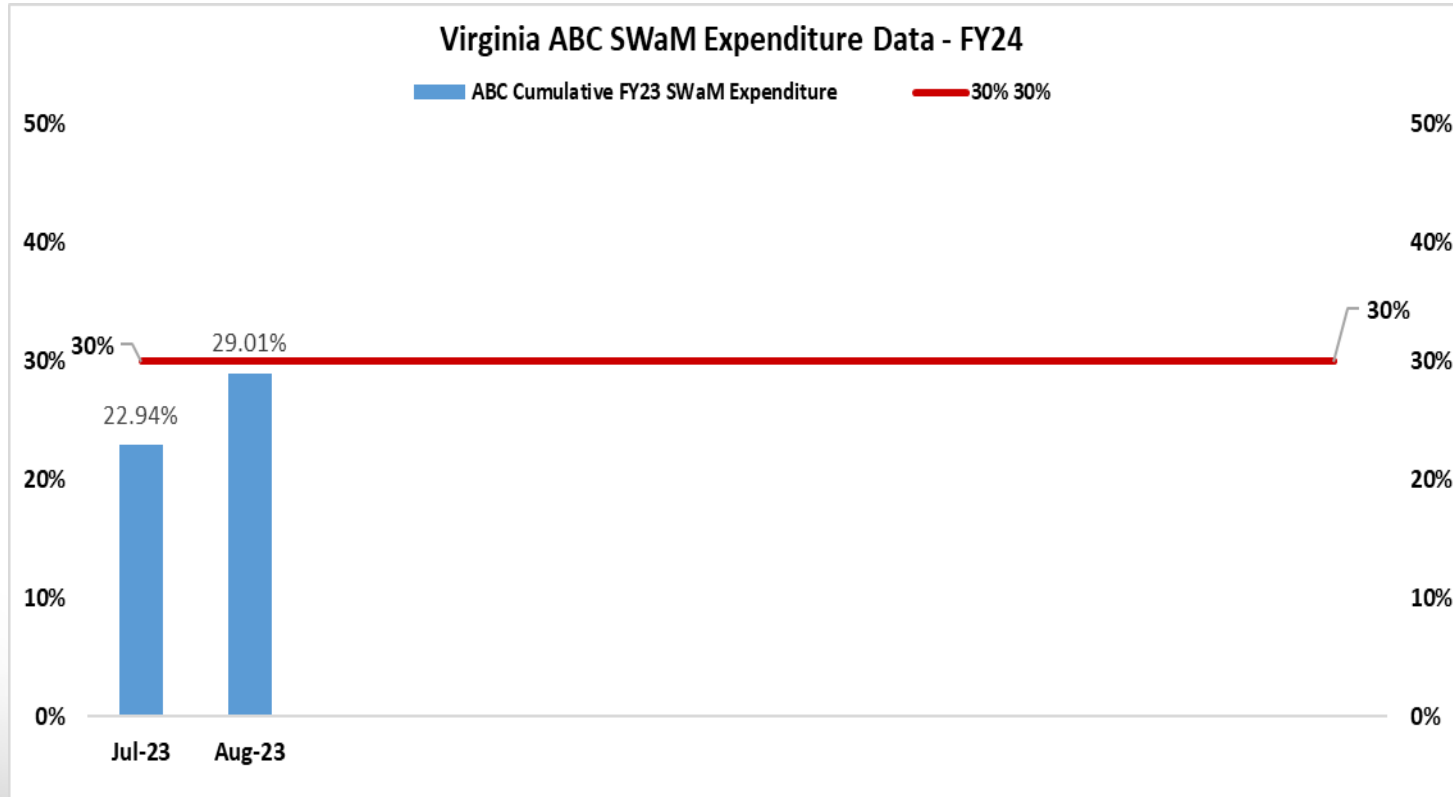
Notes:

The following action plan is in place to address time to fill.

- New recruiting KPIs are being developed to help ensure the talent acquisition process is efficient and results in a good internal and external customer service experience.
- New KPIs will help identify areas for improvement in current process and help identify new processes as needed.
- TAC team works with hiring managers to ensure only difficult to fill positions are listed as open until filled.
- TAC team continues to send follow up emails to hiring managers with screening timelines to ensure a faster turnaround time for candidates/time to fill.

SWaM %: Cumulative SWaM vendor spend above target

After ending FY '23 above target, FY '24 shows reduced SWaM spend. SWaM spend remained above target each month of FY'23.



Source: Procurement

Notes:

- As an Authority, ABC is not bound to the state goal of purchasing 42% of discretionary spending from SWaM vendors
- COVID spending allowed more dollars to be easily steered to SWaM vendors, but the return to more normal operations has reduced that impact, resulting in a lower target of 30 for FY'23.
- ABC cumulative FY23 SWaM expenditure was 31.64%
- ABC cumulative FY23 SWaM dollars spent was \$15,472,750
- ABC SWaM spend in FY'23 was driven by Spurrier, 3Sixty Holdings, and SingleStone

Board Commentary



Public Comments



Moving Forward
Together

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

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



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For Fiscal Year Ended June 30, 2023
prepared by Financial Management Services

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

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

LETTER FROM THE BOARD CHAIRMAN

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

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

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

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

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

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

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

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

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



Virginia ABC Chairman Tim D. Hugo

CONTENTS

2023 KEY AUTHORITY HIGHLIGHTS

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



**Virginia Alcoholic Beverage
Control Authority**

Introduction	4
Letter of Transmittal.....	6
Executive Information	8
Legislative Synopsis	9
Authority Highlights	10
Division Statistics	16
Bureau of Law Enforcement	16
Communications Division	17
Digital Operations Division.....	17
Education and Prevention Division	18
Hearings, Appeals and Judicial Services	19
Human Resources Division	20
Marketing and Merchandising Division.....	20
Procurement and Support Services Division	20
Office of Legal Counsel	20
Logistics Division	21
Real Estate and Facilities Management Division	21
Retail Operations Division	21
Top 50 Brands Sold, Fiscal Year 2023 vs. Fiscal Year 2022.....	22
Comparison of Products Sold/Market Share, Fiscal Year 2023 vs. Fiscal Year 2022.....	23
Analysis of Store Performance, Fiscal Year 2023.....	24
Analysis of Distillery Store Performance, Fiscal Year 2023	33
Licensed Establishments' Statistics	35
Fiscal Year Highlights	38
A Message from the Chairman and Chief Executive Officer	38
Financial Results in Brief, Fiscal Year 2023	39
Sales of All Beverages, Fiscal Year 2023	39
Financial Statements' Table of Contents	40
Financial Statistical Section	104
Transition to Authority Enactment Clause	117
Six-Year Financial Forecast	119

MISSION

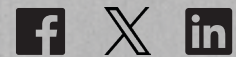
To strengthen the Commonwealth through public safety, education and revenue derived from the responsible regulation and sale of alcoholic beverages.

VISION

To bring good spirits and excellent service to Virginia.

VALUES

Accountability • Service
Integrity • Performance Excellence



www.abc.virginia.gov

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

LETTER OF TRANSMITTAL

Virginia Alcoholic Beverage Control Authority
Chief Executive Officer
Travis G. Hill



Chairman
Timothy D. Hugo
Vice Chair
Robert C. Sledd
Board of Directors
William D. Euille
Gregory F. Holland
Mark E. Rubin

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

Dear Governor Youngkin:

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

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

BACKGROUND

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

continued on next page

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

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

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

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

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

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

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

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

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

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

FINANCIAL CONTROLS

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

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

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

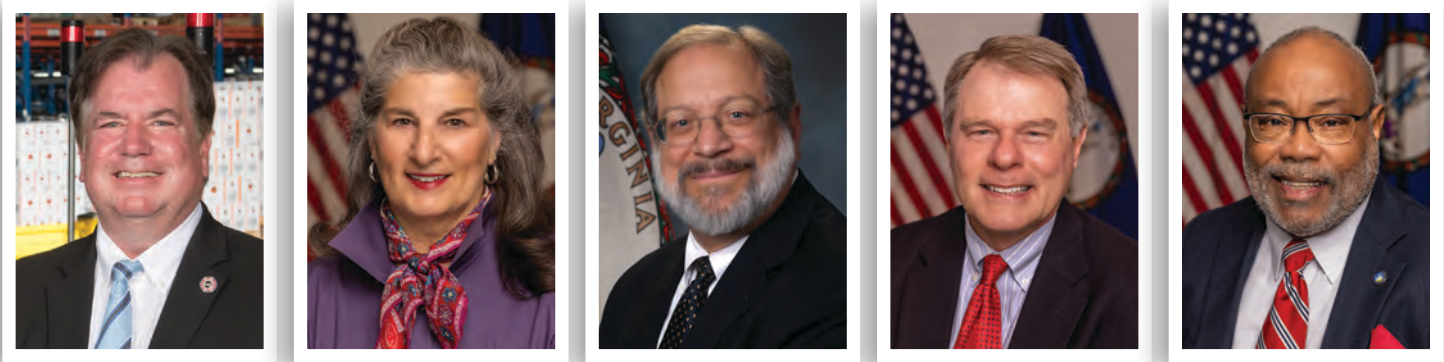
Respectfully submitted,



David Alfano | Chief Administrative Officer

EXECUTIVE INFORMATION

Organizational Structure



Chief Executive Officer
Travis G. Hill



Governor Glenn Younkin



Secretary of Public Safety
and Homeland Security
Terrance Cole

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

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

Executive Leadership

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

Division Directors

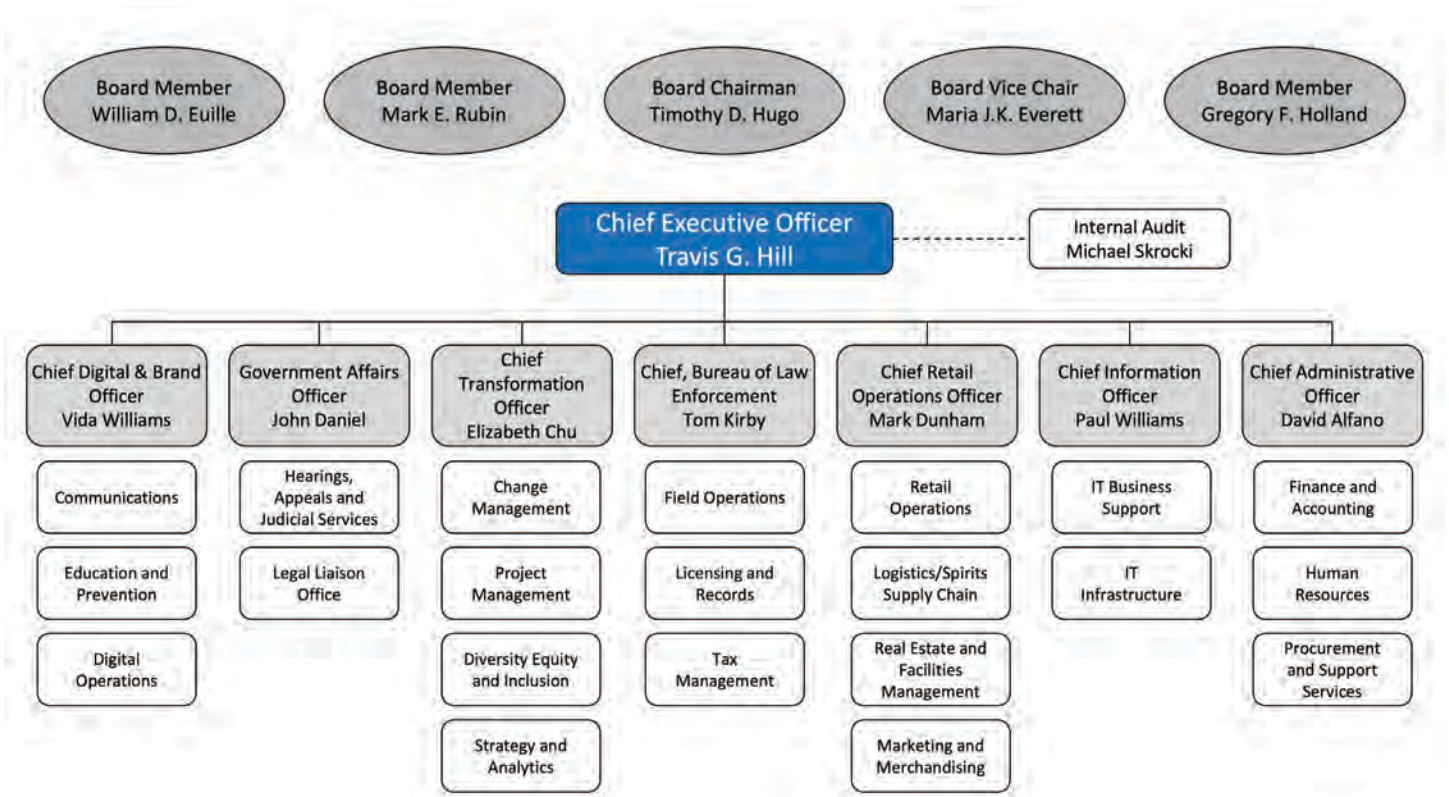
Change Management	Tracey Lorraine
Communications	Nick Schimick
Digital Operations	Ernest Moore
Diversity, Equity and Inclusion	Cortley West
Education and Prevention	Katie Crumble
Financial Management Services	Douglas Robinson
Hearings, Appeals and Judicial Services	John Patrick Griffin
Human Resources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

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

continued on next page

EXECUTIVE INFORMATION

Organizational Structure



LEGISLATIVE SYNOPSIS

New Alcohol-Related Laws — Effective July 1, 2023

Crossover Product Rules

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

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

Employment Restrictions Relaxed

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

Seasonal Marketplace License Fee

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

Local Alcohol Safety Action Boards

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

Moving Forward **Together**

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

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

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

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

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





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

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



“WOW”ING THE HOLIDAY SEASON

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

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

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

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

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

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

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

LICENSING ANYTIME

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

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

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

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

IMPLEMENTING A DEDICATED CALL CENTER

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

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

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



LAUNCHING SERVICENOW

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

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

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

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

SUPPORTING ABC'S INFRASTRUCTURE

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

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

ENHANCING TRAINING OPPORTUNITIES

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

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

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

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

ACKNOWLEDGING RESPONSIBILITY

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

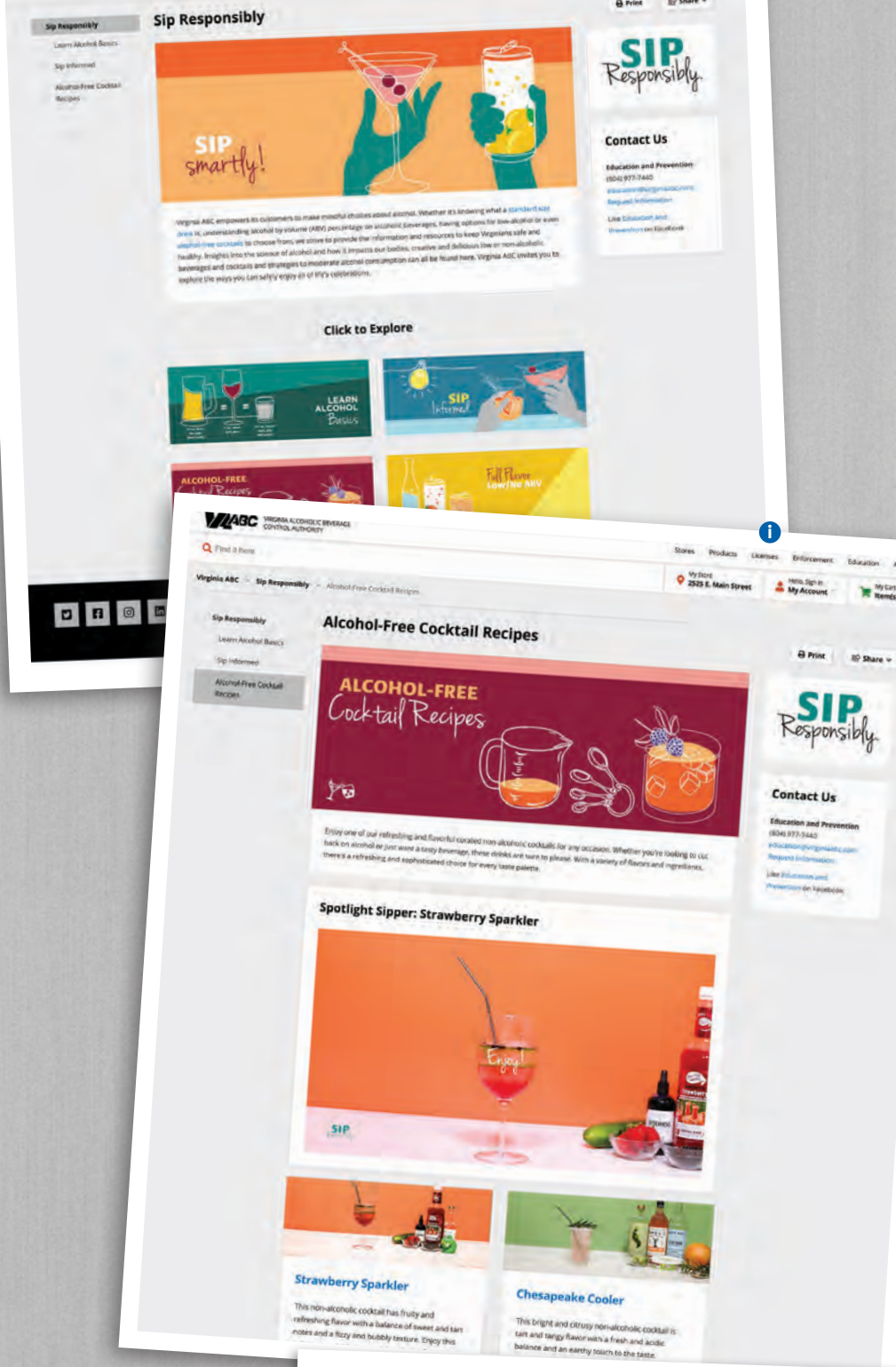
The goal of the campaign was to encourage people of legal drinking age to consume responsibly without specifically dictating what customers can or cannot consume. The campaign featured both low-alcohol and no-alcohol beverages.

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

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

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

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



BUREAU OF LAW ENFORCEMENT

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

Licensing and Licenses	
Retail Licenses Granted	20,737
• Industry (%)	19
• On-premise (%)	4
• Off-premise (%)	34
• On- and Off-premise (%)	43
New retail and wholesale licenses	1,976
New permits	1,001
Licensed retail establishments	18,630
Private or corporate owners	14,823
One-day banquet and special-event licenses	24,330
Alcohol compliance rates for retail licensees (%)	84
Median processing time for new retail applications (in days)	102
Wine, beer and mixed-beverage application and state license fees collected (\$)	11,987,874
New applications processed	2,474
Walk-in customers	7,721
Renewals processed	19,997
MBAR processed	3,259
FOIAs processed	145
Transactions totaling (\$)	103,673,314

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

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

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

EDUCATING VISITORS TO THE COMMONWEALTH

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

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

Featured information included the benefits of the control state model, guidance on locating the nearest ABC store, recipes for simple summer cocktails, options for canned cocktails and ready-

to-drink beverages and a guide to Virginia's distilleries with a convenient map and descriptions of the spirits available at those distilleries.

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

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



COMMUNICATIONS DIVISION

Public Relations

• News Releases	32
• Media Inquiries	140
• Intranet (Mixer) "ABC Now" articles	277
• Requests for writing/editing	200

Licensee e-Newsletter Statistics

• New/Total Subscribers	409/4,092
• Avg. Open Rate (industry standard 25.9%) (%)	50.5
• Avg. Click Rate (industry standard 2.8%) (%)	15

Distillery e-Newsletter Statistics

• New/Total Subscribers	11/98
• Avg. Open Rate (industry standard 43.2%) (%)	67.4
• Avg. Click Rate (industry standard 6.1%) (%)	10.8

Spirited Virginia Magazine

• Q3 2022 Issues distributed (76 pages)	65,000
• Q4 2022 Issues distributed (84 pages)	75,000
• Q1 2023 Issues distributed (84 pages)	65,000
• Q2 2023 Issues distributed (76 pages)	65,000

Virginia ABC Twitter Account

• New/Total Twitter followers	402/13,078
• Tweet impressions	270,749
• Tweet engagements	13,859

Virginia ABC Facebook Account

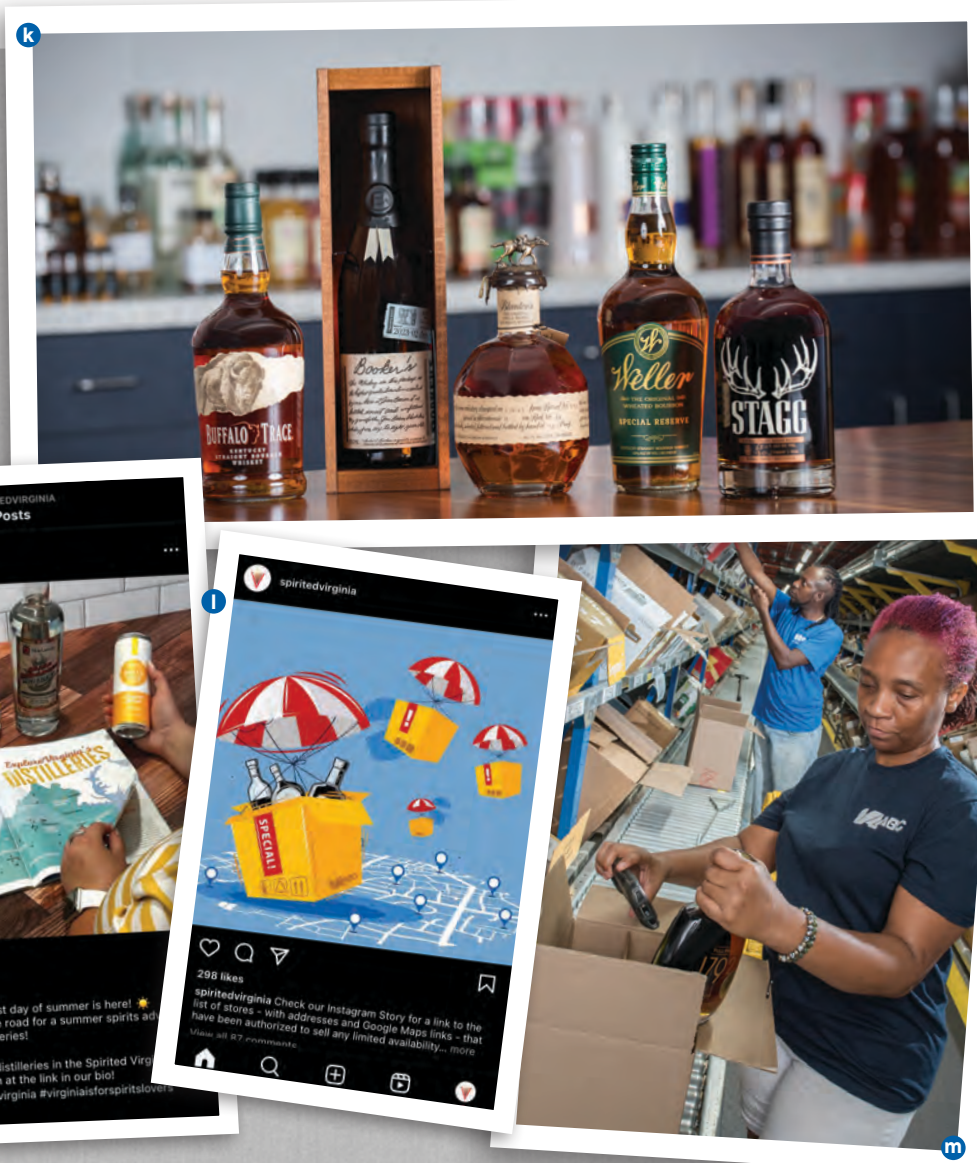
• New/Total Facebook followers	2,633/20,717
• Page reach	524,423

Creative Services

• Graphic design projects completed	228
• Photography services completed	19
• Videography services completed	10
• New products photographed	189

DIGITAL OPERATIONS DIVISION

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



RESPONDING TO THE CALL FOR BOURBON

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

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

EDUCATION AND PREVENTION DIVISION

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

(1) Reached or partnered with 71 out of 1,169 public elementary schools across Virginia.

(2) Reached or partnered with 37 out of 329 public middle schools across Virginia.

(3) Reached or partnered with 35 out of 327 public high schools across Virginia.

Adults 21 years old and older

Project Sticker Shock	
• Project Sticker Shock events	7
• Project Sticker Shock participants	61
• Project Sticker Shock individuals reached	9,800
• Retail delivery customers reached	36,198
21+ Publications Distributed	646
Older Adult Publications Distributed	89
Licensee Programming	
Licensee Publications Distributed	480
Classroom Trainings	31
Classroom Participants	693
Online Training Participants	18,207
Resources Distributed	2,032

Capacity Building Resources

Health Care Professional Publications Distributed	142
Education and Prevention Social Media Reach	203,496

Community Engagement

YADAPP 2022 Grants Presented (6)	4
YADAPP 2022 Grants Awarded (\$)	1,250
YADAPP 2022 Grants Individuals Reached	2,092
Alcohol Education and Prevention Grants (7)	10
Alcohol Education and Prevention Grants Awarded (\$)	83,958
Alcohol Education and Prevention Grants Individuals Reached	6,389,422
In-Store Fundraising Events	46
Authority-Wide Employee Volunteering Events	2
External Requests To Use Headquarters Meeting Space	11

(4) YADAPP annual kick off conference held virtually, July 11-14, 2022, where six teams of students and adult sponsors represented schools and communities across Virginia.

(5) Reached or partnered with 64 out of 64 institutions of higher education across Virginia.

(6) These include both YADAPP mini-grants (\$250 each) and Wheeler Award (\$500). The 2022 Wheeler Award recipient was Youth Page Alliance for Community Action.

(7) Alcohol Education and Prevention grantees: Capital Area Health Education Center, Hampton Newport News CSB, James Madison University, Mecklenburg County Public Schools, Page Alliance for Community Action, Planning District 1, Region Ten, Substance Abuse Free Environment, Inc., Substance Abuse Taskforce in Rural Appalachia, VCU Recreation and Well-Being.

IMPACTING THE AUTHORITY'S SOCIAL MEDIA PRESENCE

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

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

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

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

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

HEARINGS, APPEALS AND JUDICIAL SERVICES DIVISION

Cases Referred For Hearings		
Case Activity	FY 23	
Disciplinary Matters Received	534	
Contested Applications Received	12	
• Approved	8	
• Denied	2	
• Withdrawn before hearing*	2	
Contested Banquet Applications	7	
• Approved	1	
• Denied	3	
• Withdrawn before hearing	3	
Summary Suspensions**	3	
Wine and beer franchise cases	9	
Total hearings requested	565	
Hearings Dispositions		
Case Activity (1)	FY 23	% of Cases Received
Settled by expedited consent	338	69.6
Initial Decision Rendered by ALJ	36	7.4
Settled by Negotiation	85	17.5
Settled by Mediation	0	0.0
Heard by ABC Board on Appeal	4	0.8
Withdrawn or Dismissed Prior to Hearing	23	4.7
Total hearings dispositions (2)	486	100

Appealed Decisions		
Activity	Count	% of Total
Initial Decision of ALJs to ABC Board of Appeal	7	19.4
Final Decision of ABC Board to Circuit Court	2	28.6
Civil Penalties		
Activity	Count	
Civil Penalties Collected (\$)	891,979	
Average Civil Penalty Per Case (\$)	2,341	
Total Number of Days Suspended (days)	1,206	
Average suspension period per case (days) (3)	19.77	

(*) Two applications were received in FY23 but were resolved in FY24.
 (**) We received a total of three summary suspension matters to process for a Hearing. Five additional Summary Suspension matters were resolved prior to coming to Hearings.
 (1) 30 hearings were held on 55 charges/objections filed. Single cases with multiple charges or licensees with numerous Requests for Hearings are heard in one hearing.
 (2) Cases that were in process at the end of fiscal year 2022 and were completed during FY23. Cases that were in process at the end of FY23 will be completed during FY24.
 (3) Most ABC cases result in the imposition of a civil penalty and/or suspension period. This average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and negotiations for FY23. The Board may allow licensees to choose between a civil penalty or suspension period. Some penalties, however, contain civil penalties and mandatory suspension periods.

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



LEADING AT THE NATIONAL LEVEL

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

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

HUMAN RESOURCES DIVISION

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

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

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

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

Tuition Assistance Program and Learning and Development

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

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

(**) Special Projects Training: Training conducted especially for organizational initiatives/projects

MARKETING AND MERCHANDISING DIVISION

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

PROCUREMENT AND SUPPORT SERVICES DIVISION

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

OFFICE OF LEGAL COUNSEL

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

MOVING FORWARD TOGETHER

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



LOGISTICS DIVISION

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

Special Orders

Revenue Information	FY23	FY 22	FY 21	Variance (\$)	Variance (%)
• Order Catalog (\$)	18,388,324	15,232,948	17,147,645	3,155,376	20.7
• Non Catalog (\$)	1,943,504	3,155,866	6,708,469	(1,212,362)	-38.4
• Totals	20,331,828	18,388,814	23,856,114	1,943,014	10.6

Logistics Information	FY23	FY 22	FY 21	FY20	FY 19
• Active items on special order catalog	1,515	1,399	1,145	1,317	1,142
• Active items on special order non-catalog	788	772	772	671	591
• Total Special Order Catalog purchases (cases) (2)	73,826	61,290	69,362	54,726	51,248
• Total Non-catalog purchases (cases) (3)	11,691	14,441	20,576	21,466	16,534

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

(2) These totals include only Special Order Catalog items.

(3) These totals include only Special-Order Non-Catalog items.

REAL ESTATE AND FACILITIES MANAGEMENT

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

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

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

RETAIL OPERATIONS DIVISION

ABC Stores

ABC Stores Gross Sales (\$)	1,429,073,229
ABC Stores Transactions	37,443,090
Alcohol Compliance Rate for ABC Stores (%)	92.0

ABC Products

Price List

Total Standard Active items	3,055
• Virginia Wines	74
• Vermouth	15
• Non-Alcoholic items	87
Items Delisted	0
Total Special Order Revenue Increase (%)	10.6%

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

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

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

RETAIL OPERATIONS DIVISION, *continued*

Top 50 Brands Sold, Fiscal Year 2023 vs. Fiscal Year 2022							
Rank		Brand	Product Category	Gross Dollars			
FY 23	FY22			FY 23 (\$)	FY 22 (\$)	Change (%)	Variance (\$)
			Statewide Total *	\$1,429,349,584	\$1,363,785,592	4.8	\$65,563,992
			Top 50 Brands	\$648,827,895	\$618,827,624	4.8	\$30,000,271
			All Others	\$780,521,689	\$744,957,968	4.8	\$35,563,721
1	1	Tito's Handmade	domestic vodka	\$72,032,280	\$66,908,281	7.7	5,123,999
2	2	Hennessy VS ¹	cognac\armagnac	\$43,974,774	\$45,632,253	(3.6)	(1,657,479)
3	3	Jack Daniel's Old No. 7	Tennessee whiskey	\$30,160,192	\$30,387,548	(0.7)	(227,356)
4	4	Patron Silver	tequila	\$28,590,210	\$28,637,480	(0.2)	(47,270)
5	5	Jim Beam	straight bourbon	\$23,932,399	\$24,226,098	(1.2)	(293,699)
6	8	Jameson Irish	Irish whiskey	\$21,527,137	\$18,365,432	17.2	3,161,705
7	7	Maker's Mark	straight bourbon	\$19,349,110	\$20,275,098	(4.6)	(925,988)
8	6	Crown Royal	Canadian whisky	\$19,085,683	\$20,753,879	(8.0)	(1,668,196)
9	10	Grey Goose	imported vodka	\$18,211,536	\$16,251,167	12.1	1,960,369
10	20	Lunazul Blanco	tequila	\$16,684,495	\$9,773,518	70.7	6,910,977
11	22	Casamigos Blanco	tequila	\$15,555,685	\$9,340,552	66.5	6,215,133
12	13	Woodford Reserve	straight bourbon	\$15,477,979	\$13,461,734	15.0	2,016,245
13	11	Smirnoff 80	domestic vodka	\$15,441,628	\$15,194,246	1.6	247,382
14	9	Fireball Cinnamon	flavored whiskey	\$14,214,866	\$17,420,612	(18.4)	(3,205,746)
15	14	Bacardi Superior	rum	\$13,327,217	\$13,196,712	1.0	130,505
16	15	1800 Silver	tequila	\$13,164,254	\$12,235,032	7.6	929,222
17	19	Jose Cuervo Especial Silver	tequila	\$12,687,194	\$11,754,027	7.9	933,167
18	12	Crown Royal Regal Apple	flavored whiskey	\$12,229,532	\$14,422,040	(15.2)	(2,192,508)
19	18	Absolut	imported vodka	\$12,114,933	\$12,099,567	0.1	15,366
20	16	Jose Cuervo Especial Gold	tequila	\$12,001,415	\$12,211,892	(1.7)	(210,477)
21	17	Captain Morgan's Original Spiced	rum	\$11,982,073	\$12,160,555	(1.5)	(178,482)
22	28	Casamigos Reposado	tequila	\$10,938,316	\$8,037,526	36.1	2,900,790
23	21	Evan Williams Black	straight bourbon	\$10,391,504	\$9,715,982	7.0	675,522
24	26	Ketel One	imported vodka	\$9,586,870	\$8,549,290	12.1	1,037,580
25	27	Bulleit	straight bourbon	\$9,277,111	\$8,166,238	13.6	1,110,873
26	23	Don Julio Blanco	tequila	\$8,932,965	\$8,920,735	0.1	12,230
27	24	Pinnacle	imported vodka	\$8,548,530	\$8,820,242	(3.1)	(271,712)
28	25	D'usse VSOP	cognac\armagnac	\$8,357,159	\$8,649,976	(3.4)	(292,817)
29	29	Crown Royal Peach	flavored whiskey	\$8,225,046	\$7,680,420	7.1	544,626
30	31	Malibu Coconut	rum	\$8,010,150	\$7,637,089	4.9	373,061
31	33	Baileys Original Irish Cream	cordials	\$7,670,143	\$7,523,655	1.9	146,488
32	35	Johnnie Walker Black	Scotch whiskey	\$7,537,753	\$7,369,316	2.3	168,437
33	30	Tanqueray	imported gin	\$7,487,043	\$7,666,595	(2.3)	(179,552)
34	32	Aristocrat	domestic vodka	\$7,426,718	\$7,538,182	(1.5)	(111,464)
35	34	Svedka	imported vodka	\$6,755,504	\$7,429,152	(9.1)	(673,648)
36	37	Wild Turkey 101	straight bourbon	\$6,550,475	\$6,835,366	(4.2)	(284,891)
37	36	Jagermeister	cordials	\$6,449,260	\$6,961,197	(7.4)	(511,937)
38	41	Basil Hayden's	Straight Bourbon Whiskey	\$6,240,845	\$5,755,167	8.4	485,678
39	43	Bombay Sapphire	Gin - Imp	\$6,165,150	\$5,673,245	8.7	491,905
40	39	Grand Marnier	cordials	\$6,040,045	\$6,065,503	(0.4)	(25,458)
41	40	Elijah Craig Small Batch	straight bourbon	\$5,947,547	\$5,834,425	1.9	113,122
42	63	Teremana Reposado	tequila	\$5,943,084	\$3,783,664	57.1	2,159,420
43	59	Teremana Blanco	tequila	\$5,917,978	\$4,073,944	45.3	1,844,034
44	46	New Amsterdam	domestic vodka	\$5,687,285	\$5,479,147	3.8	208,138
45	----	Lunazul Reposado	tequila	\$5,591,214	\$2,464,491	126.9	3,126,723
46	42	Skyy	domestic vodka	\$5,546,052	\$5,713,480	(2.9)	(167,428)
47	48	Espolon Blanco	tequila	\$5,537,891	\$5,071,513	9.2	466,378
48	44	Paul Masson Grande Amber VS	brandy	\$5,529,953	\$5,670,459	(2.5)	(140,506)
49	45	Burnett's	domestic vodka	\$5,406,224	\$5,595,142	(3.4)	(188,918)
50	47	Bowman's	domestic vodka	\$5,385,488	\$5,438,760	(1.0)	(53,272)

*Statewide total includes subsequent point of sale adjustments

¹Hennessy VS this is a correction to this brand's total made in FY2022

RETAIL OPERATIONS DIVISION, *continued*

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

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

* Excludes promotional items, miscellaneous records and confiscated items.

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

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

Source: Strategy & Analytics

Analysis of Store Performance — Fiscal Year 2023												
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
Statewide Totals		14,321,319	1,420,253,794	234,917,405	1,185,336,389	684,126,969	501,209,420	178,176,084	323,033,336	78,839,187	244,194,149	33.73%
137 790 Commonwealth Dr.	City of Norton	26,493	2,060,537	340,664	1,719,873	984,887	734,986	337,123	397,863	114,585	283,279	30.28%
194 16427-E Wise St.	Wise County	8,624	679,787	112,635	567,152	323,049	244,103	239,510	4,593	37,811	(33,218)	11.68%
206 18 East 4th St. S	Wise County	16,279	1,276,851	211,467	1,065,384	608,043	457,340	264,235	193,105	71,215	121,890	26.11%
218 3982 Highway 23 N	Scott County	11,200	869,494	143,941	725,553	411,849	313,704	250,399	63,305	48,498	14,807	18.26%
Far Southwest		62,596	4,886,669	808,707	4,077,962	2,327,829	1,750,133	1,091,266	658,867	272,109	386,758	24.46%
87 4027 College Ave.	Tazewell County	29,644	2,545,652	423,515	2,122,138	1,225,739	896,398	368,710	527,688	141,764	385,925	31.80%
174 One Plaza Dr.	Buchanan County	10,281	844,468	139,941	704,527	400,491	304,036	256,974	47,063	47,083	(20)	16.57%
197 149 Clay Dr.	Tazewell County	20,199	1,672,405	276,846	1,395,559	795,542	600,017	373,332	282,685	93,305	189,381	27.88%
230 599 Freedom Ave.	Tazewell County	9,676	795,567	131,840	663,728	376,527	287,201	233,482	53,719	44,447	9,271	17.74%
365 340 Chase St.	Dickenson County	8,940	684,136	113,494	570,642	323,733	246,909	263,708	(16,800)	38,231	(55,031)	8.55%
427 167 Pittston Rd.	Russell County	13,713	1,098,433	181,812	916,620	521,974	394,647	289,160	105,487	61,146	44,341	20.59%
Southwest		92,452	7,640,662	1,267,447	6,373,215	3,644,006	2,729,208	1,729,367	999,842	425,975	573,866	24.10%
58 4226 Lee Hwy.	City of Bristol	31,509	2,649,207	438,721	2,210,486	1,264,187	946,299	340,312	605,986	147,441	458,545	33.87%
96 974 East Stuart Dr.	City of Galax	29,030	2,250,386	371,859	1,878,527	1,072,453	806,073	366,238	439,836	125,128	314,708	30.51%
135 1173-1177 N Main St.	Smyth County	29,938	2,305,969	382,196	1,923,773	1,098,968	824,805	337,832	486,973	128,616	358,357	32.11%
141 441 West Stuart Dr.	Carroll County	20,715	1,586,501	262,166	1,324,334	754,131	570,203	278,673	291,530	88,234	203,297	29.34%
153 325 West Main St.	Wythe County	33,021	2,758,358	459,568	2,298,791	1,332,907	965,884	327,915	637,969	153,327	484,642	34.23%
201 545 West Main St.	Washington County	49,106	4,366,430	724,773	3,641,657	2,091,358	1,550,299	344,033	1,206,265	243,156	963,109	38.66%
343 2156 Euclid Ave.	City of Bristol	30,306	2,477,950	413,265	2,064,685	1,192,752	871,933	302,345	569,588	137,824	431,764	34.10%
521 576 E. Main St.	Grayson County	5,864	490,970	81,213	409,758	232,654	177,103	258,099	(80,996)	27,614	(108,609)	-5.58%
Wytheville/Hillsville		229,490	18,885,772	3,133,761	15,752,010	9,039,411	6,712,599	2,555,447	4,157,153	1,051,340	3,105,813	33.04%
67 290 Peppers Ferry Rd.	Montgomery County	35,802	3,167,550	523,335	2,644,214	1,514,502	1,129,712	443,429	686,283	175,553	510,729	32.65%
195 100 North Franklin St.	Montgomery County	28,911	2,330,594	385,841	1,944,753	1,110,405	834,347	287,857	546,490	129,603	416,888	34.44%
199 140 Kinter Way	Giles County	21,031	1,605,599	265,542	1,340,057	764,513	575,544	263,537	312,007	89,306	222,700	30.41%
327 1332 South Main St.	Montgomery County	68,212	5,120,780	848,592	4,272,188	2,459,973	1,812,215	579,373	1,232,843	283,677	949,166	35.11%
345 5265 Alexander Rd.	Pulaski County	32,212	2,612,251	433,300	2,178,951	1,252,641	926,310	385,596	540,713	145,274	395,440	31.73%
356 97 Walker St.	City of Radford	39,084	2,991,216	498,582	2,492,634	1,433,954	1,058,681	375,073	683,607	166,087	517,521	33.97%
395 117 Parkview Rd. NE	Floyd County	19,135	1,587,647	264,289	1,323,357	765,637	557,721	285,649	272,072	88,334	183,738	28.22%
414 765 University City Blvd.	Montgomery County	37,463	3,125,950	515,602	2,610,349	1,499,500	1,110,849	507,444	603,405	173,347	430,058	30.25%
Radford/Blacksburg		281,849	22,541,587	3,735,083	18,806,504	10,801,125	8,005,379	3,127,958	4,877,421	1,251,182	3,626,239	32.66%
115 1423 Williamson Rd., N.E.	City of Roanoke	57,618	5,787,949	962,599	4,825,350	2,785,022	2,040,328	498,889	1,541,439	324,099	1,217,340	37.66%
123 531 Main St.	Alleghany County	9,059	745,843	124,765	621,079	358,631	262,448	241,486	20,961	41,320	(20,358)	14.00%
124 339 Thacker Ave.	City of Covington	20,529	1,760,742	291,060	1,469,682	839,580	630,102	365,275	264,827	98,056	166,772	26.00%
186 1471 West Main Street	City of Salem	52,958	4,472,453	743,307	3,729,146	2,153,064	1,576,082	520,544	1,055,537	248,374	807,163	34.67%
229 3940 Valley Gateway Blvd.	Roanoke County	29,470	2,656,339	439,402	2,216,937	1,267,411	949,526	344,313	605,212	147,621	457,591	33.77%
259 5050-C Rutgers St.	City of Roanoke	64,925	6,074,992	1,005,275	5,069,716	2,918,896	2,150,820	562,701	1,588,119	338,322	1,249,797	37.12%
269 646 Brandon Ave.	City of Roanoke	75,019	7,147,428	1,179,819	5,967,609	3,448,413	2,519,196	688,099	1,831,096	397,465	1,433,631	36.56%
289 3341 Melrose Ave., N.W.	City of Roanoke	37,370	3,866,238	642,189	3,224,048	1,842,941	1,381,107	400,676	980,431	216,229	764,202	36.38%
309 3901 Brambleton Ave., S.W.	Roanoke County	72,970	6,403,901	1,056,979	5,346,921	3,079,419	2,267,502	566,933	1,700,569	354,935	1,345,635	37.52%
337 1113 Vinyard Rd.	Roanoke County	42,207	3,500,272	582,630	2,917,642	1,678,065	1,239,576	329,906	909,670	194,523	715,147	37.08%
364 112 Kingston Dr.	Botetourt County	36,833	3,134,374	516,857	2,617,516	1,499,564	1,117,952	379,011	738,941	174,135	564,806	34.51%
524 121 Campbell Ave. SE	City of Roanoke	3,542	353,647	58,246	295,401	168,489	126,912	222,806	(95,894)	20,154	(116,048)	-16.34%
Roanoke		502,501	45,904,178	7,603,130	38,301,048	22,039,496	16,261,552	5,120,642	11,140,910	2,555,232	8,585,678	35.27%
57 1028 Richmond Ave.	City of Staunton	26,329	2,361,956	391,808	1,970,147	1,136,420	833,727	392,409	441,318	130,907	310,411	29.73%
68 2196 John Wayland Hwy.	Rockingham County	31,063	2,618,307	432,143	2,186,164	1,251,692	934,472	334,734	599,737	145,362	454,375	33.86%
113 2827 Main St.	Bath County	5,276	554,497	91,147	463,350	263,375	199,975	211,244	(11,269)	30,917	(42,186)	8.83%

(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 2023												
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
122	201 State Street	38,993	3,445,979	567,399	2,878,579	1,649,452	1,229,127	303,813	925,313	191,871	733,443	37.75%
140	445 East Nelson St.	47,861	3,995,243	657,896	3,337,347	1,931,677	1,405,670	369,686	1,035,984	221,581	814,404	36.85%
145	398 North Main St.	43,822	3,958,011	649,584	3,308,428	1,895,045	1,413,382	334,155	1,079,227	220,568	858,659	38.11%
147	58 Water St.	3,666	327,569	53,456	274,113	157,160	116,953	177,313	(60,359)	18,309	(78,669)	-7.70%
173	130 Downey Knolls Dr.	22,517	1,930,962	317,563	1,613,399	922,088	691,310	321,120	370,190	107,614	262,576	30.04%
184	2035 East Market St.	54,380	5,107,861	841,523	4,266,338	2,448,325	1,818,013	551,071	1,266,942	283,507	983,435	35.73%
296	32 Windward Dr.	15,520	1,331,292	221,077	1,110,215	638,571	471,644	290,448	181,196	73,878	107,318	24.67%
339	208 Laurel Hill Rd.	20,741	1,684,245	278,352	1,405,893	806,234	599,659	267,009	332,651	93,930	238,721	30.70%
383	1037 Port Republic Rd.	29,895	2,434,969	402,378	2,032,591	1,164,681	867,910	397,117	470,793	135,113	335,679	30.31%
386	2576 Stuarts Draft Hwy.	20,242	1,703,182	281,000	1,422,182	815,279	606,903	257,568	349,335	94,803	254,532	31.44%
396	12130 E. Lynchburg Salem Tpk.	15,004	1,364,704	225,351	1,139,353	655,316	484,037	320,211	163,826	76,182	87,644	22.93%
411	85 Augusta Ave.	11,224	935,295	154,485	780,811	446,608	334,203	234,078	100,125	51,976	48,149	21.67%
426	162 New Market Rd.	21,604	1,746,620	289,391	1,457,229	833,639	623,590	344,060	279,530	97,223	182,308	27.01%
440	219 Arch Ave.	26,639	2,273,641	375,892	1,897,749	1,088,752	808,997	366,175	442,822	126,863	315,959	30.43%
522	241 Kernstown Commons Blvd.	6,803	660,422	108,472	551,950	315,417	236,533	307,412	(70,879)	37,155	(108,033)	0.07%
	Staunton/Waynesboro	475,469	41,365,875	6,824,100	34,541,774	19,828,550	14,713,224	6,177,756	8,535,468	2,300,522	6,234,946	31.57%
47	380 Gateway Dr.	35,519	3,286,107	543,247	2,742,860	1,571,299	1,171,561	428,147	743,414	182,218	561,196	33.61%
52	786 Shopping Center Rd.	18,414	1,501,615	248,024	1,253,592	714,930	538,661	263,476	275,185	83,622	191,564	29.27%
56	182 Delco Plz.	25,829	2,363,699	390,371	1,973,328	1,133,282	840,046	335,580	504,466	132,000	372,465	32.27%
75	116 Elizabeth Dr.	30,930	2,798,952	463,102	2,335,850	1,347,498	988,352	342,611	645,741	155,595	490,146	34.06%
139	160 Rivendell Ct.	42,063	3,600,513	595,758	3,004,755	1,735,937	1,268,857	375,759	893,099	199,974	693,125	35.80%
142	411-F South St.	43,195	3,764,331	622,890	3,141,441	1,813,856	1,327,585	372,608	954,978	209,415	745,562	36.35%
167	21 Crow St.	24,675	2,234,942	368,652	1,866,289	1,074,751	791,538	309,844	481,694	124,323	357,371	32.49%
193	110 General Dr.	24,751	2,105,154	346,191	1,758,963	1,007,242	751,721	348,428	403,293	117,154	286,138	30.04%
261	3 W Jubal Early Dr.	47,323	4,307,182	710,442	3,596,740	2,072,725	1,524,015	384,084	1,139,931	238,885	901,046	37.41%
293	5814 Main St.	11,483	965,969	159,493	806,475	460,474	346,001	208,681	137,330	53,750	83,570	25.16%
318	526 W. Reservoir Rd.	27,073	2,245,246	370,060	1,875,186	1,074,494	800,692	351,436	449,256	124,820	324,435	30.93%
387	135 Crooked Run Plz.	31,365	2,875,192	473,683	2,401,509	1,381,280	1,020,228	437,450	582,779	159,297	423,481	31.20%
436	159 Market St.	27,314	2,662,671	438,269	2,224,402	1,282,167	942,236	387,286	554,950	147,836	407,113	31.75%
	Winchester/Front Royal	389,935	34,711,572	5,730,142	28,981,430	16,669,937	12,311,493	4,545,390	7,766,104	1,928,890	5,837,214	33.32%
33	12705 Galveston Ct.	28,411	3,104,072	513,325	2,590,747	1,499,762	1,090,985	469,029	621,956	172,138	449,818	31.03%
36	8038 & 8044 Crescent Park Dr.	22,722	2,523,009	416,292	2,106,717	1,220,225	886,492	459,787	426,704	140,466	286,238	27.84%
39	10410 Bristow Center Dr.	42,396	4,398,530	726,280	3,672,250	2,119,899	1,552,351	562,546	989,805	244,367	745,438	33.46%
40	22000 Dulles Retail Plz.	26,962	3,400,669	561,568	2,839,101	1,640,920	1,198,181	536,111	662,070	188,938	473,132	30.43%
41	2435 Centreville Rd.	28,713	3,543,987	585,735	2,958,252	1,715,850	1,242,401	629,690	612,711	195,436	417,276	28.30%
42	7469 & 7471 Richmond Hwy.	27,410	2,875,565	474,582	2,400,983	1,379,287	1,021,696	475,594	546,103	159,876	386,226	29.94%
45	6230-I Rolling Rd.	26,345	2,918,822	480,970	2,437,851	1,405,184	1,032,667	514,082	518,585	162,308	356,277	28.68%
49	881 N. Quincy St.	55,294	6,303,204	1,034,589	5,268,614	3,041,913	2,226,701	798,474	1,428,227	350,286	1,077,941	33.52%
54	42015 Village Center Plz.	32,331	3,996,046	659,326	3,336,720	1,930,073	1,406,647	508,174	898,473	221,400	677,072	33.44%
55	9934 Liberia Ave.	61,481	6,405,160	1,058,760	5,346,401	3,082,186	2,264,214	646,368	1,617,847	356,157	1,261,690	36.23%
61	22360 S. Sterling Blvd.	27,970	3,060,199	507,558	2,552,640	1,470,433	1,082,208	455,470	626,738	170,760	455,977	31.49%
63	8951 Ox Rd.	21,569	2,436,109	401,370	2,034,740	1,174,115	860,625	460,813	399,812	135,317	264,495	27.33%
73	43150 Broadlands Center Plz.	37,724	4,258,236	701,146	3,557,090	2,057,368	1,499,723	502,707	997,016	235,865	761,151	34.34%
76	721 Leesburg Pike	26,976	3,126,302	512,860	2,613,443	1,511,082	1,102,360	586,616	515,744	173,477	342,267	27.35%
78	5331 Merchants View Sqr.	28,187	3,244,833	535,030	2,709,803	1,567,942	1,141,861	507,886	633,975	180,259	453,716	30.47%
80	6206 Little River Tpk.	30,744	3,690,248	609,916	3,080,333	1,762,060	1,318,273	526,995	791,278	205,117	586,161	32.41%
81	1301 S. Joyce St.	23,929	2,923,440	480,274	2,443,166	1,409,944	1,033,223	599,063	434,160	162,557	271,603	25.72%
82	46930 Cedar Lakes Plz.	55,646	6,495,802	1,075,020	5,420,782	3,137,011	2,283,771	708,389	1,575,382	361,755	1,213,627	35.23%
83	7263-B Arlington Blvd.	15,953	1,806,646	298,004	1,508,642	866,939	641,703	431,127	210,576	100,263	110,313	22.60%

(continued)

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Analysis of Store Performance—Fiscal Year 2023													
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)	
84	3903 Fair Ridge Dr.	Fairfax County	22,895	2,595,944	428,727	2,167,217	1,254,476	912,741	471,235	441,506	144,423	297,083	27.96%
85	2930 Chain Bridge Rd.	Fairfax County	32,641	3,596,772	591,260	3,005,512	1,730,257	1,275,255	529,496	745,759	199,424	546,335	31.63%
90	12965 Fair Lakes Shp. Cntr.	Fairfax County	45,494	5,262,577	869,020	4,393,557	1,858,237	1,858,320	577,813	1,280,507	291,866	988,641	35.30%
93	6124 Rose Hill Dr.	Fairfax County	23,899	2,550,688	423,901	2,126,788	1,239,881	886,906	397,676	489,230	141,410	347,819	30.26%
94	42385 Ryan Rd.	Loudoun County	28,259	3,687,573	608,058	3,079,516	1,783,118	1,296,398	493,823	802,575	204,895	597,680	32.70%
99	378 Elden St.	Fairfax County	45,038	5,000,733	825,255	4,175,477	2,440,051	1,735,426	671,810	1,063,616	277,997	785,619	32.21%
109	1922 Wilson Blvd.	Arlington County	56,218	6,153,483	1,014,267	5,139,216	2,969,051	2,170,165	753,785	1,416,380	343,119	1,073,261	33.92%
115	722 Union Mill Rd.	Fairfax County	35,871	3,638,872	600,918	3,037,953	1,745,733	1,292,220	566,958	725,262	201,980	523,282	30.89%
119	5011 Montgomery St.	City of Alexandria	79,289	9,850,847	1,624,925	8,225,922	4,753,198	3,472,724	628,642	2,844,082	549,510	2,294,572	39.79%
120	5926 Kingstowne Cntr.	Fairfax County	42,109	4,813,977	793,697	4,020,280	2,326,056	1,694,223	580,917	1,113,306	267,040	846,266	34.07%
127	13300-C Franklin Farm Rd.	Fairfax County	17,867	2,062,976	340,772	1,722,204	998,516	723,688	400,966	322,721	113,714	209,008	26.65%
131	6920-E Braddock Shp. Cntr.	Fairfax County	25,678	2,756,431	458,826	2,297,605	1,334,274	963,331	479,232	484,099	152,834	331,265	28.66%
133	9130 Mathias Ave.	City of Manassas	45,206	4,882,524	807,830	4,074,695	2,348,120	1,726,575	603,305	1,123,270	271,310	851,960	33.99%
136	32-F Catocin Circle SE	Loudoun County	61,930	6,867,454	1,135,457	5,731,997	3,335,785	2,396,212	651,777	1,744,436	381,830	1,362,606	36.38%
166	506A Fort Evans Rd. NE	Loudoun County	60,720	6,915,550	1,143,162	5,772,388	3,353,169	2,419,218	728,524	1,690,694	383,508	1,307,186	35.43%
168	1001 North Fillmore St.	Arlington County	22,362	2,642,773	430,702	2,212,071	1,277,814	934,256	453,378	480,878	145,801	335,078	28.98%
170	1238 Elden St.	Fairfax County	28,496	3,300,140	548,860	2,751,281	1,595,864	1,155,416	510,688	644,729	184,818	459,910	30.57%
181	106 Washington St.	Loudoun County	12,926	1,771,315	291,406	1,479,909	853,624	626,286	244,961	381,324	98,222	283,102	32.43%
203	3678 King St.	City of Alexandria	46,162	5,552,632	915,152	4,637,480	2,683,331	1,954,149	632,460	1,321,690	308,973	1,012,717	34.72%
208	4410 Ashburn Village Blvd.	Loudoun County	31,822	3,603,960	595,316	3,008,644	1,749,760	1,258,884	474,140	784,743	200,817	583,926	32.72%
210	1160-A South Lakes Dr.	Fairfax County	31,805	3,773,787	624,173	3,149,613	1,829,093	1,320,520	519,344	801,177	209,813	591,364	32.21%
212	167 Hillwood Ave.	City of Falls Church	28,087	3,046,524	500,896	2,545,628	1,462,512	1,083,116	498,680	584,436	169,367	415,070	30.07%
215	20 23rd St. S	Arlington County	36,392	4,224,120	695,599	3,528,521	2,038,906	1,489,615	535,075	954,541	236,265	718,275	33.47%
219	8413 Old Courthouse Rd.	Fairfax County	103,139	13,416,820	2,226,985	11,189,835	6,458,770	4,731,066	1,278,478	3,452,588	752,366	2,700,221	36.72%
224	13944 Rt 50	Fairfax County	41,874	4,524,340	747,392	3,776,948	2,178,546	1,598,402	557,625	1,040,777	252,168	788,609	33.95%
228	1524 Belle View Blvd.	Fairfax County	49,252	5,606,892	925,345	4,681,547	2,718,716	1,962,831	800,994	1,381,837	311,605	1,070,232	35.59%
231	419-B Maple Ave. E	Fairfax County	33,834	4,128,604	680,353	3,448,251	2,005,694	1,442,557	816,000	626,557	229,123	397,434	26.11%
234	9574-76 Old Keene Mill Rd.	Fairfax County	29,382	3,156,268	520,661	2,635,607	1,518,094	1,117,513	494,887	622,626	175,204	447,421	30.67%
235	8628-B Richmond Hwy.	Fairfax County	35,449	3,708,979	610,889	3,098,090	1,781,628	1,316,462	585,771	730,692	205,981	524,711	30.62%
236	7200 Little River Tnpk.	Fairfax County	60,016	5,777,488	956,344	4,821,144	2,755,790	2,065,354	519,255	1,546,099	322,665	1,223,433	37.73%
241	11725 Lee Hwy.	Fairfax County	33,277	3,768,903	624,251	3,144,652	1,819,175	1,324,977	518,962	806,016	210,273	595,743	32.37%
248	4709-B Lee Hwy.	Arlington County	38,882	4,207,094	695,476	3,511,618	2,036,983	1,474,635	685,916	788,718	233,903	554,815	29.72%
260	6284 Arlington Blvd.	Fairfax County	25,008	2,866,475	471,790	2,394,684	1,382,481	1,012,203	470,580	541,623	159,228	382,395	29.80%
264	16661 River Ridge Blvd.	Prince William County	48,246	5,559,166	919,323	4,639,843	2,676,717	1,963,126	659,725	1,303,401	308,825	994,576	34.43%
267	1445B Chain Bridge Rd.	Fairfax County	55,978	7,374,107	1,216,672	6,157,435	3,584,563	2,572,872	882,305	1,690,567	409,187	1,281,381	33.88%
268	6402 Springfield Plz.	Fairfax County	64,427	7,432,639	1,228,952	6,203,686	3,577,212	2,626,475	835,143	1,791,332	413,562	1,377,770	35.07%
271	13991 Jefferson Davis Hwy.	Prince William County	48,759	5,841,409	970,031	4,871,378	2,805,959	2,065,419	632,746	1,432,673	325,366	1,107,308	35.56%
286	7555 Linton Hall Rd.	Fairfax County	26,871	2,956,107	487,827	2,468,280	1,422,848	1,045,432	465,919	579,513	164,424	415,089	30.54%
294	3556E South Jefferson St.	Prince William County	60,415	6,752,639	1,116,094	5,636,545	3,263,645	2,372,900	729,896	1,643,004	374,473	1,268,531	35.31%
295	11010 Sudley Manor Dr.	Prince William County	59,854	7,455,404	1,231,191	6,224,213	3,597,236	2,626,977	831,990	1,794,987	415,102	1,379,885	35.02%
301	4292 Merchants Plz.	Prince William County	40,245	4,310,816	715,362	3,595,454	2,088,029	1,507,425	525,594	981,831	239,496	742,335	33.81%
316	4108 Fortuna Center Plz.	Prince William County	31,591	3,484,877	576,340	2,908,537	1,678,493	1,230,044	620,169	1,443,554	364,310	1,079,244	33.02%
317	9600E Main St.	City of Fairfax	26,885	3,844,926	467,333	3,377,593	1,370,182	997,412	448,791	548,621	157,029	391,592	30.30%
319	2507 North Harrison St.	Arlington County	24,962	3,007,057	493,844	2,513,213	1,452,717	1,060,497	491,286	569,211	166,637	402,574	29.81%
322	14151 St. Germain Dr.	Fairfax County	48,234	4,787,963	793,174	3,994,790	2,288,145	1,706,645	589,247	1,117,398	267,084	850,314	34.33%
323	1020 East Main St.	Loudoun County	55,194	5,842,275	962,464	4,879,812	2,838,371	2,041,441	669,923	1,371,518	323,636	1,047,882	34.41%
346	8105 Lee Hwy.	Fairfax County	45,396	5,160,252	849,687	4,310,566	2,481,312	1,829,253	643,225	1,186,029	287,172	898,857	33.88%
352	2555 John Milton Dr.	Fairfax County	25,643	2,842,604	468,660	2,373,945	1,370,484	1,003,461	473,831	529,630	158,411	371,219	29.55%
353	4255 Cheshire Plz.	Prince William County	64,278	6,844,574	1,133,714	5,710,859	3,305,340	2,405,520	891,704	1,513,815	380,686	1,133,129	33.12%
357	1454 N. Point Village Shp. Cntr.	Fairfax County	37,876	4,494,462	742,847	3,751,614	2,164,521	1,587,093	638,047	949,046	249,037	700,009	32.10%
362	1000 Edds Ln.	Loudoun County	40,977	4,241,074	697,234	3,543,840	2,042,990	1,500,850	638,297	862,553	235,193	627,360	31.23%
367	20070 Ashbrook Commons Plz.	Loudoun County	39,223	4,659,334	770,515	3,888,819	2,243,891	1,644,928	569,748	1,075,180	259,839	815,341	34.04%

(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 2023												
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
368	10308 Willard Way	19,098	1,896,382	314,190	1,582,192	921,578	660,614	440,870	219,744	105,312	114,432	22.60%
369	6343A Columbia Pk.	23,244	2,508,794	414,295	2,094,500	1,205,373	889,126	452,370	436,756	139,354	297,402	28.37%
371	5709 Burke Centre Pky.	25,699	2,782,149	459,031	2,323,118	1,335,807	987,311	501,547	485,763	154,098	331,666	28.42%
372	3161 Duke St.	24,395	2,760,535	454,852	2,305,683	1,329,967	975,715	449,462	526,253	153,548	372,669	29.98%
374	2955A South Glebe Rd.	36,424	4,174,008	688,809	3,485,200	2,015,604	1,469,596	559,715	909,881	232,687	677,193	32.73%
375	2231A Old Bridge Rd.	29,185	3,010,534	497,740	2,512,794	1,443,217	1,069,577	531,827	537,751	167,709	370,042	28.82%
378	2940 Columbia Pk.	29,071	2,927,325	484,852	2,442,474	1,422,652	1,019,821	614,642	405,179	162,642	242,537	24.85%
380	3815-3817 Mount Vernon Ave.	40,508	4,173,416	691,016	3,482,400	1,561,954	1,121,439	585,680	535,759	178,326	357,434	27.62%
384	5109 Westfields Blvd.	19,362	1,973,890	325,015	1,648,875	949,121	699,754	440,024	259,730	231,793	150,260	24.08%
385	9575 Braddock Rd.	14,375	2,376,346	395,024	1,981,315	1,160,662	820,653	435,788	384,865	131,775	253,091	27.27%
388	8150 Leesburg Pk.	22,057	2,429,083	392,738	1,986,776	1,148,615	838,161	447,055	368,050	132,549	235,501	26.40%
393	10685 Braddock Rd.	60,858	6,995,507	1,161,227	5,834,280	3,355,345	2,478,936	934,281	1,544,654	389,809	1,154,845	33.11%
397	4349 Duke St.	25,449	2,936,827	483,919	2,452,908	1,411,871	1,041,037	447,055	593,982	78,409	515,573	34.03%
406	1630 Publix Way	44,131	5,431,422	897,024	4,534,399	2,647,824	1,886,575	664,619	1,221,956	300,755	921,200	33.48%
418	24570 Dulles Landing Dr.	22,280	2,429,083	400,971	2,028,112	1,164,397	863,714	534,786	328,928	134,859	194,069	24.50%
419	8070 Rolling Rd.	24,547	2,742,488	455,943	2,286,545	1,323,822	962,722	510,888	451,835	152,912	298,922	27.52%
421	10140 Fairfax Blvd.	28,105	3,564,920	588,968	2,975,952	1,715,283	1,260,669	529,912	730,757	198,747	532,010	31.44%
424	44722 Brimfield Dr.	36,591	4,027,692	664,368	3,363,324	1,949,406	1,413,918	516,858	897,060	224,474	673,586	33.19%
425	5940 Richmond Hwy.	24,128	2,523,369	414,926	2,108,442	1,215,353	893,090	519,715	373,375	140,280	233,095	25.68%
438	4604 Kenmore Ave.	30,971	3,570,595	590,712	2,979,883	1,714,453	1,265,430	462,144	803,286	198,866	604,421	33.47%
439	14220 Smoketown Rd.	22,832	2,492,728	410,577	2,082,151	1,198,499	883,651	506,196	377,455	138,553	238,903	26.05%
443	6464 Trading Squ.	3,542	437,716	72,003	365,713	210,202	155,511	166,634	(11,123)	9,156	(20,279)	11.82%
523	9843 Georgetown Pike	3,470,499	393,988,645	65,074,270	328,914,376	190,128,987	138,785,389	54,163,727	84,621,662	21,808,151	62,813,511	32.46%
Northern Virginia												
37	15141 Montanus Dr.	38,606	3,561,883	586,464	2,975,419	1,707,426	1,267,993	544,790	723,203	197,863	525,340	31.21%
51	265 Turkey Sag Trl.	16,905	1,450,914	240,673	1,210,242	697,718	512,524	368,493	144,031	78,495	65,537	21.00%
66	11083-E Marsh Rd.	24,379	2,442,233	370,263	1,871,971	1,074,156	797,815	391,684	406,132	124,565	281,567	29.07%
72	5900-A Lyndon Dr.	39,636	3,557,187	585,875	2,971,312	1,708,539	1,262,773	378,445	884,328	197,674	686,654	35.77%
88	4199-B Winchester Rd.	22,556	2,295,640	379,382	1,916,258	1,106,364	809,894	350,119	459,776	127,333	332,443	31.01%
163	583 North Madison Rd.	20,242	1,759,247	293,554	1,465,693	849,937	615,756	301,226	314,531	97,751	216,779	29.01%
227	201 S Main St.	10,169	914,142	149,744	764,399	436,334	328,065	201,642	126,422	50,950	75,472	24.64%
274	28 Madison Plaza Dr.	13,724	1,214,008	200,134	1,013,874	579,753	434,121	256,917	177,204	67,541	109,663	25.52%
297	45 Main St.	7,335	861,102	140,935	720,167	409,553	310,615	256,604	54,011	47,905	6,106	17.08%
303	175 West Lee Hwy.	66,189	6,529,365	1,077,020	5,452,344	3,151,250	2,301,094	613,797	1,687,298	362,414	1,324,884	36.79%
329	185 Southgate Shp. Cntr.	32,623	2,959,311	488,482	2,470,829	1,420,384	1,050,445	331,479	718,966	164,418	554,548	35.25%
Warrenton/Culpeper												
46	183 Conner Dr.	26,989	2,775,775	456,650	2,319,125	1,333,491	985,634	421,531	564,103	153,656	410,446	31.24%
50	325 Four Leaf Ln.	25,001	2,585,811	425,309	2,160,502	1,241,306	919,196	374,862	544,334	143,707	400,627	31.94%
70	128 Cedar Grove Rd.	30,964	2,695,841	444,768	2,251,073	1,299,870	951,203	510,948	440,255	149,831	290,424	27.27%
125	304 Pantops Cntr.	37,624	3,696,540	609,425	3,087,115	1,780,003	1,307,111	357,495	949,616	205,676	743,941	36.61%
126	2819 Rock Fish Valley Hwy.	12,386	1,242,319	202,376	1,039,943	598,806	441,137	244,743	196,395	68,932	127,463	26.55%
138	501 East Main St.	24,736	1,939,914	322,304	1,617,610	929,892	687,719	347,567	340,152	107,647	232,505	28.60%
185	502 West Main St.	41,365	4,064,904	673,517	3,391,388	1,962,581	1,428,806	386,166	1,042,640	226,797	815,843	36.64%
189	138 Scottsville Village Squ.	12,816	1,098,950	181,412	917,538	523,533	394,004	268,949	125,055	61,304	63,751	22.31%
202	1909 Emmet St.	67,236	7,323,673	1,214,274	6,109,399	3,534,078	2,575,321	501,362	1,923,960	408,608	1,515,352	37.27%
203	1162 Emmet St.	46,582	4,701,046	773,636	3,927,410	2,279,720	1,647,691	509,803	1,137,887	260,346	877,541	35.12%
321	77 Callohill Dr.	12,278	1,033,044	169,319	863,725	487,471	376,254	252,789	123,465	57,492	65,973	22.78%
359	1872 Rio Hill Cntr.	29,753	3,028,714	499,566	2,529,148	1,447,426	1,081,722	387,414	694,308	168,139	526,169	33.87%
376	11012 Kentucky Springs Rd.	32,736	2,894,877	475,966	2,418,911	1,388,408	1,030,502	434,037	596,466	161,032	435,433	31.48%

(continued)

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Analysis of Store Performance—Fiscal Year 2023												
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
392 415 Merchant Walk Squ.	Albemarle County	41,324	4,313,441	710,651	3,602,790	2,079,599	1,523,191	454,538	1,068,653	239,758	828,896	35.69%
408 45 Market St.	Louisa County	35,470	3,291,424	543,638	2,747,786	1,591,547	1,156,240	395,720	760,520	183,646	576,874	34.04%
Charlottesville		477,262	46,686,274	7,702,812	38,983,462	22,477,730	16,505,732	5,997,925	10,507,807	2,596,570	7,911,237	33.44%
117 309 Twelfth St.	City of Lynchburg	54,721	5,108,269	846,830	4,261,439	2,439,898	1,821,542	437,728	1,383,814	285,600	1,098,214	38.08%
160 1128 E Lynchburg Salem Tpk.	Bedford County	25,730	2,104,235	348,110	1,756,124	1,004,726	751,398	301,304	450,094	116,925	333,169	32.38%
176 416 Lisardi Dr.	Campbell County	10,296	836,286	138,681	697,605	395,179	302,426	246,382	56,043	46,643	9,400	17.71%
262 103 West Edge Way	Campbell County	39,410	3,495,426	579,523	2,915,903	1,679,622	1,236,281	491,807	744,474	194,023	550,451	32.33%
266 3901 Wards Rd.	City of Lynchburg	44,301	3,975,091	659,735	3,315,357	1,905,705	1,409,652	595,221	814,431	221,114	593,317	31.52%
279 18013 Forest Rd.	Bedford County	34,096	3,047,318	506,273	2,541,045	1,462,725	1,078,320	646,093	732,227	169,167	563,060	35.09%
281 179 Madison Heights Squ.	Amherst County	31,119	2,642,387	437,204	2,205,183	1,264,051	941,132	353,673	587,459	146,837	440,623	33.22%
285 199 Ambrar Shopping Cntr.	Amherst County	16,305	1,331,613	221,855	1,109,758	639,845	469,913	279,780	190,133	73,912	116,221	25.39%
287 4925 Boonsboro Rd.	City of Lynchburg	33,132	3,165,792	520,785	2,645,007	1,516,363	1,128,644	369,595	759,049	175,395	583,655	34.89%
347 105 Clarion Rd.	Campbell County	27,029	2,211,972	366,354	1,845,618	1,048,327	797,290	299,057	498,234	122,924	375,310	33.53%
354 795 Richmond Hwy.	Appomattox County	22,142	1,740,424	288,342	1,452,083	829,561	622,522	316,537	305,984	96,830	209,155	28.58%
399 1051 Village Hwy.	Campbell County	17,716	1,406,188	232,869	1,173,319	661,100	512,218	267,615	244,603	78,449	166,155	28.38%
400 14521 Forest Rd.	Bedford County	20,280	1,819,514	300,180	1,519,334	872,031	647,303	292,337	354,966	101,019	253,947	30.45%
410 14807 Moneta Rd.	Bedford County	22,444	1,959,111	322,220	1,636,891	936,034	700,856	289,048	411,808	108,676	303,132	31.92%
Lynchburg		398,721	34,843,628	5,768,963	29,074,665	16,655,168	12,419,497	4,886,178	7,533,319	1,937,513	5,595,807	32.62%
132 2777 Greensboro Rd.	Henry County	35,449	3,252,694	539,600	2,713,094	1,547,831	1,165,263	340,653	824,610	181,303	643,308	36.37%
146 639 West Main St.	City of Danville	23,256	2,182,235	362,138	1,820,098	1,042,845	777,253	359,814	417,439	121,227	296,211	30.17%
154 235 North Union St.	City of Danville	17,217	1,608,220	270,188	1,338,031	773,841	564,190	264,539	299,651	89,867	209,785	29.84%
191 400 Old Franklin Tpk.	Franklin County	45,893	3,797,539	629,634	3,167,905	1,819,156	1,348,749	413,441	935,308	211,131	724,177	35.65%
213 12990 B. T. Washington Hwy.	Franklin County	35,008	3,148,635	525,268	2,623,368	1,531,880	1,091,487	552,067	539,421	174,013	365,407	28.29%
276 221 Nor-Dan Dr.	City of Danville	40,594	4,181,001	694,590	3,486,411	1,990,427	1,495,984	454,548	1,050,436	233,959	816,476	36.14%
277 985 Fairystone Park Hwy.	Henry County	24,659	1,911,382	316,878	1,594,504	908,732	685,772	296,565	389,207	106,649	282,558	31.36%
283 Highways 29 & 703, Rt. 2	Pittsylvania County	18,042	1,573,793	261,073	1,312,720	751,394	561,326	255,258	306,068	87,858	218,210	30.45%
291 786 Commonwealth Blvd.	Henry County	40,870	3,737,337	623,206	3,114,131	1,786,519	1,327,612	406,704	920,908	207,812	713,096	35.76%
324 301 South Main St.	Patrick County	13,751	1,125,787	186,721	939,066	534,260	404,806	246,524	158,282	62,772	95,510	25.07%
373 3282 Riverside Dr.	City of Danville	48,818	4,756,977	788,155	3,968,823	2,278,027	1,690,796	428,898	1,261,898	264,828	997,069	37.53%
Danville/Martinsville		343,556	31,275,602	5,197,451	26,078,150	14,964,912	11,113,238	4,010,011	7,103,227	1,741,419	5,361,808	33.76%
59 3136 Halifax Rd.	Halifax County	50,070	4,401,156	730,261	3,670,894	2,100,615	1,570,280	447,057	1,123,222	245,351	877,871	36.54%
143 812 East Atlantic S.	Mecklenburg County	40,362	3,577,908	595,328	2,982,580	1,729,409	1,253,172	335,933	917,239	196,599	720,640	36.78%
157 974 Brunswick Square Ct.	Brunswick County	17,900	1,581,093	262,341	1,318,752	752,983	565,769	295,165	270,604	89,054	181,550	28.07%
172 112 North Main St.	Mecklenburg County	13,708	1,131,899	187,963	943,936	537,598	406,337	272,306	134,031	63,420	70,611	22.84%
214 608 Virginia Ave.	Mecklenburg County	22,012	1,844,849	305,838	1,539,011	884,049	654,963	275,974	378,989	103,009	275,980	31.54%
South Boston		144,051	12,536,905	2,081,731	10,455,174	6,004,653	4,450,521	1,626,436	2,824,085	697,433	2,126,652	33.57%
152 1544 South Main St.	Prince Edward County	44,907	3,826,758	634,235	3,192,523	1,830,202	1,362,321	394,490	967,831	213,249	754,582	36.29%
161 501F Main St.	Lunenburg County	9,533	780,916	129,750	651,165	371,046	280,119	229,520	50,599	43,717	6,882	17.50%
164 1618 West Virginia Ave.	Nottoway County	14,419	1,204,066	200,677	1,003,389	576,153	427,236	289,456	137,780	66,956	70,824	22.55%
178 974 Main St.	Buckingham County	11,733	1,024,969	169,877	855,092	487,167	367,924	256,108	111,816	57,202	54,614	21.90%
196 110 King St.	Charlotte County	9,308	930,548	154,097	776,451	441,426	335,025	236,672	98,353	51,923	46,430	21.55%
204 1592 Anderson Hwy.	Cumberland County	11,827	762,615	125,932	636,683	364,045	272,638	232,508	40,129	42,546	(2,416)	16.20%
275 1423 S. Main St.	Nottoway County	19,883	1,772,906	296,433	1,476,473	850,089	626,384	315,333	311,050	98,687	212,363	28.70%
351 15127 Patrick Henry Hwy.	Amelia County	16,741	1,449,419	241,689	1,207,730	693,875	513,855	287,378	226,477	80,625	145,852	26.74%
Farmville		138,360	11,752,196	1,952,690	9,799,506	5,614,004	4,185,502	2,241,466	1,944,036	654,904	1,289,131	27.58%
38 2501 New Kent Hwy.	New Kent County	43,182	3,816,220	633,256	3,182,964	1,830,630	1,352,334	384,700	967,634	212,033	755,601	36.39%
77 1800 South Creek One	Powhatan County	26,285	2,255,739	372,659	1,883,080	1,081,875	801,205	341,720	459,485	125,569	333,916	31.32%

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

Analysis of Store Performance—Fiscal Year 2023													
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)	
86	3044 Stony Point Rd.	Chesterfield County	34,444	3,671,205	605,641	3,065,564	1,790,457	1,275,107	438,551	836,556	203,521	633,035	33.74%
89	34-A Broad Street Rd.	Goochland County	26,744	2,591,569	428,546	2,163,022	1,246,618	916,404	338,137	578,267	143,849	434,419	33.30%
97	6504 Hull St.	City of Richmond	40,572	4,639,812	770,450	3,869,362	2,255,509	1,613,854	455,704	1,158,149	258,801	899,348	35.99%
101	3100-A West Broad St.	City of Richmond	49,159	5,020,950	828,635	4,192,315	2,430,370	1,761,945	669,568	1,092,376	279,501	812,876	32.69%
102	1901 West Main St.	City of Richmond	46,075	4,537,090	751,876	3,785,213	2,188,167	1,597,046	463,323	1,133,724	252,778	880,946	35.99%
104	7028 Woodlake Commons Lp.	Chesterfield County	60,999	5,795,220	955,105	4,840,115	2,809,640	2,030,475	550,993	1,479,482	321,586	1,157,896	36.46%
108	10242 Staples Mills Rd.	Henrico County	30,047	2,847,749	469,071	2,378,677	1,378,855	999,822	361,557	638,264	158,160	480,104	33.33%
116	12635 Rt. 1	Henrico County	65,079	6,607,153	1,094,430	5,512,723	3,187,388	2,325,335	545,941	1,779,394	367,731	1,411,663	33.76%
150	6030 Brook Rd.	Henrico County	31,729	3,165,622	524,386	2,641,237	1,524,520	1,116,717	396,409	720,308	176,099	544,209	33.76%
159	201 Stonebridge Plaza Ave.	Chesterfield County	46,868	4,840,761	801,533	4,039,228	2,328,699	1,710,529	625,214	1,085,315	269,467	815,848	33.41%
169	20 South Nasemond	City of Richmond	81,198	8,457,175	1,398,749	7,058,426	4,115,433	2,942,993	772,126	2,170,867	471,198	1,699,669	36.64%
171	8700 West Broad St.	Henrico County	41,455	4,566,608	757,642	3,808,966	2,197,761	1,611,205	498,945	1,112,261	254,636	857,625	35.37%
180	2525 East Main St.	City of Richmond	51,892	5,993,513	992,042	5,001,471	2,920,944	2,080,528	626,558	1,453,970	335,983	1,117,987	35.21%
182	1217-19 West Broad St.	City of Richmond	28,672	2,845,717	469,521	2,376,196	1,386,450	989,747	396,942	592,804	158,614	434,190	31.76%
187	2421 Venable St.	City of Richmond	17,439	1,726,134	288,181	1,437,953	820,425	617,528	267,803	349,724	96,572	253,153	31.36%
190	13113 Rittenhouse Dr.	Chesterfield County	70,121	6,851,850	1,132,079	5,719,772	3,324,064	2,395,708	626,531	1,769,177	380,445	1,388,732	36.79%
205	2288 John Rolfe Pkwy.	Henrico County	21,192	2,031,457	335,379	1,696,078	973,969	722,109	327,013	395,096	112,920	282,175	30.40%
207	10106 Brook Rd.	Henrico County	42,616	4,290,839	709,386	3,581,452	2,067,283	1,514,170	408,087	1,106,082	238,273	867,809	36.76%
242	161 Willow Lawn Dr.	Henrico County	49,381	5,232,152	863,988	4,368,164	2,541,466	1,826,698	547,871	1,278,827	290,560	988,267	35.40%
243	245-B N Washington Hwy.	Hanover County	44,622	3,967,627	655,492	3,312,135	1,898,564	1,413,571	440,962	972,609	220,274	752,335	35.48%
247	9685 West Broad St.	Henrico County	36,857	3,529,969	586,906	2,943,063	1,701,437	1,241,626	374,098	867,528	196,568	670,959	35.63%
251	2924 North Ave.	City of Richmond	16,959	1,532,949	258,573	1,274,375	738,872	535,504	294,847	240,657	85,706	154,951	26.98%
252	618 West Southside Plz.	City of Richmond	36,508	3,637,862	604,650	3,033,212	1,754,936	1,278,276	467,305	665,380	178,915	486,465	34.03%
254	7015 Three Chopt Rd.	City of Richmond	30,919	3,226,958	531,159	2,695,800	1,563,114	1,132,685	467,305	665,380	203,226	463,158	31.54%
270	809-823 East Parham Rd.	Henrico County	44,090	4,277,419	707,521	3,569,898	2,048,323	1,521,575	536,066	985,510	238,874	746,635	34.00%
284	148 Charter Colony Pkwy.	Chesterfield County	66,328	6,513,316	1,076,930	5,436,385	3,155,884	2,280,501	611,144	1,669,358	361,718	1,307,640	36.61%
292	1521 Parham Rd.	Henrico County	35,350	3,581,604	591,341	2,990,263	1,716,203	1,274,060	411,197	862,863	198,661	664,202	35.06%
300	9502 Chamberlayne Rd.	Hanover County	45,575	4,144,586	684,425	3,460,161	1,999,331	1,460,830	396,877	1,063,952	230,827	833,126	36.62%
304	2734 Fairground Rd.	Goochland County	22,079	2,058,394	340,033	1,718,361	982,431	735,930	301,671	434,259	114,741	319,518	32.04%
305	3816 Mechanicsville Tpk.	Henrico County	41,680	4,599,651	763,856	3,835,795	2,203,327	1,632,467	508,784	1,123,684	257,300	866,384	35.44%
308	11252 Patterson Ave.	Henrico County	77,040	1,650,008	273,854	1,376,154	796,842	579,312	313,653	265,659	91,576	174,082	27.15%
314	4504 S Laburnum Ave.	Henrico County	45,575	4,144,586	684,425	3,460,161	1,999,331	1,460,830	396,877	1,063,952	230,827	833,126	36.62%
315	9953 Ironbridge Rd.	Chesterfield County	62,391	6,100,011	1,008,093	5,091,918	2,944,822	2,147,096	662,977	1,484,119	339,111	1,145,008	35.30%
326	2105 Academy Rd.	Powhatan County	25,635	2,266,584	373,825	1,892,760	1,090,766	801,994	358,282	443,712	125,986	317,726	30.51%
330	5722 Hopkins Rd.	Chesterfield County	46,589	5,057,733	838,022	4,219,711	2,452,834	1,766,878	523,862	1,243,016	282,143	960,872	35.57%
332	4018 Glenside Dr.	Henrico County	33,986	3,180,943	526,032	2,654,911	1,522,248	1,132,663	374,347	758,316	177,143	581,173	34.81%
334	7057 Mechanicsville Tpk.	Hanover County	66,478	5,934,101	981,781	4,952,320	2,868,106	2,084,214	639,690	1,444,525	328,987	1,115,537	35.34%
348	7036 Forest Hill Ave.	City of Richmond	39,647	3,892,574	642,998	3,249,576	1,871,296	1,378,280	465,418	912,862	216,036	696,825	34.42%
350	11108 Midlothian Tpk.	Chesterfield County	72,340	6,992,494	1,156,402	5,836,091	3,380,136	2,455,956	551,286	1,904,669	389,237	1,515,432	38.21%
360	4118 West Broad St.	City of Richmond	65,553	6,790,349	1,124,894	5,665,455	3,265,249	2,400,207	706,691	1,693,516	380,388	1,313,128	35.90%
363	9953 Hull Street Rd.	Chesterfield County	50,374	4,456,934	736,933	3,720,000	2,152,903	1,567,097	462,423	1,104,674	247,952	856,722	35.76%
366	1370 Gaskins Rd.	Henrico County	30,964	3,203,970	529,341	2,674,629	1,546,514	1,128,115	458,405	669,710	177,866	491,844	31.87%
389	5352 Wyndham Forest Dr.	Henrico County	28,734	3,112,703	515,635	2,597,068	1,513,506	1,083,562	476,734	606,828	172,612	434,216	30.52%
390	16605 Mountain Rd.	Hanover County	19,070	1,680,234	276,831	1,403,403	802,195	601,208	313,214	287,995	93,349	194,646	28.06%
402	11400 W. Huguenot Rd.	Chesterfield County	31,669	3,198,766	528,146	2,670,620	1,537,311	1,133,309	455,789	677,520	177,692	499,828	32.14%
404	5211 Hull St.	City of Richmond	29,035	3,552,804	587,671	2,965,133	1,757,869	1,207,264	442,312	764,952	101,265	663,687	35.22%
407	13113 River's Bend Blvd.	Chesterfield County	31,382	3,165,582	522,986	2,642,596	1,525,112	1,117,484	382,863	734,621	176,608	558,013	34.15%
441	4991 Nine Mile Rd.	Henrico County	43,138	4,469,866	741,440	3,728,426	2,140,558	1,587,868	505,772	1,082,096	249,117	832,979	35.22%
Richmond			2,189,006	220,152,102	36,426,551	183,725,551	106,316,607	77,408,944	24,512,207	52,896,737	12,156,718	40,740,019	35.05%
35	2757 Jefferson Davis Hwy.	Stafford County	35,274	3,726,877	614,804	3,112,073	1,789,189	1,322,884	404,125	918,760	207,541	711,219	35.58%

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

(continued)

Analysis of Store Performance—Fiscal Year 2023												
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
44	18035 Patriot Hwy.	Caroline County	2,193,723	362,627	1,831,097	1,046,026	785,071	324,585	460,486	122,064	338,422	31.96%
62	1416 Carl D. Silver Pkwy.	City of Fredericksburg	5,767,644	952,822	4,814,822	2,770,513	2,044,309	589,222	1,455,086	320,103	1,134,983	36.20%
64	43 Town and Country Dr.	Stafford County	3,522,261	581,501	2,940,759	1,693,353	1,247,406	319,348	857,058	195,499	661,559	35.29%
74	10857 & 10859 Tidewater Trl.	Spotsylvania County	1,999,997	332,581	1,667,416	959,939	707,476	370,408	390,068	111,278	278,790	30.57%
95	10007 Patriot Hwy.	Spotsylvania County	5,292,730	875,122	4,417,608	2,550,000	1,867,608	568,605	1,299,003	294,321	1,004,681	35.52%
103	6348 Patriot Hwy.	Spotsylvania County	1,900,303	314,307	1,585,995	908,615	677,381	306,305	371,075	105,731	265,344	30.30%
121	507 William St.	City of Fredericksburg	3,812,516	627,374	3,185,142	1,828,819	1,356,323	294,585	1,061,738	213,218	848,520	38.71%
183	9 Village Center Dr.	Stafford County	3,795,100	626,815	3,168,285	1,820,999	1,347,285	490,871	856,414	210,341	646,073	33.44%
200	356 Garrisonville Rd.	Stafford County	4,388,994	724,523	3,664,471	2,112,050	1,552,421	563,750	988,671	243,867	744,804	33.48%
209	10724 Patriot Hwy.	Spotsylvania County	4,215,721	698,651	3,517,070	2,024,211	1,492,859	449,021	1,043,838	234,557	809,281	35.77%
221	16424 Consumer Row	King George County	2,330,648	384,552	1,946,095	1,111,958	834,138	338,600	495,538	129,592	365,946	32.20%
239	320 W Broadus Ave.	Caroline County	1,070,061	177,085	892,976	509,056	383,920	276,352	107,568	59,540	48,028	21.04%
245	1249 Jemancipation Hwy.	City of Fredericksburg	2,426,790	402,773	2,024,017	1,171,770	852,248	376,882	475,366	134,863	340,502	30.63%
313	4185 Plank Rd.	Spotsylvania County	5,900,727	975,166	4,925,561	2,839,814	2,085,747	572,097	1,513,650	328,044	1,185,606	36.62%
412	50 N Stafford Complex	Stafford County	2,661,514	439,131	2,222,383	1,282,862	939,521	406,529	532,992	147,517	385,475	30.98%
	Fredericksburg		55,996	9,089,835	45,915,771	26,419,174	19,496,597	6,669,286	12,827,311	3,058,077	9,769,234	34.29%
130	700 McKinney Blvd.	Westmoreland County	1,925,499	318,253	1,607,246	914,845	692,401	286,323	406,078	107,155	298,923	32.05%
149	4699 Richmond Rd.	Richmond County	1,619,204	266,909	1,352,295	773,570	578,726	290,374	288,352	90,077	198,275	28.73%
192	101 South Main St.	Lancaster County	4,247,238	700,008	3,547,230	2,043,190	1,504,040	353,972	1,150,068	236,132	913,936	38.00%
220	1565 Kings Hwy.	Westmoreland County	850,658	140,209	710,449	403,034	307,415	245,795	61,620	47,353	14,266	18.16%
238	142 Northumberland Hwy.	Northumberland County	1,391,871	228,818	1,163,053	664,663	498,389	261,088	237,301	77,238	160,063	27.94%
	Northern Neck		10,034,471	1,654,198	8,380,273	4,799,302	3,580,971	1,437,553	2,143,418	557,955	1,585,463	32.29%
32	16314 General Puller Hwy.	Middlesex County	1,461,200	239,770	1,221,430	699,849	521,581	243,518	278,063	80,784	197,279	29.91%
155	2334 York Crossing Dr.	Gloucester County	2,825,944	466,541	2,359,403	1,352,301	1,007,102	345,717	661,385	156,625	504,760	34.37%
175	416 14th St.	King William County	2,120,403	399,472	1,720,931	1,014,051	756,880	302,249	454,631	117,777	336,854	32.37%
179	231 Virginia St.	Middlesex County	1,217,203	200,233	1,016,970	582,579	434,391	243,080	191,310	67,662	123,648	26.61%
198	1628 Tappahannock Blvd.	Essex County	2,129,986	354,337	1,775,649	1,026,539	749,110	345,456	403,655	118,417	285,238	30.03%
233	6736 Main St.	Gloucester County	3,249,319	537,392	2,711,927	1,559,937	1,151,990	327,287	824,703	180,463	644,240	36.37%
257	4917 Richmond	Tappahannock County	2,055,444	339,878	1,715,566	983,608	731,958	337,330	394,629	114,262	280,366	30.18%
333	10972 Buckley Hall	Mathews County	1,495,935	245,943	1,249,992	719,190	530,802	256,704	274,098	82,706	191,392	29.23%
	West Point/Mathews		16,555,434	2,733,566	13,821,868	7,938,055	5,883,813	2,401,340	3,482,473	918,696	2,563,777	32.00%
60	Unit 4330 Westgate Dr.	Dinwiddie County	4,962,957	824,510	4,138,447	2,377,940	1,760,507	431,361	1,329,146	277,527	1,051,619	37.80%
114	4575 Whitehill Blvd.	Prince George County	4,471,158	742,071	3,729,087	2,150,432	1,578,655	434,857	1,143,798	249,252	894,546	36.60%
118	18 Washington St., W	City of Petersburg	2,395,992	398,419	1,997,574	1,131,997	865,577	368,678	496,899	134,364	362,535	31.76%
144	222 E. Cloverleaf Dr.	City of Emporia	3,484,649	582,285	2,902,365	1,678,183	1,224,182	430,916	793,265	194,246	599,019	33.90%
151	210 North Main St.	City of Hopewell	2,607,351	432,169	2,175,182	1,241,041	934,141	331,135	603,006	145,648	457,358	34.12%
232	3107 Blvd.	City of Colonial Heights	4,135,179	684,642	3,450,537	1,983,116	1,467,421	434,988	1,032,433	229,644	802,789	35.97%
240	201 South Country Dr.	Sussex County	1,348,956	223,018	1,125,938	643,511	482,427	265,997	216,430	75,100	141,330	27.01%
255	3330 South Crater Rd.	City of Petersburg	4,903,751	815,621	4,088,130	2,359,235	1,728,894	449,071	1,279,823	273,515	1,006,309	37.15%
310	5232 Oaklawn Blvd.	Prince George County	3,846,420	637,635	3,208,785	1,840,051	1,368,734	376,782	991,953	214,451	777,502	36.79%
	Petersburg/Hopewell		32,156,413	5,340,370	26,816,044	15,405,506	11,410,538	3,523,786	7,886,753	1,793,748	6,093,005	35.56%
43	236 Carmichael Way	City of Chesapeake	4,231,819	697,308	3,534,511	2,038,291	1,496,219	409,901	1,086,318	234,178	852,140	36.61%
53	11409 Windsor Blvd.	Isle of Wright County	1,600,094	265,080	1,335,014	766,511	568,504	287,940	280,564	89,100	191,464	28.53%
69	648 Grassfield Pkwy.	City of Chesapeake	4,312,014	711,066	3,600,948	2,086,697	1,514,251	423,146	1,091,105	239,161	851,945	36.25%
71	143 B Granby St.	City of Norfolk	1,193,332	195,908	997,424	574,928	422,496	278,973	143,523	66,626	76,897	22.86%
79	1434 Sam's Dr.	City of Chesapeake	5,633,164	932,326	4,700,838	2,717,631	1,983,207	611,613	1,371,594	313,875	1,057,718	35.33%
98	3312 Princess Anne Rd.	City of Virginia Beach	4,416,858	727,972	3,688,887	2,130,636	1,558,250	487,952	1,070,298	244,631	825,667	35.18%
105	866 Lynnhaven Pkwy.	City of Virginia Beach	4,562,652	754,558	3,808,095	2,189,943	1,618,152	560,592	1,057,560	254,469	803,091	34.14%

(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 2023													
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)	
106	2973 Shore Dr.	City of Virginia Beach	50,067	4,436,958	733,482	3,703,476	2,148,585	1,554,892	447,883	1,107,009	247,244	859,765	35.91%
107	141 W Virginia Beach Blvd.	City of Norfolk	78,767	8,290,446	1,374,084	6,916,362	4,024,895	2,891,468	827,853	2,063,615	463,978	1,599,637	35.87%
110	1137 London Blvd.	City of Portsmouth	38,197	3,999,475	665,611	3,333,864	1,997,634	1,336,230	446,326	889,904	223,766	666,138	33.30%
128	157 West Ocean View Ave.	City of Norfolk	49,311	4,304,091	711,487	3,592,604	2,053,680	1,538,924	457,889	1,081,035	240,417	840,618	36.06%
129	1615 General Booth Blvd.	City of Virginia Beach	62,846	5,527,517	914,102	4,613,415	2,658,203	1,955,212	504,546	1,450,666	307,925	1,142,740	37.21%
134	2301 #M Colley Ave.	City of Norfolk	78,682	7,683,009	1,274,082	6,408,927	3,739,337	2,669,590	652,086	2,017,504	428,740	1,588,764	37.26%
165	550 East Liberty St.	City of Chesapeake	40,224	4,211,836	684,386	3,437,449	1,991,952	1,445,497	379,847	1,065,650	230,527	835,123	36.86%
188	4334 Holland Rd.	City of Virginia Beach	32,256	3,017,176	501,490	2,515,687	1,466,661	1,049,026	449,908	599,118	163,247	435,872	31.07%
211	5911 Harbour View Blvd.	City of Suffolk	41,243	4,492,810	742,651	3,750,159	2,161,358	1,588,801	472,453	1,116,348	250,127	866,221	35.81%
216	1100-102 Armory Dr.	City of Franklin	36,692	3,180,361	527,145	2,653,216	1,514,181	1,139,035	328,171	810,863	177,090	633,773	36.50%
225	408 Laskin Rd.	City of Virginia Beach	94,302	8,969,965	1,481,987	7,487,979	4,307,153	3,180,825	957,296	2,232,529	499,319	1,724,210	35.74%
226	7862 Tidewater Dr.	City of Norfolk	65,703	6,405,774	1,061,402	5,344,372	3,072,030	2,272,342	663,610	1,608,732	356,729	1,252,002	36.11%
237	2012 A Victory Blvd.	City of Portsmouth	56,403	6,432,757	1,063,302	5,369,455	3,088,488	2,280,968	490,492	1,790,476	363,296	1,427,180	38.72%
246	5020 Ferrell Pkwy.	City of Virginia Beach	33,572	3,276,598	543,111	2,733,487	1,572,815	1,160,672	448,154	712,518	182,915	529,603	32.74%
249	250 E Little Creek Rd.	City of Norfolk	46,025	4,107,339	679,696	3,427,444	1,986,040	1,441,404	433,275	1,008,129	229,083	779,046	35.52%
256	1612 Laskin Rd.	City of Virginia Beach	113,346	11,989,922	1,992,813	9,997,109	5,812,324	4,184,784	940,615	3,244,170	667,390	2,576,779	38.11%
263	5900 Virginia Beach Blvd.	City of Norfolk	40,279	4,137,963	686,998	3,450,965	2,001,331	1,449,634	491,918	957,177	225,623	732,094	34.29%
278	3333 Virginia Beach Blvd.	City of Virginia Beach	97,326	8,962,434	1,483,815	7,478,619	4,315,034	3,163,585	741,704	2,421,881	500,599	1,921,282	37.99%
280	1103 S Military Hwy.	City of Chesapeake	92,432	8,823,977	1,463,614	7,360,364	4,285,888	3,074,475	625,005	2,449,470	495,048	1,954,422	38.74%
288	5909 High St. W	City of Portsmouth	49,290	4,811,019	797,805	4,013,214	2,327,621	1,685,593	465,169	1,220,424	268,113	952,311	36.38%
298	8211 W Constance Rd.	City of Suffolk	35,081	3,232,175	536,771	2,695,404	1,537,400	1,158,004	369,073	788,932	180,661	608,270	35.43%
299	1917-19 S Church St.	Isle of Wight County	41,838	3,739,096	620,171	3,118,925	1,796,095	1,322,830	394,553	928,277	207,772	720,506	35.86%
306	2085 Lynnhaven Pkwy.	City of Virginia Beach	62,070	5,926,338	979,955	4,946,383	2,841,184	2,105,199	615,384	1,489,815	330,693	1,159,122	36.09%
307	957 & 959 Providence Squ.	City of Virginia Beach	54,639	4,898,027	809,570	4,088,457	2,358,367	1,730,090	473,011	1,257,079	273,259	983,820	36.61%
311	4020 Victory Blvd.	City of Portsmouth	59,707	5,935,026	984,964	4,950,061	2,866,775	2,083,287	580,615	1,502,672	331,960	1,170,712	36.32%
312	2815-G Godwin Blvd.	City of Suffolk	32,974	3,232,055	534,490	2,697,566	1,547,050	1,150,515	372,722	777,794	180,044	597,750	35.03%
325	22718 Main Street	Southampton County	1,968	985,421	163,096	822,325	470,584	351,741	253,821	97,920	55,007	42,913	20.91%
328	836 Eden Way N.	City of Chesapeake	42,533	4,409,429	730,104	3,679,325	2,128,946	1,550,379	412,306	1,138,074	245,318	892,756	36.80%
336	1067 Independence Blvd.	City of Virginia Beach	66,477	6,104,694	1,009,795	5,094,899	2,932,355	2,162,544	680,535	1,482,009	340,506	1,141,504	35.24%
349	237 South Battlefield Blvd.	City of Chesapeake	32,888	3,011,199	498,848	2,512,351	1,461,010	1,051,341	462,292	589,049	169,063	419,986	30.51%
355	4300 Portsmouth Blvd.	City of Chesapeake	52,664	5,047,523	834,998	4,212,525	2,450,973	1,761,552	474,066	1,287,487	280,598	1,006,889	36.49%
361	3014 Turnpike Rd.	City of Portsmouth	39,874	3,906,637	658,515	3,248,122	1,985,338	1,262,784	509,532	753,252	218,719	534,534	30.54%
370	2181 Upton Dr.	City of Virginia Beach	54,198	4,895,197	807,325	4,087,872	2,359,335	1,728,537	539,507	1,189,030	269,755	919,275	35.27%
377	3575 Bridge R.	City of Suffolk	37,587	3,717,223	614,312	3,102,911	1,800,146	1,302,766	405,338	897,427	206,504	690,923	35.11%
379	5832 Northampton Blvd.	City of Virginia Beach	56,190	5,922,637	981,556	4,941,081	2,847,992	2,093,089	580,492	1,512,597	332,147	1,180,450	36.50%
391	13478 Carrollton Blvd.	Isle of Wight County	25,990	2,479,940	409,760	2,070,180	1,192,025	878,155	335,011	543,144	137,928	405,216	32.86%
394	535 N Birdneck Rd.	City of Virginia Beach	28,663	2,677,147	442,464	2,234,683	1,282,412	952,271	399,832	552,439	149,044	403,395	31.60%
409	7550 Granby St.	City of Norfolk	40,897	4,036,592	668,174	3,368,417	1,974,305	1,394,112	429,900	964,212	225,144	739,068	34.86%
413	1407 N Main St.	City of Suffolk	29,047	2,770,396	459,400	2,310,996	1,322,784	988,212	383,303	604,910	153,984	450,925	32.86%
415	1340 N Great Neck Rd.	City of Virginia Beach	38,169	3,544,171	586,262	2,957,909	1,713,376	1,244,534	399,878	844,656	196,664	647,992	34.82%
423	1595 International Blvd.	City of Norfolk	48,174	4,719,591	781,893	3,937,698	2,297,553	1,640,145	467,974	1,172,171	264,812	907,359	35.79%
428	4807 Shore Dr.	City of Virginia Beach	33,662	3,014,115	495,982	2,518,133	1,460,441	1,057,692	444,496	613,915	167,050	446,145	31.26%
429	164 Central Park Ave.	City of Virginia Beach	36,659	4,044,984	666,993	3,377,991	1,962,079	1,415,913	486,601	929,312	226,219	703,093	33.87%
437	1400 Kempsville Rd.	City of Chesapeake	38,628	3,756,636	621,236	3,135,400	1,820,731	1,314,669	399,428	915,241	209,094	706,147	35.33%
444	315B Virginia Beach Blvd.	City of Virginia Beach	25,241	2,367,960	389,517	1,978,443	1,131,244	847,200	515,902	331,298	131,549	199,749	24.88%
	Norfolk/Virginia Beach		2,496,112	241,295,371	39,953,428	201,341,942	116,570,343	84,771,599	25,669,890	59,101,710	13,446,710	45,655,000	35.48%
48	6497 Centerville Rd.	York County	66,697	6,063,687	999,466	5,064,221	2,915,630	2,148,591	639,780	1,508,810	337,279	1,171,531	35.80%
92	39 W Mercury Blvd.	City of Hampton	33,925	3,298,320	546,951	2,751,369	1,589,083	1,162,286	383,417	778,868	184,113	594,756	34.61%
112	61 N Mallory St.	City of Hampton	39,795	4,207,778	696,796	3,510,982	2,027,745	1,483,237	393,857	1,089,380	235,333	854,046	36.86%
148	4640-6 Monticello Ave.	James City County	66,862	6,594,305	1,085,436	5,508,869	3,184,997	2,323,873	753,854	1,570,018	365,334	1,204,685	34.73%
158	3099 Jefferson Ave.	City of Newport News	35,175	3,667,161	609,420	3,057,741	1,763,469	1,294,272	467,008	827,263	205,548	621,715	33.57%

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

(continued)

Analysis of Store Performance—Fiscal Year 2023													
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)	
217	619 Pilot House Dr.	City of Newport News	61,242	6,355,403	1,054,356	5,301,047	3,086,248	2,214,800	580,506	1,634,294	354,935	1,279,359	36.72%
222	5005 Victory Blvd.	York County	38,853	4,040,335	669,613	3,370,722	1,952,508	1,418,214	441,124	977,090	224,724	752,367	35.19%
244	4909 W Mercury Blvd.	City of Hampton	68,354	7,267,044	1,207,407	6,059,637	3,497,266	2,562,370	565,036	1,997,334	407,225	1,590,109	38.50%
250	2078 Nickerson Blvd.	City of Hampton	36,256	3,346,839	554,861	2,791,979	1,601,768	1,190,211	408,733	781,478	186,521	594,957	34.36%
258	3831 Kecoughtan Rd.	City of Hampton	40,559	4,084,934	678,641	3,406,293	2,003,034	1,403,259	435,339	967,920	228,516	739,404	34.71%
265	19 Towne Center Way	City of Hampton	30,650	3,100,001	513,543	2,586,457	1,490,153	1,096,304	405,700	690,604	172,923	517,682	33.27%
272	55 Hidenwood Shp. Cntr.	City of Newport News	33,290	3,011,983	498,612	2,513,371	1,448,752	1,064,618	375,314	689,304	167,736	521,568	33.87%
282	1118-A West Mercury Blvd.	City of Hampton	86,005	9,589,799	1,589,066	8,000,733	4,626,905	3,373,828	814,408	2,559,419	535,832	2,023,587	37.67%
290	5226 George Washington Hwy.	York County	32,060	2,838,678	468,094	2,370,584	1,364,080	1,006,504	386,778	619,725	157,466	462,260	32.77%
320	1244 Richmond Rd.	City of Williamsburg	53,873	5,467,205	901,981	4,565,224	2,631,940	1,933,284	565,741	1,367,543	303,477	1,064,066	35.96%
335	801-F Merrimac Trl.	York County	36,020	3,445,813	570,563	2,875,250	1,652,537	1,222,713	410,841	811,873	191,662	620,211	34.56%
340	309-A Oyster Point Rd.	City of Newport News	35,984	3,601,368	597,111	3,004,257	1,737,130	1,267,127	450,635	816,492	200,179	616,314	33.69%
341	621 Stoney Creek Ln.	City of Newport News	50,556	5,136,676	852,908	4,283,768	2,485,494	1,798,274	622,448	1,175,826	286,646	889,181	33.91%
342	10872 Warwick Blvd.	City of Newport News	27,597	2,613,970	433,275	2,180,695	1,253,435	927,260	354,076	573,185	146,169	427,015	32.91%
381	1480-3C Quarterpath Rd.	City of Williamsburg	12,171	1,222,100	202,675	1,019,425	593,293	426,132	307,304	118,828	67,031	51,798	20.82%
382	475 Wythe Creek Rd.	City of Poquoson	28,676	2,592,444	427,585	2,164,859	1,244,288	920,571	328,215	592,356	143,851	448,505	33.79%
417	201 Tradesman Way	York County	28,949	2,549,472	421,853	2,127,619	1,220,950	906,669	368,009	538,660	142,151	396,509	32.10%
420	980 J Clyde Morris Blvd.	City of Newport News	24,880	2,463,349	410,546	2,052,804	1,189,210	863,594	327,076	536,518	137,464	399,055	32.87%
422	14272 Warwick Blvd.	City of Newport News	51,635	5,221,339	867,032	4,354,306	2,522,649	1,831,657	491,513	1,340,144	291,152	1,048,992	36.70%
	Newport News/Hampton		1,020,065	101,780,001	16,857,791	84,922,211	49,082,564	35,839,647	11,276,712	24,562,935	5,673,265	18,889,670	35.12%
156	22489 Lankford Hwy.	Northampton County	25,388	2,236,506	368,067	1,868,438	1,066,636	801,802	302,457	499,346	124,282	375,064	33.23%
162	7017 & 7019 Lankford Hwy.	Accomack County	17,197	1,471,866	243,611	1,228,254	701,395	526,859	284,079	242,781	82,146	160,635	27.46%
177	4371 Pension St.	Accomack County	18,114	1,402,687	229,095	1,173,592	674,599	498,993	230,703	268,290	77,719	190,571	29.92%
223	4090-B Lankford Hwy.	Northampton County	16,554	1,261,090	208,490	1,052,599	602,623	449,976	274,433	175,544	70,246	105,298	24.88%
344	25234 Lankford Hwy.	Accomack County	30,918	2,537,652	419,590	2,118,062	1,212,945	905,117	324,879	580,238	141,478	438,760	33.82%
	Eastern Shore		108,171	8,909,800	1,468,854	7,440,946	4,258,199	3,182,748	1,416,550	1,766,198	495,871	1,270,328	30.74%
	Statewide Totals		14,321,319	1,420,253,794	234,917,405	1,185,336,389	684,126,969	501,209,420	178,176,084	323,033,336	78,839,187	244,194,149	33.73%

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

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

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

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

Analysis of Distillery Store Performance — Fiscal Year 2023										
ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adjusted Net Profit	Rate of Return to Virginia (3)
Statewide Distillery Totals	\$13,562,173	\$2,243,893	\$11,318,280	\$6,421,127	\$4,897,152	\$2,726,847	\$96,184	\$1,100,298	\$973,823	23.73%
10	Three Brothers' Distillery, Inc.	369	61	308	175	132	74	4	20	22.15%
12	Belle Isle Craft Spirits, Inc.	614,403	87,855	526,548	307,727	218,821	128,320	13,766	14,821	16.71%
13	Vitae Spirits Distillery, LLC	17,904	2,985	14,920	9,043	5,877	3,581	16	710	20.64%
14	Dark Hollow Hooch LLC (dba Five Mile Mountain Distillery)	66,848	11,116	55,733	31,877	23,856	13,336	274	3,180	21.39%
15	Copper Fox Distillery Enterprises, L.L.C. [- Williamsburg]	479,670	79,897	399,772	232,847	166,926	95,858	2,760	19,674	20.76%
16	The Virginia Distillery Company, LLC	329,691	55,025	274,666	167,829	106,838	66,017	1,446	6,690	18.72%
17	James River Distillery, LLC	2,060	343	1,717	978	739	412	2	144	23.64%
18	Chesapeake Bay Distillery LLC	512,120	85,261	426,859	268,923	157,936	102,292	5,094	6,511	17.92%
19	Williamsburg Distillery, Inc.	121,622	20,319	101,302	55,717	45,586	24,378	12,378	8,097	23.36%
20	Karlson & O'Mara Distilleries LLC	420,502	69,938	350,564	211,438	139,126	83,909	1,402	12,850	19.69%
21	Old House Vineyards, LLC	193,961	32,327	161,634	94,457	67,178	38,785	718	8,115	20.85%
22	Reservoir Distillery, LLC	323,050	53,823	269,228	157,872	111,356	64,574	1,312	12,998	20.68%
23	Murlarkey Distilled Spirits, LLC	533,368	88,489	444,879	263,925	180,954	106,657	54,328	16,115	19.61%
24	Mount Defiance Cider & Distillery, LLC	171,006	28,507	142,499	83,241	59,258	34,201	1,256	7,073	20.81%
25	River Hill Wine and Spirits, LLC	77,439	12,909	64,530	35,487	29,043	15,488	598	4,946	23.06%
28	Silverback Spirits LLC	653,514	108,941	544,574	304,972	239,602	130,703	3,912	36,743	22.29%
29	Davis Valley Winery and Vineyard, Inc.	60,439	10,075	50,364	28,533	21,830	12,088	186	3,528	22.51%
30	Copper Fox Distillery Enterprises, L.L.C. [- Sperryville]	401,076	66,859	334,216	193,779	140,437	80,215	2,216	16,997	20.91%
31	The Mount Vernon Ladies' Association of the Union	852,489	142,110	710,379	407,570	302,809	170,498	6,348	42,639	21.67%
34	Belmont Farms of Virginia, Inc.	234,569	39,101	195,468	114,283	81,185	46,912	1,644	9,501	20.72%
65	Catoctin Creek Distilling Company, LLC	541,121	90,179	450,942	261,391	189,551	108,193	3,042	21,942	20.72%
91	Sazerac Distillers, LLC (dba A. Smith Bowman Distillery)	1,101,576	183,537	918,039	537,080	380,959	220,200	9,452	34,752	19.82%
430	Springfield Distillery, LLC	168,089	23,773	144,316	83,145	61,171	33,537	1,150	8,215	19.03%
431	Bondurath Brothers Distillery, LLC	5,275	879	4,395	2,486	1,909	1,055	24	223	20.89%
432	Parched Group, LLC	443,972	73,997	369,975	218,119	151,856	88,779	3,082	14,467	19.93%
433	Ragged Mountain Farm, LLC	552,837	92,158	460,679	273,834	186,845	110,567	3,380	16,641	19.68%
434	Filbuster Barrels, LLC	131,820	21,924	109,896	63,616	46,279	26,304	836	5,514	20.82%
435	AASS Distillery, LLC (dba Spirit Lab Distilling)	6,279	1,047	5,232	2,903	2,329	1,256	6	442	23.70%
450	Falls Church Distillers LLC	-	-	-	-	-	-	-	-	#DIV/0!
451	Ironclad Distillery, Inc.	650,441	108,388	542,053	307,283	234,770	130,039	2,972	33,499	21.81%
452	Twin Creeks Distillery, Inc.	59,282	9,882	49,399	28,360	21,039	11,856	336	2,838	21.46%
453	Blue Sky Distillery, LLC	41,767	6,422	35,344	22,221	13,123	8,366	244	564	16.73%
454	Glenway Farms, Inc. (dba Dida's Distillery)	89,648	14,944	74,704	44,164	30,540	17,930	306	3,633	20.72%
455	Buffalo Brands Inc. (dba Sleepy Fox Distillery)	14,095	2,350	11,745	6,634	5,111	2,819	82	845	22.66%
456	Franklin County Distilleries, L.L.C.	46,355	7,727	38,628	21,992	16,636	9,271	198	2,483	22.03%
460	Cavalier Ventures, LLC (dba Tarnished Truth)	1,091,652	176,733	914,919	535,880	379,038	218,668	9,034	37,714	19.64%
461	Mountain View Brewery, LLC (dba Devils Backbone Distilling Co.)	164,652	25,553	139,099	77,950	61,149	33,152	1,462	8,155	20.47%
462	Bombolini L.L.C. (dba Trial & Error Distillery) (Lolita Kreckman)	95,025	15,838	79,188	44,031	35,156	19,001	552	5,728	22.69%
463	The Vanguard Brewpub & Distillery LLC	-	-	-	-	-	-	-	-	-
463	(dba Caiseal Beer and Spirits Company)	182,423	30,404	152,019	88,454	63,565	36,478	856	7,028	20.52%
464	Dry Fork Fruit Distillery, LLC	3,607	601	3,005	1,692	1,313	721	6	256	23.78%
465	Virago Spirits, LLC	239,970	39,943	200,027	115,529	84,498	47,922	2,176	9,301	20.52%
466	Cape Charles Distillery LLC	207,330	34,562	172,768	101,133	71,635	41,466	728	9,126	21.07%
467	Three Crosses Distilling Company, LLC (formerly Antebellum Spirit Company, LLC)	375,881	62,590	313,290	182,801	130,489	75,093	1,736	14,393	20.48%
468	Greenspur, Inc.	43,555	7,260	36,294	20,400	15,894	8,711	188	3,224	24.07%
469	Hill Top Distillery, LLC	164,887	27,288	137,600	78,934	58,666	32,738	560	7,995	21.40%
470	Buffalo Brands Inc. (dba Sleepy Fox) -Glasgow	36,935	6,157	30,778	17,257	13,521	7,387	240	2,088	22.32%
471	R.D. Wilhelm, LLC (dba Reverend Spirits)	125,565	20,935	104,630	60,654	43,976	25,117	660	5,134	20.76%

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Analysis of Distillery Store Performance — Fiscal Year 2023										
ABC Distillery Stores	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Admin. Expenses	Adjusted Net Profit	Rate of Return to Virginia (3)
474 Vitae Spirits Distillery, LLC (East Water St.)	107,308	17,888	89,420	53,115	36,306	21,462	236	10,695	3,913	20.32%
475 Old Virginia Hand Hewn Log Homes, Inc. (dba Axe Handle Distilling)	114,658	19,114	95,545	54,644	40,900	22,932	534	11,885	5,550	21.51%
476 Flying Ace Distillery, LLC	324,814	54,146	270,667	158,441	112,226	64,963	1,086	33,710	12,467	20.51%
477 7 Hollows Farm, LLC (dba Orkney Springs Distillery)]	47,547	7,878	39,670	23,066	16,604	9,451	172	4,759	2,221	21.24%
478 Smith River Spirits, LLC	22,714	3,786	18,927	11,006	7,922	4,543	92	2,207	1,079	21.42%
479 J.H. BARDS Spirit Co., LLC	214,491	35,703	178,788	100,263	78,525	42,835	852	22,242	12,597	22.52%
480 Vincent's Vineyard, Inc. (dba Big Cedar Creek Distillers)	3,359	560	2,799	1,560	1,239	672	16	307	245	23.96%
481 Highlands Distilling Company, LLC	50,191	8,572	41,619	25,114	16,505	10,284	150	5,141	930	18.93%
482 Roosters Rise -n- Shine Distillery, LLC	51,927	8,684	43,242	24,399	18,843	10,419	158	5,336	2,931	22.37%
483 Deep Creek Distilling Company LLC	31,891	5,294	26,597	15,189	11,409	6,351	138	3,416	1,503	21.31%
484 Dogged State Distilling Company	16,010	2,669	13,341	7,544	5,797	3,202	142	1,705	748	21.34%
485 Bold Rock Partners LP (dba Bold Rock Cidery & Brewpub)	229,210	38,209	191,001	104,309	86,692	45,842	2,656	23,787	14,407	22.96%
486 Appalachian Heritage Distillery LLC	252,699	42,121	210,578	124,944	85,634	50,535	886	24,976	9,237	20.32%
488 Brady Distilling LLC	238,921	39,828	199,093	114,244	84,849	47,784	2,086	24,726	10,253	20.96%
489 Sandy River Distillery, Inc.	72,370	13,473	58,897	37,507	21,390	16,164	288	7,297	(2,358)	15.36%
491 Salty Stash	12,125	2,021	10,104	5,707	4,397	2,425	56	1,279	637	21.93%
492 Virginia Beach Distilling	94,001	15,670	78,331	46,709	31,622	18,800	654	9,302	2,866	19.72%
493 Glenno Distillery, LLC	801	133	667	378	289	160	-	74	55	23.53%
650 Blue Shepherd Spirits	38,144	6,554	31,591	18,031	13,559	7,863	152	4,014	1,531	21.19%
651 Waterman Spirits	268,587	44,720	223,867	124,582	99,285	53,654	2,434	28,931	14,266	21.96%
652 New Realm Distillery	56,481	9,415	47,066	26,183	20,883	11,296	444	6,736	2,407	20.93%
653 Creek Bottom Distillery	9,924	1,654	8,269	4,609	3,661	1,985	70	1,135	471	21.41%
654 Urban Rum	1,899	317	1,582	843	740	380	32	217	111	22.50%
Statewide Distillery Totals	14,910,209	2,459,423	12,450,786	7,251,003	5,199,783	2,988,924	104,182	1,521,058	585,619	20.42%

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LICENSED ESTABLISHMENTS' STATISTICS

2023 Establishment's by License Category — By Cities

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

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

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

Source: CORE, July 2023

LICENSED ESTABLISHMENTS' STATISTICS

2023 Establishment's by License Category—By Counties

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

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LICENSED ESTABLISHMENTS' STATISTICS

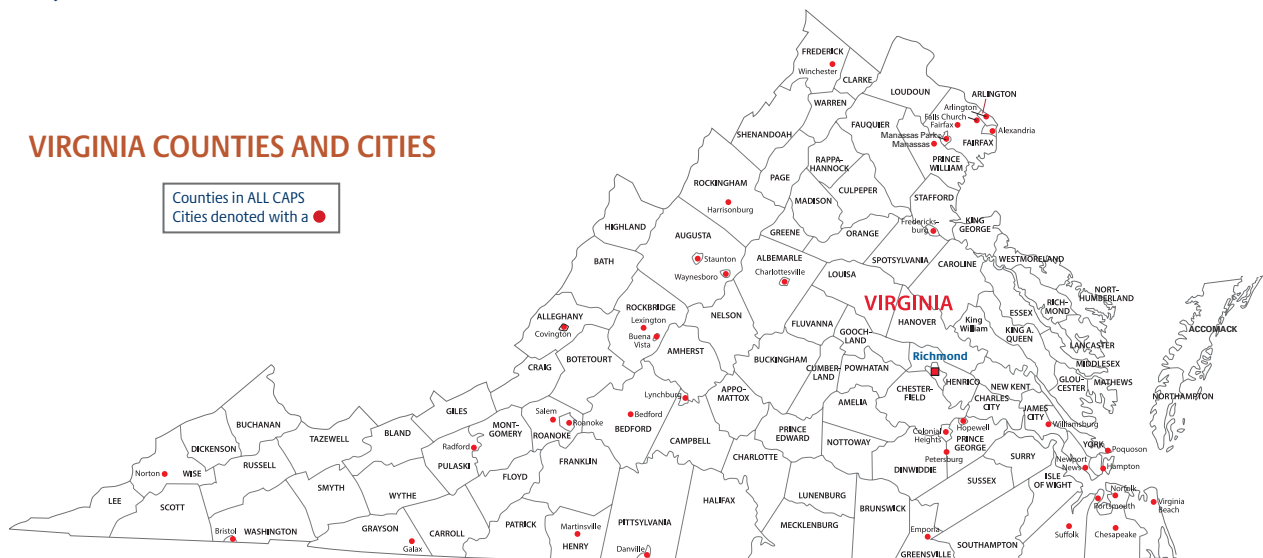
2023 Establishment's by License Category — By Counties

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

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

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

Source: CORE, July 2023



A Message from the Chairman and Chief Executive Officer

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

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



Financial Results in Brief, Fiscal Year 2023

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

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

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

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

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

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

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

Sales of All Beverages, Fiscal Year 2023

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

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

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

Source: Strategy and Analytics

2023

Financial Statements

TABLE OF CONTENTS

Introductory Section	4
Financial Section	40
Independent Auditor’s Report on Financial Statements	41
Management’s Discussion and Analysis (<i>Unaudited</i>)	44
Basic Financial Statements	
Statement of Net Position.....	50
Statement of Revenues, Expenses and Changes in Net Position	51
Statement of Cash Flows	52
Notes to Financial Statements.....	53
Notes to Financial Statements: Appendix	90
Required Supplementary Information (<i>Unaudited</i>)	
Schedule of Employer’s Share of Net Pension Liability – VRS State Employee Retirement Plan... 97	97
Schedule of Employer Contributions – VRS State Employee Retirement Plan	97
Schedule of Employer’s Share of Net Pension Liability – VaLORS Plan	98
Schedule of Employer Contributions – VaLORS Plan.....	98
Schedule of Employer’s Share of Total OPEB Liability	99
Schedule of Employer’s Share of Net OPEB Liability – Health Insurance Credit Program.....	100
Schedule of Employer Contributions – Health Insurance Credit Program	100
Schedule of Employer’s Share of Net OPEB Liability – Group Life Insurance Program (GLI)	101
Schedule of Employer Contributions – Group Life Insurance Program (GLI)	101
Schedule of Employer’s Share of Net OPEB Liability – Disability Insurance Program (VSDP)	102
Schedule of Employer Contributions – Disability Insurance Program (VSDP)	102
Schedule of Employer’s Share of Net OPEB Liability – Line of Duty Act Program	103
Schedule of Employer Contributions – Line of Duty Act Program.....	103
Financial Statistical — Last Ten Fiscal Years (<i>Unaudited</i>)	104
Changes in Net Position	105
Net Position	105
Alcohol Sales & Tax Collected	106
Operating Revenues	106
Operating Revenues Annual Change as a Percent of Prior Year	107
Gross Alcohol Sales	107
Non-operating Revenues.....	108
Cost of Goods Sold: Alcohol	109
Cost of Goods Sold as a Percent of Gross Alcohol Sales	109
Operating Expenses by Category without Cost of Goods Sold	110
Operating Expenses by Division without Cost of Goods Sold	110
Operating Expenses as a Percent of Gross Alcohol Sales	111
Non-operating Expenses	111
Profit Disbursements to the Commonwealth	112
Disbursements to the Commonwealth.....	112
Stores by Year	113
Sales Data by Year	113
Sales Percent Change from Prior Fiscal Year	114
Top Performing Stores – Gross Sales	114
Bottles Sold	115
Top Performing Brands – Gross Dollar	115
Products Sold – By Case	116
Transition To Authority Enactment Clause 14	117
Six-Year Financial Forecast	119

Contacting Virginia Alcoholic Beverage Control Authority

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

INDEPENDENT AUDITOR'S REPORT



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 17, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

Placeholder - APA opinion letter page 1

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Virginia Alcoholic Beverage Control Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1, 3, and 5 of the accompanying financial statements, the Authority implemented the Governmental Accounting Standards Board's Statement No. 87, Leases. Net capital assets and lease liabilities have been restated in Notes 3 and 5 of the accompanying financial statements, respectively, to reflect the provisions of this standard. Our opinion is not modified with respect to this matter.

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Placeholder - APA Opinion letter page 2

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Placeholder - APA Opinion letter page 3

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 106 through 107; 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 109 through 112; 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 108. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2022, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority’s internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer

Travis G. Hill



Chairman

Timothy D. Hugo

Vice Chair

Robert C. Sledd

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

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

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

FINANCIAL HIGHLIGHTS

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

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS, *continued*

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

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

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

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

FINANCIAL ANALYSIS

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

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

continued on next page

MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*

Total Assets and Deferred Outflows of Resources

Current assets – increased \$6.6 million from the 2022 fiscal year, primarily due to a \$6.1 million increase in credit card receivables and a \$3.7 million increase in inventory, offset by a \$1.9 million decrease in cash and cash equivalents. This decrease in cash is due to net cash used by operating activities. No accelerated payments of vouchers were necessary in 2023. The Authority's credit card receivables are deposited in the Commonwealth's account within one to two business days. This delay creates a credit card receivable. The increase in receivable balance follows the increase in the sale of alcohol and the calendar timing of the year end cutoff.

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

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

Total Liabilities and Deferred Inflows of Resources

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

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

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

Total Net Position

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

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

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

REVENUE

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*

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

EXPENSES

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

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

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

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

continued on next page

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 2023, approximately \$69.4 million was disbursed to other state agencies. The remaining \$151.1 million was disbursed to the General Fund in accordance with the *Code of Virginia*.

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

CASH FLOWS

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

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

Economic Factors and Next Year's Budget

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS, *continued*

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

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



FINANCIAL STATEMENTS

Statement of Net Position — As of June 30, 2023

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$ 31,937,554
Petty cash	423,550
Receivables (Note 1D)	14,797,330
Inventory - Alcohol (Note 1E, 12)	103,860,816
Prepaid expenses (Note 1M)	<u>1,289,233</u>
Total current assets	<u>152,308,483</u>

Noncurrent assets:

Nondepreciable capital assets - Land (Note 3)	10,882,996
Depreciable capital assets, net (Note 3)	97,375,649
Right to use intangible assets - Building, net (Note 3)	187,324,802
Right to use intangible assets - Subscription assets, net (Note 3)	14,430,099
Nondepreciable construction in progress (Note 3)	<u>3,032,936</u>

Total noncurrent assets (capital assets, net) **313,046,482**

Other Assets - OPEB (Note 10) 4,961,602

Total noncurrent & other assets **318,008,084**

Deferred Outflows of Resources (Pension) (Note 1H, 9) 29,490,123

Deferred Outflows of Resources (OPEB) (Note 1H, 10) 9,044,761

Total assets and deferred outflows of resources **508,851,451**

Liabilities

Current liabilities:

Accounts payable (Note 7)	87,074,313
Unearned revenue (Note 1C)	1,881,090
Short-term lease liabilities (Note 5A)	20,806,232
Short-term subscription-based information technology agreements liabilities (SBITA) (Note 5B)	2,185,538
Due to Commonwealth of Virginia (Note 4)	62,477,631
Obligations under securities lending (Note 1F)	3,141,974
Compensated absences payable (Note 6)	8,041,852
OPEB liability (Note 10)	<u>569,364</u>

Total current liabilities **186,177,994**

Noncurrent liabilities:

Compensated absences payable (Note 6)	593,449
Long-term lease liabilities (Note 5A)	175,318,913
Long-term subscription-based information technology agreement liabilities (SBITA) (Note 5B)	10,108,220
Net pension liability (Note 9)	80,255,693
Net OPEB liability (Note 10)	<u>18,740,039</u>

Total noncurrent liabilities **285,016,314**

Deferred Inflows of Resources (Pension) (Note 1I, 9) 15,532,737

Deferred Inflows of Resources (OPEB) (Note 1I, 10) 11,221,867

Total liabilities and deferred inflows of resources **497,948,912**

Net Position

Investment in capital assets	104,627,579
Restricted net position (Note 1J)	4,961,602
Unrestricted net position	<u>(98,686,642)</u>

Total net position **\$ 10,902,539**

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

FINANCIAL STATEMENTS, *continued*

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

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

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

FINANCIAL STATEMENTS, *continued*

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

A separate report is prepared for the Commonwealth, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority or is the recipient of their services and/or benefits. The Authority is considered a blended component unit of the Commonwealth due to its fiscal dependence on the Commonwealth. Therefore, the Authority's financial position and results of operation are presented in the Commonwealth's Annual Comprehensive Financial Report (the "ACFR"). The Authority does not have any component units for financial reporting purposes.

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

B. Fund Accounting

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

C. Basis of Accounting

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

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

D. Accounts Receivable

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

E. Inventories

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

F. Securities Lending

Investments held by the Treasurer of Virginia represent the Authority's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the ACFR. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

G. Pensions and Other Post-Employment Plans

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

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

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

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

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

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

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

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

H. Deferred Outflows of Resources

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

I. Deferred Inflows of Resources

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

J. Restricted component of net position

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

K. Net Position

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

L. Use of Estimates

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

M. Prepaid Items

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

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

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

The Authority adopted *GASBB 96 – Subscription Based Information Technology Arrangements (SBITA)* on July 1, 2022, which required the Authority to disclose key information about SBITA and recognize SBITA liabilities and corresponding right to use intangible subscription assets on its Statement of Net Position. Assets and liabilities resulting from SBITAs were recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year of implementation.

2. CASH WITH THE TREASURER OF VIRGINIA

All State funds of the Authority are held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et. seq., *Code of Virginia*, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled State funds is reported as "Cash and Cash Equivalents" on the Statement of Net Position and is not subject to custodial credit risk. Cash equivalents are investments with an original maturity of 90 days or less.

The Authority participates in the State Treasury's securities lending program. Collateral held for security lending transactions of \$3,141,974 represents the Authority's allocated share of cash collateral received and reinvested and securities received by the State Treasury securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's ACFR.

3. CAPITAL ASSETS

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

continued on next page

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

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

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

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

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

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

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

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

4. DUE TO THE COMMONWEALTH

A. Line of Credit

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

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

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

B. General Fund

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

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

C. Department of Taxation - Sales Tax

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

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

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

D. Earned Surplus

The Appropriation Act, Chapter 1283 of the 2023 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 overestimated profit for the fourth quarter resulting in a deduction of \$830,089 from the General Fund at June 30, 2023.

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

A. Lease Liabilities

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

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

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

The following schedule presents the changes in lease liabilities activity:

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

Maturities of lease liabilities and interest expense are as follows:

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

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

B. Subscription-Based Information Technology Agreement Liabilities

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

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

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

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

The following schedule presents the changes in SBITA liabilities activity:

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

Maturities of SBITA liabilities and interest expense are as follows:

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

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

continued on next page

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

6. COMPENSATED ABSENCES

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

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

7. ACCOUNTS PAYABLE

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

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

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

8. COLLECTIONS OF MALT BEVERAGE TAX

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

9. PENSION PLAN

A. Plan Descriptions

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

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

B. Retirement Plan Provisions by Plan Structures

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

continued on next page

PLAN 1	PLAN 2	HYBRID RETIREMENT 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
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Full-time permanent, salaried state employees. * • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some 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>
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>Same as Plan 1.</p>	

continued on next page

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

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

continued on next page

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Members are always 100% vested in the contributions that they make.</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>
<p>Calculating the Benefit</p>	<p>Calculating the Benefit</p>	<p>Calculating the Benefit</p>
<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>
<p>Average Final Compensation</p>	<p>Average Final Compensation</p>	<p>Average Final Compensation</p>
<p>A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p>	<p>Service Retirement Multiplier</p>	<p>Service Retirement Multiplier</p>
<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>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p><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>

continued on next page

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

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

continued on next page

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements—As of June 30, 2023

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<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. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor, or beneficiary is eligible for a monthly death-in-service benefit. <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</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>
<p>Disability Coverage</p>	<p>Disability Coverage</p>	<p>Disability Coverage</p>
<p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

continued on next page

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active-duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<u>Defined Benefit Component:</u> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> 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, 2023, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on an actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were \$10,467,876 and \$9,422,973 for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the state agency to the VaLORS Retirement Plan were \$1,935,081 and \$1,422,127 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

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

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

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

FINANCIAL STATEMENTS, *continued*
Notes to Financial Statements—As of June 30, 2023

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

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

Year Ended June 30,

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

E. Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

FINANCIAL STATEMENTS, *continued*
Notes to Financial Statements—As of June 30, 2023

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

F. Net Pension Liability

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

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

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

G. Long-Term Expected Rate of Return

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

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

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

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

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

H. Discount Rate

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

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

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

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

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

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

J. Pension Plan Fiduciary Net Position

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

K. Payables to the Pension Plan

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

10. OTHER POSTEMPLOYMENT BENEFITS

A. Pre-Medicare Retiree Healthcare Plan

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

1. Eligibility requirements

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

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

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

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

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

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

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

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

2. Actuarial Assumptions and Methods

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

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

continued on next page

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

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

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

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

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

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

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

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

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

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

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

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

Year End June 30:

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

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

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

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

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

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

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

B. State Employee Health Insurance Credit Program

General Information about the State Employee Health Insurance Credit Program

1. Plan Description

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

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

2. Provisions

a. Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

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

b. Benefit Amounts

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

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

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

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

c. Health Insurance Credit Program Notes:

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

3. Contributions

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

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

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

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

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

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

continued on next page

FINANCIAL STATEMENTS, *continued*
 Notes to Financial Statements — As of June 30, 2023

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

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

Year ended June 30,

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

4. Actuarial Assumptions

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

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

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

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

5. Net State Employee HIC OPEB Liability

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

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

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

6. Long-Term Expected Rate of Return

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

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

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

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

7. Discount Rate

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

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

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

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

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

9. State Employee HIC OPEB Fiduciary Net Position

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

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

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

C. Group Life Insurance

General Information about the Group Life Insurance Program

1. Plan Description

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

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

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

2. Provisions

a. Eligible Employees

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

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

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

b. Benefit Amounts

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

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

c. Reduction in Benefit Amounts

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

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

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

3. Contributions

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

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

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

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

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

FINANCIAL STATEMENTS, *continued*
 Notes to Financial Statements — As of June 30, 2023

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

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

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

Year ended June 30,

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

5. Actuarial Assumptions

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

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

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

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

continued on next page

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

6. Net GLI OPEB Liability

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

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

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

7. Long-Term Expected Rate of Return

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

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

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

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

8. Discount Rate

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

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

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

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

10. Group Life Insurance Program Fiduciary Net Position

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

11. Payables to the Group Life Insurance OPEB Plan

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

D. VRS Disability Insurance Program

General Information about the *VRS Disability Insurance Program*.

1. Plan Description

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

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

2. Provisions

Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

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

a. Benefit Amounts

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

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

b. Disability Insurance Program (VSDP) Plan Notes:

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

d. Cost-of-Living Adjustment (COLA)

1. During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
 - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
 - Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
2. For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
 - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.
3. For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
 - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

3. Contributions

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

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

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

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

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

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

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

Year ended June 30,

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

5. Actuarial Assumptions

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

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

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

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

6. Net VSDP OPEB Liability (Asset)

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

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

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

7. Long-Term Expected Rate of Return

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

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

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

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

8. Discount Rate

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

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

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

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

10. VSDP OPEB Fiduciary Net Position

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

11. Payables to the VSDP OPEB Plan

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

E. Line of Duty Act Program

General Information about the Line of Duty Act Program.

1. Plan Description

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

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

2. Plan Description

1. Eligible Employees

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

2. Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

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

3. Contributions

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

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

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

FINANCIAL STATEMENTS, *continued*
 Notes to Financial Statements — As of June 30, 2023

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

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

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

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

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

5. Actuarial Assumptions

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

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

continued on next page

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

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

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

6. Net LODA OPEB Liability

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

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

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

7. Long-Term Expected Rate of Return

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

8. Discount Rate

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

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

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

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

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

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

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

11. LODA OPEB Plan Fiduciary Net Position

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

11. RISK MANAGEMENT

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

12. CONTINGENT LIABILITIES

A. Legal Proceedings

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

B. Bailment Inventory

The Authority houses and controls bailment inventory in the warehouse and is, therefore, responsible for the exercise of reasonable care to preserve the inventory until it is purchased by the Authority or returned to the supplier. The Authority uses the bailment system for payment of merchandise for resale. The Authority initiates payments to the vendors based on shipments from the Authority's warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2023, the bailment inventory was valued at \$82,649,950.

• **Mortality rates – General State Employees**

Pre-Retirement:	
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

• **Mortality rates – SPORS Employees**

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	

FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements: Appendix — As of June 30, 2023

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

- **Mortality rates – VaLORS Employees**

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No Change

• **Mortality rates – Teachers**

Pre-Retirement:	
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.	
Post-Retirement:	
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.	
Post-Disablement:	
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service

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FINANCIAL STATEMENTS, *continued*

Notes to Financial Statements: Appendix — As of June 3

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

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.	

Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:	

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

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION, *continued*

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

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

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

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

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

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

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

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

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

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

continued on next page

REQUIRED SUPPLEMENTARY INFORMATION, *continued*

Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees For the Fiscal Year Ended June 30, 2023

SCHEDULE OF EMPLOYER'S SHARE OF TOTAL OPEB LIABILITY

For the Fiscal Year Ended, June 30, 2023

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION, *continued*

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

For the Fiscal Year Ended June 30, 2023

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

For the Measurement Dates of June 30, 2017 through 2022

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

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

Schedule of Employer Contributions -- Group Life Insurance Program (GLI)

For the Years Ended June 30, 2018 through 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION, *continued*

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

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

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

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

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

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

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

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

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

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

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

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

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

Net Positions — Last Ten Fiscal Years

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

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

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

NET POSITION - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in Capital Assets	104,627,579	113,822,702	121,818,144	33,116,293	15,485,332	9,110,959	9,305,696	10,325,665	11,623,322	10,917,072
Restricted Net Position	4,961,602	4,864,281	2,955,302	2,523,739	2,728,000	2,395,000	-	-	-	-
Unrestricted Net Position	(98,686,642)	(113,851,825)	(133,010,626)	(116,521,965)	(108,935,173)	(107,574,527)	(80,129,558)	(82,859,168)	(84,461,099)	(9,171,689)
Total Net Position	10,902,538	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)	1,745,383

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

continued on next page

STATISTICAL SECTION, continued
Revenues — Last Ten Fiscal Years

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

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

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

OPERATING REVENUES - Last Ten Fiscal Years (in dollars)

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

- Notes: 1. In FY15, mark-ups on alcohol were effective December 16, 2014, which included the case handling fee increase from one dollar per case to two dollars per case. The mark-up on miniatures increased from 49% to 69%.
 2. In FY16, the price increased for all products due to rounding up to the nearest nine cents, which took place July 1, 2015.
 3. In FY21, merchandise sales were moved from sales of alcohol to miscellaneous to better align products in appropriate categories.

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STATISTICAL SECTION, continued
Revenues — Last Ten Fiscal Years

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

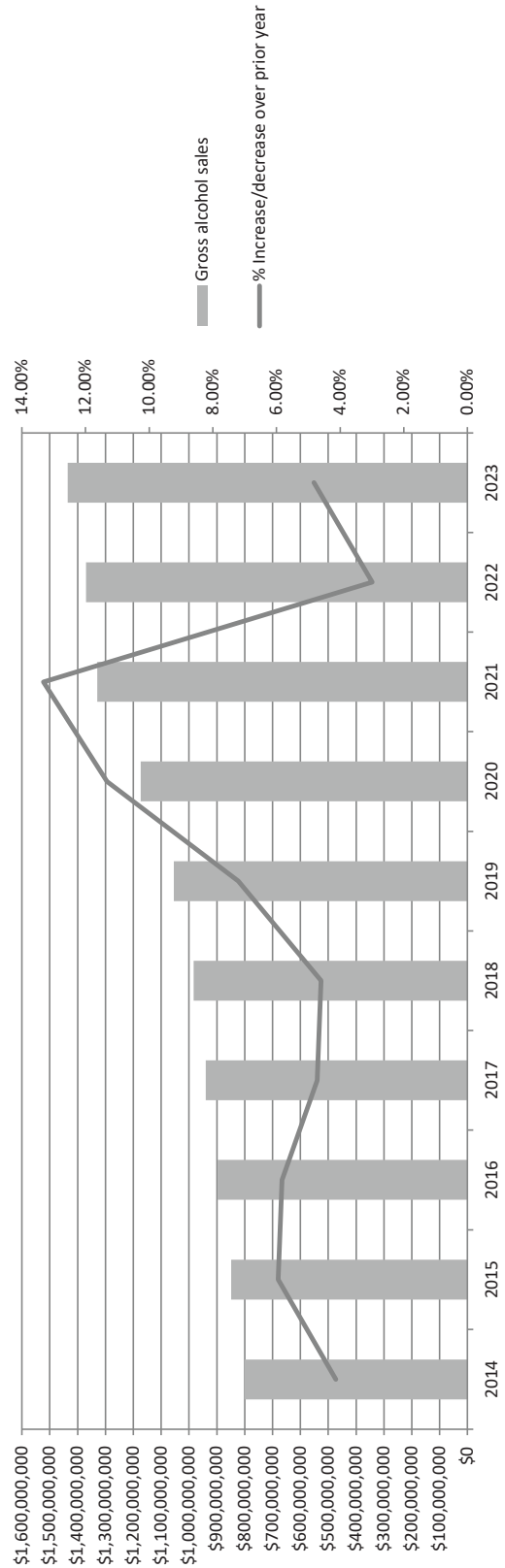
	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net alcohol sales	4.81%	2.93%	13.23%	11.34%	7.00%	4.68%	4.77%	5.85%	5.96%	4.14%
Sales of lottery tickets	N/A	N/A	N/A	(100.00%)	(36.30%)	(10.84%)	(19.44%)	(5.66%)	(5.67%)	(4.90%)
License & permit fees	1.28%	15.32%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

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

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

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

GROSS ALCOHOL SALES - Last Ten Fiscal Years



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STATISTICAL SECTION, continued
Revenues — Last Ten Fiscal Years

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

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

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STATISTICAL SECTION, *continued*

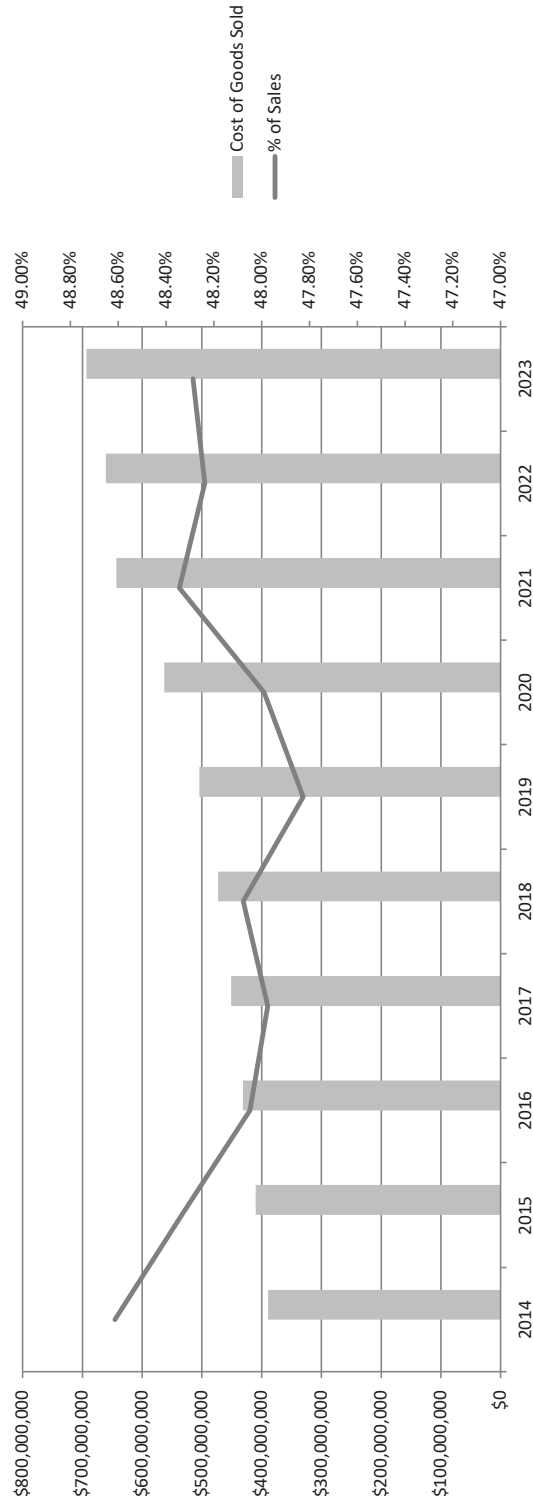
Cost of Goods Sold — Last Ten Fiscal Years

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

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

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

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



STATISTICAL SECTION, continued
Expenses — Last Ten Fiscal Years

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

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

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

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

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

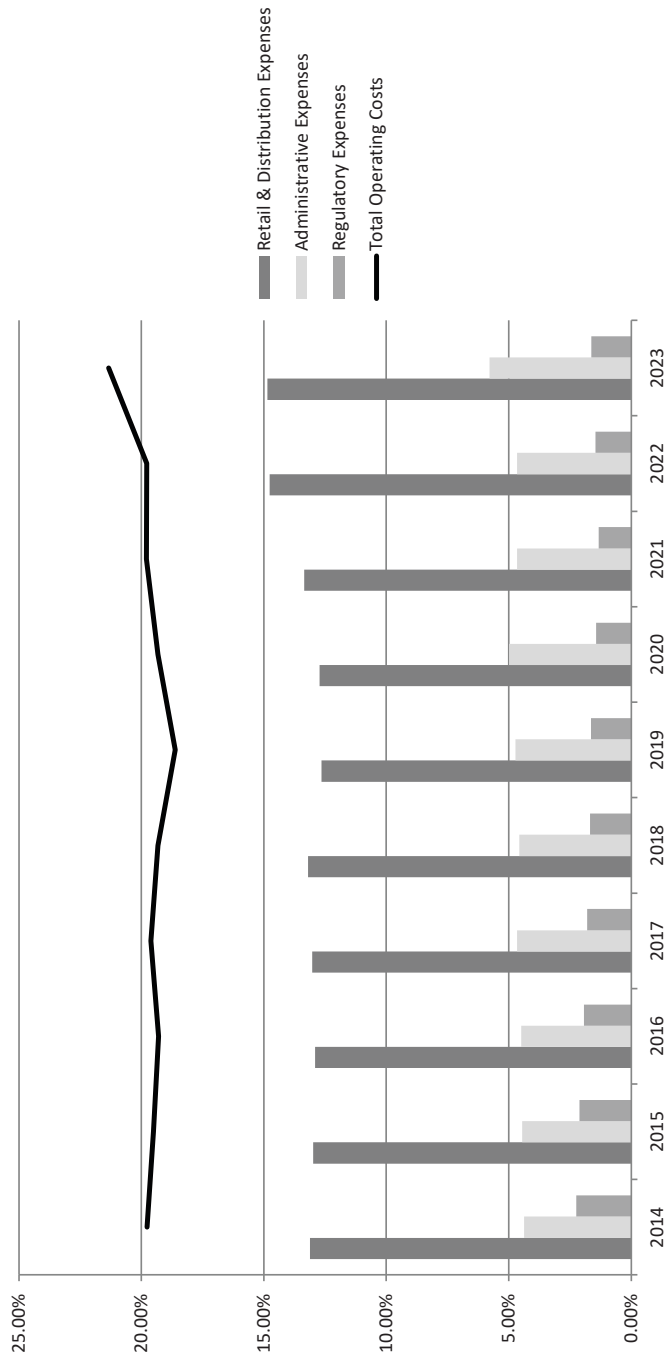
2. Store breakage removed from operating expense and classified as part of Cost of Goods Sold on financial statements

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

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STATISTICAL SECTION, continued
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)

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

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

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STATISTICAL SECTION, *continued*

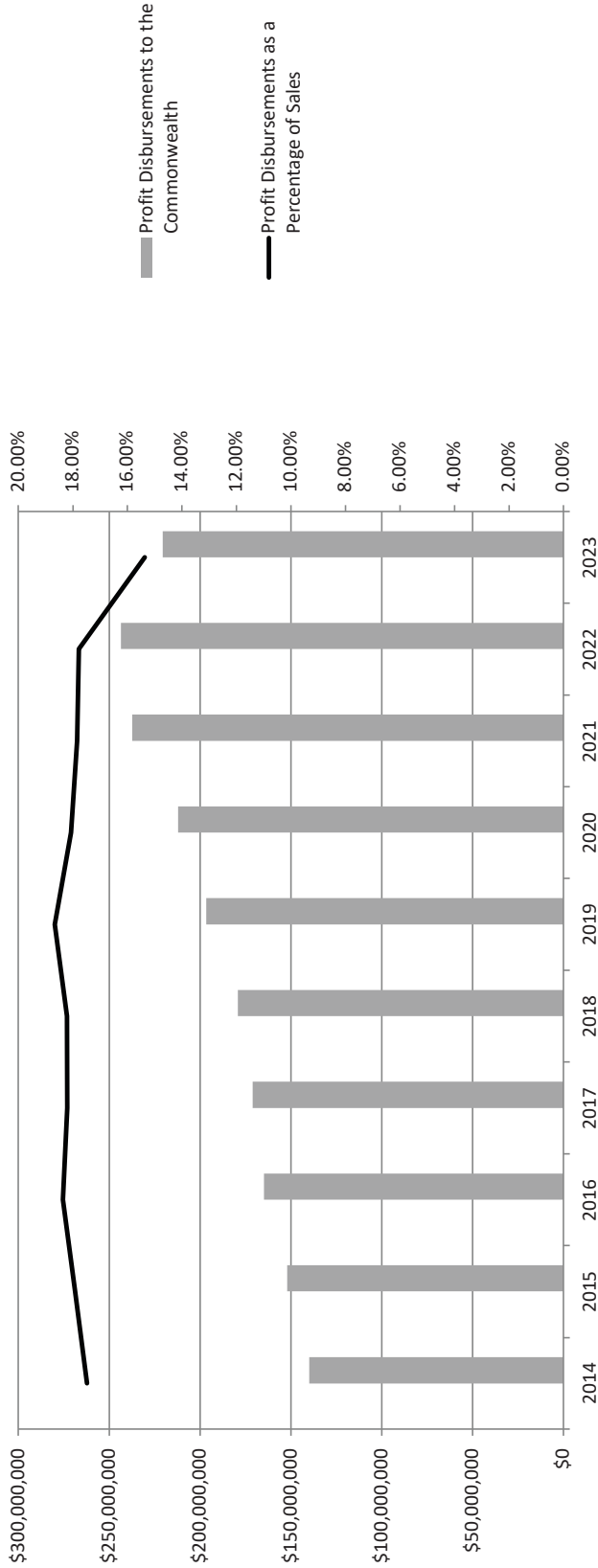
Profits Disbursements — Last Ten Fiscal Years

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

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

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

DISBURSEMENTS TO THE COMMONWEALTH - Last Ten Fiscal Years



continued on next page

STATISTICAL SECTION, continued

Operational — Last Ten Fiscal Years

STORES BY YEAR - Last Ten Fiscal Years

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

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

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

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

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

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STATISTICAL SECTION, *continued*

Operational — Last Ten Fiscal Years

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

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

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

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

(Rank in parentheses)

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

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

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STATISTICAL SECTION, *continued*

Operational — Last Ten Fiscal Years

BOTTLES SOLD - Last Ten Fiscal Years

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

Notes: 1. Source: Policy, Planning & Analysis

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

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

continued on next page

STATISTICAL SECTION, *continued*

Operational — Last Ten Fiscal Years

PRODUCTS SOLD BY CASE - Last Ten Fiscal Years

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

Notes: * Excludes promotional items, miscellaneous records and confiscated items.

**Flavored Whiskey is a new breakout category.

1. Grain alcohol 151 proof available for sale in select ABC stores.

2. Moonshine was reported separate from corn whiskey category beginning in 2015

ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Authority Transition — Enactment Clause 14

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

Enactment Clause 14 of Acts of Assembly Chapter 730

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

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

Notes:

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

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

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

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

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

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

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

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

ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Six-Year Financial Forecast — As of August 22, 2023

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

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

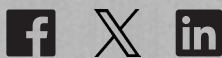
ABC’s profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2023 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC’s cost structure.

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

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

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

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



www.abc.virginia.gov

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2023

**Virginia Office for
Substance Abuse Prevention**

Annual Report

December 1, 2023

Dear Members of the General Assembly:

The Virginia Office for Substance Abuse Prevention (VOSAP) Collaborative is pleased to provide this report in accordance with §4.1-103.02, *Code of Virginia*. Consistent with its statutory responsibilities, VOSAP provides leadership, opportunities and an environment to further strengthen Virginia's youth substance prevention infrastructure to ensure that prevention efforts are more unified, collaborative and evidence based.

This report highlights national and state youth substance use data and details the prevention efforts and initiatives VOSAP member agencies and statewide partners have implemented during fiscal year 2023.

VOSAP looks forward to providing continued leadership and coordination of Virginia's substance abuse prevention efforts. Thank you for your support, and please contact us if you would like additional information about VOSAP.

Sincerely,



Timothy D. Hugo, Chair
Virginia Alcoholic Beverage Control Authority

Table of Contents

Executive Information	3
Executive Summary	3
Statutory Authority	4
VOSAP Collaborative Mission	5
VOSAP Collaborative Goals	5
VOSAP/GOSAP Archive.....	5
VOSAP Collaborative Members	6
Youth Substance Use Data	8
Youth Substance Use Prevention Efforts.....	15
Spending.....	15
Activities and Initiatives.....	18
Gaps in Youth Substance Use Prevention Efforts	40
Unmet Substance Use Prevention Needs	41
VOSAP Collaborative Meeting Summaries.....	41
Final Summary	50
VOSAP Collaborative Contact Information	50
Future VOSAP Meeting Dates.....	50

Executive Information

The Commonwealth of Virginia



Governor Glenn Youngkin

Secretariats represented in the VOSAP Collaborative

Secretary of Public Safety and Homeland Security *Sheriff Robert “Bob” Mosier**

Secretary of Public Safety and Homeland Security *Terrance C. “Terry” Cole***

Secretary of Health and Human Resources *John Littel*

Secretary of Transportation *Sheppard Miller, III*

Virginia Alcoholic Beverage Control Authority Leadership and Board

Chief Executive Officer

Travis G. Hill



*Timothy D. Hugo,
Chair*



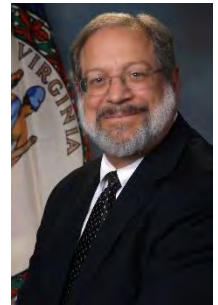
*Maria J. K.
Everett,
Vice Chair*



William D. Euille



*Gregory F.
Holland*



Mark E. Rubin

*Secretary Mosier resigned his position on June 1, 2023.

** Secretary Cole assumed his position on June 2, 2023.

Executive Summary

The Virginia Office for Substance Abuse Prevention (VOSAP), operating as the VOSAP Collaborative, is pleased to report on substance abuse prevention efforts in the Commonwealth of Virginia. VOSAP member agencies represent four secretariats including: Education, Health and Human Resources, Public Safety and Homeland Security, and Transportation. External to state government, VOSAP partners with community coalitions and other organizations that promote health, safety and wellness within the Commonwealth.

The VOSAP Collaborative promotes and supports data-driven prevention planning, evidence-based prevention programming, capacity development and formal data-driven evaluation. During VOSAP Collaborative meetings, representatives from 13 agencies and organizations reported on individual and joint projects related to prevention and identified ways to further support their shared mission to promote health and safety in the Commonwealth. While a range of prevention efforts were discussed in 2023, particular attention was paid to the state of recreational cannabis use and the law, in addition to the ongoing opioid epidemic.

Statutory Authority

Pursuant to HB 1291 and SB 678 of 2012 (Chapter 835 of the 2012 Acts of Assembly), enacted through § 4.1-103.02 of the *Code of Virginia*, the Governor's reorganization of executive branch of state government states:

“The responsibility for the administration of a substance abuse prevention program transfers from the Governor to the Alcoholic Beverage Control Board. The bill gives the ABC Board the duty to (i) coordinate substance abuse prevention activities of agencies of the Commonwealth in such program, (ii) review substance abuse prevention program expenditures by agencies of the Commonwealth, and (iii) determine the direction and appropriateness of such expenditures. The Board is to cooperate with federal, state, and local agencies, private and public agencies, interested organizations, and individuals in order to prevent substance abuse within the Commonwealth. The Board must report annually by December 1 to the Governor and the General Assembly on the substance abuse prevention activities of the Commonwealth. [Enactments 103-104; HJ 49 #37]”

VOSAP Collaborative Mission

The mission of VOSAP is to support positive youth development by providing strategic statewide leadership, fostering collaboration and the sharing of resources at all levels, and providing tools and training to practice evidence-based prevention to reduce the incidence and prevalence of substance abuse and its consequences.

VOSAP Collaborative Goals

In addition to being responsive to ad hoc requests, the VOSAP Collaborative works to fulfill the following goals:

- VOSAP will be a working group where individual agency information, successes and challenges pertaining to prevention activities are openly shared and coordinated to eliminate redundancies.
- VOSAP will support the collection and analysis of state epidemiological data to support prevention planning, funding, and programming.
- VOSAP will promote use of the Substance Abuse and Mental Health Services Administration's Strategic Prevention Framework.
- The VOSAP Collaborative will use agency websites and social media to provide prevention information and highlight prevention work.

VOSAP/GOSAP Archive

VOSAP's predecessor organization was the Governor's Office for Substance Abuse Prevention (GOSAP) and the associated GOSAP Collaborative. Members of the Collaborative voted to change the name of the organization to VOSAP in 2013. The Collaborative operates under a Memorandum of Agreement signed by all participating agency directors.

During fiscal year 2021, in compliance with Virginia ABC's records retention policies, the GOSAP records previously maintained in the archives of the Library of Virginia were destroyed.

VOSAP Collaborative Members

VOSAP has been a part of the Virginia Alcoholic Beverage Control Authority (ABC) since 2012. The Virginia ABC Youth Education and Prevention Coordinator serves as the coordinator for the VOSAP Collaborative, among other statewide initiatives. Collaborative meetings are held quarterly. The collaborative is comprised of the following organizations:



Alcoholic Beverage Control Authority (ABC)

*Wyatt Anderson, Youth Education and Prevention Coordinator
VOSAP Facilitator*



Cannabis Control Authority (CCA)

*Brianna Bonat, MPH, Health Policy and Data Manager
Hanna Jones, Data and Research Analyst*



Department of Behavioral Health and Developmental Services (DBHDS)

*Nicole Gore, Behavioral Health Wellness Director
Jennifer Farinholt, Behavioral Health Wellness Consultant*



Department of Criminal Justice Services (DCJS)

*Betsy Bell, Mental Health and Suicide Prevention Programs Coordinator
Greg Hopkins, Juvenile Justice Program Coordinator*



Virginia Department of Education (VDOE)

*Vanessa Wigand, Health, Physical and Driver Education Coordinator
Joseph Wharff, Director of Specialized Student Services
Robin Shepherd, Health and Family Life Specialist
Martha Montgomery, School Psychology Specialist*



Virginia Department of Juvenile Justice (DJJ)

*Art Mayer, LCSW, CSOTP, Clinical Treatment Program Supervisor,
Division of Re-entry, Education and Intervention*



Virginia Department of Health (VDH)

Elizabeth Zaunick, MSW, Overdose Data to Action Grant Coordinator



Department of Motor Vehicles (DMV)

Katharine Beachboard, Virginia Highway Safety Office, Impaired Driving Program Manager



Department of Social Services (DSS)
Stephen Wade MUP; Health Equity Project Manager



Virginia State Police (VSP)
Mary King, Youth of VA Speak Out About Traffic Safety (YOVASO) Program Manager
Molly Jackson, YOVASO Marketing and Training Coordinator



Virginia Foundation for Healthy Youth (VFHY)
Michael Parsons, MSW, Director of Programs



Virginia National Guard (VNG)
Staff Sergeant Wayne B. Graves, Drug Demand Reduction-Civil Operation Specialist
Cari Kelso, Counterdrug Coordinator



Community Coalitions of Virginia (CCoVA)
Octavia Marsh, Vice Chair
Travis Fellows, Coalition Coordinator



Mothers Against Drunk Driving (MADD) Virginia
Cristi Cousins, State Programs Specialist

Youth Substance Use Data

The Strategic Prevention Framework

VOSAP Collaborative member agencies subscribe to the **Strategic Prevention Framework** (SPF) (Figure 1) created by SAMHSA to guide their substance use prevention initiatives. The framework allows prevention professionals to better understand both the behavioral and environmental health issues related to substance misuse, but it can also be applied to many other public health issues that may affect a community. There are five steps to the SPF: assessment, capacity, planning, implementation and evaluation. Sustainability and cultural competence are two concepts that are interwoven throughout each step. The SPF is successful due to its emphasis on data-driven decisions and a team-based approach to prevention. The framework is represented in a circular format because prevention work is not linear; a team may return to a step in the process or perform two steps at once depending on the nature and evolution of the public health problem.

Figure 1. The Strategic Prevention Framework



Data collection and the evaluation of available, current data is within the assessment step of the SPF. Assessment involves gathering an understanding of community prevention needs, as well as data and research that can help you identify and prioritize a health problem. During this step, prevention professionals collect information that can tell them about the nature of the problem, risk and protective factors that influence the problem and the amount of community capacity available to address the problem, including the community's readiness for change and its available resources.

VOSAP member agencies routinely reference and report on the following national and state data to inform prevention professionals of potential gaps and needs for substance use prevention services and to support the implementation of prevention initiatives.

Monitoring the Future Survey

Monitoring the Future (MTF) is a longitudinal study of the behaviors, attitudes and values of American secondary school students, college students, and young adults. Each year, a total of approximately 50,000 8th, 10th and 12th grade students are surveyed. In addition, annual follow-up questionnaires are mailed to a sample of each graduating class for several years after their initial participation.

The MTF study has been funded by a series of investigator-initiated research grants from the National Institute on Drug Abuse, a part of the National Institutes of Health. MTF is conducted at the Survey Research Center at the University of Michigan's Institute for Social Research.

Since the project's conception in 1975, it has studied changes in the beliefs, attitudes, and behaviors of young people in the United States. In recent years, the U.S. has experienced tremendous changes in public opinion regarding diverse issues, such as government and politics, alcohol and other drug use, gender roles and protection of the environment. This study focuses on youth because of their significant influence on today's social changes and, most importantly, because youth in a very literal sense will constitute our future society.

The results of the study inform policymakers at all levels of government to monitor progress toward national health goals. Study results are also used to monitor trends in substance use among adolescents and young adults, as they are routinely used in the White House Strategy on Drug Abuse.

The MTF data discussed below highlights general trends from 1975-2022, as well as lifetime prevalence rates for the most commonly used substances by secondary students (i.e. alcohol, vaped nicotine and cannabis), as well as all illicit drugs from 2019-2022. The 2020 survey data collection was completed before March 15 when the COVID-19 pandemic resulted in national social distancing policies. Thus, results from these three years provide a snapshot of how the pandemic affected adolescent substance use and its changes as pre-pandemic policies were put back into place. For a more detailed discussion of national trends and key findings in youth drug use across all substances, please see Monitoring the Future's 2023 monographs [National Survey Results on Drug Use, 1975-2022: Secondary School Students](#) and [National Survey Results on Drug Use, 1975-2022: Key Findings on Adolescent Drug Use](#).

General Themes and Takeaways (1975-2022)

When tracking all drug use trends in adolescents over the last half century, MTF researchers have identified two major themes that provide context for more recent data. As illicit drug use emerged as an adolescent epidemic in the 1960s, there has been a broad decrease in prevalence rates over time, with a rapid increase during the 1990s termed the "**1990s drug relapse**." Since this time, drug use has continued to decline, now sitting roughly between all-time lows at the start of the 1990s and peak rates in the middle of the decade.

The second theme identified by MTF researchers are **cohort effects**. Youth in the same grade level tend to have similar experiences, including attitudes and behaviors surrounding drug use. Thus, if one group shows higher or lower rates of using a substance as 8th graders, this trend typically follows them over time as they mature to become 10th and 12th graders.

Prevalence Rates of Most Commonly Used Drugs (2020-2022)

With these themes in mind, the past three years have represented a time of flux. After a marked decrease in youth substance use during the pandemic, some substances have returned to pre-pandemic levels, while others have remained low.

2022 data shows a small upward trend in **lifetime alcohol use** relative to 2021 ([Figure 2](#)). This trend was found to be significant for 10th and 12th graders, but not 8th graders. This increase represents a partial return to 2020 levels, before the COVID-19 pandemic disrupted the social networks of many youth. The COVID-19 pandemic may also explain why 8th graders, with less autonomy than older students, did not show the same increases.

Lifetime vaping nicotine (Figure 3) among 8th, 10th, and 12th graders showed no statistically significant increase relative to 2021. This is good news in light of the large increases in all grades from 2017, when many vaping products became widely available, up until to 2020 before the COVID-19 pandemic.

Likewise, 2022 **lifetime marijuana** use showed no significant increase relative to 2021 for 8th, 10th and 12th graders. (Figure 4). However, while far less common, data on synthetic marijuana use in the last twelve months (Figure 5) indicated a significant increase in 12th graders from 2021. Like lifetime alcohol use, this change indicates a partial return to 2020 levels, with older students showing more noticeable differences.

Finally, when viewed in total, lifetime use of **any illicit substance** showed no significant increases from 2021, remaining at a lower level than 2020 across all three grades. (Figure 6).

Figure 2. Year-to-year comparison of reported lifetime alcohol use

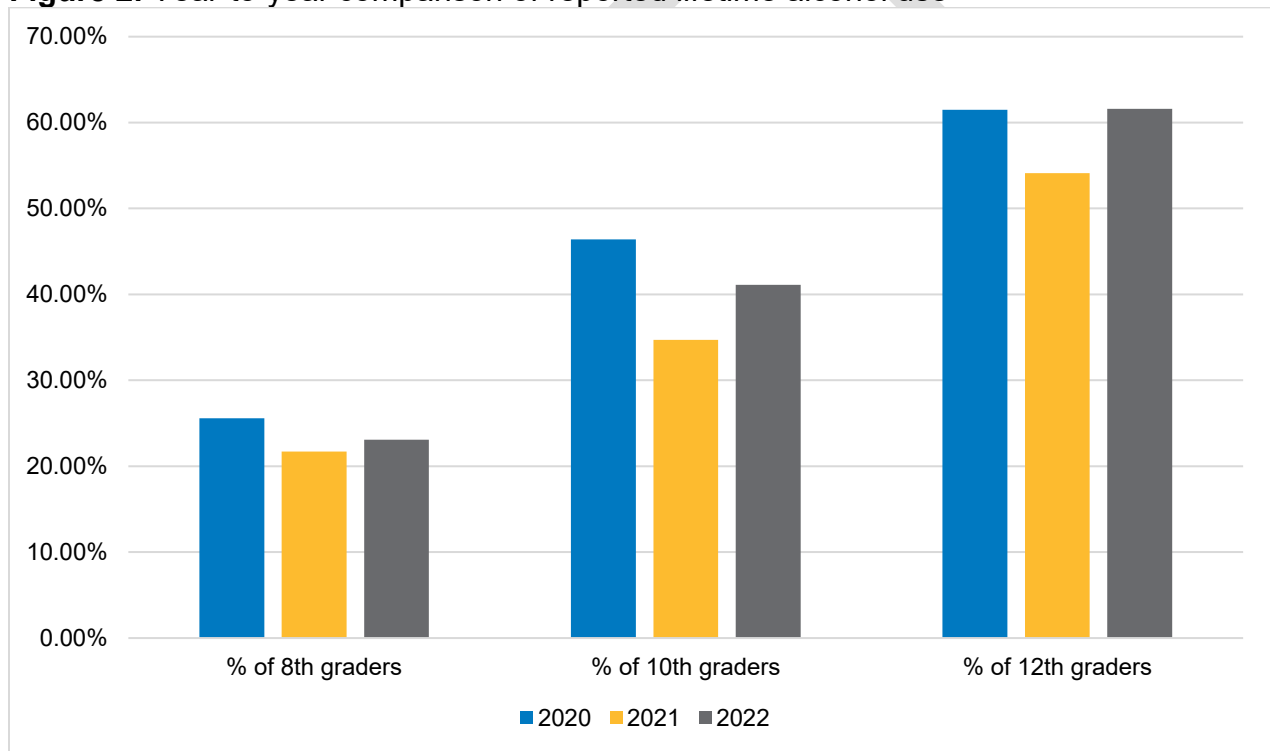


Figure 3. Year-to-year comparison of reported lifetime vaping nicotine

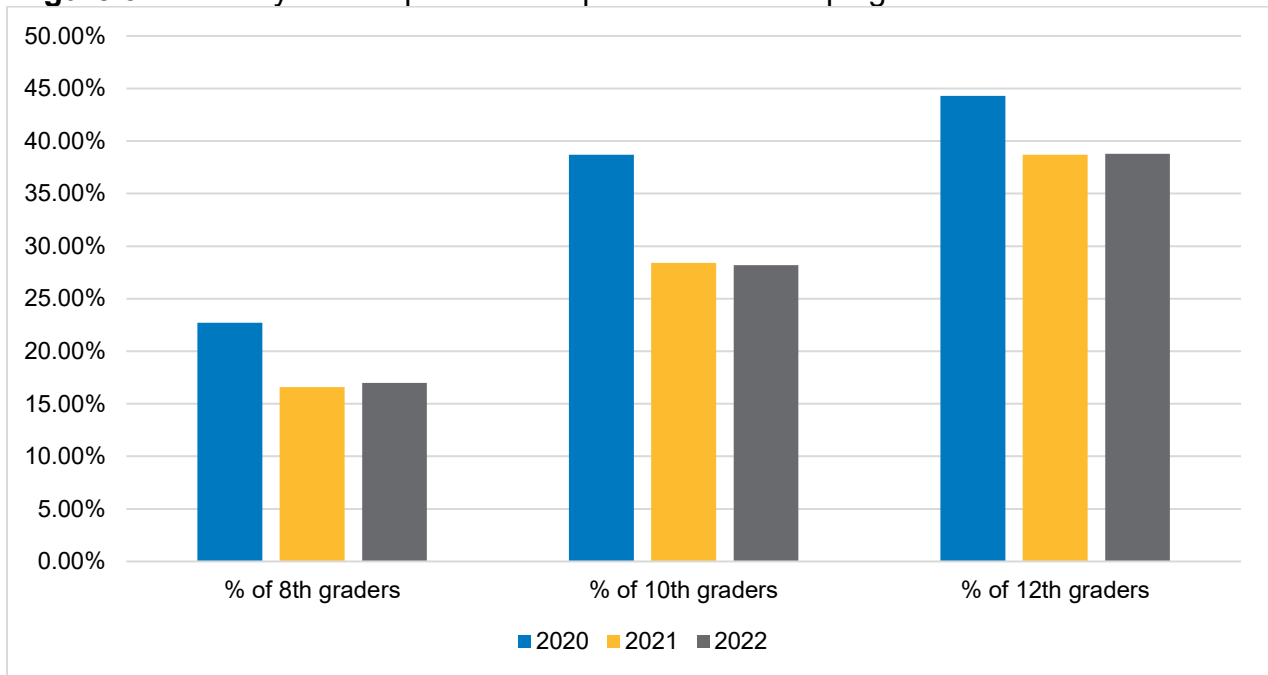


Figure 4. Year-to-year comparison of reported lifetime use of any marijuana.

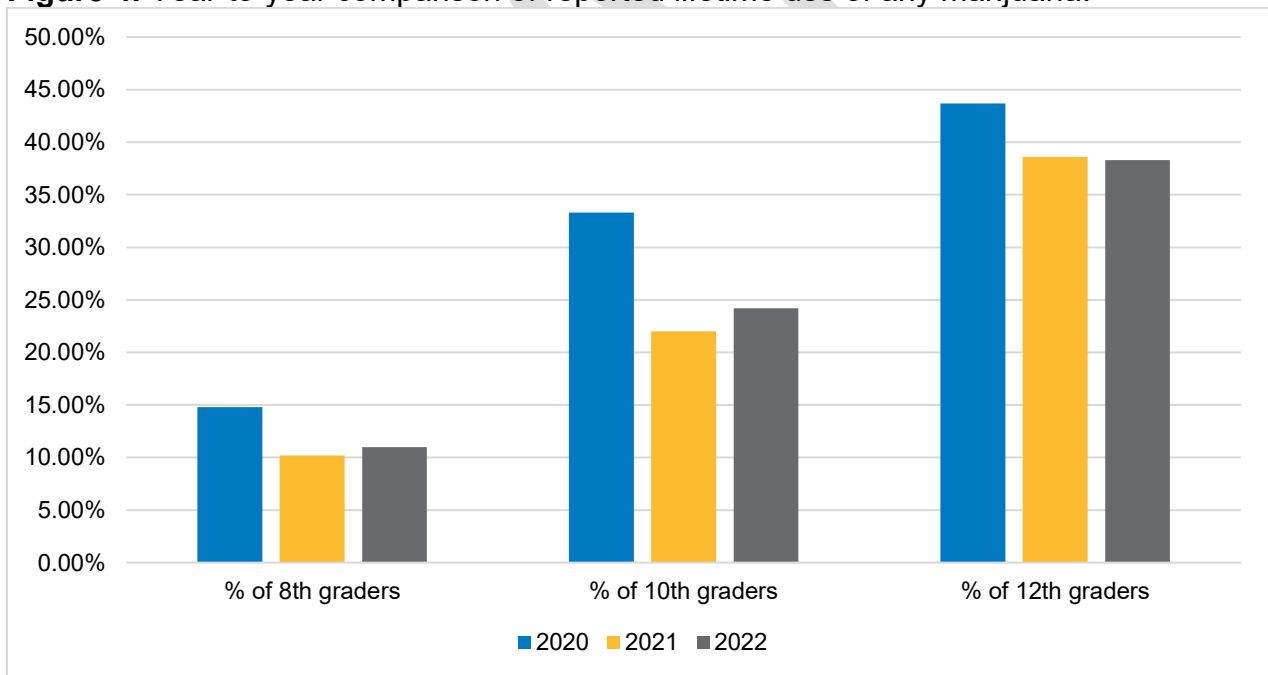


Figure 5. Year-to-year comparison of reported twelve-month use of any synthetic marijuana.

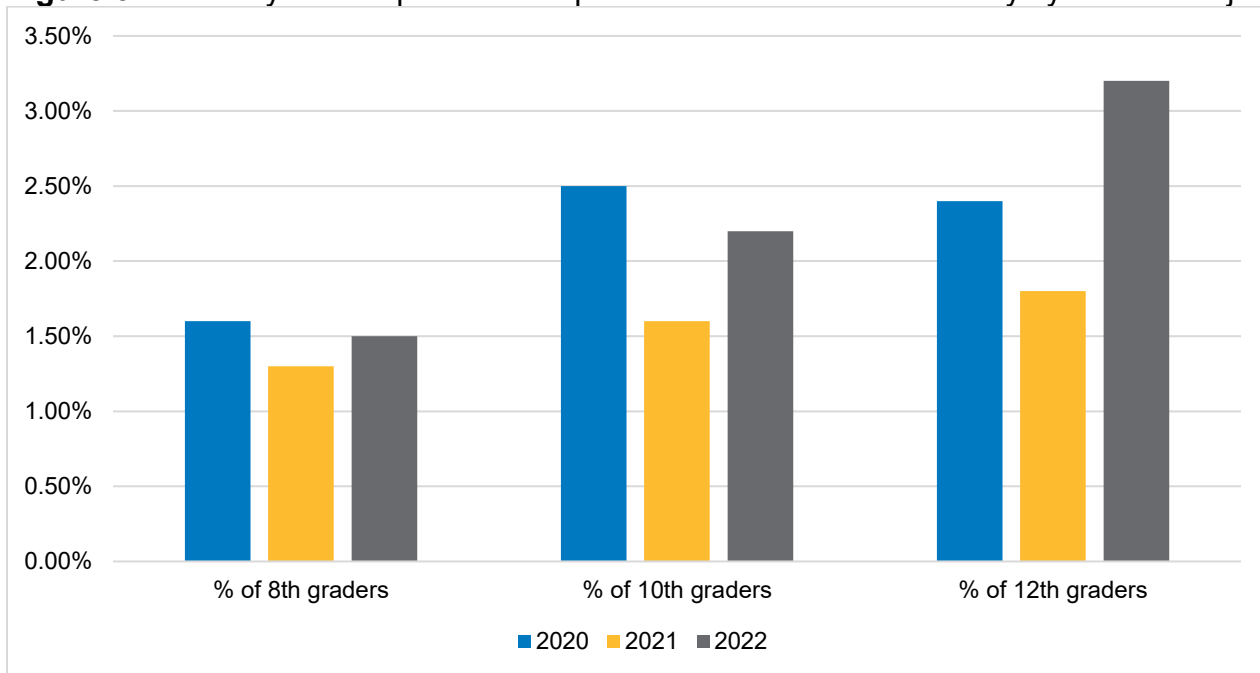
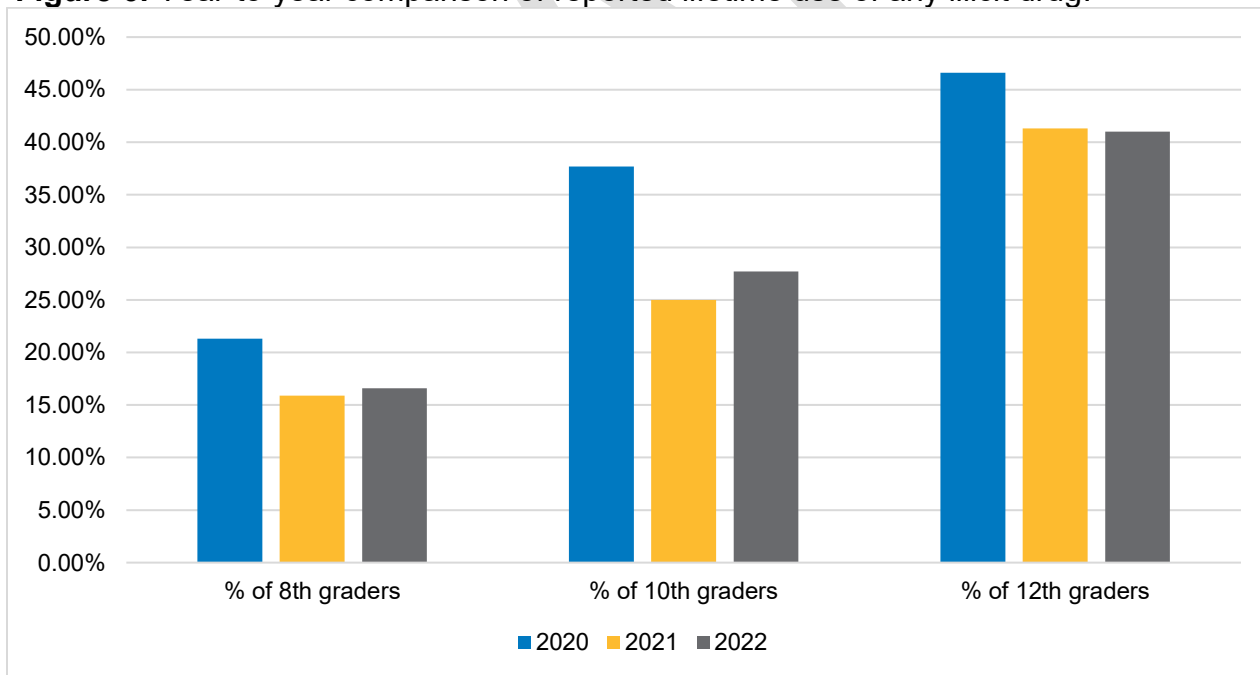


Figure 6. Year-to-year comparison of reported lifetime use of any illicit drug.



Virginia Youth Survey

The **Virginia Youth Survey** (VYS) bi-annually gathers information about the health risk behaviors of middle and high school students. The survey is implemented by VDH and VFHY with the support of the VDOE for dissemination of the questionnaire within schools. Information collected through the VYS is submitted for the Youth Risk Behavior Survey and is comparable with other states. Middle school students are asked about 60 questions while high school students are asked about 90 questions along with additional questions related to VFHY's peer crowd research.

Youth Risk Behavior Survey

The **Youth Risk Behavior Survey** (YRBS) was developed in 1990 by the **Centers for Disease Control and Prevention** (CDC) to monitor priority health risk behaviors that contribute markedly to the leading causes of death, disability and social problems among youth and adults in the United States. These behaviors, often established during childhood and early adolescence, include:

- Behaviors that contribute to unintentional injuries and violence;
- Sexual behaviors related to unintended pregnancy and sexually transmitted infections, including HIV infection;
- Alcohol and other drug use;
- Tobacco use;
- Unhealthy dietary behaviors; and
- Inadequate physical activity.

Since 1991, the YRBS has collected data from more than 3.8 million high school students in over 1,700 surveys.

The YRBS includes national, state, territorial, tribal government and local school-based surveys of representative samples of 6th through 12th grade students. These surveys are conducted every two years, usually during the spring semester. Due to extraordinary circumstances of the COVID-19 pandemic, data for the 2021 survey was postponed and data became available in the spring of 2023. Data for 2023 is not yet available. The national survey, conducted by the CDC, provides data representative of 6th through 12th grade students in public and private schools. The state, territorial, tribal government and local surveys conducted by departments of health and education, provide data representative of mostly public middle and high school students within each jurisdiction.

There is a gap in consistency of data collection between the middle school and high school student samples. Between the two categories, there are minimal data points that overlap among middle and high school student drug use and behavior. The data points reported for middle school (**Figure 5**) cannot be directly compared with the data points reported for high school (**Figure 6**); however, the points do relate to one another and can provide theoretical insight rather than quantitative data.

Figure 7 is a year-to-year comparison of 2017, 2019 and 2021 middle school drug use and behaviors related to alcohol, electronic vaping products and marijuana. Current electronic vapor use and reports of drinking alcohol for the first time before age 11 showed no change relative to 2019. Reported marijuana use before age 11 showed a significant decrease relative to 2019.

Figure 8 shows a downward trend of current marijuana use, alcohol use, and electronic vaping product use among Virginia high schoolers. While these results are certainly encouraging for

Virginia, they should be interpreted with caution, as 2021 was somewhat anomalous due to the COVID-19 pandemic's effect on students' social networks, and previously discussed national-level data for 2022 have shown modest increases in many categories of substance use.

Figure 7. Year-to-year-comparison of reported current drug use and behaviors among middle schoolers.

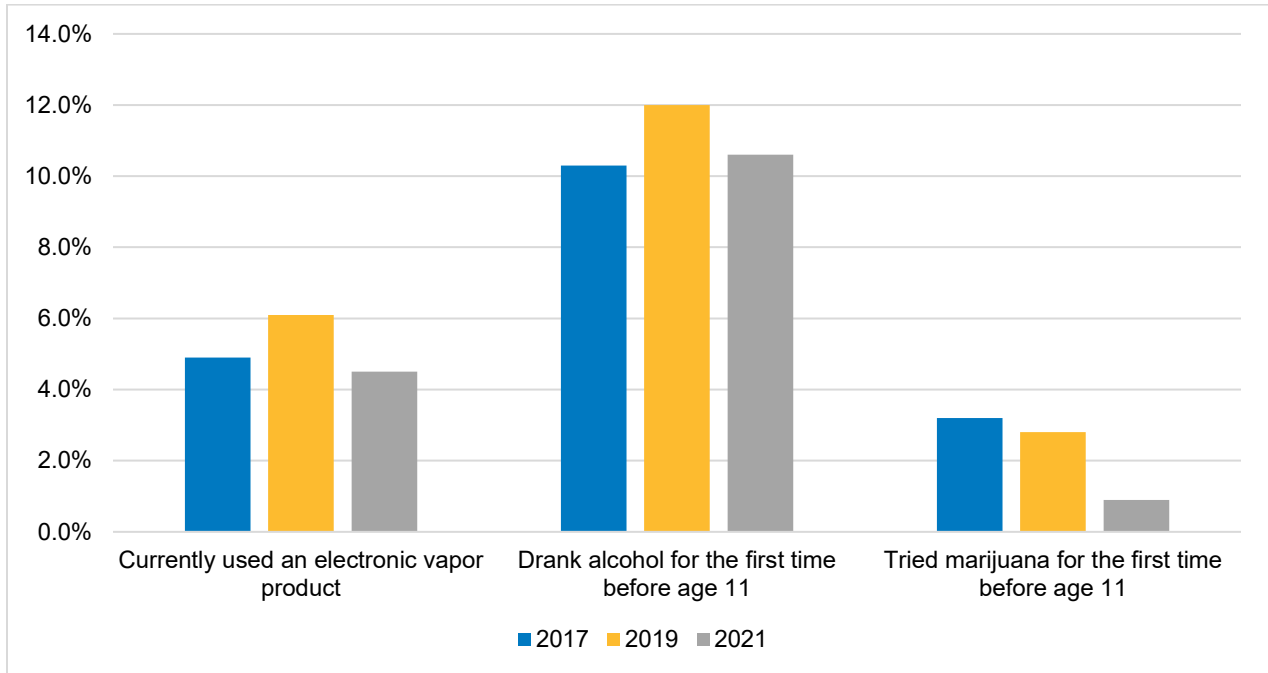
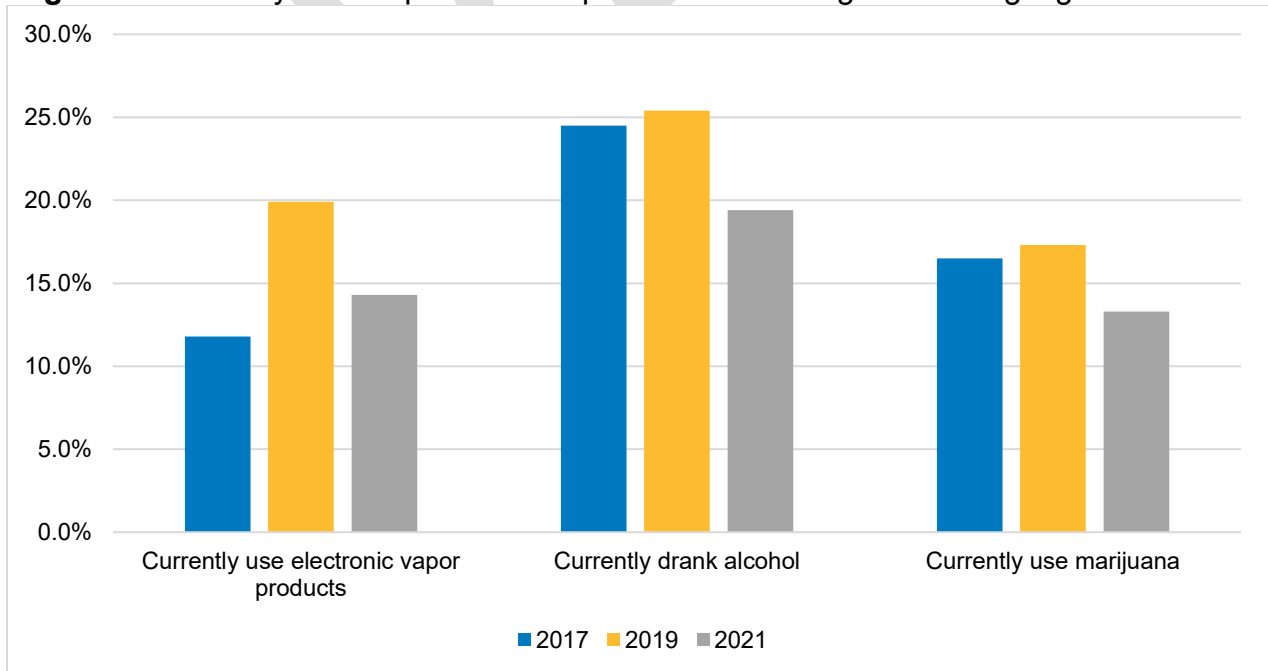


Figure 8. Year-to-year comparison of reported current drug use among high schoolers



Youth Substance Use Prevention Efforts

VOSAP is tasked with collecting and reporting substance use prevention activity data from agencies of the Commonwealth. The following section summarizes the youth substance use prevention efforts of member agencies in the following areas: spending, activities and initiatives, gaps in youth substance use prevention efforts and unmet substance use prevention needs.

While all VOSAP Collaborative agencies contribute to preventing youth substance use, not all work explicitly on youth substance use prevention programs. Many VOSAP members conduct activities better characterized as caregiver or community support, influencing a multitude of risk and protective factors predicting youth substance use.

To provide a more comprehensive view of the interconnected nature of youth substance use prevention efforts, three focus areas were established in fiscal year 2023 to better organize the information collected from VOSAP Collaborative members in the Annual Report. VOSAP members were asked to consider the following categories when providing information on spending, as well as activities and initiatives, including any data that might provide additional insight into the state of youth substance use in Virginia:

Youth Access and Drug Education

Encompasses activities to reduce risk factors of drug availability, association with substance using peers and the promotion of protective individual factors related to drug education and refusal skills more directly.

Caregiver Support

Encompasses programming to support parents and caregivers directly by increasing protective factors of family engagement, family support and parental monitoring.

Community Support

Encompasses programming to reduce risk factors and promote protective factors for a broader community audience including connectedness, mental health and community health more generally than a target audience of youth or caregivers.

Spending

During fiscal year 2023, \$26,753,964 was spent throughout the Commonwealth on prevention efforts. **Table 1** provides specific organization spending totals for substance use prevention efforts.

The largest budget allocations to statewide prevention efforts were from DBHDS and VDH, respectively. Organization prevention budgets are funded through federal budget allocations, federal grants, general fund allocations, organization revenue and state grants.

While all VOSAP member organizations deal with youth substance use prevention in some capacity, not all have budget items that exclusively identify this purpose. For more detail on the budget categories that contributed to estimated prevention expenses, see each organization's description below.

Table 1. Total expenses for substance use youth prevention efforts by organization

Organization	Expenses
Virginia Department of Behavioral Health and Developmental Services	\$21,531,593
Virginia Foundation for Healthy Youth	\$2,811,000
Virginia Department of Motor Vehicles	\$1,371,405
Virginia State Police	\$225,000
Virginia Cannabis Control Authority	\$203,555
Virginia Department of Criminal Justice Services	\$200,000
Virginia Department of Juvenile Justice	\$146,437
Virginia Alcoholic Beverage Control Authority	\$132,474
Virginia National Guard	\$80,000
Community Coalitions of Virginia	\$52,500
Virginia Department of Health	Unable to report*
Virginia Department of Education	Unable to report*
Virginia Department of Social Services	Unable to report*

*Spending not collected in terms of prevention

Virginia ABC

Virginia ABC funds substance use prevention efforts through organizational revenue. As seen in **Table 1**, Virginia ABC spent \$132,474 on youth substance use prevention efforts; however, an additional \$48,272 was spent on alcohol education and prevention efforts, not specific to youth substance use prevention, totaling \$180,746. Virginia ABC's education and prevention programs and resources target audiences through the lifespan to include: youth, parents, college students, adults 21 and older, older adults, licensees and health care professionals.

Virginia Cannabis Control Authority

The CCA spent a total of \$203,555 on public health and safety prevention efforts in FY23. The Authority spent funding on their Safe Driving Campaign aimed at communicating the safety and legal risks of driving under the influence of cannabis, as well as cost of town halls across the Commonwealth to educate the public on cannabis laws and inform ongoing public health and safety initiatives. See activities and initiatives for more information.

Virginia Department of Behavioral Health and Developmental Services

As seen in **Table 1**, DBHDS provides the greatest amount of funding for substance use prevention efforts (\$21,531,593). This comes from federal grant funding from SAMHSA, passed along under contractual agreements to the Prevention staff at the 40 Community Services Boards (CSBs). CSB Prevention, or Behavioral Health Wellness, teams utilize this funding to implement an array of strategies to prevent substance misuse/substance use disorders.

DBHDS is funded through federal budget allocation and the following federal grants: SAMHSA Substance Abuse Block Grant (\$7,631,593), SAMHSA Substance Abuse Block Grant ARPA One-Time Funding (\$7,600,000) and SAMHSA State Opioid Response Grant III (\$6,300,893). DBHDS was unable to provide an estimate of youth substance prevention directly because their systems do not track youth and adult prevention spending separately.

Virginia Department of Criminal Justice Services

DCJS provided Title II Funding Opportunities to several localities to develop or implement juvenile justice prevention activities. As seen in **Table 1**, DCJS provided \$200,000 in Title II funding to support programs that offered substance abuse prevention activities.

Virginia Department of Juvenile Justice

During fiscal year 2023, DJJ reported spending \$146,437 on prevention efforts. DJJ also manages **Virginia Juvenile Community Crime Control Act** (VJCCCA), which is administered through a \$50,000 formula grant from VFHY. Localities use budgeted funds to support substance abuse education, prevention and treatment programs. Localities develop biennial plans to use VJCCCA funds that are consistent with the needs of their communities.

Virginia Department of Motor Vehicles

In fiscal year 2023, Virginia Department of Motor Vehicles spent or provided \$1,371,405 for five youth substance abuse prevention projects managed by various organizations (see activities and initiatives). These were funded using NHTSA federal funding categories of FAST Act 405d or BIL 154 transfer funds.

Virginia State Police

VSP implements the Youth of Virginia Speak Out About Traffic Safety (YOVASO) program, funded by the following Federal Highway Safety Grants through the DMV **Virginia Highway Safety Office** (VAHSO) grant program:

- FY22 Youth of Virginia Speak Out (YOVASO) Peer-to-Peer Education Program - Alcohol Grant - \$275,813.00 (for period 10/1/21 - 9/30/22)
- FY23 Youth of Virginia Speak Out (YOVASO) Peer-to-Peer Education Program - Alcohol Grant - \$276,882.00 (for period 10/1/22 - 9/30/23)

YOVASO also receives two DMV Occupant Protection Grants. These grants cover some funding for alcohol prevention education when the programs also include occupant protection messaging. These include:

- FY22 Youth of Virginia Speak Out (YOVASO) Peer-to-Peer Education Program - Occupant Protection Grant - \$295,169.00 (for period 10/1/21 - 9/30/22)
- FY23 Youth of Virginia Speak Out (YOVASO) Peer-to-Peer Education Program - Occupant Protection Grant - \$295,734.00 (for period 10/1/22 - 9/30/23)

Grants are used to fund various safety campaigns and activities, in addition to the youth Summer Leadership Retreat. See activities and initiatives for more information. In addition to the YOVASO Highway Safety Grants, YOVASO receives smaller grants from insurance companies (e.g., State Farm) and donations from businesses.

Virginia Foundation for Healthy Youth

VFHY receives no taxpayer funds and is solely funded by a share of Virginia's annual payments from the nation's major tobacco manufacturers through the **Master Settlement Agreement** (MSA). In fiscal year, 2023 VFHY spent or provided \$2,811,000 for youth substance use prevention programs across the state, not including marketing or research costs.

Virginia National Guard

VNG reported spending \$80,000 for substance use prevention activities in fiscal year 2023. This funding falls under the work of Civil Operators, who collaborate with multiple coalitions across the state to implement programs for youth prevention. See activities and initiatives below for more information.

Community Coalitions of Virginia

CCoVA has 501(c)3 status and is funded by membership fees, donations and occasional

training and conference fees. During fiscal year 2023, CCoVA reported spending \$52,500 on youth prevention activities and received State Opioid Response (SOR) funding from DBHDS totaling \$49,000. Additionally, CCoVA was selected by VDH to help administer Overdose Data to Action grants to coalitions across the state.

Activities and Initiatives

While all VOSAP Collaborative agencies contribute to youth substance use prevention, not all work explicitly on youth substance use prevention programs. Many VOSAP members conduct activities better characterized as caregiver or community support, influencing important risk and protective factors predicting youth substance use.

To provide a more comprehensive view of the interconnected nature of youth substance use prevention efforts, three focus areas were established in fiscal year 2023 to better organize the activities of VOSAP Collaborative members. For ease of reference, the framework below outlines which VOSAP Collaborative members offer activities and initiatives in each of the three identified focus areas elaborated below. **Table 2** summarizes the same information visually. Organizations not included in a particular focus area may collect data or have otherwise reported a cross-cutting approach in support, and these instances are indicated in each written entry, where applicable.

Youth Access and Drug Education

Encompasses initiatives and activities to reduce risk factors of drug availability, association with substance-using peers and the promotion of protective individual factors related to drug education and refusal skills more directly.

- Virginia ABC (ABC)
- Community Coalitions of Virginia (CCoVA)
- Virginia Foundation for Healthy Youth (VFHY)
- Department of Motor Vehicles (DMV)
- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Juvenile Justice (DJJ)
- Department of Education (VDOE)
- Department of Social Services (DSS)
- Mothers Against Drunk Driving (MADD) Virginia
- Virginia National Guard (VNG)
- Virginia State Police (VSP)

Caregiver Support

Encompasses programming to support parents and caregivers directly by increasing protective factors of family engagement, family support and parental monitoring.

- Virginia ABC (ABC)
- Mothers Against Drunk Driving (MADD) Virginia
- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Education (VDOE)
- Virginia Department of Health (VDH)
- Virginia State Police (VSP)
- Virginia Foundation for Healthy Youth (VFHY)
- Virginia National Guard (VNG)

Community Support

Encompasses programming to reduce risk factors and promote protective factors for a broader community audience, including but not limited to other areas like school connectedness and mental health challenges.

- Virginia ABC (ABC)
- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Criminal Justice Services (DCJS)
- Department of Education (VDOE)
- Virginia Department of Health (VDH)
- Department of Juvenile Justice (DJJ)
- Department of Social Services (DSS)
- Virginia State Police (VSP)
- Cannabis Control Authority (CCA)
- Community Coalitions of Virginia (CCoVA)
- Virginia Foundation for Healthy Youth (VFHY)
- Virginia National Guard (VNG)
- Virginia State Police (VSP)

Table 2. Summary of activities and initiatives of VOSAP Members across focus areas.

VOSAP Member	Youth Access and Drug Education	Caregiver Support	Community Support
ABC	X	X	X
DBHDS	X	X	X
CCoVA	X	X	X
CCA			X
DCJS			X
DJJ	X		X
VDOE	X	X	X
DMV	X		
DSS	X		X
MADD	X	X	
VDH		X	X
VFHY	X	X	X
VNG	X	X	X
VSP	X	X	X

Leading organizations in youth substance use prevention implement programming that is evidence-based and supported by documented research of the effectiveness. Specific prevention activities and strategies implemented by each VOSAP Collaborative member, and their partners are detailed in greater depth below, with evidence-based programming noted.

Virginia ABC

The mission of Virginia ABC Education and Prevention is to eliminate underage and high-risk drinking by building the capacity for communities to educate individuals and prevent alcohol misuse. This is implemented through programming and resources offered for all age groups and community organizations. The following programs and resources were implemented throughout the Commonwealth during fiscal year 2023 to address youth substance use prevention.

Youth Access and Drug Education

- **Publications** - Virginia ABC Education and Prevention provides the public with free publications for all ages. Publications are age-appropriate for all groups. The publications for elementary, middle and high school students are listed below, with Parent Publications recorded in the Caregiver Support focus area. College, Adult, Older Adult, Licensee and Health Care Professionals Publications are included listed in the Community Support area.

In fiscal year 2023, the following prevention publications were distributed for K-12 audiences:

- 24,086 Elementary Publications
 - 834 Middle School Publications
 - 1,558 High School Publications
- **BOLT** - Being Outstanding Leaders Together Against Drugs and Alcohol (BOLT) offers free online trainings and resources to increase the capacity of middle school prevention professionals as they work to reduce youth substance use among their students. BOLT materials align with the Virginia Department of Education ATOD Standards of Learning (SOLs) and support middle school prevention activities including in-classroom curriculum instruction and participation in substance use awareness weeks.

Through BOLT students: demonstrate knowledge of the effects of alcohol and other drugs on the body and brain, as well as identify substance use consequences; understand the importance of peer leadership and positive decision making; and recognize youth substance use influences and the key concepts of social providing and peer pressure. BOLT materials can be incorporated into both in-person and distance learning lesson plans.

In fiscal year 2023, 20 individuals completed BOLT online training for middle school professionals.

- **Miss Virginia School Tour** – Virginia ABC provides a grant to the Miss Virginia Organization, which funds the tour program. Miss Virginia visits elementary schools spreading a message of health, wellness and prevention to students and teachers. At each visit, students receive a copy of Virginia ABC’s elementary activity workbook. The Miss Virginia School Tour messaging aligns with the Virginia Standards of Learning of Advocacy and Health Promotion, Essential Health Concepts and Healthy Decisions. During fiscal year 2023 the Miss Virginia School Tour provided three methods for participation: pre-recorded, virtual live and in-person (following federal, state and local social distancing guidelines). Through the Miss Virginia School Tour, students: demonstrate knowledge of how to identify what is safe and healthy for their bodies; learn what positive choices are and how to make them and how to say “no” when something is not healthy for their bodies; learn what it means to be a leader in their community and among their friends; and learn to identify who is a trusted adult and understand the role they play in their lives.

In fiscal year 2023, the Miss Virginia School Tour visited 68 elementary schools across 42 districts, reaching over 18,000 elementary school students across the state.

- **YADAPP** - The Youth Alcohol and Drug Abuse Prevention Project (YADAPP) is a peer-led program for high school students to address underage substance use at the high school level. Typically, the annual YADAPP program kicks off with a weeklong conference each summer where students and adults are trained in substance use prevention best practices to develop a strategic plan to address a youth substance use issue in their community.

YADAPP focuses on providing Participants, Adult Sponsors and Youth Staff curriculum on leadership, drug and alcohol prevention, and strategic planning. Through YADAPP, program participants: broaden their knowledge of substance use prevention and work as a team to create a high school substance use prevention plan for their school; learn leadership skills needed to address common issues among youth; and network and build supportive relationships with others from across Virginia.

In response to the COVID-19 pandemic, YADAPP was restructured to allow Teams of four student Participants and a dedicated Adult Sponsor to participate virtually via leadership and substance use prevention training sessions where they learned to develop strategic prevention plans addressing underage drug and alcohol use in their schools and communities. In fiscal year 2023, YADAPP was again held virtually with six Teams in attendance.

Teams received coaching from YADAPP Youth Staff to make modifications to their strategic plans to ensure they followed the Center for Substance Abuse Prevention (CSAP) prevention strategies. After the plans were finalized, Teams implemented their plans in their schools and communities utilizing leadership and prevention skills learned during the training modules. Virginia ABC provided three mini-grants of \$250 each as seed money for Teams submitting exemplary prevention plans. Additionally, Virginia ABC provided The Wheeler Award (\$500) to one Team, in support their continued work on a prevention plan that was accomplished from the previous year.

At the conclusion of the 2022-2023 school year, YADAPP Teams' prevention plans reached a total of 2,092 individuals in their schools and communities.

- **Project Sticker Shock** - Project Sticker Shock aims to raise community awareness about Virginia laws to prevent underage youth from obtaining alcohol from adults 21 or older or using a fake ID to purchase alcohol. During an event, participants place stickers and window clings that warn about the legal consequences for providing alcohol to underage youth and using a fake ID to purchase alcohol on cases and coolers of alcohol at local retailers. This program encourages partnership between community organizations, youth, retail establishments, law enforcement, media and other community members. Additionally, Virginia ABC uses Project Sticker Shock materials to label social providing prevention messaging on Virginia ABC products being delivered to customers.

In 2023, across seven Project Sticker Shock events, 9,800 stickers were used at retail locations to raise awareness, with a total of 45 youth and 16 adults participating in these events. Additionally, 36,198 retail delivery customers were reached with Project Sticker Shock materials.

Caregiver Support

- **Power of Parents** - Virginia ABC partnered with MADD Virginia to bring the Power of Parents program, free of charge, to parents and communities in Virginia. The Power of Parents handbooks and training will improve how parents and teens relate to each other and can help guide middle and high schoolers in positive decision making. The Power of Parents handbooks and trainings are adapted from Dr. Robert Turrisi's research at Pennsylvania State University with the goal of empowering parents to have effective conversations with their children about drinking. Handbooks are available online for downloading or ordering. Training is offered online or in-person for groups.

In fiscal year 2023, 5,897 Power of Parents handbooks were distributed, with 20 individuals completing training.

- **Publications** – As indicated earlier, Virginia ABC Education and Prevention provides the public with free publications for all ages, including parents. Parent Publications provide important alcohol facts and best practices for talking to children about alcohol. In fiscal year 2023, 1,516 Parent Publications were distributed across the state.

Community Support

- **Alcohol Education and Prevention Grants** - Alcohol Education and Prevention Grants provide funding of up to \$10,000 to organizations that are working to prevent underage and high-risk drinking. Grant applicants must address one or more priorities including: underage drinking prevention, social providing/social hosting prevention or high-risk drinking prevention. Grantees are encouraged to build partnerships and embrace collaboration to achieve a meaningful, measurable and long-lasting impact.

In fiscal year 2023, Virginia ABC provided 10 Alcohol Education and Prevention grants for a total of \$83,958 in grant funding. Of the 10 grantees, eight specifically engaged in youth alcohol prevention activities and reached 3,774,987 individuals across the state.

- **HEADS UP** - The Higher Education Alcohol and Drug Strategic Unified Prevention (HEADS UP) program provides free online trainings, resources and materials to increase knowledge of substance misuse and high-risk drinking among college faculty/staff, students and their parents, and to build the capacity of student leaders to hold substance misuse education or awareness events. HEADS UP informs and equips these individuals to effectively promote healthy decision-making and advocate for substance misuse education and prevention programming on college campuses.

In fiscal year 2023, 1,477 individuals completed HEADS UP online training, and 9,440 materials were distributed to support college alcohol misuse prevention programming events.

- **Publications** – As indicated previously, Virginia ABC Education and Prevention provides the public with free publications for all ages, with each emphasizing alcohol facts alongside relevant issues for the respective audience. College, Adult, and Older Adult publications serve a larger audience addressing topics like binge drinking and bystander intervention, responsible party hosting and medicine interactions, respectively.

Virginia ABC also offers Health Care Professionals publications with tips on how to effectively screen patients, communicate responsible drinking habits and elicit self-motivation to make healthier choices.

Additionally, Responsibility Guides for Licensees support licensees in maintaining a safe and regulated business. These publications discuss the facts of alcohol education and prevention alongside Virginia ABC's laws and regulations.

In fiscal year 2023, the following publications were distributed:

- 2,181 College publications
- 646 Adult publications
- 89 Older Adult publications
- 480 Responsibility Guides for Licensees
- 142 Health Care Professionals publications

- **VHESUAC** is a state committee established by the Code of Virginia that aims to further education, prevention, intervention and recovery efforts about substance use on college and university campuses across the Commonwealth. VHESUAC is staffed by Virginia ABC and partners with college and university staff to fill resource gaps in current campus efforts. VHESUAC resources and efforts are guided by a five-year strategic plan that was created by campus professionals. In fiscal year 2023, VHESUAC launched a Campus Recognition Program to publicly recognize colleges and university campuses implementing the initiatives mentioned in the VHESUAC strategic plan.

Virginia Cannabis Control Authority

Virginia Cannabis Control Authority (CCA) was established in 2021 by legislation recognizing it as the principal source of government expertise in cannabis. In addition to its role developing and enforcing rules pertaining to the existing medical cannabis market and a prospective adult-use retail market, the 2021 legislation empowered the CCA to undertake initiatives and promote regulations on public safety and public health aspects of cannabis.

The CCA is currently building its strategic plan for the upcoming years. The CCA data team's goals are to produce data-driven deliverables to inform policy, regulation and education efforts; develop standardized procedures for data collection and reporting; and translate data into accessible forms of communication for each of the CCA's target audiences.

Community Support

The CCA has been conducting a series of town halls across the Commonwealth within each of the five health service areas. These town halls educate the public on current cannabis laws in Virginia and inform on the CCA's ongoing public health and safety initiatives. These town halls have allowed opportunity for the public to share their perspectives and concerns and ask questions about cannabis, including questions on youth protections.

The total estimated statewide reach for FY23 was 44,538,738 individuals. The safe driving social media campaign reached 15,474,540 people; the safe driving billboard campaign reached 29,063,948 people; and the town halls reached 250 people in FY23.

The CCA monitors the following data as they plan for prevention resources: Virginia Youth Survey (state) middle and high school student use and perceptions regarding cannabis, Virginia State Police annual report (state) data on marijuana offenses resulting in arrests (<18), Youth Risk Behavior Survey (national) data on high school students use of cannabis, Blue Ridge Poison Center (locality) data on pediatric THC edible exposures, Monitoring the Future (national) data on youth cannabis use by grade level (8th, 10th and 12th) and VDH hospitalization (state) data on cannabis-related hospitalizations.

Additionally, the CCA conducted a Safe Driving Survey across the Commonwealth. Virginians 16 and older were surveyed on their attitudes and behaviors toward marijuana use and driving, alongside their personal use and perceptions on prevention messaging. The CCA has isolated the responses from Virginians <18 to observe youth use, attitudes and behaviors. Results from the Safe Driving Survey were used to inform the development and implementation of the statewide Safe Driving Campaign.

Virginia Department of Behavioral Health and Developmental Services

DBHDS Office of Behavioral Health Wellness (OBHW) utilizes SAMHSA's Strategic Prevention Framework (SPF) evidenced-based planning model for program development. This includes state and community data, building community and staff capacity, using a logic model for planning, implementing evidence-based programs, practices and strategies, evaluation, cultural relevance, and sustaining positive outcomes. DBHDS OBHW has identified alcohol, tobacco, opioids and cannabis/marijuana use prevention as top state priorities which the Community Services Boards (CSBs) and their local coalitions address with the resources (federal grant funding from SAMHSA) provided to them from OBHW.

SAMHSA's State Opioid Response III Grant allows for addressing stimulants in addition to opioids. CSBs also have the flexibility to address local issues identified in their data. Additionally, all CSBs include Over the Counter (OTC) medication in their efforts due to it being identified as easily accessible by youth for misuse. DBHDS OBHW has embraced addressing Adverse Childhood Experiences (ACEs) as a risk factor for substance misuse and abuse as identified in the research.

2022 Needs Assessment Process. Recent legislative changes in Virginia resulted in emerging focus areas – gaming and gambling and cannabis. Considering these developments, CSBs conducted local needs assessments to understand the scope of these issues and the readiness of their local communities to address them. Each CSB was tasked with completing several components as part of the needs assessment process: an environmental scan on gaming and gambling; community readiness assessments for gaming and gambling and for cannabis; and the implementation of the Virginia Young Adult Survey (YAS). Virginia YAS data was added to the **Virginia Social Indicator Study Dashboard (VASIS)** in 2023.

The 2022 Virginia Young Adult Survey (YAS) collected responses from 5,339 young adults across the commonwealth, with all but two localities represented. Responses come from a convenience sample so the participants may not be representative of all young adults in the state. Sub-group analyses were conducted to better understand the needs of various populations. YAS data was added to the **Virginia Social Indicator Study Dashboard (VASIS)** in 2023.

Additionally, DBHDS collects data on the distribution of their substance use prevention resources to each CSB in the state, grouped among five DBHDS regions. In fiscal year 2023, 69,479,659 prevention resources were distributed to CSBs across the state, with 5,685,021 resources specifically targeted to youth.

DBHDS and DBHDS-funded partners provide the following evidence-based prevention resources, grouped below based on the VOSAP Report focus areas.

Youth Access and Drug Education

- Al's Pals: Kids Making Healthy Choices
- Healthy Alternatives for Little Ones
- Life Skills Training (Botkin)
- Second Step
- Social Marketing Campaign
- Social Norms Campaign
- SOS Signs of Suicide
- Too Good for Drugs
- Teen Intervene
- Youth Leadership Program

Caregiver Support

- 24/7 Dads
- Active Parenting
- Everyday Parenting
- Healthy Alternatives for Little Ones
- Family Check-Up
- Parenting Wisely
- Systematic Training for Effective Parenting (STEP)
- Strengthening Families
- Teen Intervene
- Understanding Dad

Community Support

- ACEs Training
- Applied Suicide Intervention Skills (ASIST) Training
- Brochures / Rack Cards
- Community Events
- Community Mobilization
- Community Presentations / Town Halls
- Compliance Checks
- Counter Tools (Merchant Education)
- Crisis Intervention Team
- Drug Deactivation Packets & Smart Pill Bottles (Distribution)
- Drug Take Backs
- Hidden in Plain Sight
- Kognito At-Risk for High School Educators
- Lock and Talk - Social Marketing, Community Presentations and Resource Distribution
- Mental Health First Aid- Youth & Adult
- Merchant Education – Alcohol & Tobacco
- More Than Sad
- Multi-Agency Collaboration / Coalition
- Naloxone Training and Distribution
- Permanent Drug Drop boxes
- Prescriber, Pharmacy, Emergency Department and Patient Education
- Prescription Bag Stickers
- Prescription Drug Lock Boxes
- Proper Disposal with Targeted Groups
- Project Sticker Shock
- Public Policy
- QPR Gatekeeper Training for Suicide Prevention
- REVIVE Trainings
- safeTALK Training
- Smart Pill Bottles
- Supply Reduction – Resource Distribution
- Talk Saves Lives Training
- Targeted Media Messaging

Virginia Department of Criminal Justice Services

The DCJS Virginia Center for School and Campus Safety (VCSCS) provided virtual programming for K-12 personnel and law enforcement. These programs cover on a variety of topics but largely pertain to preventing youth drug use in the context of **Mental Health and Trauma Support** training. Relevant trainings are highlighted below under the Community Support focus area.

In support of their virtual programming, DCJS collects various data related to program participation and training requests. In fiscal year 2023 requests increased for programming that addresses how substance abuse/misuse is related to other areas of mental health and childhood trauma.

Community Support

- Handle With Care and Trauma-Informed Communication Training*
- Mental Health First Aid Training*
- Mental Health Topics for Pathways for Prevention of Violence Training
- Substance Abuse Prevention and Intervention Training
 - Recognizing and Supporting Youth with Anxiety and Depression Training

- Trauma Informed/Sensitive Training
*Nationally recognized as evidence-based.

Additionally, DCJS facilitates the Virginia School Survey of Climate and Working Conditions each year, administered to middle and high school students in alternating years. The survey measures student and teacher/staff perceptions of school rules and discipline, teacher-student relationships, student engagement in school, and the extent of bullying and teasing at school. The survey is a component of the annual school safety audit which school divisions are required to submit to the Virginia Center for School and Campus Safety (VCSCS), according to § 22.1-279.8.B of the Code of Virginia.

Virginia Department of Education

While there is no specific state funding allocated to the Virginia Department of Education to address substance abuse prevention and intervention efforts in Virginia schools, several efforts took place in the 2022-2023 school year. Resources and initiatives touching on youth substance use prevention are indicated below, followed by a more detailed explanation of all substance abuse prevention efforts by VDOE.

Youth Access and Drug Education

- In October 2022, in recognition of Substance Use Prevention Month, the Office of Student Services released a **Call to Action: Substance Abuse Prevention Document** to provide school-based mental health professionals with the resources and tools they need to prevent substance abuse in their schools and divisions. The document was shared with over 5,000 professionals through the govdelivery system.
- On March 17, 2022, the Virginia Board of Education approved and adopted the proposed revisions to the *2015 Driver Education Standards of Learning*. The *2022 Driver Education Standards of Learning for Virginia Public Schools* have been refined through feedback from parents, teachers, administrators, and representatives from higher education and define the skills and competencies necessary to become a proficient user of the highway transportation system. Specifically, students analyze and describe the physiological, psychological, and cognitive effects of alcohol, marijuana and other drugs and their impact on a driver's awareness of risks and involvement in collisions. Students also identify and analyze the legal and economic consequences associated with alcohol, marijuana and other drug use while driving.
- Developmentally appropriate scaffolded substance use prevention standards of learning are an integral component of the **Health Standards of Learning (SOL)** the **Health Education Standards of Learning Curriculum Framework**. Substance abuse is an indicator in the health SOL and students learn about substance use and addiction beginning in Kindergarten. In elementary school students may participate in evidence-based lessons using **HealthSmartVA** with a focus on Identifying medicine as a pill or liquid that can be taken to feel better when sick but can cause harm if misused; medicine and other substances can be helpful or harmful; and identification of adults to ask for help and assistance with harmful and unknown substances. In middle school students may participate in **HealthSmartVA** lessons with a focus on defining addiction; identifying the types of support available at school and in the community for substance use disorders; the link between addiction to alcohol, tobacco and other drugs; chronic disease; engaging in risky behaviors; and understanding that addiction is a compulsive physiological need for and use of a habit-forming substance. In high school, evidence-based **HealthSmartVA** lessons may focus on developing a set of personal standards to resist the use of alcohol, tobacco and

other harmful substances and behaviors. Lessons may also analyze and draw inferences about behaviors connected to addiction and mental health. Students may also research trends and factors that contribute to teen use/abuse and non-substance use of varying drugs and their impact on the community.

Caregiver Support

- Pursuant to **House Bill 1073** (2020), the Code of Virginia was amended by adding a section numbered 22.1-273.3 directing each school board to annually provide educational information to parents of students in kindergarten through 12th grade regarding the health dangers of tobacco and nicotine vapor products consistent with guidelines set forth by the Department of Education.
- In addition, resources such as **Getting Candid: Framing the conversation around youth substance abuse for tobacco and vaping** and **Parents against vaping and e-cigarettes** are readily available to school health staff.

Community Support

- Pursuant to **House Bill 1108 D** (2022), the Department of Education (Department) has developed guidelines that provide a roadmap for each school division to develop instruction concerning problem gambling and the addictive potential thereof. These guidelines also inform and educate school divisions about gambling and problem gambling, decision making and problem gambling, gambling prevention programs for youth, and treatment and recovery services. Primary prevention of problem student gambling parallels substance abuse prevention.
- **Virginia Tiered Systems of Supports.** The Virginia Tiered Systems of Supports (VTSS) offers ongoing training and technical assistance to school divisions to integrate and align evidence-based practices in a cohesive manner to address Tier 1 substance use prevention activities. In 2022 VTSS offered virtual training options on systems to develop and maintain trauma sensitive classrooms to create a support system within schools for students and families experiencing trauma. This is particularly helpful for students and their families as universal trauma sensitive approaches have been identified as a key area to address the impacts of substance use in the K-12 environment. Through this work VTSS has identified several key partners to collaboratively approach the work of substance use and prevention. On multiple occasions VTSS coaches presented materials related to trauma sensitive approaches in statewide and local training events. Overall, VTSS continues to provide training and technical assistance areas that assist school divisions to select and embed evidence-based practices into their existing framework. Additionally, in 2022, the VTSS developed a series of aligned training modules with substance use content experts and experts in multi-tiered systems of supports (MTSS) that introduced evidence-based substance use activities at the universal, targeted and individual levels of intervention and provided detailed information on substance use and substance use prevention. This work will continue to grow and expand in support of school divisions across the Commonwealth in the 2023-2024 school year.
- **School Health Services.** School Health Services focused on mental health and the challenges presented by the COVID-19 pandemic to school health staff, students and the greater school community. Factors related to the pandemic such as social isolation, stress, disruption of school and lack of access to drug treatment or emergency care heightened the potential for substance abuse for students and school personnel. Post pandemic efforts focus on training of school health staff to recognize these concerns.

- VDOE School Health Services cultivated numerous professional development opportunities for school health staff that focused on mental health, substance abuse awareness, and vaping. These activities took place virtually or in-person and focused on mental health content related to students and school staff. Partners in the training and professional development activities included the Virginia Department of Health (VDH); the American Academy of Pediatrics, Virginia Affiliate; George Mason University, Concussion Initiative Project; Department of Criminal Justice, Center for School and Campus Safety; Childrens Hospital of Richmond; and the University of Virginia (UVA). Activities included 7.5 hours of Youth Mental Health First Aid Training, a spring conference **Preparing for the Unexpected**, which featured 15 hours focused on trauma response, fentanyl awareness, increasing use of opioids, human trafficking and suicide prevention in the school community and beyond. UVA's Dr. Chris Holstege shared a link to the new **ToxTalks** biweekly newsletter for healthcare providers. School nurses also received updated information on employee assistance programs available to support school employees. Monthly **virtual meetings** are recorded/posted for school nurses and provide a platform for additional shorter presentations on substance abuse content, suicide prevention, tobacco and vaping.
- The VDOE collaborated with the Virginia Department of Health (VDH) and the Virginia Department of Behavioral Health and Developmental Services (DBHDS) to link the ordering process for free Naloxone through VDH Central Pharmacy to the training provided by DBHDS for schools. Once the website revision is completed it will allow schools to access a link to training resources and order needed medication with one simple click.
- **Social Emotional Learning (SEL)**. The Virginia Department of Education's social emotional learning (SEL) efforts are driven by 2020 legislation and a commitment to ensure that every student in Virginia attends a school that maximizes their potential and prepares them for the future: academically, socially and emotionally. The VDOE established a uniform definition of social emotional learning based on the Collaborative for Academic, Social, and Emotional Learning (**CASEL**) definition. Virginia defines social emotional learning as:

"The process through which all young people and adults acquire and apply the knowledge, skills, and attitudes to develop healthy identities, manage emotions and achieve personal and collective goals, feel and show empathy for others, establish and maintain supportive relationships, and make responsible and caring decisions."

The Virginia Department of Education (VDOE) developed the **Virginia Guidance SEL Standards** for all public students in grades Kindergarten through 12 in the Commonwealth. Local school boards may choose to adopt all, or portions of, the *Virginia SEL Guidance Standards* as part of their own local policies, and/or use them as guidance as they implement SEL programming based on the needs of their community. Effective implementation integrates SEL throughout the school's academic curricula and culture, across the broader contexts of schoolwide practices and policies, and through ongoing collaboration with families and community organizations. These coordinated efforts support substance abuse prevention efforts through fostering youth voice, agency and engagement; establishing supportive classroom and school climates and approaches to discipline; enhancing adult SEL competence; and establishing authentic family and community partnerships. Additional information can be located on VDOE's **Social Emotional Learning webpage**.

- **School Counseling**. Individuals seeking initial licensure or renewal of licensure with an endorsement as a school counselor are required to complete training in the recognition of mental

health disorders and behavioral distress including substance use (section 22.1-298.1 of the *Code of Virginia*). To assist counselors in meeting this requirement a **series of recorded webinars** and corresponding knowledge assessment were designed to increase school counselors' awareness and capacity to support students with substance use issues. The Substance Use Prevention section includes three webinars: Overview of Substance Use Disorders, Understanding Substance Use Disorders, and Responding to Substance Use Disorders.

Virginia Department of Juvenile Justice

Virginia Department of Juvenile Justice (DJJ) does not typically provide prevention services but rather provides intervention to youth for whom petitions have been filed. The agency provides and contracts with mental health / substance abuse treatment providers to conduct substance abuse treatment services to youth under community supervision and in direct care status who are assessed as needing substance abuse treatment. Youth in direct care status receive those services in a variety of settings including Bon Air Juvenile Correctional Center (JCC), Community Placement Programs at local detention facilities and contracted residential treatment centers.

In fiscal year 2024, DJJ will provide additional anti-tobacco programming to Direct Care residents at BAJCC, as well as participating CPPs. This programming includes:

- INDEPTH, (Intervention for Nicotine Dependence; Education, Prevention, Tobacco and Health) program is an alternative to suspension or citation program that is offered as an option to middle and high school students who face suspension for violation of school tobacco use policies.
- Not On Tobacco (N-O-T), a youth cessation program that is offered to students who complete INDEPTH and wish to cut back or quit using tobacco altogether. N-O-T is an evidenced-based program as cited by the VFHY.

DJJ will additionally explore prevention options to address the evolving fentanyl crisis as it continues its mission of protecting the public by preparing court-involved youth to be successful citizens.

Youth Access and Drug Education

All committed youth at the Department of Juvenile Justice (DJJ) who are assigned to Bon Air Juvenile Correctional (BAJCC) or a Community Placement Program (CPP) at a regional Juvenile Detention Center undergo a comprehensive psychological evaluation, which includes detailed background history and information regarding previous mental health treatment, family dynamics, interpersonal functioning, academic functioning, and history of criminal / delinquent behavior. Recommendations regarding treatment in the areas of mental health treatment (including psychiatric services), substance abuse treatment needs, aggression replacement training and other treatment recommendations - as applicable, are made at this time.

In part of the evaluative process youth receive a drug and alcohol assessment, which utilizes the Substance Abuse Subtle Screening Inventory-A2 (SASSI-A2), or if 18 years or older, the SASSI-4. The SASSI-A2 helps to identify individuals who have a low or high probability of having a substance use disorder. The SASSI-A2 is designed to help service providers determine if an adolescent needs further assessment and possible treatment for a substance use disorder. Further, any substance abuse history is documented on the JCC Intake Medical History Form, which questions frequency of use, age of first use and last use for a variety of drugs and alcohol including: cigarettes, alcohol, marijuana, cocaine, crack cocaine, heroin, hallucinogens, inhalants, designer and prescription drugs.

Residents in direct care also receive the YASI at the Court Services Unit (CSU) prior to commitment to help evaluate risk, needs and protective factors to help develop case plans for juveniles. This tool includes a battery of questions on substance use and history. The YASI is updated quarterly at the facilities to enhance re-entry goals in collaboration with CSU staff and community partners.

Based on the battery of evaluations, assessments and screens that include the psychological evaluation, YASI and SASSI, staff determine the best track for youth treatment: Track I: Cannabis Youth Treatment 12 (CYT 12) – Residents who meet the DSM-5-TR criteria for Substance Use Disorder will be deemed to need Track I services., Track II: Cannabis Youth Treatment 5 (CYT 5) – Residents who have experimented with substances, but do not meet the DSM-5-TR criteria for Substance Use Disorder, will be deemed to need Track II services.

JCC residents assigned to participate in substance abuse treatment are encouraged to collaborate with their treatment team and/or QMHP regarding their individualized treatment plan. It should be noted that treatment plans may vary from basic completion of CYT5 or CYT12, to the addition of specific treatment objectives within a specialized therapy group (typically referred to as an ITP group), where residents with co-occurring disorders address individualized clinical issues. Clinical areas an ITP may address include:

1. Skill building to address: alcohol and drug refusal techniques; decision making/problem solving; relapse prevention; coping with alcohol and drug cravings; peer relations / peer pressure; etc.
2. Recognizing medical/physical effects, social consequences and other various impacts of drug and alcohol abuse.
3. Understanding the process and science of addiction.
4. Therapies to address a co-occurring disorder.
5. Recognizing basic defenses and how they relate to substance abuse.
6. Understanding the effects of chemical dependency on the family.
7. Examining how cognitive distortions (thinking errors) affect substance abuse and/or poor decision making.
8. Examining how communicable diseases can be related to substance abuse and high-risk behaviors.
9. Understanding cultural and gender issues and how they may relate to chemical dependency and recovery.
10. Demonstrating coping skills related to relapse prevention.

In FY23, DJJ additionally rolled out **CATCH My Breath**, a youth vaping prevention program, that focuses on vaping and e-cigarettes. This program is peer-reviewed, evidence-based and was developed by The University of Texas Health Science Center at Houston School of Public Health. Regarding Catch My Breath, DJJ specifically trained 10 Behavioral Services Unit (BSU) clinicians at BAJCC and an additional two staff members from Shenandoah Community Placement Program.

The Catch My Breath prevention program was administered to approximately 78 Direct Care Residents at BAJCC, within eight housing units, which was approximately 54.17% of the total population at the time. Of these, 69% reported using an e-cigarette at least once. Survey results indicated broad improvements following CATCH My Breath, with responses to the following statements about e-cigarettes:

Before CATCH My Breath, I wanted to smoke e-cigarettes.

- 20% chose Strongly Agree
- 27% chose Agree

After CATCH My Breath, I do not want to smoke e-cigarettes.

- 41% chose Strongly Agree
- 29% chose Agree

After CATCH My Breath, I learned something new about e-cigarettes.

- 36% responded Strongly Agree
- 40% responded Agree

Substance Use Group: The Chesterfield Youth Detention Home – Community Placement Program (CYDH CPP) partners with Chesterfield County’s Community Services Board to facilitate a substance use group. The group is facilitated weekly for 12 weeks by a licensed clinician and is a closed group, meaning residents begin and complete the group as a cohort. The program is reserved for residents on Track 1 for Substance Use.

The curriculum is adapted from **The Seven Challenges**, a comprehensive counseling program that incorporates work on alcohol and other drug problems. It is designed to motivate residents to evaluate their lives, consider changes they may wish to make and then succeed in implementing the desired changes. It supports them in taking power over their own lives. In The Seven Challenges program, people address their drug problems, their co-occurring life skill deficits, and their situational and psychological problems.

Although counselors in the program provide a structure for groups, the content of each session is exceptionally flexible, in response to the immediate needs of the client. It is not pre-scripted. The Seven Challenges uses an approach called “Mastery Counseling,” which helps people look at what is happening in their lives. They learn to recognize what is going well and what is problematic. Whatever is not going well, or as well as they would like it to be going, is identified as an “issue.” In Seven Challenges sessions, counselors teach people to work on their issues. As they do their work, the “challenge process” is used to help them make thoughtful decisions, including about drugs. The Seven Challenges are as follows:

1. We decided to open up and talk honestly about ourselves and about alcohol and other drugs.
2. We looked at what we liked about alcohol and other drugs, and why we were using them.
3. We looked at our use of alcohol and other drugs to see if it has caused harm or could cause harm.
4. We looked at our responsibility and the responsibility of others for our problems.
5. We thought about where we seemed to be headed, where we wanted to go, and what we wanted to accomplish.
6. We made thoughtful decisions about our loves and about our use of alcohol and other drugs.
7. We followed through on our decisions about our lives and drug use. If we saw problems, we went back to earlier challenges and mastered them.

CYDH CPP also utilizes the **Botvin LifeSkills Training (LST)**: LST is a research-validated substance abuse prevention program proven to reduce the risks of alcohol, tobacco, drug abuse and violence by targeting the major social and psychological factors that promote the initiation of substance use and other risky behaviors. This comprehensive and exciting program provides adolescents and young teens with the confidence and skills necessary to successfully handle challenging situations. LST is a 10-week closed-group program facilitated by the CPP Case Manager and/or CJDH

Instructional Assistant. The program is facilitated once a week for 45-60 minutes. Residents assigned to either Track 1 or Track 2 will complete LST.

Developed by Dr. Gilbert J. Botvin, a leading prevention expert, Botvin LifeSkills Training is backed by over 30 scientific studies and is recognized as a Model or Exemplary program by an array of government agencies including the U.S. Department of Education and the Center for Substance Abuse Prevention. The Botvin LifeSkills Training program consists of three major components that cover the critical domains found to promote drug use. Research has shown that students who develop skills in these three domains are far less likely to engage in a wide range of high-risk behaviors. The three components are:

- **Drug Resistance Skills** – Enables young people to recognize and challenge common misconceptions about tobacco, alcohol and other drug use. Through coaching and practice, they learn information and practical ATOD (Alcohol, Tobacco, and Other Drug use) resistance skills for dealing with peers and media pressure to engage in ATOD use.
- **Personal Self-Management Skills** – Students learn how to examine their self-image and its effects on behavior; set goals and keep track of personal progress; identify everyday decisions and how they may be influenced by others; analyze problem situations and consider the consequences of each alternative solution before making decisions; reduce stress and anxiety and look at personal challenges in a positive light.
- **General Social Skills** – Students develop the necessary skills to overcome shyness, communicate effectively and avoid misunderstandings, initiate and carry out conversations, handle social requests, utilize both verbal and nonverbal assertiveness skills to make or refuse requests, and recognize that they have choices other than aggression or passivity when faced with tough situations.

The CYDH CPP additionally utilizes the **Stanford Tobacco Prevention Toolkit**: The Tobacco Prevention Toolkit, which is a theory-based and evidence-informed educational resource created by educators and researchers aimed at preventing middle and high school students' use of tobacco and nicotine products. The Tobacco Prevention Toolkit is a six-week closed-group program facilitated by the CPP Case Manager and/or CJDH Instructional Assistant. The program is facilitated once every other week for 45-60 minutes. Residents assigned to either Track 1 or Track 2 will complete the Tobacco Prevention Toolkit

VJCCCA During FY23, VJCCCA provided funding to the following localities who chose to use part of their VJCCCA budget to provide substance abuse/educational prevention services:

- Bath County has substance abuse prevention on their plan; however, it was not utilized. They would have contracted with 3rd Millennium, an online agency.
- Colonial Heights served 16 youth with 80 service units. They have local employees trained in Botvin Life Skills to provide substance abuse prevention services.
- Chesterfield County served 18 youth with 23 service units. They have local employees trained in VISION to provide substance abuse prevention services.

- Orange County has substance abuse prevention on its plan; however, it was not utilized. They would have contracted with 3rd Millennium, an online agency. Per the Code of Virginia, HB1771, an assessment must be completed for youth to participate in the VJCCCA prevention programs. The youth who participate in these programs have not been identified by the community as having a behavior that could result in a delinquent charge. This funding stream is used to prevent youth from coming to intake. HB1771 was approved by the General Assembly in 2020. Localities can elect to participate in prevention services if their community finds a need or is able to allocate part of their VJCCCA budget. There were not additional funds allocated to the localities for such services.

The following fields may be collected for youth at various levels of formal supervision in the juvenile justice system and are likely unavailable for youth at the front-end/prevention stages:

- Associates the youth spends his/her time, including pro-social and delinquent youth
- Admiration of high-risk delinquent peers
- Amount of free time with negatively influencing or delinquent peers
- Strength of negatively influencing/delinquent peer influence
- Alcohol and drug use by ever used, number of times used in the last three months, age of first use
- Alcohol and drug use disrupting education, family conflict, peer relationships, or health
- Alcohol and drug use's contribution to behavior
- Youth's attempts to cut back alcohol and drug use
- Youth is receptive to participation in alcohol/drug treatment
- Youth previously received alcohol/drug treatment
- Substance use
- Current exposure to alcohol and drugs based on DSM criteria
- Substance abuse treatment need
- Alcohol and drugs static risk and dynamic risk. Youth are referred to these programs as a result of school or community related substance abuse issues in lieu of being charged with a criminal offense

Caregiver Support

The following fields may be collected for youth at various levels of formal supervision in the juvenile justice system, however, they are typically unavailable for youth at the front-end/prevention stages:

- Current and historical familial alcohol/drug problems
- Parental/custodial supervision of the youth
- Family static risk, dynamic risk, and dynamic protective

Community Support

The following fields may be collected for youth at various levels of formal supervision in the juvenile justice system and are likely unavailable for youth at the front-end/prevention stages:

- Youth self-report data on feeling support from various people (e.g., parents, caregivers, extended family, friends, friends' families, teachers, coach, other school personnel, mentors, religious establishments)
- Number of existing positive adult relationships in the community
- Pro-social community ties (e.g., church, community service clubs, volunteer activities)
- Statewide trauma assessment tool (ages 7-12 and ages 13+)
- Diagnosed, current treatment, past treatment, receiving current medication, received medication previously for various mental health issues
 - Homicidal and/or suicidal ideation

- Indication of sexual aggression
- History of experiencing physical or sexual abuse
- Indication of victimization for sexual vulnerability/exploitation, bullying, physical assault, property theft/vandalization
- Frustration tolerance
- Impulse control skills to avoid getting in trouble (e.g., reframing, replacing delinquent/criminal thoughts, problem solving, negotiation, relapse prevention)
- Loss of control over delinquent/criminal behavior
- Community and peers static risk, dynamic risk, and dynamic protective
- School static risk, dynamic risk, and dynamic protective

Virginia Department of Health

As the chief public health agency, the Virginia Department of Health (VDH) continues to coordinate an agencywide drug overdose prevention response, which includes active monitoring and surveillance, primary prevention and rescue initiatives, comprehensive harm reduction (CHR) efforts, and efforts identified in Right Help, Right Now: Transforming Behavioral Health Care for Virginians (RHRN). VDH remains focused on combating the addiction emergency in partnership with local, regional, state and federal agencies across the lifespan. VDH's primary goals and objectives for addiction response include:

Prevent injury and death from addiction:

- Implement provider-level strategies (prescription monitoring, education on safe prescribing practices)
- Increase access to naloxone
- Establish process to address needs of infants born to addicted mothers
- Increase education of the public and populations at risk.

Prevent and reduce infectious disease relating to addiction:

- Increase education of the public and populations at risk
- Promote identification of disease status (hepatitis/STD/HIV testing)
- Conduct disease surveillance
- Promote treatment as prevention (linkage to care, access to medications)
- Implement Comprehensive Harm Reduction (CHR) programs

Prevent and reduce the disease of addiction:

- Support development of regional and community coalitions
- Increase access to treatment via provider trainings on addiction disease management
- Advocate for and assure access to treatment for substance abuse
- Support expansion of Medication-Assisted Treatment (MAT)
- Collaborate to assure and implement successful policy strategies

Use data to monitor and evaluate the addiction epidemic:

- Collect, analyze and share data and information to inform evidence-based and data-driven decision making

VDH comprises 119 local health departments statewide, administratively grouped into 35 local health districts (LHDs). Many health departments coordinate community education activities with schools, libraries and drug reversal tool trainings in their communities. As such, VDH

substance abuse prevention activities and initiatives tend to influence risk and protective factors surrounding Community Support, while some initiatives are more cross-cutting and address Caregiver Support.

Youth Access and Drug Education

VDH data on youth substance use behaviors is limited. While the Virginia Social Indicator Dashboard reports substance use behaviors by locality and CSB service areas, youth data are not specifically reported. The VDH Virginia Youth Survey does collaborate with VFHY and VDOE to collect statewide youth substance use behaviors every odd year.

Caregiver Support

- Adopting a Shared Risk and Protective Factor Approach across programs to leverage resources, with an emphasis on behavioral health, economic stability, connectedness and social norms.
- Referrals to social determinants of health resources and promotion of state Medicaid resources at the state and local level.
- Promotion of health and healthy relationships at home and in communities across programs.
- Reduction of stigma around seeking help with parenting challenges or substance misuse, depression or suicidal thoughts across programs.
- Implementation of Safe Environment for Every Kid and Maternal Mortality quality improvement projects in partnership with Virginia Chapter American Academy of Pediatrics and academic universities, embedding community navigators into health systems, partnership with Virginia's Trauma Informed Network.
- Partnership with Families Forward to develop plans for implementation of Child Parent Centers.
- Implementation of the VDH Home Visiting Program to update workforce development trainings to address suicide risk and intimate partner violence.

Community Support

The VDH Injury and Violence Prevention Program works to support overdose primary prevention strategic efforts, such as the shared risk and protective work outlined below.

- The program supports administration priority initiatives, advancing Virginia Prescription Monitoring Program functionality in partnership with the Virginia Department of Health Professions, Project ECHO platform Healthcare Provider academic detailing trainings, LHD strategic planning, public safety-public health opioid response, community linkages of care, health system interventions, and naloxone planning efforts.
- The program collaborated with the Virginia Commonwealth University Center on Society and Health to develop an opioid cost calculator to inform lawmakers, policymakers, and Virginians about the economic impact of the opioid epidemic statewide.
- Over 7.5 million social media and 56,000 TV and radio communication ads have been distributed statewide through the Public Education Partnership leading Virginians to treatment. The VDH Office of Epidemiology (OEPI) Division of Disease Prevention houses VDH's CHR programs

pursuant to § 32.1-45.4 in the Code of Virginia for Virginia's eight current CHR sites and projected additional sites.

- Over 7,500 clients were enrolled in VDH-supported CHR programs between 2018 and 2023 during 45,993 unique visits; and 3,715 overdose reversals were reported by 2,706 clients.
- The VDH OEPI Division of Pharmacy Services (DPS), staffing a team of pharmacists, serves Virginia's local health departments by providing pharmaceuticals, vaccines and biologics that enable LHDs to treat communicable diseases, treat chronic diseases and respond to public health emergencies.
- VDH and DDP created a naloxone partner's program in 2020 for non-profits and other businesses that have direct, regular contact with People Who Use Drugs (PWUD) to obtain free naloxone from VDH to dispense to these individuals. Community services boards, LHDs, authorized CHR sites, approved naloxone partners, law enforcement agencies, fire service, EMS agencies and public schools are eligible to obtain naloxone at no cost. Fentanyl test strips are also available for LHDs and authorized CHR sites.
- A Partnership with VDH Youth Advisory Group identifies ways youth can be connected, promotes social-emotional learning, strong attachment relationships, safety, critical stimulation at critical times, mastery and resilience through the implementation of ACEs initiatives.
- Empowering Communities: Communications campaigns for help-seeking behavior; suicide prevention, intimate partner violence, and child abuse and neglect; implementation of bystander approaches.

Virginia Department of Motor Vehicles

The Virginia Department of Motor Vehicles Highway Safety Office administers federal transportation safety grant funding to various organizations that engage in youth substance abuse prevention activities. Organizations receiving funds that involve youth substance use prevention are highlighted below, including VSP's Youth of Virginia Speak Out (YOVASO) program (see VSP section for more information).

Strategic goals for fiscal year 2024 include reducing crashes, injuries, fatalities and associated costs by identifying transportation safety issues and developing and implementing effective integrated programs and activities. Focuses will include prevention, intervention communications and outreach efforts, as well as enforcement efforts.

Youth Access and Drug Education

- **Continuing Mobility Safety in Young Adults: Virginia SADD**

Students Against Drunk Driving (SADD) Inc. is a national non-profit dedicated to the safety and wellness of all students. SADD operates through school and community chapters like student clubs dedicated to advocating healthy decision-making, which includes preventing substance use. In federal fiscal year 2022, Virginia SADD hosted seven college outreach events.

- **It's All Impaired Driving Phase IV Grant: Chesterfield Substance Abuse Free Environment**

Chesterfield SAFE has received several national prevention awards which are driven by their data analysis of problem areas and populations throughout Chesterfield County. They held eight outreach events in 2023.

- **Choose Your Vibe - Arrive Alive! Virginia Association of Driver Education and Traffic Safety (VADETS)**

VADETS social media campaign focused specifically on prevention and made a total of 1.1 million impressions.

- **Youth of Virginia Speak Out (YOVASO)**

YOVASO is a Peer-to-Peer Education Program of the Virginia State Police. In federal fiscal year 2022, 87 prevention outreach events to high schoolers were hosted across the state. See Virginia State Police section for more information on YOVASO.

- **Washington Regional Alcohol Program (WRAP)**

In federal fiscal year 2022, WRAP conducted several public information, education and youth outreach programs. WRAP received numerous awards for their Act Like It campaign which was designed to reach a data-identified audience of males 18-34 to reduce impaired driving. Additionally, seven prevention presentations were given at high schools around Northern Virginia.

Virginia Department of Social Services

As a part of the mission to design and deliver high quality human services that help Virginians achieve safety, independence and overall wellbeing, VDSS promotes and connects local departments of social services with resources and community events aimed toward substance use prevention.

Youth Access and Drug Education

SPEAKOUT (Strong Positive Educated Advocates Keen on Understanding the Truth) is an advisory group for youth in foster care and foster care alumni (an adult previously in foster care) who are interested in using their voice to help change and improve the foster care system. DSS recognizes the importance of hearing the voice of the youth to make a difference in the way youth are served in the foster care system. SPEAKOUT is responsible for providing feedback directly to VDSS, legislators, other state agencies, LDSS directors, the Board for Social Services and others.

Caregiver Support

The Kinship Navigator (KN) programs provide information, referral, education and advocacy for kinship families. Our collaborations are based upon the Kinship Navigator's federal Children's Bureau grant associated with the passing of the Family First Prevention Services Act (Family First) on February 8, 2018, which has as its goal identify private (informal) kinship families and to connect them to the Kinship Navigator and local resources. Kinship Navigator programs in Virginia provide services and supports to strengthen the kinship caregivers' capacity to provide a safe, nurturing home for the child and to help achieve permanency for the child. Additionally, supports and services should assist the kinship caregiver in addressing the effects that maltreatment may have had on the child in their care. For kinship caregivers in Virginia, there is a toll-free support services hotline that operates 24 hours a day, 365 days a year. Call (888) 593-1972 to receive information and referrals for your family's needs, including: housing benefits (Medicaid, SNAP, TANF, Child Care) physical/dental health services school information, etc.

There are also services available under **Family First** practices Multi-systemic Therapy, which is a community-based, family-driven treatment for antisocial/delinquent behavior in youth. It focuses on "empowering" caregivers (parents) to solve current and future problems. The MST client is the entire ecology of the youth - family, peers, school, neighborhood. It is highly structured clinical supervision and quality assurance processes.

In association with a consultant contracted by the federal government, a Parent Mentor pilot program is in development. It is called “Expanding Evidence on Recovery and Reunification Interventions for Families” (R3). This project is a chance to build critical evidence on promising interventions that use recovery coaches to improve outcomes for families involved with the child welfare system due to parental SUD. R3 was first developed by Morrison Child and Family Services in Portland, OR, and the study is authorized under the 2018 SUPPORT for Patients and Communities Act. It will empower and motivate parents to sustain recovery and access critical services to improve child welfare and recovery outcomes at any stage of child welfare system involvement. The parent mentors will have lived experience with child welfare involvement and SUD recovery and offer peer recovery coaching.

Community Support

DSS has published a new training and technical assistance website, www.recoveryallyvdss.com, in partnership with VCU Rams in Recovery to support students and families who are dealing with substance misuse. DSS’s goal is to help support and unite families dealing with substance use disorders (SUD). Additionally, VDSS is working to engage peer recovery specialists to support those in recovery. VDSS is partnering with DBHDS and Virginia Department of Medical Assistance Services (DMAS) for funding for future projects.

Internally, the VDSS hosts monthly Recovery Ally training sessions developed in collaboration with VCU Rams in Recovery and the SpiritWorks Foundation. This training explores how recovery is a long-term process with unique implications for success; confronts myths and stigma regarding addiction and recovery; considers appropriate and person-centered recovery language; develops listening skills to support people in need; dives into resources for people in recovery.

A companion website to the Recovery Ally training with additional resources exists called the “Substance Use Disorder (SUD) Ally Training Hub.” The Hub provides Local Department of Social Services (LDSS) staff, partners and the public with information to build knowledge around SUD, help better connect families to resources, increase SUD prevention activities, strengthen community collaboration and promote recovery. The videos and additional resources support a community of prevention, treatment, recovery and harm reduction and enable staff to activate strategies and solutions and encourage advocacy.

In addition, the Virginia Community Action Agency funds a statewide membership association for Virginia’s 31 non-profit private and public community action agencies called the Virginia Community Action Partnership (VACAP). VACAP’s mission is to build the capacity and competencies of Virginia’s community action agencies to achieve their mission of creating economic opportunities and facilitating mobility from poverty for Virginians. VACAP is committed to a future in which all of Virginia’s community action agencies are high impact and people and places across Virginia are thriving. A Community Action Agency (CAA) is a local organization with the mission of reducing poverty through programs and services that are targeted to the specific needs of the community. CAAs exist in almost every county and city in the United States. Most agencies are private nonprofits, and some agencies are units of local county or city governments. CAAs are designated by the governor and locally controlled. They are governed by a tripartite board that represents the low-income community, local elected officials and private and public community stakeholders. CAAs receive funding and authority from the federal Community Services Block Grant. One example of a CAA that works on substance use is the **Appalachian Community Action and Development Agency, Inc.** They are working to enhance availability of community-based programs to help those affected by substance abuse, to include family members of substance users.

Virginia National Guard

The Virginia National Guard provides requesting Community Based Organizations (CBOs) with resources and personnel support in developing and implementing community initiatives outlined below. Our personnel in the Drug Demand and Reduction Outreach (DDRO) program are trained in the SAMHSA Strategic Prevention Framework (SPF) and help CBOs tailor this strategy to their specific coalition needs. This framework is a dynamic, data-driven process that practitioners can use to understand and more effectively address the substance abuse and related mental health problems facing communities.

The Virginia National Guard Counterdrug Task Force (CDTF) continues to be an integral part of the Commonwealth's efforts to reduce the availability and demand for illegal drugs by supporting law enforcement agencies with investigative case analysis, aviation support and by integrating U.S. Army and Air Guardsmen in community substance abuse prevention coalitions.

Youth Access and Drug Education

- Youth drug education and refusal skills
- CHILL Programming

Caregiver Support

- Family history of substance use
- Parental attitudes towards substance use
- Parental monitoring
- Parental substance use

Community Support

- School connectedness
- Academic achievement
- Childhood sexual abuse*

*Nationally recognized as an evidence-based program.

Virginia State Police

Despite a Zero Tolerance Law in Virginia which makes consuming alcohol or driving under the influence of alcohol a serious criminal offense, alcohol remains a concerning factor for young drivers and passengers. To combat this problem, VSP receives a DMV VAHSO grant to implement the Youth of Virginia Speak Out About Traffic Safety (YOVASO) program.

The mission of YOVASO is to engage, educate, and empower youth to influence a safe driving culture through leadership development and innovative outreach programs. YOVASO fulfills its

mission by working with high schools, middle schools and youth groups to establish youth-led advocacy programs throughout the Commonwealth.

These programs all directly relate to VOSAP's Youth Access and Drug Education focus area, while addressing Caregiver and Community Support through engagement with parents of youth participants.

Youth Access and Drug Education

- **YOVASO Summer Leadership Retreat**, July 14-17, 2022. Educational conference at JMU for high school students and teachers who work with teen safe driving programs. Includes

educational programming on Zero Tolerance Law and driving under the influence of alcohol and/or drugs. Prepares teens to be leaders and advocates for safe driving.

- **Drive For Change Campaign**, September 6 - December 16, 2022. A peer-led campaign for middle and high schools in Virginia to encourage teens to buckle up and obey posted speed limits. Also, includes educational components on Zero Tolerance and impaired driving prevention. A Halloween safety component encourages teens to celebrate without drugs and alcohol and to drive safely during the holiday period. During the three-month campaign, teens and school clubs develop activities, social media messaging, creative projects and other initiatives to influence peers to develop good attitudes and behaviors as drivers and passengers.
- **Jingle Your Way to a Safe Holiday Contest**, December 2022. This social media contest is open to all middle and high school students statewide. Students are encouraged to develop a song or jingle with safe driving messaging that reminds their peers to celebrate without drugs/alcohol and drive safely during the holidays. The jingles are placed on social media for public voting and the winning jingles are shared on social media through New Years.
- **Arrive Alive Campaign**, March 6 - May 31, 2023. A peer-led campaign for high and middle schools in Virginia to encourage teens to celebrate responsibly and drive safely during the high-risk warm weather period. The campaign also includes programming on drug/alcohol prevention for prom and graduation. During the three-month campaign, teens and school clubs develop activities, social media messaging, creative projects and other initiatives to influence peers to develop good attitudes and behaviors as drivers and passengers.
- **Interactive Safe Driving Experiences**. VSP and YOVASO partner to provide schools and communities with several hands-on experiences to teach teens about the risks associated with driving. The Distracted and Impaired Driving Simulators enable teens to navigate a cones course with a VSP instructor using Fatal Vision goggles to simulate impairment and/or by being distracted by cell phones, passengers, loud music, etc. Students experience first-hand the dangers of all types of impairment while driving. The ScanEd:Physics of a Crash Program enables students to view a wrecked car while hearing details about risky behaviors that caused the crash. Students then scan QR codes on the vehicle to watch PSAs and short videos on risky driving behaviors, such as impaired driving, distracted driving, lack of seat belt use, etc. The program also includes a classroom component that uses physics to show teens why they should obey speed limits, wear a seat belt, drive alcohol/drug-free, etc.
- **Youth Leadership Training**. YOVASO provides training throughout the school year to prepare teens to be safe driving mentors and advocates. The training includes components on Zero Tolerance and DUI laws.

Caregiver Support

- **YOVASO Summer Leadership Retreat** (see above) includes a parent meeting to educate parents on how to talk with their teen about safe driving. The parent meeting provides an overview of GDL laws, Zero Tolerance and DUI laws. It also encourages parents to develop a safe driving agreement with rules and consequences. Additionally, the parent meeting provides tips on how to talk with teens about safe driving and the importance of monitoring driving behaviors throughout the teen years.

Virginia Foundation for Healthy Youth

Virginia Foundation for Healthy Youth (VFHY) empowers Virginia's youth to make healthy choices by reducing and preventing youth tobacco use, nicotine use, substance use and childhood obesity.

Youth Access and Drug Education

In addition to their collaboration on the Virginia Youth Survey with VDH and VDOE, VFHY funds community partners with evidence-based programs through a grant process to reduce and prevent youth substance use throughout the Commonwealth each year. In fiscal year 2023, VFHY and community partners reached over 35,000 youth with substance use prevention resources. The following evidence-based programs were provided:

- All Stars
- Al's Pals
- Botvin LifeSkills Training
- CATCH My Breath
- Healthy Alternatives for Little Ones (HALO)
- INDEPTH
- Not on Tobacco
- Project Action
- Project SUCCESS
- Project Toward No Tobacco Use (TNT)
- Stanford University Tobacco Prevention Toolkit
- Strengthening Families Program
- Too Good for Drugs

VFHY also funds and implements the following prevention marketing initiatives statewide:

- Behind the Haze
- Down and Dirty
- Unfazed

Additionally, in April 2023, VFHY hosted the first Champions for Youth Summit, where nearly 500 prevention professionals came together – united by their desire to empower youth to make healthy choices. The next Champions for Youth Summit will be held September of 2024.

Community Coalitions of Virginia

Community Coalitions of Virginia (CCoVA) is a statewide group of coalitions representing large and small, rural and urban communities, working collaboratively to prevent and reduce substance abuse and related risk factors in Virginia communities that are measurable and improve quality of life.

In fiscal year 2023, CCoVA provided experts in the field on Alcohol, Tobacco and Other Drugs (ATOD) prevention and used speakers and prevention coalition spotlights. There was a particular focus on cannabis and opioids.

Additionally, CCoVA members have expressed that many organizations are looking to CCoVA to provide guidance and education on issues that they are independently working on. CCoVA is in the early stages of updating its website and information sharing capabilities to better serve in this role. In fiscal year 2024, CCoVA has strategic goals surrounding member recruitment and retention, expanding coalition outreach and promoting training opportunities.

Youth Access and Drug Education

Monthly Membership Meetings (August 2022-June 2023) were held virtually on Zoom on the first

Monday of every month with, on average, 35-40 members in attendance each month. Education and Advocacy Coordinator tracks bills during General Assembly session and keeps members informed on pending legislation, as well as opportunities to educate lawmakers.

Community Support

This year CCoVA was excited to be selected by VDH to help administer the Overdose Data to Action grants to coalitions across Virginia. These additional funds allowed the coalitions to expand their reach within their communities.

Gaps in Youth Substance Use Prevention Efforts

VOSAP members' efforts, considered together with national and state youth substance use trends reveal a number of gaps.

A lack of funding exclusive to youth prevention in many organizations led to difficulty in reporting spending on youth prevention activities and initiatives. In these cases, youth substance use prevention activities are embedded within initiatives that might target caregivers or other community members more generally, while addressing risk and protective factors important for preventing youth substance use (e.g., parental support, mental health and trauma support). The VOSAP Collaborative sought to address this gap by providing an expanded way of reporting these activities that still impact youth substance use, though more clarifications should be developed to provide the most sensible and accurate picture of available youth prevention activities.

Additionally, each organization collects and reports youth substance use prevention efforts and measures in a different way. Some organizations report youth prevention efforts in age groups up to 18 years of age, while others report youth prevention efforts in age groups up to 22 years of age.

Another gap is regional spending tracking and reach of each organization's youth substance use prevention activities. Reporting formats vary per organization; some initiatives implemented by VOSAP member agencies are implemented and reported statewide, and data is not broken down by locality or region. Prior VOSAP Annual Reports utilized eight reporting regions across the state, under which city/county spending and reach data could be captured. However, in practice, the number of organizations providing only statewide data or regional data that was not compatible with VOSAP reporting regions provided an incomplete picture, which made aggregate data less useful for comparison.

Continued development of a standardized, unified method of data collection and reporting would benefit the Commonwealth as it relates to youth substance use prevention. Incorporating metrics from Virginia data dashboards that speak to or predict youth substance use and individual substances of concern indicated by the Virginia Youth Survey could further organize reported activities of VOSAP members. This is key in effectively integrating and streamlining prevention efforts and providing a unified front on youth substance use prevention.

Unmet Substance Use Prevention Needs

The following organizations identified unmet substance use prevention needs which have been described below.

Virginia Cannabis Control Authority

The CCA is currently working on the production of youth and parent-focused educational materials to provide more information on cannabis use prevention, cannabis laws in Virginia and health and safety consequences of youth cannabis use.

Virginia Department of Behavioral Health and Developmental Services

DBHDS struggling with workforce capacity and retention.

Virginia Department of Criminal Justice Services

DCJS seeks more resources and programming on Fentanyl awareness and response.

Virginia Department of Health

VDH does not have federal or state funding solely for youth substance use prevention.

Virginia State Police

VSP would like to have resources to provide educational programs for parents on safe teen driving, including education about the Zero Tolerance Law and DUI laws.

Community Coalitions of Virginia

CCoVA contracted with an evaluation service to begin developing a logic model. Local data from member coalitions was requested, but there is some resistance due to various agency/coalition policies. Having more data would allow CCoVA to be more effective in the future.

VOSAP Collaborative Meeting Summaries

Meeting notes from all fiscal year 2023 VOSAP Collaborative meetings in order from July 2022 to June 2023 are detailed below. Full copies of meeting minutes can be found on the [Commonwealth Calendar](#).

August 18, 2022, Discussion Topics

- Meeting Program: Review of VOSAP 2022 Annual Report data and submissions
- Organization Updates:
 - **CCoVA** recently underwent a strategic planning process and is getting ready to roll out committees. They are also working to dispel a myth that legal cannabis means that it must be safe. New staff members were hired recently to help track legislation and produce toolkits to help local coalitions.

The next CCoVA meeting will be the second Monday in September (September 12).

- **DBHDS** reports many activities summarized below.
 - ACES training is being facilitated across the 40 CSBs.

- Currently facilitating a Community Needs Assessment to address cannabis use among youth to be completed September 30, 2022.
 - Facilitating Youth MHFA training across communities for adults who work with youth.
 - Education for tobacco and alcohol merchants to address product placement and advertising that influences youth use.
 - Safe storage and disposal of prescription medications to decrease youth access.
 - Continues to partner with community coalitions to promote awareness and address favorable attitudes that exist within communities.
 - Will be partnering with the Virginia Foundation for Healthy Youth as facilitators for the inclusion of a substance use and misuse track at the conference being held in April.
- **DCJS** reports that they recently awarded 13 localities with DCJS programming. Some of the communities were identified as part of an assessment that was assigned in 2020. They are also offering many trainings as a part of the Virginia Center for School Campus Safety and Public Safety Services.

Additionally, DCJS held the Summer School Safety Forum for K12 and Higher Ed at the end of July with about 900 participants. There were both pre-conference and main conference sessions focusing on substance abuse/misuse prevention and intervention. The Strengthening Connections conference is coming up November 29-30 in Glen Allen at the Crossings. The conference focuses on improving school and community climates.

- **DJJ** reports working with INDEPTH, a nicotine dependence intervention program, as part of a grant from VHFY. Trainings are being planned.
- **DMV** is closing out FY22 grants and kicking off FY23 grants. In the coming year, over 360 grants will be issued to law enforcement, state agencies, colleges and non-profit organizations. The greatest outreach to youth is through teen driving programs.
- **VDOE** has several updates as the coordinator of K-12 education.

Sudden cardiac arrest guidelines for student athletes and state guidelines for heat illness prevention have been created. The Board also approved curriculum framework for Physical Education. VDOE is currently working on parent resources (as per legislation) for vaping prevention. Cannabis and gambling legislation are also being examined.

Additionally, VDOE recommends Virtual Virginia and HealthSmart Virginia. Virtual Virginia delivers a wide variety of training to teachers and students, and HealthSmart Virginia is a collection of curriculum and instructional resources for social, emotional, physical and environmental health. HealthSmart Virginia does not currently have funding.

- **DSS** reports partnering with Rams in Recovery to build an online portal which highlights training. They are currently working to integrate peers into the DSS systems.
- **Virginia ABC** hired Vida Williams as the Chief Digital and Branding Officer. Wyatt Anderson was hired as the Youth Education and Prevention Coordinator, and Hanna Jones

was hired as the Data, Research and Evaluation Specialist for the Education and Prevention division at Virginia ABC.

The Education and Prevention division has two new toolkits available on the Virginia ABC Education website: one on health communication and another on social media best practices. Additionally, we have two new white papers available on the control state system and the suboptimal effectiveness of drunk goggles as a prevention method, respectively.

Virginia ABC is looking at supporting individuals, communities and organizations as casinos begin to open in the state.

- **VDH** continues to support the three Opioid Case Management Project ECHO hubs at UVA, VCU and Carilion Clinic. VDH is also partnering with ASAM to host DEA x-waiver trainings for clinicians so that prescribers can prescribe buprenorphine for MAT of opioid use disorder to greater than 30 patients. VDH is also developing the process for establishing the Opioid Rapid Response Program in Virginia that would ensure continuity of care for patients whose access to prescribed opioids and other medications is disrupted due to law enforcement action being taken against their prescribers. VDH also continues to work closely with and support the authorized Comprehensive Harm Reduction sites in Virginia.
- **VFHY** completed a marketing campaign called Unfazed, geared toward youth prevention. This campaign gives straightforward facts about marijuana. It is no longer televised but still exists on the VFHY website. The website contains information about marijuana use and data from a statewide study about marijuana.

VFHY will be hosting a conference April 23-26, 2023, is looking for speakers.

- **VSP** held the YOVASO summer leadership retreat in July. 80 participants took part in this first in-person retreat since the pandemic. Next summer's retreat is July 13-16, 2023, at James Madison University.

Youth of Virginia Speak Out (YOVASO) is peer-to-peer program education program for teen driver safety. This will be a rebuilding year, so there are efforts to help schools bolster attendance and participation.

YOVASO's fall program is Drive for Change. Schools can compete by designing materials, but schools can still participate without competing. The program is Arrive Alive.

November 17, 2022, Discussion Topics

- Meeting Program: Cannabis laws in the Commonwealth
 - Brianna Bonat, Health Policy and Data Manager at Cannabis Control Authority presented on cannabis laws in the Commonwealth.
- Organization Updates:

- **CCA** has developed several resources on cannabis public health and safety. These resources and more information can be found at <https://www.cannabis.virginia.gov/>. A new website is set to launch November 28.

The CCA is also working on a Safe Driving Campaign and shared results on a Safe Driving Survey they conducted with Stratacomm. Results of the survey included a summary of Virginians' behaviors, attitudes and policy involving marijuana-impaired driving. A detailed report of the survey findings can be found [here](#). A safe driving campaign is expected to launch in January 2023.

The Cannabis Public Health Advisory Council will meet December 12 from 2 to 5 p.m. in the East Readings Room of the Patrick Henry building. The meeting is open to the public and will include presentations from the Department of Agriculture and Consumer Services and the Department of Forensic Science.

The CCA is holding interviews for several new positions and is hoping to double in size by January 2023. The CCA is holding a series of town hall events, with at least one town hall in each health district in Virginia. Town halls began in Fall 2022 and are continuing into 2023. CCA board meetings are open to public attendees. Contact us at: info@cca.virginia.gov.

- **CCoVA** now has 50 members across the state. Community Anti-Drug Coalitions of America (CADCA) host two conferences a year and hold a variety of trainings. CCoVA are working on securing grants to provide equal opportunity for members across the state to be in attendance. DBHDS has been effectively bringing in trainers and conferences/workshops within the state, for greater accessibility to these resources.

CCoVA members are planning a rally week at the Virginia General Assembly on January 27, 2023, at the capital. CCoVA meetings are held virtually on the first Monday of every month and the next will be December 12. For more information, email infoccova@gmail.com.

- **DBHDS** is conducting a community needs-assessment for marijuana and gaming and gambling. In early December, during their annual summit, a presentation of those findings will be shared. All of DBHDS coalitions use logic models, so now additions of marijuana use and gaming and gambling will be added into existing frameworks. DBHDS is currently looking for topics and speakers relevant to suicide prevention among men.

On November 18, DBHDS welcomes Charisma Dixon, who will work on youth cannabis use prevention.

- **DCJS** is in the middle of grant season. Grant committee meetings are currently being held in several counties in the state. One focus is on juvenile justice programming and message dissemination in hard-to-reach areas of the state. Some highlights include many applications for gun violence reduction strategies. This is the first year the juvenile justice and youth grant is being offered after a three-year gap, when DCJS did not have access to this federal funding.

DCJS is also accepting school safety grants for prevention and intervention, efforts as well as physical safety in schools. School Resource Officer (SRO) training has been revised.

This new training contains a stronger mental health focus and will launch fully in January 2023. The Handle with Care initiative includes behavioral de-escalation and trauma-informed practices are being adopted. We are always looking for great people to lead workshops on prevention among youth.

- **DSS** will hold its first annual Permanency Conference. Presentations will be held including child welfare and substance abuse, along with trainings for recovery, substance use 101 and practice in policy and guidance. The conference will take place December 7-8 in Hampton.
- **Virginia ABC** hired Ajai Blue-Saunders as Community Engagement Coordinator in the Education and Prevention division. The Alcohol Education and Prevention grant program will be accepting applications from January 1-March 1, 2023.

The Youth Alcohol and Drug Abuse Prevention Project (YADAPP) will be returning to an in-person kickoff conference this summer, the first since 2019. YADAPP is a peer-led conference where teams of student leaders develop actionable plans with adult sponsors to bring back to their schools and communities for implementation. YADAPP will take place July 17-21, 2023, at Longwood University.

- **VNG** now has two Drug Reduction Outreach (DRO) Specialists. VNG has continued partnerships in supporting organizations like VOSAP and CCOVA for their drug prevention strategies. A main focus of VNG has been increasing human trafficking campaigns. VNG has been holding presentations for human trafficking prevention, and their materials have even been shared with the Department of Defense. A new presentation with the Chesterfield Police Department is in the works for January. A date has yet to be set. Additionally, VNG has been working with the Richmond Police Department and its youth homelessness unit involving substance use to reallocate high-risk individuals and provide treatment resources.
- **VDH** is continuing partnerships with three different stakeholders for Project ECHO. Fully executed contracts are finalizing now, and the agency will continue work through the end of its current grant cycle. VDH is completing trainings for Virginia prescribers and individuals suffering from opioid misuse behavior.
- **VFHY** has put out a new campaign for youth cannabis perceptions and use under the umbrella of nicotine and tobacco. Champions For Youth summit will be held in person for the first time since 2019, and the summit will be for prevention professionals regarding nicotine and tobacco use and wider substance use pertaining to youth. The summit will take place April 24-26 in Falls Church. The Virginia Youth Survey 2021 results will soon be available. Data from the survey will be able to be manipulated and broken down by region, age, grade and trends.

February 16, 2023, Discussion Topics

- Meeting program: Using data to inform collaborative efforts.
 - John Oh and Leslie Egen – Framework for Addiction Analysis and Community Transformation presented on their dashboard and data collection efforts.

- VOSAP Coordinator presented focus areas to better organize data around risk and protective factors in future VOSAP Annual Reports.
- Organization Updates:
 - **CCA** hired Hanna Jones as Data and Research Analyst and Rebecca LaBelle was hired as Healthy Policy Analyst. The CCA has conducted a Safe Driving Campaign, which includes data on opinions and perspectives on driving with cannabis. This data is available on their website along with fact sheets on cannabis laws.
 - **CCoVA** welcomes Travis Fellows as the new coordinator. CCoVA has been tracking and monitoring legislation in the General Assembly. The next monthly virtual meeting is on March 6 in which data from young adult surveys, logic models will be presented. CCoVA is working with VDH on opioid prevention strategy grants with twenty grant applications. CCoVA is targeting a fall Summit event in Roanoke.
 - **DBHDS** will possibly receive funding for cannabis use prevention programs, depending on the outcome of legislation before the General Assembly. On January 26, DBHDS Office of Behavioral Health Wellness convened a kickoff for a Youth Cannabis Advisory Workgroup to ensure that all agencies involved in the oversight and prevention of youth cannabis use are coordinated, working together and aligning strategies.
 - **DCJS** is preparing for the upcoming School Safety Training Forum. Age-appropriate videos for K-12 students have been created to address school threats.
 - **DJJ** is working with VFHY on a three-year grant, promoting the Catch My Breath program. On the juvenile side, DJJ was just awarded twelve grants.
 - **DMV** is currently in the FY 2024 grant application process. Grants will close on February 28. In 2023, 320 grants were distributed. There is now a focus on doing more community engagement and education. Most applicants are law enforcement and state agencies, but it is open to non-profit organizations focusing on community engagement and education. Highway Safety Summit will possibly be in May of this year.
 - **VDOE** is promoting the **Governors' Physical Activity Program** to enhance the overall health and well-being of school personnel and model and inspire healthy lifestyles for students.

PBS is creating videos to be placed on school websites for parents/community. The Hidden in Plain Sight is being recorded. Asks for feedback on what else should parents ought to know about vaping/opioids/gambling.

There are a number of legislative initiatives if any would be willing to serve as a reviewer.

- **HB 1073** Parental educational information; tobacco and nicotine vapor;
- **HB 1108 D.** Instruction concerning gambling and the addictive potential thereof,
- **HB 1215** Grades seven and eight physical education class shall include at least one hour of public safety training;
- **HB 850** Lyme disease; instructional resources and materials:

- **HB 1023**- Family life education optional instruction on human trafficking of children

VBOE guidelines for HB 1108 D Instruction concerning drugs, alcohol, substance abuse, tobacco and nicotine products, and gambling.

- D. Instruction concerning gambling and the addictive potential thereof shall be provided by the public schools as prescribed by the Board.

SB 78 - adds 90-minute parent/student component to all state-approved classroom DE courses and includes a **section on the dangers of alcohol and other drugs and driving**. Other legislation of interest related to age-appropriate mental health course of instruction (SB 818), hazing prevention training (HB 1102), Title IX and sexual harassment prevention training (HB 1560), safety while accessing technology (HB 1575).

Applied for CDC Grant, School-Based Interventions to Promote Equity and Improve Health, Academic Achievement, and Well-Being of Students

In collaboration with the CDC, Virginia Department of Health (VDH), and other key partners like Charlottesville City Schools, we aim to enhance academic achievement by focusing strategies and activities within the context of the Whole School, Whole Community, Whole Child (WSCC) model to improve health for generations of students.

- **DSS'** Speak Out program is addressing policy to support youth in foster care. Recovery Ally is addressing risk and protective factors surrounding substance abuse in families. Working on the Governor's behavior health initiatives.
- **Virginia ABC** has their Education and Prevention Grant Program's deadline coming up on March 1 at 5:00pm. Grants of up to \$10,000 are offered to address underage drinking, social providing/social hosting prevention, or high-risk drinking prevention. Currently process of hiring a new Data, Research, and Evaluation Specialist. The Youth Alcohol and Drug Abuse Project (YADAPP) Kick-Off Conference is back in person, at Longwood University July 17-21. Early bird registration opens April 1.
- **VDH** Violence and Substance Abuse Prevention Epidemiologist just started.
- **VSP** announces that registration for YOVASO's Youth Retreat opens March 27, with the conference being held the week of July 10 at James Madison University. This year's theme is decades.

YOVASO's Arrive Alive campaign is happening this spring beginning in March, promoting safety around Prom and graduation events.

May 18, 2023, Discussion Topics

- Meeting program: Virginia Department of Education Initiatives
 - **Robin Shepherd**, Health and Family Life Specialist in the Office of STEM and Innovation at Virginia Department of Education gave a presentation on VDOE initiatives, highlighting efforts and insights on hazing prevention, passive drunk driving, vaping prevention, driver education curriculum, the Central Virginia Overdose Working Group and free resources.

- Organization Updates:

- **CCOVA** annual membership coming up in July. Organizations as well as individuals can join.

Annual Summit will be held on Oct. 23, at the Hotel Roanoke. It will focus on the intersection of mental health and substance use.

CCoVA acted as a pass-through from VDH to provide funding to 22 coalitions across the state.

- **CCA** issued a contract to Reingold who will help create the next round of safe driving campaign messaging. The next round will include commercials, ads, etc.
- **DBHDS** has experienced substantial turnover. Continuing to implement ACES training and trauma responsive trainings. There are 450 trainers statewide. Also implementing mental health first aid.
- **DCJS** is blanketing the state with ACES training and trauma training, particularly about how to respond in school systems. Train the trainer - Handle with Care program event set for June 26. Projecting 34 schools and localities participating.

Summer conference (Summer School Safety Forum) July 24-27, Hampton. If interested in attending or having a resource table, let Betsy Bell know.

- **VDOE** shared many updates in their presentation (see minutes for full slides), as well as others below.

Hazing prevention is a top priority, and alcohol is recognized as a dangerous component. Parent education is being developed, and a PSA script was created in collaboration with WHRO.

Shared information on Driver Alcohol Detection System for Safety Program with learning modules on Virtual Virginia and Discovery Hub. Students can use these, and staff can earn CEUs.

Shared draft guidelines in response to House Bill 1073 (2020), which directed the Department of Education to create a framework for school boards to annually provide parents with educational information needed to assist with understanding health dangers of tobacco and nicotine vapor products.

Shared updated Driver Education standards related to students analyzing effects of substances on risks and collisions, as well as legal consequences.

Health and Safety Physical Activity Institute at James Madison University, July 9-12. VADETS Preconference is July 9. Additional vendors are always appreciated.

VDOE OSS included many substance abuse prevention resources in the School Counseling October Newsletter. School Counseling Substance Use Modules are also

available.

- **Module 1** (682 views): Overview of Substance Use Prevention
- **Module 2** (578 views): Understanding Substance Use Disorders
- **Module 3** (579 views): Responding to Substance Use Issues
- **Substance Use Disorders and Opioid Addiction in School Communities** Modules (Series of 9)

2021 Model Guidance for Positive, Preventative Code of Student Conduct Policy and Alternatives to Suspension: Encourages schools to create interventions for students who previously were suspended and/or referred to law enforcement for drugs and alcohol.

Best Practices for Administration of Naloxone in the School Setting

Naloxone Administration Procedures Form for School Health Personnel

- **DSS** has been working closely with the Opioid Abatement Authority. Medical examiners report came out showing that overdoses under 18 jumped dramatically.
- **Virginia ABC** hired Data, Research and Evaluation Specialist Matt Santucci.

Many Virginia ABC regulations are available for public comment until July 7 on the Virginia Regulatory Town Hall site at www.townhall.virginia.gov. Those relating to alcoholic product advertising and label approval requirements may be of particular interest to VOSAP stakeholders.

- **VDH** submitted new CDC overdose data to action grant. This five-year grant assists VDH with funding to continue work already being done. Liz Zaunick resigned from her position.
- **VSP** is wrapping up the year. Youth of Virginia Speak Out's (YOVASO) Summer Leadership Retreat is occurring at James Madison University July 13-16.

Final Summary

Through the review of information submitted for fiscal year 2023, \$26,753,964 was spent on substance use prevention. To better capture the interconnected nature of youth prevention efforts, reporting organizations considered three focus areas pre-determined by VOSAP Collaborative members when reporting spending and activities: Youth Access and Drug Education, Caregiver Support and Community Support. Evaluation of these data starts shows a wide berth of programs and resources to prevent youth substance use, with substantial gaps in how information is reported in terms of spending and reach on a regional level.

Additionally, data on youth substance use behaviors is limited. While the **Virginia Social Indicator Dashboard** reports substance use behaviors by locality and Community Service Board service areas, youth data is not specifically reported. This gap in data collection does not allow for a direct comparison of regional youth substance use behaviors and the need for youth substance use prevention initiatives in those regions. The **Virginia Youth Survey** does collect statewide youth substance use behaviors bi-annually.

Moving forward, the VOSAP Collaborative will consider ways to improve the reach and impact of programs across the Commonwealth, as well as methods to facilitate sharing data between member organizations.

VOSAP Collaborative Contact Information

Virginia Alcoholic Beverage Control Authority
Community Health and Engagement Division
7450 Freight Way
Mechanicsville, VA 23116

Email: Education@VirginiaABC.com

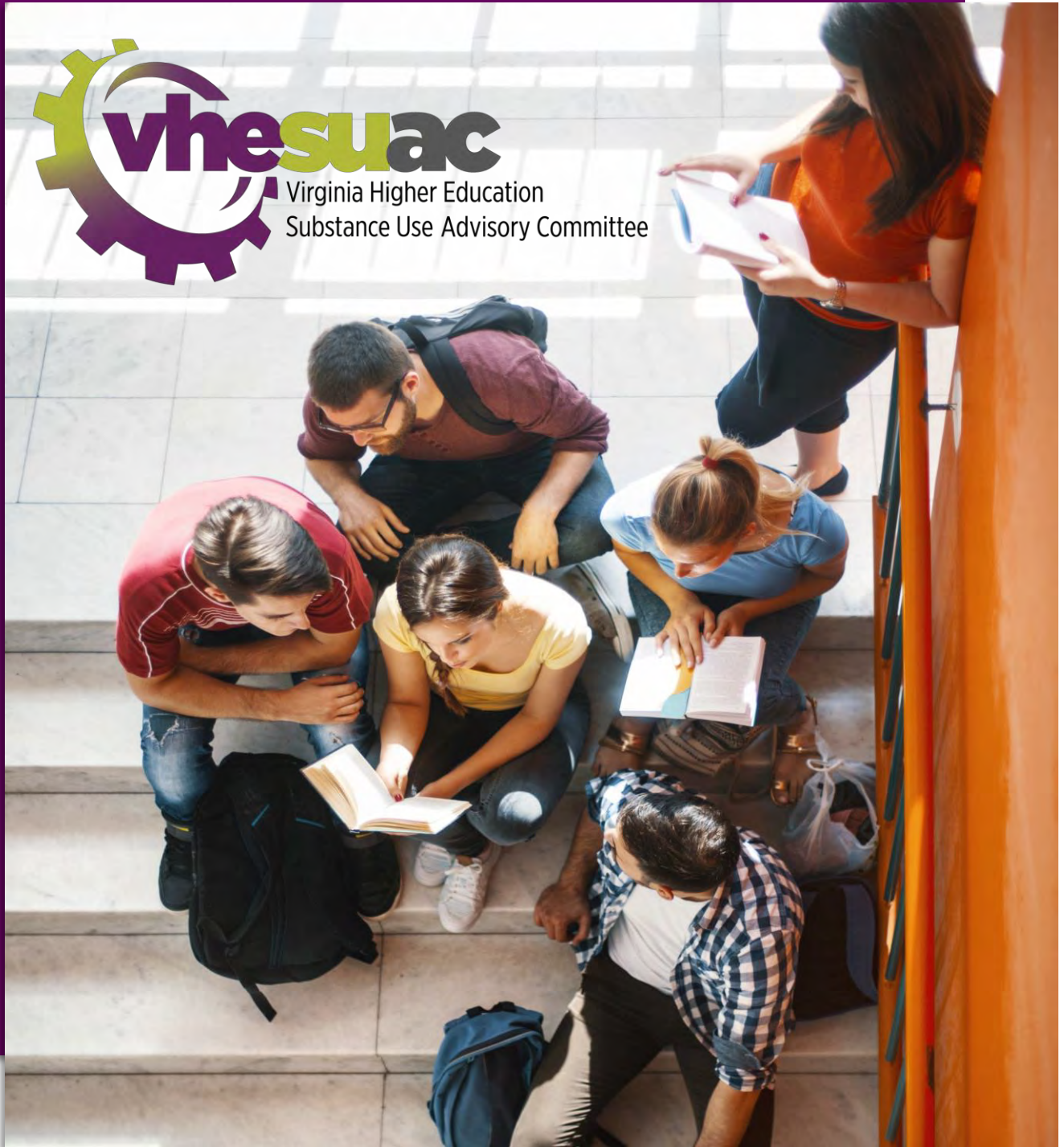
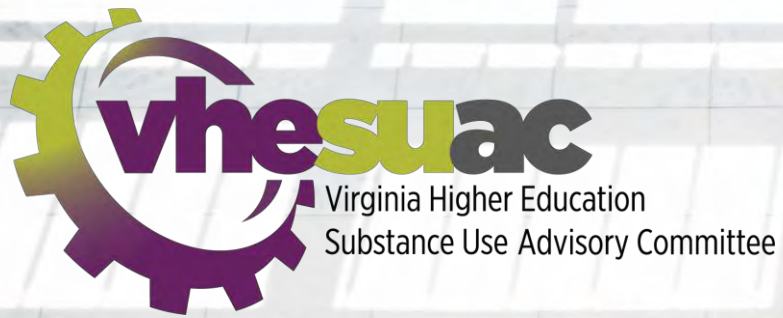
Phone: (804) 977-7440

Website: www.abc.virginia.gov/education/programs/vosap

Future VOSAP Meeting Dates

VOSAP meets on a quarterly basis on the third Thursday of the first month of the quarter. Meetings are held virtually or at a collaborative organization's location. Upcoming meeting dates are:

- February 15, 2024
- May 16, 2024



Virginia Institutions of Higher Education Substance Use Advisory Committee

2023 Annual Report

TABLE OF CONTENTS

Letter from Virginia ABC Board Chair	3
Executive Information	5
Executive Summary	6
Statutory Authority	7
VHESUAC Formation	8
Commission on Youth Study	8
Operation	9
Membership	9
Campus Representation	13
Student Health Trends	Error!
Bookmark not defined.	
Alcohol	14
Cannabis	15
Opioids	15
Prescription Stimulants	16
Tobacco	16
Other Drugs	17
Mental Health	18
Institutional Priorities	19
VHESUAC Strategic Plan	20
Background and Development	20
Campus-Wide Initiatives	20
Statewide Initiatives	20
Campus Recognition Program	23
Commission on Youth Recommendation	23
Goals and Requirements	23
June 2023 Applicants	24
June 2023 Findings	24
VHESUAC Newsletter	26
August	26
November	26
February	26
May	27

Campus Engagement	27
VHESUAC Meetings	29
Executive Council	29
Workgroup	33
Future of VHESUAC	42
Appendix A	44
References	48
VHESUAC Contact Information	49

DRAFT

Virginia Alcoholic Beverage Control Authority
 Chief Executive Officer
 Travis G. Hill



Chair
 Timothy D. Hugo
 Vice Chair
 Robert C. Sledd
 Board of Directors
 William D. Eulle
 Gregory F. Holland
 Mark E. Rubin

General Assembly of Virginia
 Capitol Square
 Richmond, Virginia

Dear Members of the General Assembly:

The Virginia Higher Education Substance Use Advisory Committee (VHESUAC) is pleased to provide this report in accordance with §4.1-103.02, *Code of Virginia*. Consistent with its statutory responsibilities, VHESUAC provides common goals, resources and capacity building to advance Virginia's higher education substance use education, prevention, treatment and recovery infrastructure and to advocate for program and policy efforts that are strategic, science-based and collaborative.

This report details efforts and coordination since the beginning of the fiscal year on July 1, 2022, to the end of the fiscal year on June 30, 2023.

VHESUAC looks forward to providing continued leadership and coordination of Virginia's higher education substance use education, prevention, recovery and intervention efforts. We thank all of the VHESUAC partners who support the work of the committee and in particular those who serve on its Executive Council and Workgroup.

Thank you for your support, and please contact us if you would like additional information about VHESUAC.

Sincerely,

Tim Hugo, Chair
 Virginia Alcoholic Beverage Control Authority



EXECUTIVE INFORMATION

The Commonwealth of Virginia



Governor *Glenn Youngkin*

Secretariats represented in VHESUAC

Secretary of Public Safety and Homeland Security *Sheriff Robert "Bob" Mosier**

Secretary of Public Safety and Homeland Security *Terrance C. "Terry" Cole***

Secretary of Education *Aimee Rogstad Guidera*

Secretary of Health and Human Resources *John Littel*

Virginia Alcoholic Beverage Control Authority Leadership



Chair
Tim Hugo



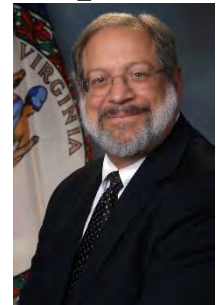
Vice Chair
Maria Everett



William D. Euille



Gregory F. Holland



Mark E. Rubin

Chief Executive Officer *Travis G. Hill*

* Secretary Mosier resigned his position on June 1, 2023.

** Secretary Cole assumed his position on June 2, 2023.

Executive Summary

The Virginia Higher Education Substance Use Advisory Committee (VHESUAC) is pleased to report on coordination of college alcohol and other drug education, prevention, recovery and intervention programming in the Commonwealth of Virginia. VHESUAC partners include public and private institutions of higher education (IHEs), student leaders, state agencies and statewide organizations committed to reducing student substance use and promoting effective policies and practices.

VHESUAC aims to create an environment and culture that values student health and safety and supports prevention and intervention efforts on campuses across the state. VHESUAC hopes to accomplish this by promoting a collaborative and coordinated effort among Virginia's colleges and universities to advocate for prevention programming and treatment services, implement research-based approaches and facilitate a network for information sharing and action planning.

Virginia ABC Education and Prevention¹ coordinates VHESUAC. The structure includes two tiers: the Executive Council and Workgroup.

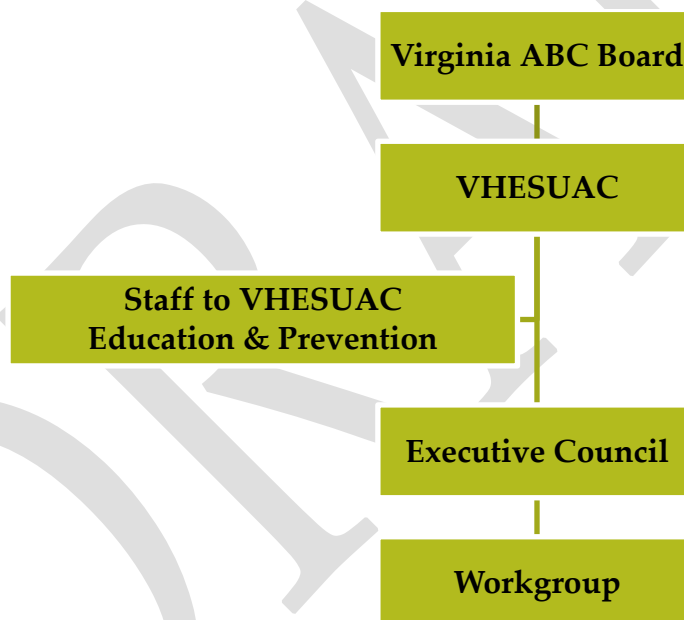


Figure 1. A diagram of the VHESUAC structure.

During this reporting period, Executive Council and Workgroup members met to continue implementation of the Virginia Higher Education Substance Use Prevention Strategic Plan. Members also discussed, created and launched the VHESUAC Campus Recognition Program, an annual recognition program that allows VHESUAC to publicly recognize campuses for their efforts in furthering campus substance use education, prevention, intervention and recovery efforts on their own campuses. Members had these conversations at the regularly scheduled meetings, which

¹ This report details the work of VHESUAC during the fiscal year ending on June 30, 2023. In September 2023, Virginia ABC Education and Prevention was renamed Virginia ABC Community Health and Engagement.

resumed in-person beginning in October 2022. This report intends to detail these meetings, as well as explain the formation of VHESUAC, its current structure and its vision moving forward. This report will also describe the touch points VHESUAC has with the various institutions of higher education across the Commonwealth through the VHESUAC Campus Newsletter and will include data from campuses which applied for the VHESUAC Campus Recognition Program.

Statutory Authority

Pursuant to SB 120 and HB 852 of 2018 and Chapters 210 and 211 of the Acts of Assembly, an Act to amend and reenact § 4.1-103.02 of the *Code of Virginia*, relating to alcoholic beverage control; substance abuse prevention; Virginia Institutions of Higher Education Substance Use Advisory Committee established:

“The [Virginia ABC] Board shall also establish and appoint members to the Virginia Institutions of Higher Education Substance Use Advisory Committee (Advisory Committee). The goal of the Advisory Committee shall be to develop and update a statewide strategic plan for substance use education, prevention, and intervention at Virginia's public and private institutions of higher education. The strategic plan shall (a) incorporate the use of best practices, which may include, but not be limited to, student-led peer-to-peer education and college or other institution of higher education recovery programs; (b) provide for the collection of statewide data from all institutions of higher education on student alcohol and substance use; (c) assist institutions of higher education in developing their individual strategic plans by providing networking and training resources and materials; and (d) develop and maintain reporting guidelines for use by institutions of higher education in their individual strategic plans. The Advisory Committee shall consist of representatives from Virginia's public and private institutions of higher education, including students and directors of student health, and such other members as the Board may deem appropriate. The Advisory Committee's membership shall be broadly representative of individuals from both public and private institutions of higher education. The Advisory Committee shall submit an annual report on its activities to the Governor and the General Assembly on or before December 1 each year.”

VHESUAC FORMATION

Virginia ABC Education and Prevention seeks to eliminate underage and high-risk drinking by building the capacity for communities to educate individuals and prevent alcohol misuse. In 2015, Education and Prevention set out to improve the quality of its programming by collecting needs assessment data from four-year IHEs in Virginia and compiling campus policies and programs on alcohol and other drugs to identify current gaps and resources. These efforts continued in 2017 with a second needs assessment for four-year IHEs, a needs assessment for community colleges and a survey of the Virginia College Alcohol Leadership Council.



Figure 2. A map of Virginia's institutions of higher education.

Commission on Youth Study

In line with its mission to study and provide recommendations on health matters related to youth and families, the [Commission on Youth](#) (COY) took a particular interest in Virginia ABC's efforts. During the 2016 and 2017 General Assembly sessions, budget amendments requesting that work be done to identify current substance use prevention and intervention programs at IHEs were proposed by COY but not adopted. Instead, COY moved forward with a study plan to collaborate with Virginia ABC and compile a list of best practices for Virginia's IHEs to consider implementing. Based on study findings, discussions with other state agencies and public comment, COY approved a final recommendation prior to the 2018 General Assembly session. This recommendation became SB 120/HB 852, with sponsorship from COY Chair Senator Barbara Favola and Delegate Christopher Peace and was later signed by Governor Ralph Northam in March 2018.

Operation

VHESUAC is comprised of public and private IHEs, student leaders, state agencies and statewide organizations who collaborate to reduce college substance use and advocate for research-based policies and practices. VHESUAC is led by an Executive Council and Workgroup and is staffed by Virginia ABC. The Virginia ABC Adult Education and Prevention Coordinator serves as the VHESUAC coordinator while also managing other college and adult prevention programs.

The Executive Council is the governing body and is responsible for setting overall direction and providing input on Workgroup activities and deliverables. To recruit members for the Executive Council, an open application invitation was sent to college and university presidents, vice presidents of student affairs, directors of student health and student leaders at all 65 of Virginia's institutions of higher education. State agencies involved in substance use prevention or college student well-being were identified and recruited for the Executive Council, as well. These members address alcohol and other drug-related problems among college students statewide. Executive Council meetings are held biannually.

The Workgroup provides support and recommendations to the Executive Council. Members of the Workgroup share pertinent research and programming to help inform planning and decision-making during meetings. The Workgroup includes community, state and campus leaders who were identified and recruited due to their work in preventing college substance use and related problems. Workgroup meetings are held quarterly.

Membership

Over the course of this reporting period, the Executive Council of VHESUAC was comprised of:



Virginia Alcoholic Beverage Control Authority

Travis Hill – Chief Executive Officer

Vida Williams – Chief Digital and Brand Officer



Commission on Youth

Deirdre Goldsmith – Member



Hampden-Sydney College

Renae Mancastroppa – Assistant Dean for Student Development and Well-Being



Liberty University

Keith Anderson – Executive Director, Student Health Center and Wellness Initiatives



Mountain Gateway Community College

(Previously known as Dabney S. Lancaster Community College)

Matt McGraw – Associate Vice President for Institutional Effectiveness and Academic Services



Patrick Henry Community College

Greg Hodges – President



Regent University

Adam Williams – Dean of Student Services



State Council of Higher Education for Virginia

Sandra Freeman – Private Postsecondary Education Director



University of Virginia

Christopher Holstege – Executive Director, Elson Student Health Center



Virginia Commonwealth University

Brooke Berry – Assistant Vice Provost for Diversity, Equity & Inclusion

Charles Klink – Vice President



Virginia Community College System

Van Wilson – Associate Vice Chancellor for Student Experiences and Strategic Initiatives

Over the course of this reporting period, the Workgroup of VHESUAC was comprised of:



Virginia Alcoholic Beverage Control Authority

Christopher Young (VHESUAC Coordinator) – Adult Education and Prevention Coordinator, Education and Prevention Division
Barbara Storm – Special Agent in Charge



Christopher Newport University

Jill Russett – Associate Professor, Department of Sociology, Social Work, and Anthropology and Field Instruction Coordinator



Foundation for Advancing Alcohol Responsibility

Maureen Dalbec – Chief Operating Officer and Senior Vice President, Research and Data Analysis
Thomas Grane – Manager, Education Programs



Germanna Community College

Pamela Bertone – EMS Education Program Director
Cheri Maea – Dean of Enrollment Services



Germanna Community College Police Department

Craig Branch – Chief of Police



Longwood University

Sasha Johnson – Director of Education and Prevention Programs



Norfolk State University

Cynthia Burwell – Director, NSU Center of Excellence in Minority Health Disparities



Randolph-Macon College

Keith Cartwright – Coordinator, Alcohol and Other Drug Prevention; Behavioral Health Wellness Consultant for DBHDS



State Council of Higher Education for Virginia

Brittany Everett – Postsecondary Access and Success Specialist



Virginia Association of Chiefs of Police and Foundation and Virginia Association of Campus Law Enforcement Administrators

Dana Schrad – Executive Director



Virginia Cannabis Control Authority

Brianna Bonat – Health Policy and Data Manager

Rebecca LaBelle – Health Policy Analyst



Virginia College Collaborative

Robert Chapman – Drexel University (retired)



Virginia Commonwealth University

Melodie Fearnow-Kenney – Senior Research Associate, Center for School-Community Collaboration



Virginia Department of Criminal Justice Services

Marc Dawkins – Law Enforcement and Public Safety Training Manager



Virginia Department of Education

Maribel Saimre – Director, Office of Student Services



Virginia Department of Health

Julia Mogren – Substance Use Prevention Epidemiologist

Lisa Wooten – Injury and Violence Prevention Program Supervisor

Lauren Yerkes – Injury and Violence Prevention Program Epidemiologist



Virginia Military Institute

Sarah Jones – Director, Center for Cadet Counseling



Virginia Polytechnic Institute and State University

Ashley LeDuc – Associate Director for Substance Misuse Prevention, Hokie Wellness

Joshua Redding – Assistant Director, Hokie Wellness



University of Mary Washington

Raymond Tuttle – Director of Judicial Affairs and Community Responsibility



University of Virginia

Susie Bruce – Director, Gordie Center

Campus Representation

Approximately 23% of campuses across the Commonwealth are represented by regular, attending members of the Executive Council and/or Workgroup. VHESUAC is always looking to add new members to its body and gives regular notice to IHE professionals across the state that they are welcome to join the Workgroup.

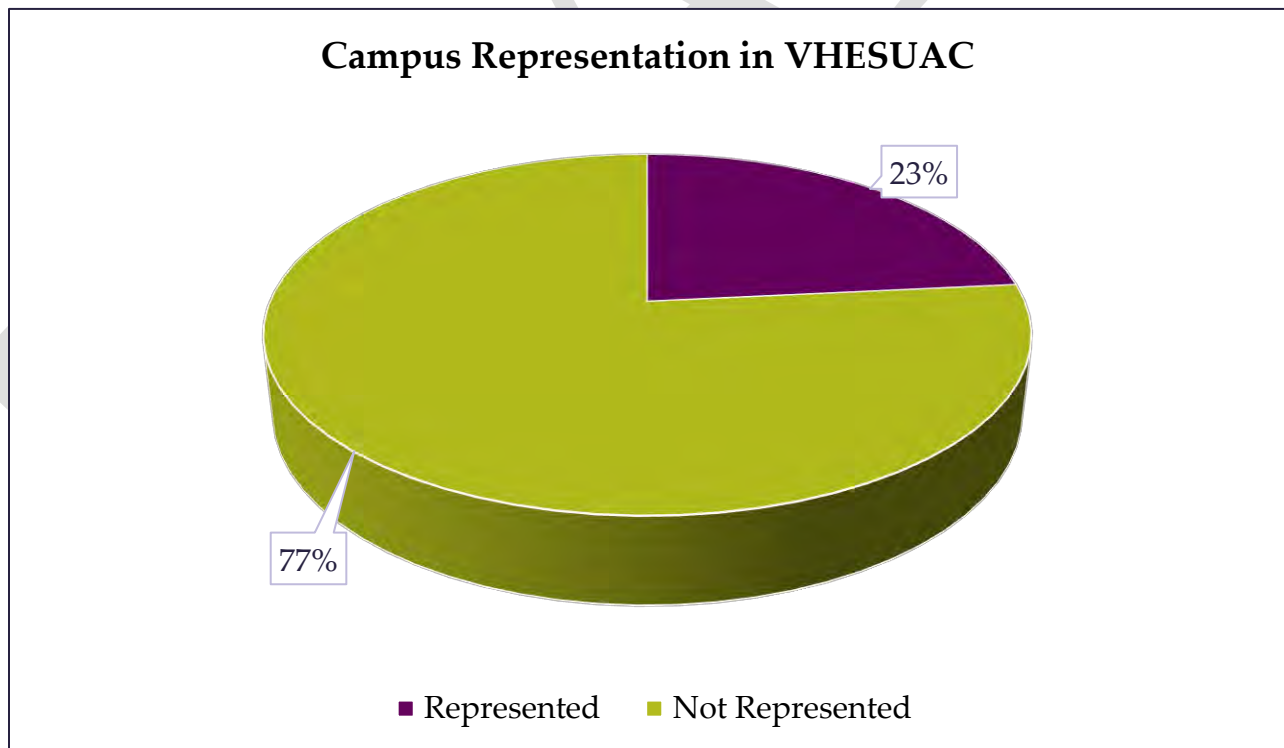


Figure 3. A pie chart showing the proportion of campuses who are represented on the VHESUAC Executive Council or Workgroup.

STUDENT HEALTH TRENDS

While some health trends within the general adult population can also be attributed to college students, there are some health trends that are unique to college students. College students are packed in a close, physical community and are traditionally a population of young adults whose brains and physical bodies are still developing. As a result, it is important to track specific data points that describe health trends amongst college students, specifically health trends amongst substance abuse. Virginia ABC Education and Prevention tracks data points describing college student drug use and institutional priorities through three national surveys: the ACHA-National College Health Assessment (NCHA), SAMHSA's National Survey on Drug Use and Health (NSDUH) and the College Alcohol Survey.

Alcohol

Alcohol continues to remain the most used drug on college campuses. While the percentage of college students who have used alcohol in their lifetimes has remained relatively consistent, the binge drinking rate² has gradually decreased over the last two decades. The sharp drop-off during the 2020-2021 school year can be attributed to the Covid-19 pandemic.

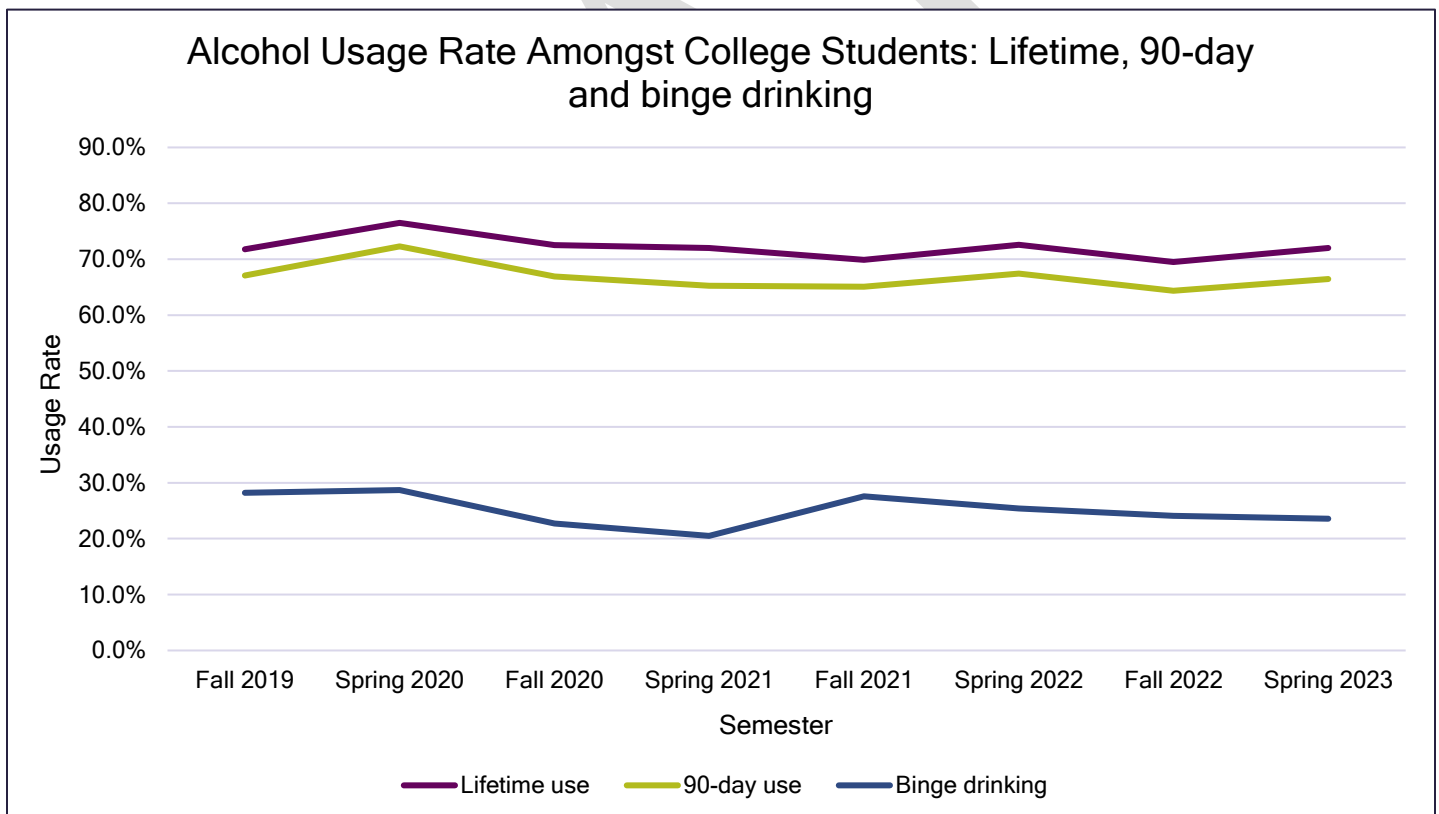


Figure 4. Chart showing the lifetime, 90-day usage and binge drinking rates of alcohol amongst college students. Source: National College Health Assessment.

² Binge drinking is defined as consuming five or more drinks for males or four or more drinks for females in a single occasion.

Cannabis

Cannabis and other marijuana products are the second-most used drugs on college campuses. National data shows that cannabis use on college campuses has slightly risen over the last four years. Legislation legalizing recreational use of cannabis within Virginia went into effect on July 1, 2021.

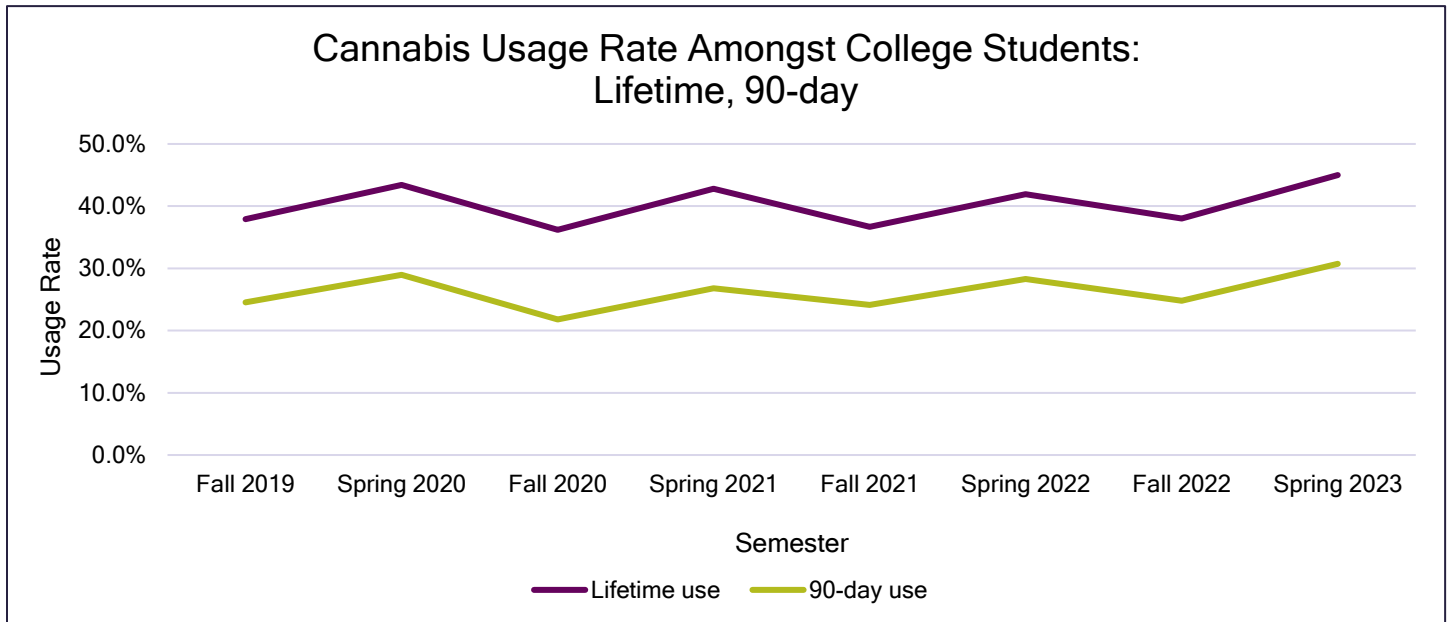


Figure 5. Chart showing the lifetime usage and 90-day usage of cannabis amongst college students. Source: National College Health Assessment.

Opioids

While prescription opioids are not among the most-used drugs on campus, they are known for their serious health risks, including overdose and death. In particular, Fentanyl is known for its potency, as

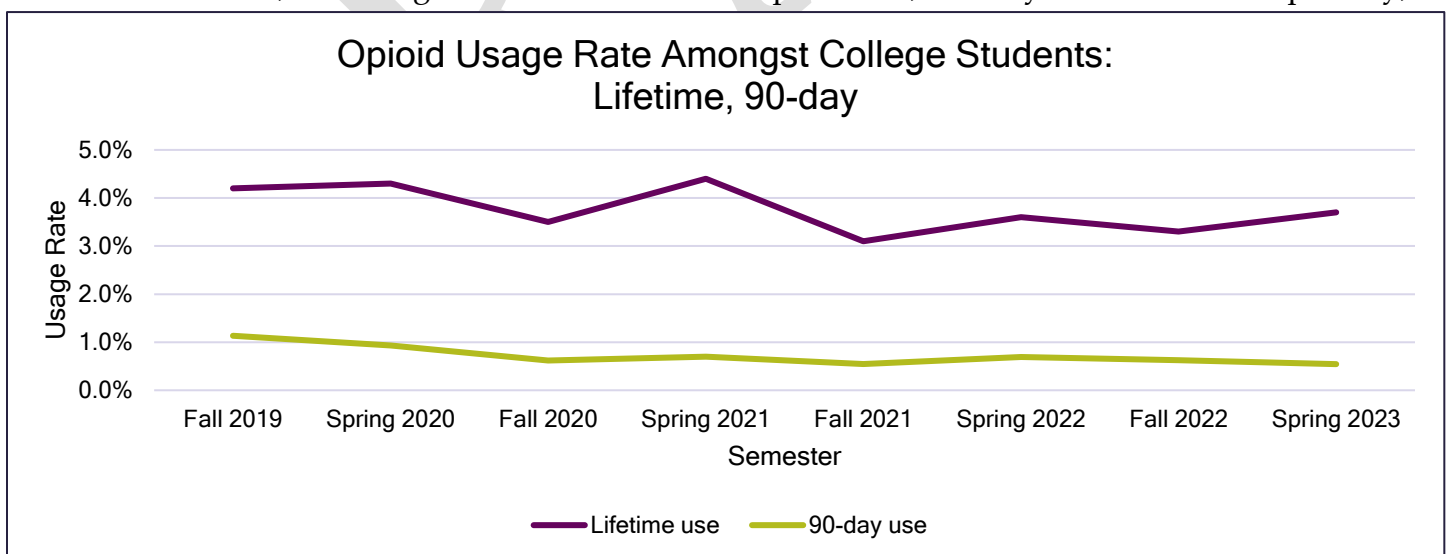


Figure 6. Chart showing the lifetime usage and 90-day usage of prescription opioids amongst college students. Source: National College Health Assessment.

it is approximately 100 times more potent than morphine.³ Usage data from the last four years shows a slight decrease in the lifetime and 90-day usage rates.

Prescription Stimulants

There is a common belief that using prescription stimulants such as Adderall while studying for or taking a test will lead to better performance. College students who use prescription stimulants for non-medical purposes will often justify their use of the drugs by citing this claim. However, studies have shown that students who have used prescription stimulants do not see an increase in their GPAs and do not gain an advantage over their peers who are not taking prescription stimulants.⁴ Prescription stimulants are also more prevalent on college campuses than they traditionally have been, with diagnoses for conditions such as ADHD being much more common among youth than ever before.⁵ This has led to students having an easier time obtaining prescription stimulants from a friend or peer. Data from the last four years shows a slight decrease in the usage rates of prescription stimulants when used for non-medical purposes.

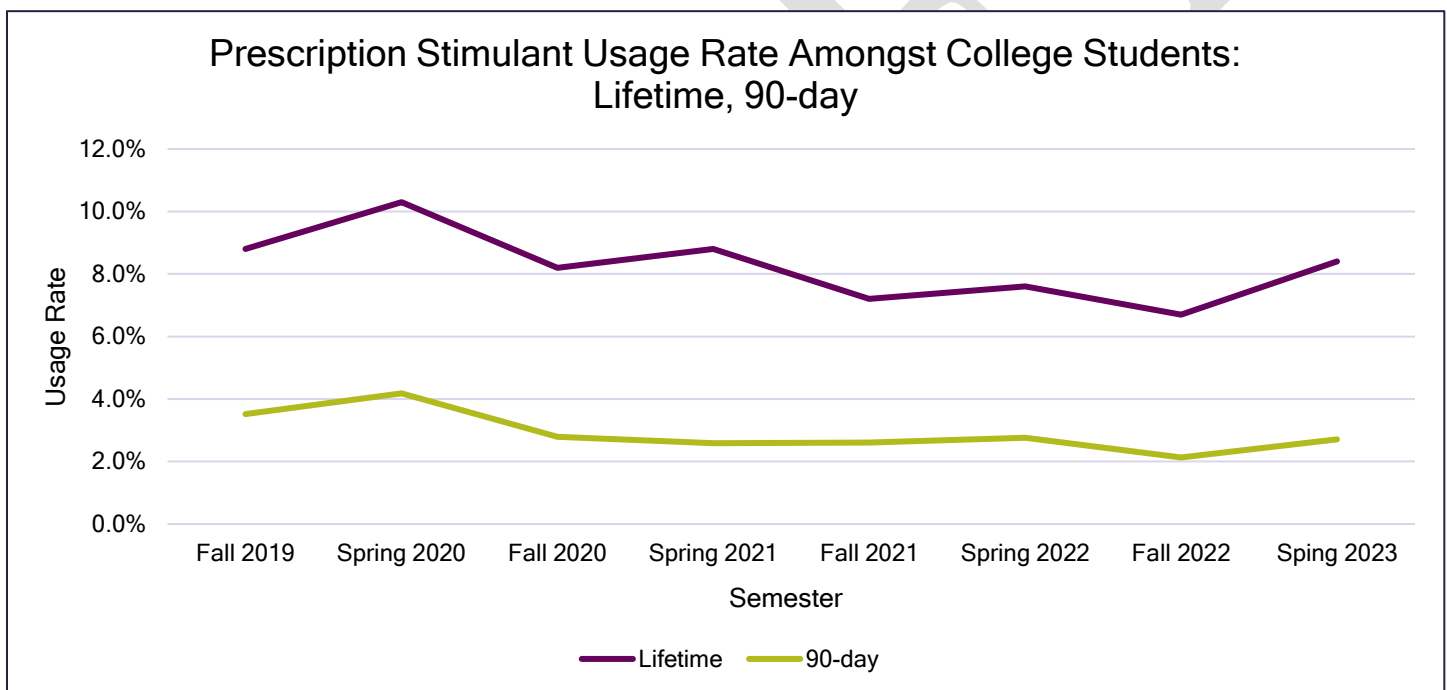


Figure 7. Chart showing the lifetime usage and 90-day usage of prescription stimulants amongst college students. Source: National College Health Assessment.

Tobacco

Tobacco and other nicotine delivery systems are the third-most used drugs on college campuses. While overall usage data shows a relatively consistent level of usage among lifetime and 90-day

³ (United States Drug Enforcement Administration 2023)

⁴ (Arria, et al. 2017)

⁵ (United States Centers for Disease Control and Prevention 2023)

usage, vaping and e-cigarettes use is increasing, including amongst youth.⁶ This has caused the rate of vaping of college campuses to increase, while cigarette use has decreased. Since July 1, 2019, the smoking age in Virginia has been 21.

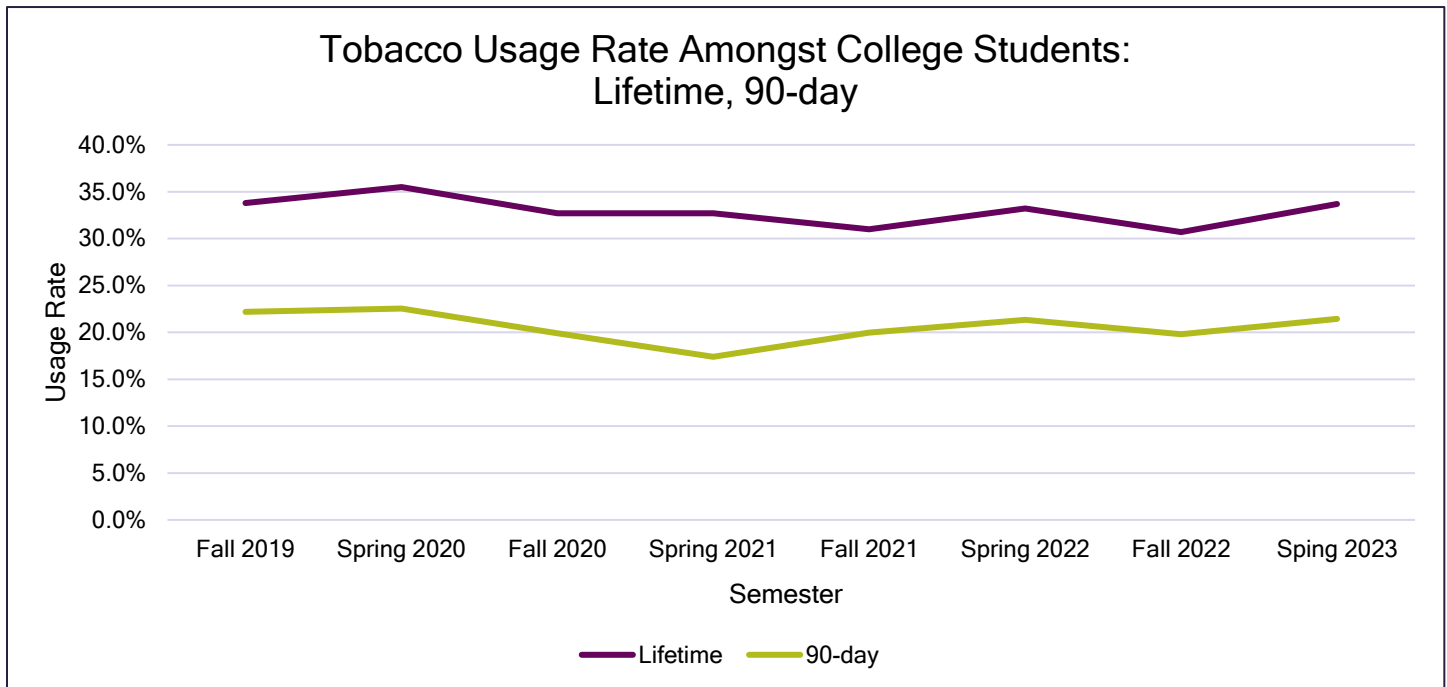


Figure 8. Chart showing the lifetime usage and 90-day usage of tobacco and other nicotine delivery products amongst college students. Source: National College Health Assessment.

Other Drugs

The ACHA-National College Health Assessment tracks drug usage rates for six other drugs: hallucinogens, cocaine, sedatives, inhalants, methamphetamine and heroin. The usage rate of each of the drugs fell during the 2020-2021 school year, owing to the Covid-19 pandemic. Since then, the usage rates have generally reverted to pre-pandemic levels.

⁶ (Office of the Surgeon General 2018)

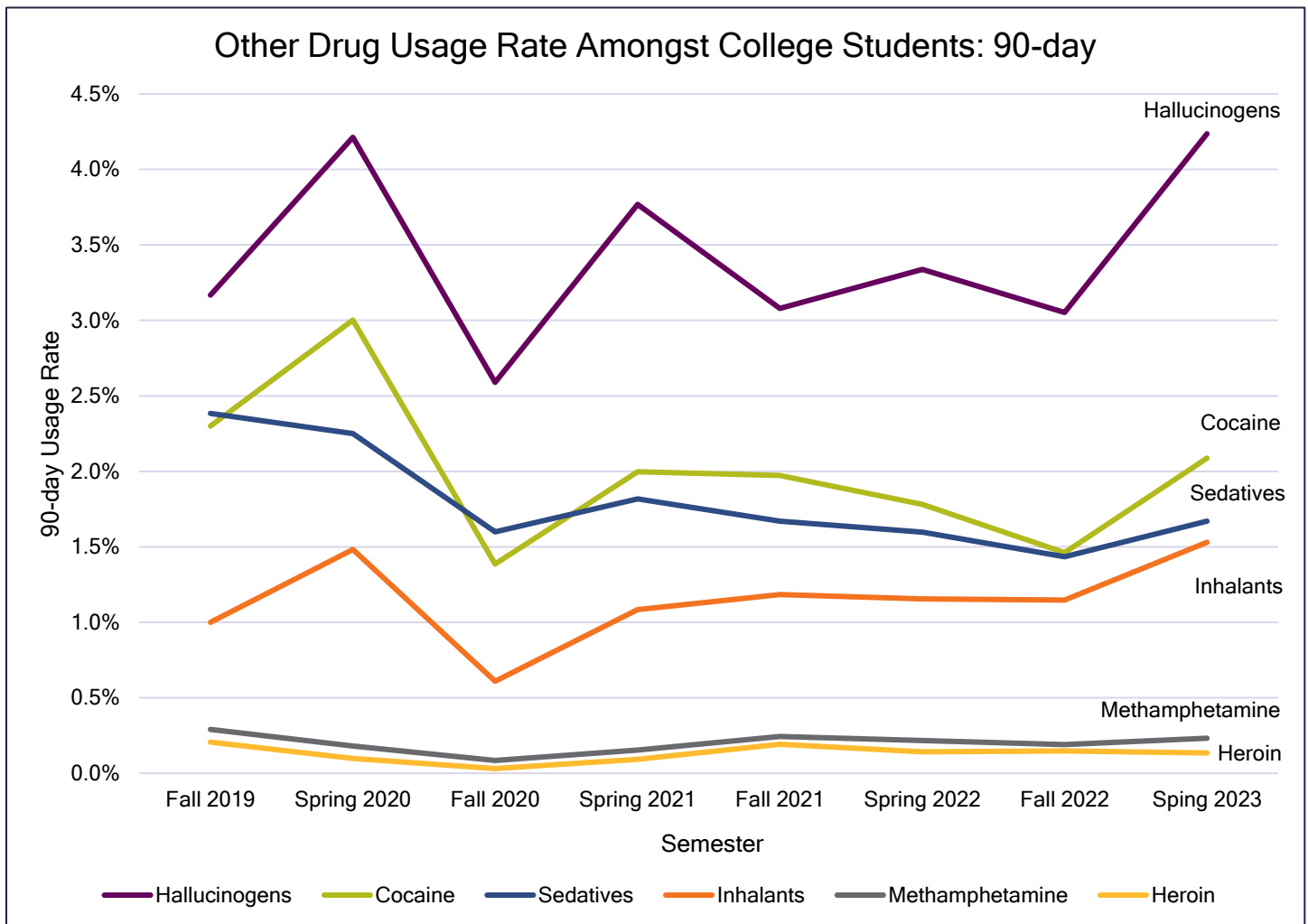


Figure 9. Chart showing the 90-day usage of hallucinogens, cocaine, sedatives, inhalants, methamphetamine and heroin amongst college students. Source: National College Health Assessment.

Mental Health

Rates of depression, anxiety and suicidal ideations on college campuses have never been higher than they are today. A 2022-2023 survey from the Healthy Minds Network found that 41% of respondents met the criteria for a major or moderate depressive episode within the last two weeks and 36% of respondents met the criteria for severe or moderate anxiety. Additionally, 29% of respondents reported non-suicidal self-injury within the last year and 14% reported suicidal ideation within the last year. 36% of respondents reported receiving mental health counseling or therapy during the last year.⁷ These statistics demonstrate that college students are facing unique and difficult challenges on campuses today, and substance abuse programs that target these students should take these worrying mental health statistics into consideration when planning out the program.

⁷ (The Healthy Minds Network 2023)

Institutional Priorities

The College Alcohol Survey is the national longitudinal survey on alcohol, tobacco, other drug and violence issues at institutions of higher education. Its results include how four-year colleges and universities address policies and procedures, staffing and resources, support services, prevention and education, data collection and evaluation and related issues.

The 2021 version of the College Alcohol Survey asked representatives from campuses to estimate the percentage of time alcohol is involved in different incidents on campus. The two types of incidents that most commonly involved alcohol are incidents that involve damage to residence halls or other property and sexual misconduct or unsafe sexual practices.

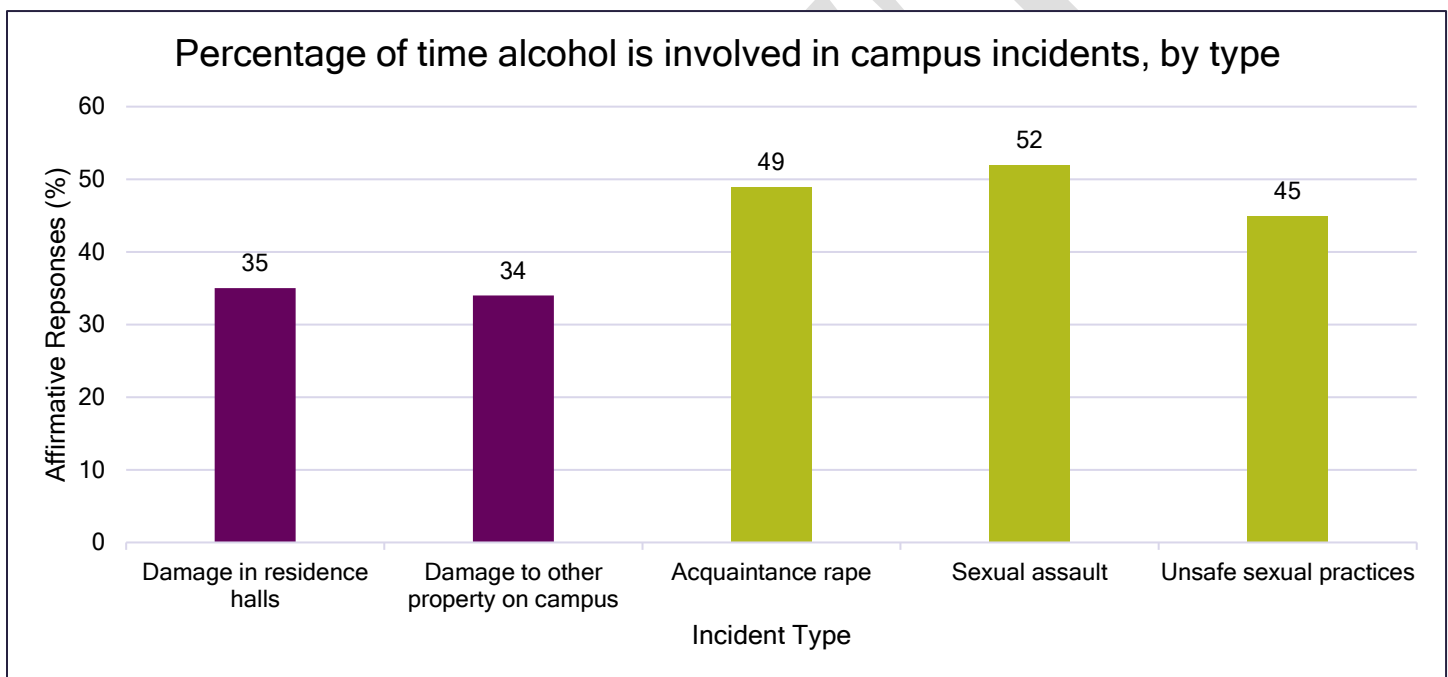


Figure 10. Chart showing the percentage of time campus professionals reported alcohol being involved in different types of incidents on campus. Source: College Alcohol Survey.

Additionally, only 42% of responding campuses indicated they have conducted a formal assessment of the effectiveness of its drug and alcohol misuse prevention program within the last three years. Finally, campuses reported an average of 1.37 Full-Time Equivalent (FTE) staff working specifically in alcohol and substance misuse education and reported an average of 0.41 FTE for graduate students working in the same field.⁸ While these three statistics are higher than when the questions were first asked on the College Alcohol Survey, they are each lower than the reported statistics in the 2018 version of the survey.

⁸ (Anderson 2021)

VHESUAC STRATEGIC PLAN

The full text of the VHESUAC Strategic Plan can be found on the VHESUAC website:

<https://www.abc.virginia.gov/library/education/pdfs/vhesuac-strategic-plan-2021-2026.pdf>

Background and Development

The Virginia Higher Education Substance Use Prevention Strategic Plan was formally launched and distributed to state partners and campuses administrators in March 2021. The VHESUAC Executive Council and Workgroup worked from fall 2018 to summer 2020 to develop the strategic plan. Members of the Executive Council and Workgroup reviewed an environmental scan of current prevention and treatment practices on college campuses, conducted a broad stakeholder analysis, developed a future vision, conducted a gap analysis of the current state and future vision, drafted a statewide SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and conducted the Statewide Campus Assessment. VHESUAC then developed overarching principles, goals, strategic areas, initiatives and implementation guides for both campus-wide and statewide initiatives. The initiatives of this strategic plan are divided into the following five strategic areas:

1. Foundation and Leadership
2. Planning and Assessment
3. Policy and Enforcement
4. Programming and Services
5. Collaboration and Communication

Each of these strategic areas consists of initiatives to be implemented at the institutional level and initiatives to be completed at the statewide level.

Campus-Wide Initiatives

During this reporting period, VHESUAC launched a recognition program that allows campuses to share with VHESUAC the campus-wide initiatives they have begun to implement. Five campuses turned in applications to be recognized through this program, providing VHESUAC with some preliminary data on the campus-wide initiatives that are being implemented on campuses across the Commonwealth. Continued implementation of the VHESUAC Recognition Program will allow the committee to track campus-wide initiative implementation across several years. More information about the recognition program can be found on page 15.

Statewide Initiatives

VHESUAC has begun planning for implementation of statewide initiatives including maintaining a centralized repository of effective approaches, evidence-based strategies, best practices and model programs for campuses to implement; identifying funding sources for campuses to use in

implementing campus-wide initiatives; developing strategic planning guidelines; and providing trainings and professional development opportunities over the next year. The committee has already completed several statewide initiatives, which are noted on the list below.

Strategic Area: Foundation and Leadership

- Develop and maintain a centralized repository of effective approaches, evidence-based strategies, best practices, and model programs for campuses to implement.
- Advocate for additional funding streams that will support AOD education, prevention, intervention and recovery efforts on campuses – work with partners such as COY.
- Assure that key education objectives for students on substance misuse delivered by IHEs have continuity on all campuses irrespective of size, affiliation, location, etc.

Strategic Area: Planning and Assessment

- Develop and maintain strategic planning guidelines that address campus specific education, prevention, intervention and recovery efforts, and identify target populations for programming and services.
- Establish and maintain a statewide system for data collection on student substance use behaviors that uses common tools, methods and resources and informs strategic planning efforts.
- Create programming and service benchmarks and other corresponding qualitative and quantitative measures to be used in strategic planning efforts to determine progress and advocate for changes.

Strategic Area: Policy and Enforcement

- Develop and maintain policy development and enforcement procedure guidelines that incorporate use of best practices and improve communication with faculty/staff and students.
- Advocate for increased state and local enforcement of underage drinking and responsible service laws – work with partners such as VACLEA.

Strategic Area: Programing and Services

- Develop and maintain programing and service guidelines for a variety of strategies that support planning and implementation efforts.
- Provide trainings and professional development opportunities for campus faculty/staff on evidence-based strategies and best practices.

Strategic Area: Collaboration and Communication

- Develop and maintain guidelines for the successful establishment and operations of campus-community coalitions and campus AOD task forces/working groups.
- Establish mechanisms for campuses to share approaches and strategies for effective programming including formal networking opportunities – work with partners such as VCC.
- Establish a network of national experienced practitioners who can provide technical assistance to both VHESUAC and individual campuses for the planning, implementation and evaluation of specific strategies.

DRAFT

CAMPUS RECOGNITION PROGRAM

Commission on Youth Recommendation

In September 2021, Virginia ABC Education & Prevention presented an update to the Commission on Youth on VHESUAC's progress and activity since being launched. During this presentation, VHESUAC expressed a desire to obtain funding to support campuses in implementing campus-wide elements of the VHESUAC Strategic Plan. The Commission on Youth discussed this and drafted three recommendations aimed at increasing campus engagement with VHESUAC. The three recommendations included:

1. A request for VHESUAC to develop and implement a recognition program for colleges and universities across the Commonwealth. This program would recognize campuses that provide VHESUAC with essential documentation, such as campus biannual review reports, any campus alcohol and other drugs specific strategic plan, an update on progress made on the campus-wide initiatives laid out in the VHESUAC Strategic Plan, and relevant student data.
2. The introduction of a budget amendment for VHESUAC to implement a grant for colleges and universities. Institutions who apply and receive a grant would use the funding to implement a new VHESUAC campus-wide initiative and would report its results at the end of the year.
3. The introduction of a budget amendment for VHESUAC to financially incentivize campuses to provide VHESUAC with essential documentation, such as campus biannual review reports, any campus alcohol and other drugs specific strategic plan, an update on progress made on the campus-wide initiatives laid out in the VHESUAC Strategic Plan and relevant student data.

While VHESUAC did not receive funding for the first two recommendations made by the Commission on Youth, VHESUAC did spend this reporting period creating, planning and launching the VHESUAC Campus Recognition Program, an annual recognition program that allows VHESUAC to publicly recognize campuses for their efforts in furthering campus substance use education, prevention, intervention and recovery efforts on their own campuses.

Goals and Requirements

The VHESUAC Campus Recognition Program was launched in May 2023 and is designed to publicly recognize college and university campuses across the Commonwealth that are implementing campus-wide initiatives encouraged in the VHESUAC Strategic Plan. Recognition in this program demonstrates that the campus is committed to furthering student substance use education, prevention, intervention and recovery efforts.

In order to apply for recognition through the program, campuses must complete the online application, which requires the submission of the following documents by June 1, 2023:

1. The campus' most recent biennial review report,
2. Any campus alcohol, tobacco and other drug-specific policies,
3. Any campus alcohol, tobacco and other drug-specific strategic plans (if any exist), and
4. Information about campus programs and policies that further the campus-wide initiatives found in the VHESUAC Strategic Plan.

With the exception of requesting information about current campus programs and policies that further campus-wide initiatives recommended by VHESUAC, each of the requested documents are documents that campuses already possess. When designing the VHESUAC Campus Recognition Program, VHESUAC wanted to ensure that the barrier of entry for campuses remained low. By requesting documents that already exist from campuses, many factors that would otherwise serve as a barrier for applying do not exist. VHESUAC plans to review the application process and criteria and make any appropriate changes before the next application cycle in 2024.

June 2023 Applicants

Five campuses submitted applications through the VHESUAC Camps Recognition Program during this reporting cycle. The campuses were (in alphabetical order):

- James Madison University
- Longwood University
- University of Mary Washington
- Virginia Commonwealth University
- Wytheville Community College

Across the five applications, the following summary findings were made:

1. Three of the applications (60% of applications) submitted an alcohol, tobacco and other drugs-specific strategic plan.
2. Two of the applications (40%) were completed by a current member of VHESUAC.
3. Three of the applications (60%) were completed by someone that did not have a prior relationship with VHESUAC.
4. All five applications (100%) were from a public college or university.
5. One application (20%) was from a two-year institution, while the other four applications (80%) were from four-year institutions.

Each submitted application was complete. The VHESUAC Workgroup and Executive Council will meet in July and August 2023 (respectively) to review the applications and finalize the list of campuses to be recognized in Fall 2023.

June 2023 Findings

As part of the application for the VHESUAC Recognition Program, campuses were presented a list of the campus-wide initiatives mentioned in the VHESUAC Strategic Plan and were asked to indicate

which initiatives the campus was currently implementing. Appendix A contains charts that show the number of campuses implementing each initiative. Each of the five charts represents a different strategic area as outlined in the VHESUAC Strategic Plan.

DRAFT

VHESUAC NEWSLETTER

The VHESUAC Campus Newsletter was distributed to campuses four times during the year. Each edition of the newsletter contained resources for substance use education, prevention, intervention and recovery professionals across the Commonwealth. Each of the newsletters also contained updates on VHESUAC and tips on how to implement campus-wide initiatives. Anyone is eligible to receive the newsletter; to sign up for the newsletter, contact Virginia ABC Education & Prevention to be added to the email list.

August

The August 2022 edition of the newsletter contained Alvernia College President Emeritus Laurence Mazzeno's publication, "Getting Your President's Attention," which contained suggestions for campus staff striving to garner the support of their collegiate president as they look to advance student substance use education, prevention, intervention and recovery efforts on campus. The newsletter also contained two brief legislative updates including an update on Virginia's "Adam's Law," which went into effect in July. Also included was a brief update on two bipartisan bills passed by the U. S. House of Representatives to address mental health, suicide and substance abuse on college campuses.

November

The November 2022 edition of the newsletter contained a link to SAMHSA's YouTube video entitled "Embracing Culture & Context to Prevent Underage Drinking." This video shows how Historically Black Colleges and Universities (HBCUs) created prevention strategies to meet the unique needs of their campus communities. The video includes interviews with staff at Howard University and Morgan State University. The newsletter also contained a fact sheet about cannabis from the Maryland Collaborative to Reduce College Drinking and Related Problems, as well as links to the Virginia Cannabis Control Authority's website. Finally, the newsletter contained a link to the findings of a study released in the *Alcoholism: Clinical & Experimental Research* journal that examined the genetic and environmental etiology of drinking motivations of college students.

February

The February 2023 edition of the newsletter contained links to Ohio State University's free, online trainings entitled "The Craft of Creating a Fun Party." Created with the support of the International Town Gown Association's 2025 Initiative, these trainings provide students with strategies to reduce the risk of experiencing alcohol-related harm at off-campus parties. There is a training designed for those who are hosting an off-campus party and there is another training designed for those attending an off-campus party. The newsletter also contained a link to "The Guide to the Eight Professional Competencies for Higher Education Substance Misuse Prevention." Developed through

the Mid-America Prevention Technology Transfer Center, this guide aims to support the professional development of substance abuse professionals on college campuses by providing a set of professional competencies that they can use in their careers. Finally, the newsletter also contained a link to the 2022 VHESUAC Annual Report.

May

The May 2023 edition of the newsletter contained a reminder about the VHESUAC Campus Recognition Program, for which applications were due on June 1, 2023. The newsletter also contained information about the Opioid Abatement Authority's request for proposals from state agencies within the Commonwealth, which were due on June 21, 2023. Finally, the newsletter contained a link to SAMHSA's Strategic Prevention Framework, which provides a structure and process for enacting evidence-based prevention programs and initiatives within communities.

Campus Engagement

Throughout the course of the year, VHESUAC was able to reach 64 campuses (100%), primarily through the VHESUAC Campus Newsletter. This number continues the upward trend seen over the last few years. This increase in engagement can be attributed to a more concerted effort by VHESUAC members to engage with campuses, in addition to the continuation of a regular, quarterly newsletter aimed at college and university professionals across the Commonwealth. The newsletter has also recently been shared through the Virginia College Collaborative listserv, ensuring more IHE professionals across the Commonwealth have access to the material.

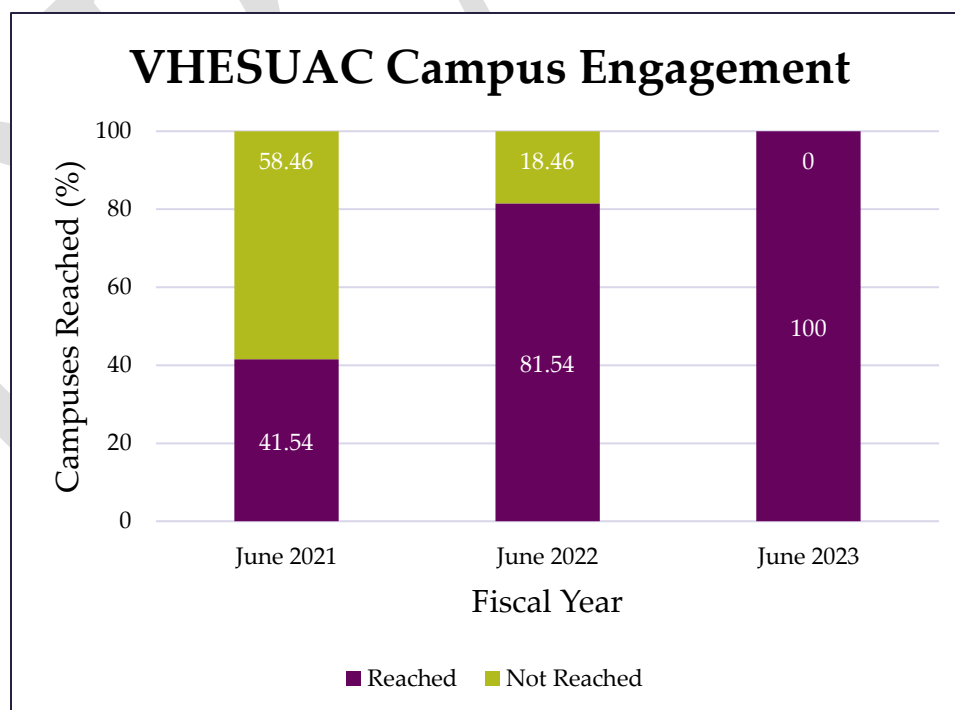


Figure 11. A bar chart showing the proportion of campuses who were reached by VHESUAC over the last three fiscal years.

The open and click rates for each of the newsletters also continued the trend of increasing rates from the previous year. As such, they continued to outperform the national average for email newsletters by a large margin.⁹ This positive feedback continues to reinforce VHESUAC's current practice of distributing helpful resources and announcements for campuses through the newsletter, as well as its practice of distributing the newsletter to various audiences across a variety of different platforms, such as the Virginia College Collaborative listserv.

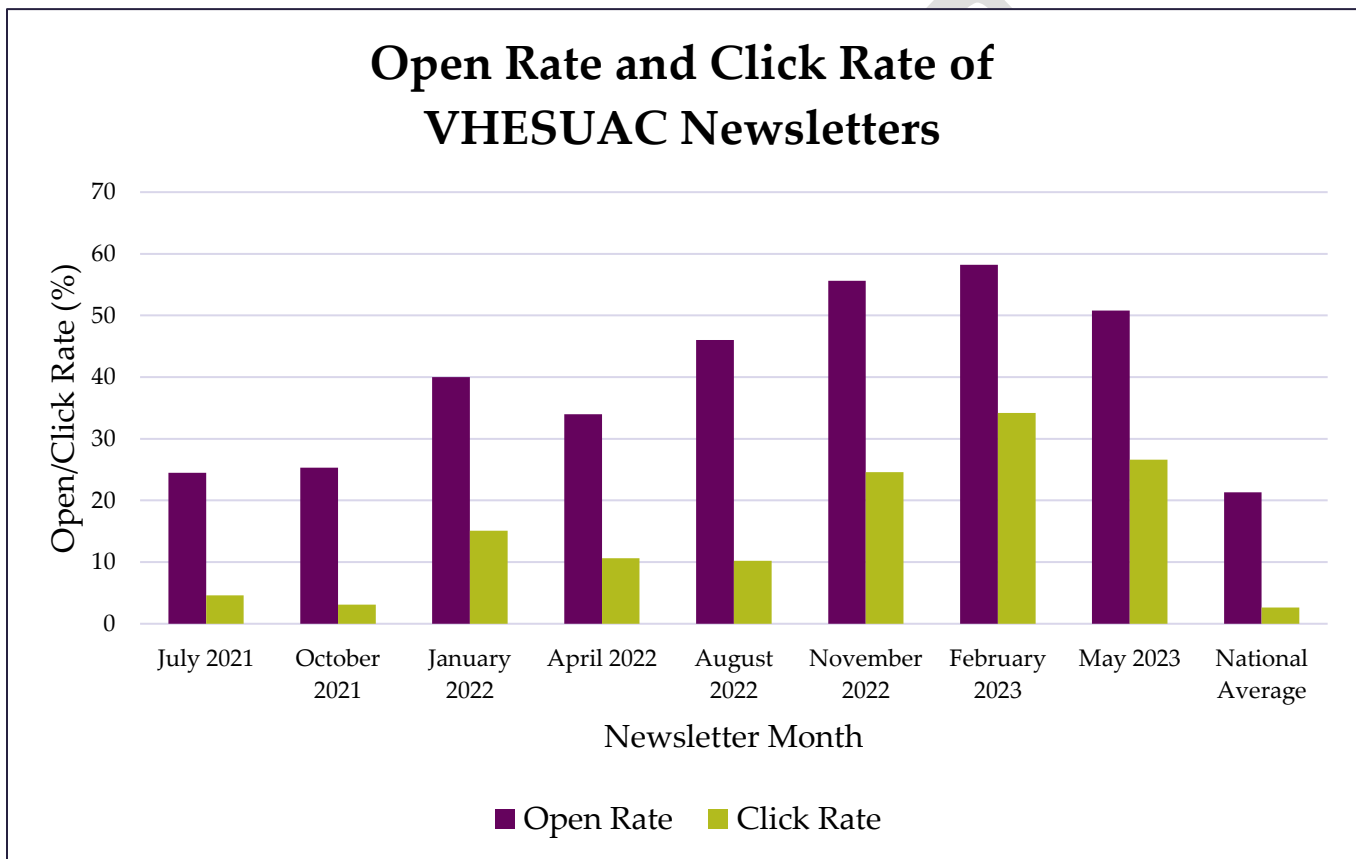


Figure 12. A bar chart showing the open and click rates of VHESUAC newsletters over the last two fiscal years compared with the national average according to Mailchimp.

⁹ (Mailchimp 2022)

VHESUAC MEETINGS

The VHESUAC Executive Council met twice during the reporting period in August 2022 and January 2023. The VHESUAC Workgroup met in July 2022, October 2022, January 2023 and April 2023. The meetings in July and October included discussions about the creation of the VHESUAC Recognition Program, including application requirements and goals of the program. The meetings in January and April included final discussions before launching the VHESUAC Recognition Program.

The primary outcomes of each of these meetings are described below. Full meeting minutes for VHESUAC can be accessed online on the Commonwealth Calendar at <https://commonwealthcalendar.virginia.gov>

Executive Council

August 5, 2022 Meeting Minutes

House of Representatives Passes Bipartisan Bills

- In late June, the U. S. House of Representatives passed two bipartisan bills addressing mental health, suicide and substance abuse on college campuses. Both bills are expected to have bipartisan support in the U. S. Senate.

Budget Recommendation Outcome

- The budget line item requesting \$100,000 for VHESUAC funding was not included in the final version of the budget. While this means that some of the recommendations the Commission on Youth had for VHESUAC will have to be put on hold until a funding source is identified – specifically, the recommended grant program and recommended financial incentive for campuses to provide VHESUAC documentation – the recommendation that VHESUAC create a recognition program for campuses is still able to move forward as it does not require any financial commitment.
- The VHESUAC coordinator reached out to the Commission on Youth to explore other potential funding sources. The Opioid Abatement Authority was identified as a potential source of funding, but the application for funding has not been created at this time.

Quarterly Newsletters

- The VHESUAC spring newsletter was distributed on April 11. The newsletter contained tips on how to conduct a SWOT analysis, taken from the University of Kansas Community Tool Box.
- A preview of the VHESUAC Summer Newsletter was shown to members. The newsletter will be sent out on August 8. Contents of the newsletter will include:
 - A link to the *Insider Higher Ed* article that reported on the passing of the bipartisan bills in the House of Representatives.

- A 2003 document entitled “Getting Your President’s Attention” by Lawrence Mazzeno, President Emeritus of Alvernia College. Though the document is almost 20 years old, much of the information and many of the suggestions stand the test of time and are still relevant today.
- Information about Virginia ABC Education and Prevention’s new resource series – white papers. White papers provide the public with concise information about complex issues. There are currently three documents available on the Virginia ABC website:
 - *Understanding the Three-Tier System*
 - *Understanding the Control State System*
 - *Understanding the Effectiveness of Drunk Goggles*

Virginia ABC White Papers

- Virginia ABC Education and Prevention has a new white paper resource series, which provides the public with concise information about complex issues. There are currently three documents available on the Virginia ABC website:
 - *Understanding the Three-Tier System*
 - This white paper defines a three-tier system and addresses Virginia ABC’s role, as well as examines the benefits of and threats to the three-tier system.
 - *Understanding the Control State System*
 - This white paper defines a control state jurisdiction and addresses Virginia ABC’s role, as well as examines the benefits of and threats to the control state system.
 - *Understanding the Effectiveness of Drunk Goggles*
 - This white paper covers research on drunk goggles, driving under the influence and the efficacy of using drunk goggles as a prevention strategy.
 - They can be found at <https://www.abc.virginia.gov/education/white-papers>.

Adam’s Law

- Adam’s Law went into effect in July 2022. Highlights of the law include:
 - Mandatory in-person hazing prevention training, including for prospective new members.
 - School policies must provide disciplinary immunity for certain individuals making hazing reports.
 - The law includes various requirements around reporting hazing violations to current and prospective students, as well as the Timothy J. Piazza Center.
 - Beginning with the 2022-2023 school year, schools must maintain and publicly report findings of hazing violations to campus authorities or local law enforcement.

VHESUAC Recognition Program

- As discussed in the January 2022 meeting, the Commission on Youth recommended VHESUAC create a recognition program for campuses that provide VHESUAC documentation such as the most recent biannual review and provide any campus drug and alcohol policies, as well as share how a campus implemented the strategic goals of VHESUAC and answer questions on student data. The coordinator shared an updated proposed program

timeline that would require campuses to submit materials to VHESUAC by June 30 of each year, and campuses would be recognized on October 1. The coordinator will bring a draft of the program to the October 2022 Workgroup meeting for feedback and edits, and then will present the final version to the Workgroup in January 2023. Following that, the coordinator will bring the final version to the Executive Council in January 2023 for final approval.

- The coordinator mentioned that the program would not ask anything additional of VHESUAC members on the committee; the coordinator will assess through the submitted materials and present the final list to VHESUAC for approval at a regularly scheduled meeting.
- The documents that would be requested from campuses as part of the program include the following:
 - Most recent biannual review.
 - Any campus drug and alcohol policies.
 - Short answer to the question “How have you implemented campus-wide elements of the VHESUAC Strategic Plan on your campus?”
 - Questions about student data collection, such as “Are you collecting student data? What kind of data do you collect?”
 - Members gave feedback that while the biannual review is comprehensive, the program should also include a space where campuses can submit supporting documents, or otherwise expand on their current prevention work.

January 28, 2023 Meeting Minutes

Legislative Updates

- Virginia ABC is tracking the following legislative bills:
 - SB809 and HB1979
 - These bills refer to so-called cross-over products (alcoholic products produced by a company that also creates non-alcoholic beverages with similar names, logos, etc., such as Hard Mountain Dew). These bills would require licensees who sell wine and beer for off-premise consumption when displaying alcoholic beverages to place products in a clearly discernible area reserved solely for alcoholic beverages. Additionally, this bill would prevent licensees from placing such wine or beer in an area immediately adjacent to nonalcoholic beverages containing the same or similar brand name, logo or packaging as the alcoholic beverage. Finally, this bill would require licensees to equip any such display with signage that indicates that this product is an alcoholic beverage and make it clearly visible to consumers.
 - SB809 has passed the Senate.
 - HB2001
 - This bill would require retail licensees who hold licenses to sell and serve alcohol for on-premise consumption to disclose the ABV of their alcoholic beverages.

Virginia Regulatory Town Hall

- The Virginia Regulatory Town Hall allows public users to register and receive emails when regulatory actions or meetings are posted for the agencies, boards or regulation selected by the user.
 - Members were informed on how to register on Virginia's Town Hall as a public user for public comment, instructions are detailed below:
 - www.townhall.virginia.gov
 - Navigate to *Email Notification Service* -> *Register as a public user*.
 - Enter in required fields (name and email address).
 - Email will be sent to your inbox to activate your account and allow notification preferences to be set.
 - After activating your account, you can check boxes for agencies you want updates on.
 - Virginia ABC and Virginia CCA are located under *Other Agencies*.

Upcoming Quarterly Newsletter

- The VHESUAC winter newsletter will be sent on February 13. The contents will include:
 - "The Craft of Creating a Fun Party"
 - With the support from the International Town Gown Association's 2025 Initiative (ITGA), the Higher Education Center at The Ohio State University has created two, free online learning modules for party hosts and guests.
 - Links to the online modules, descriptions of them and the ITGA Final Report can be found here: https://itga.org/index.php/campus-reports?ct=t%28November+7+U+Report_COPY_01%29
 - The Cannabis Control Authority recently updated their website. The new website contains FAQs and other resources on the current laws in Virginia.
 - <https://cca.virginia.gov/>
 - The Guide to Eight Professional Competencies for Higher Education Substance Misuse Prevention.
 - This new guide contains a set of eight professional competencies that higher education professionals in the area of substance use and misuse can use in their professional careers.
 - <https://pttcnetwork.org/centers/mid-america-pttc/news/guide-eight-professional-competencies-higher-education-substance>
 - Information about the Virginia ABC Education and Prevention Grant
 - Virginia ABC Education and Prevention is currently accepting applications for its Education and Prevention Grant. Applications are due by March 1 at 5 p.m.

VHESUAC Recognition Program

- A final draft of the application for the VHESUAC Recognition Program hosted on Cvent was shown to Workgroup members. The application was created based on the recommendations made by the Commission on Youth, as well as comments from the VHESUAC Executive Council and Workgroup.

- Based on those discussion, the following items will be required as part of the application process:
 - The campus's most recent biannual review report;
 - Any campus ATOD-specific policies;
 - Any campus ATOD-specific strategic plans;
 - Information about campus programs and policies that further the campus-wide initiatives found in the VHESUAC Strategic Plan.
- Rewards for recognition will include the following:
 - Public recognition through social media and a potential press release from Virginia ABC and the governor.
 - A plaque from VHESUAC.
 - A virtual logo and banner for use by campuses on digital platforms.

Workgroup

July 21, 2022 Meeting Minutes

Quarterly Newsletter

- A preview of the VHESUAC Summer Newsletter was shown to members. The newsletter will be sent out on August 8. Contents of the newsletter will include:
 - A link to the *Insider Higher Ed* article that reported on the passing of the bipartisan bills in the House of Representatives.
 - A 2003 document entitled "Getting Your President's Attention" by Lawrence Mazzeno, President Emeritus of Alvernia College. Though the document is almost 20 years old, much of the information and many of the suggestions stand the test of time and are still relevant today.
 - Information about Virginia ABC Education and Prevention's new resource series – white papers. White papers provide the public with concise information about complex issues. There are currently three documents available on the Virginia ABC website:
 - *Understanding the Three-Tier System*
 - This white paper defines a three-tier system and addresses Virginia ABC's role, as well as examines the benefits of and threats to the three-tier system.
 - *Understanding the Control State System*
 - This white paper defines a control state/jurisdiction and addresses Virginia ABC's role, as well as examines the benefits of and threats to the control state system.
 - *Understanding the Effectiveness of Drunk Goggles*
 - This white paper covers research on drunk goggles, driving under the influence and the efficacy of using drunk goggles as a prevention strategy.
 - <https://www.abc.virginia.gov/education/white-papers>

- Workgroup members asked if information about Adam’s Law could be included in the newsletter, as it took effect July 1, 2022. The law is named in memory of VCU student Adam Oakes who passed away in February 2021. The law includes new requirements for colleges and universities in the area of hazing education and prevention. The Workgroups members then briefly asked if any of them had heard about enforcement of the law. While no members had heard anything, they did note that the general public is very interested in how campuses are tackling the new requirements. Some campuses have plenty of anecdotal evidence that community members are flocking to the websites with reports of hazing violations.
- Many Workgroup members also expressed excitement for the Virginia ABC Education and Prevention white paper that addresses the effectiveness of drunk goggles. Many members expressed frustration in the past when trying to convince campus partners that drunk goggles are not an effective prevention tool and are excited to have this resource to share with campus partners.

VHESUAC Recognition Program

- The Workgroup was reminded that a draft of the upcoming VHESUAC recognition program will be presented at the October 2022 Workgroup meeting. Following that, a final draft will be presented at the January 2023 Workgroup meeting, and then the Executive Council will finalize and approve the program at their meeting also in January 2023.

Networking and Professional Development

- The coordinator asked the Workgroup what networking and professional development opportunities currently exist and existed in the past for campus professionals.
 - The Virginia College Collaborative (VCC) started in 2000 and offered drive-in workshops and retreats for campus professionals. They provided ongoing opportunities for campuses to share successes on their campuses, while also providing a support system for campus professionals throughout the Commonwealth. Sometimes they would bring in outside speakers to the workshops and retreats they were hosting. The coronavirus pandemic has meant that fewer in-person events have been held, but the VCC listserv is still active.
 - Many Workgroup members mentioned former conferences for college students, such as the Virginia ABC College Tour. They mentioned that many conferences that students had attended in the past aren’t viable options anymore, such as the NASPA General Assembly (formerly known as BACCHUS). One Workgroup member asked how many Students Against Destructive Decisions (SADD) chapters there were in the state; no one was able to provide an answer.
- The coordinator then asked the Workgroup how VHESUAC could fill the gaps in current networking and professional development opportunities. The following suggestions were made:
 - Create a network of retired prevention professionals throughout the Commonwealth who are willing to donate their time, energy and effort. This network could be listed in a simple database that professionals throughout Virginia have access to.

- It is worth keeping in mind that lists and databases can become outdated very quickly if not regularly maintained.
- Many professionals are exhausted from the use of Zoom or other virtual meeting platforms. Consider holding events in a hybrid format where sessions are conducted virtually, but breakout sessions are held in-person at locations throughout the Commonwealth.
- Missouri Partners in Prevention held a series of virtual programs where they took a two-day conference and stretched it out over the course of a month. This structure could help with virtual meeting fatigue.
- Many conversations and topics that are applicable to prevention work can also be tied in with other campus professionals. For example, a workshop on a topic like motivational interviewing would also be applicable to academic advisors.
 - It is worth noting that many campuses would likely want to take ownership of these types of trainings themselves, so the workshops would have to be embedded in the work of the campus.

Upcoming Meetings

- The Workgroup was given an update on the meeting dates for the next year. They were also informed that in-person meetings would resume beginning with the October 20, 2022 meeting. These meetings will all occur at Virginia ABC's new headquarters in Mechanicsville. The coordinator also mentioned that they would explore arranging a building tour for Workgroup members. Snacks and refreshments will also be provided. More information about in-person meetings will come from the coordinator within the next month.

October 20, 2022 Meeting Minutes

Upcoming Quarterly Newsletter

- The VHESUAC fall newsletter will be sent on November 14. The contents will include:
 - Links to "Spit for Science" and a related study on the drinking motives of a diverse pool of college students.
 - <https://onlinelibrary.wiley.com/doi/full/10.1111/acer.14930>
 - <https://pubmed.ncbi.nlm.nih.gov/24639683/>
 - "Embracing culture and context to prevent underage drinking" (HBCUs)
 - A short YouTube video from SAMHSA, highlighting the work done by Morgan State University and Howard University addressing underage consumption on campus.
 - https://www.youtube.com/watch?v=IJIm1IU_QZw
 - Cannabis Fact Sheet from the Maryland Collaborative
 - Developed by the Maryland Collaborative, this sheet has basic information about cannabis. The sheet is attached at the end of the minutes.
 - Project ECHO

- The Virginia Department of Health is working to promote its Project ECHO for Campus Violence Prevention. Included in the newsletter will be a flyer for the program. This flyer will be attached at the end of the minutes.
- Virginia ABC Education and Prevention Grant information
 - The grant application opens January 1 and can be requested for up to \$10,000. Funds can be requested for an initiative that must address one of the following priorities:
 - Underage drinking prevention.
 - Social providing/social hosting prevention.
 - High-risk drinking prevention.
 - Funds cannot be used for salaries or stipends.
 - For more information, visit <https://www.abc.virginia.gov/education/grants>.

VHESUAC Recognition Program

- The Commission on Youth recommended that VHESUAC create a recognition program for institutions that provide essential VHESUAC documentation, which could include:
 - Biannual review.
 - Alcohol and other drugs-specific plan.
 - Progress on VHESUAC's campus-wide initiatives.
 - Student data.
- Current timeline:
 - October 2022: Present draft to Workgroup
 - January 2023: Present final version to Workgroup and Executive Council
 - February 2023: Launch program
 - June 2023: Applications due
- The Workgroup was shown a draft of the program. The program will be hosted on Cvent. This will help ensure that all applications are complete, as well as centralize the data collection. Requirements for recognition include:
 - On-time submission as part of the application process.
 - Completed application, including:
 - Campus's most recent biennial review report.
 - Any campus ATOD-specific policies.
 - Any campus ATOD-specific plans or similar documents.
 - Complete answers to the short answer questions.
 - "Please indicate which campus-wide initiatives you have begun implementing on your campus."
 - This question will allow the respondent to check off which initiatives have begun to be implemented.
 - "For each initiative indicated, what have you done to begin implementation of that initiative?"

- Members suggested asking what year each of initiatives was started. This can help by including initiatives that were already established before the VHESUAC Strategic Plan was released.
- “Are you collecting any student related to substance use education, prevention, intervention and/or recovery on your campus?”
- “If yes, what kind of data do you collect?”
- “If yes, how are you collecting the data? For example, are you using a national survey, an internally developed survey, a survey from an outside organization, etc. “
- Rewards for recognition will include:
 - Public recognition through social media.
 - Press release from Virginia ABC and/or the governor’s office.
 - Certificate or plaque.
 - Additional recognition rewards options were discussed. Members suggested an e-banner or virtual icon/badge would be great to include on websites. Additionally, Virginia ABC can include the information about awardees on the main carousel of its website.

Networking and Professional Development

- Workgroup discussed starting a biannual speaker series to begin in spring 2023. The speaker series would be conducted virtually and open to faculty and staff throughout the Commonwealth at no cost. Workgroup members were supportive of this idea and would like it to move forward.

“The Color of Drinking”

- This study from the University of Wisconsin-Madison was mentioned last year as a potential workshop. Workgroup members expressed continued interest for participating. This is a broad umbrella of information, which could make it more attractive to a larger percentage of staff across the Commonwealth.
- The coordinator is unsure whether the VHESUAC Executive Council would have to approve the speaker but will find out by the next Executive Council meeting in January 2023. Coordinator will reach out to UW-Madison to set up a workshop.

Other Topics

- Eagles in Recovery program at the University of Mary Washington was funded for another two years. This funding is used to support a peer recovery support specialist on campus and to provide support to students on campus in recovery. The university is pleased to have funding for two more years.
- Briana Bonat from the Cannabis Control Authority (CCA) mentioned that if any person or university wants or needs a presentation from CCA, they are trying to spread awareness of this new authority. The authority has public health and safety messaging available. If anyone is unsure about cannabis policy and information, please reach out to CCA. Additionally, the CCA received Safe Driving Survey results recently and is willing to share the data from the survey at a future VHESUAC meeting. Finally, there will be a CCA fact sheet released soon.

January 19, 2023 Meeting Minutes

Legislative Updates

- Virginia ABC is tracking the following legislative bills:
 - SB809 and HB1979
 - These bills refer to so-called cross-over products (alcoholic products produced by a company that also creates non-alcoholic beverages with similar names, logos, etc., such as Hard Mountain Dew). These bills would require licensees who sell wine and beer for off-premise consumption when displaying alcoholic beverages to place products in a clearly discernible area reserved solely for alcoholic beverages. Additionally, this bill would prevent licensees from placing such wine or beer in an area immediately adjacent to nonalcoholic beverages containing the same or similar brand name, logo or packaging as the alcoholic beverage. Finally, this bill would require licensees to equip any such display with signage that indicates that this product is an alcoholic beverage and make it clearly visible to consumers.
 - SB809 has passed the Senate.
 - HB2001
 - This bill would require retail licensees who hold licenses to sell and serve alcohol for on-premise consumption to disclose the ABV of their alcoholic beverages.

Virginia Regulatory Town Hall

The Virginia Regulatory Town Hall allows public users to register and receive emails when regulatory actions or meetings are posted for the agencies, boards or regulation selected by the user.

- Members were informed on how to register on Virginia's Town Hall as a public user for public comment, instructions are detailed below:
 - www.townhall.virginia.gov
 - Navigate to *Email Notification Service* -> *Register as a public user*.
 - Enter in required fields (name and email address).
 - Email will be sent to your inbox to activate your account and allow notification preferences to be set.
 - After activating your account, you can check boxes for agencies you want updates on.
 - Virginia ABC and Virginia CCA are located under *Other Agencies*.

Upcoming Quarterly Newsletter

- The VHESUAC winter newsletter will be sent on February 13. The contents will include:
 - "The Craft of Creating a Fun Party"

- With the support from the International Town Gown Association’s 2025 Initiative (ITGA), the Higher Education Center at The Ohio State University has created two, free online learning modules for party hosts and guests.
- Links to the online modules, descriptions of them and the ITGA Final Report can be found here: https://itga.org/index.php/campus-reports?ct=t%28November+7+U+Report_COPY_01%29
- The Cannabis Control Authority recently updated their website. The new website contains FAQs and other resources on the current laws in Virginia.
 - <https://cca.virginia.gov/>
- The Guide to Eight Professional Competencies for Higher Education Substance Misuse Prevention.
 - This new guide contains a set of eight professional competencies that higher education professionals in the area of substance use and misuse can use in their professional careers.
 - <https://pttcnetwork.org/centers/mid-america-pttc/news/guide-eight-professional-competencies-higher-education-substance>
- Information about the Virginia ABC Education and Prevention Grant
 - Virginia ABC Education and Prevention is currently accepting applications for its Education and Prevention Grant. Applications are due by March 1 at 5pm.

VHESUAC Recognition Program

- A final draft of the application for the VHESUAC Recognition Program was shown to Workgroup members, hosted on Cvent. The application was created based on the recommendations made by the Commission on Youth, as well as comments from the VHESUAC Executive Council and Workgroup.
- Based on those discussions, the following items will be required as part of the application process:
 - The campus’s most recent biannual review report;
 - Any campus ATOD-specific policies;
 - Any campus ATOD-specific strategic plans;
 - Information about campus programs and policies that further the campus-wide initiatives found in the VHESUAC Strategic Plan.
- Rewards for recognition will include the following:
 - Public recognition through social media and a potential press release from Virginia ABC and the governor.
 - A plaque from VHESUAC.
 - A virtual logo and banner for use by campuses on digital platforms.
- Workgroup members gave feedback on the application, including format and other technical suggestions. Final edits will be made in preparation for presenting the application to the VHESUAC Executive Council on January 27, 2023.

April 20, 2023 Meeting Minutes

Presentation

- Brianna Bonat and Rebecca LaBelle of the Virginia Cannabis Control Authority gave a presentation to the Workgroup. The slides can be found as an appendix to these minutes on the Commonwealth Calendar website.

Upcoming Quarterly Newsletter

- The VHESUAC Spring newsletter will be sent on May 15. The contents will include:
 - Reminder about the VHESUAC Campus Recognition Program
 - Applications are due June 1.
 - The program recognizes campuses for implementing and working towards campus-wide initiatives identified in the VHESUAC Strategic Plan.
 - The coordinator is following up on potential options for issuing a press release in partnership with the governor's office.
 - Guides to SAMHSA's Strategic Prevention Framework
 - <https://www.samhsa.gov/sites/default/files/samhsa-strategic-prevention-framework-guide-08292019.pdf>
 - Missouri Partners in Prevention Book List
 - <https://www.mopip.org/index.html>
 - https://www.mopip.org/docs/briefs/PIP_Reading_List.pdf

VHESUAC Recognition Program

- The VHESUAC Recognition Program launched March 14. There is currently one application that has been started. The open and click rates from the email demonstrate that 50.8% of the campuses have opened the email, and 14.2% of the campuses have accessed the application link. The coordinator will be sending reminder emails throughout May to encourage campuses to apply (in addition to the reminder in the VHESUAC Spring Newsletter).

Strategic Planning Guidelines

- The VHESUAC Strategic Plan identifies the following statewide initiative:
 - *Develop and maintain strategic planning guidelines that address campus specific education, prevention, intervention and recovery efforts, and identify target populations for programming and services.*
- The Workgroup discussed what guidelines would be most useful for campuses. The discussion landed on sharing already-existing resources on the VHESUAC website that address strategic planning. Documents that could be stored there include:
 - Prevention with Purpose (*Drug Enforcement Administration*)
 - Strategic Planning for Prevention Professionals on Campus (*The Higher Education Center for Alcohol and Other Drug Abuse and Violence Prevention*)
 - College AIM (*SAMHSA*)
- It was also mentioned that VCALC (the predecessor to the Virginia College Collaborative) may have old guidelines to draw upon. Additionally, some schools do not have strategic plans

addressing substance abuse, and so many benefit from being able to see some example strategic plans.

Potential Online Training

- Susie Bruce and Chris Young are looking into bringing Joan Masters' Foundations in Substance Misuse Prevention in Higher Education online training program to campus professionals within the Commonwealth.

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FUTURE OF VHESUAC

Based on the requirements set forth by SB 120 and HB 852 of 2018 (Chapters 210 and 211 of the Acts of Assembly), VHESUAC will continue to focus on reporting, strategic planning, networking, resources, training and technical assistance. Deliverables will include facilitating assessment and evaluation efforts, measuring the effectiveness of policy changes and program implementation, developing common statewide goals and action steps, creating a communication network among campuses, enhancing networking opportunities, providing resources to support campus prevention efforts, providing ongoing support for individual strategic plans and specialized trainings to identified groups. These activities will rely on a collaborative and coordinated effort among Virginia's IHEs.

As mentioned, the Executive Council and Workgroup spent a significant portion of the year brainstorming, planning and launching the VHESUAC Recognition Program. Looking forward, VHESUAC looks to recognize the first campuses as part of this program during the latter half of 2023. VHESUAC will continue to work over the next year to revise, update and modify the program application as necessary, as more campuses begin take part in the program and provide feedback to VHESUAC. VHESUAC is already having preliminary discussions about the processes for campuses to re-apply to the program.

As noted in last year's report, funding continues to be a barrier noted by VHESUAC Executive Council and Workgroup members as far as encouraging campuses across the Commonwealth to implement new evidence-based programs. VHESUAC will continue to work to implement the identified state-wide initiatives, including developing guidelines for strategic planning, policy development, programming and services and more for campuses throughout the Commonwealth. These guidelines will then be distributed to campuses to assist them with implementing the VHESUAC Strategic Plan. These resources will be useful for campuses struggling with the financial and funding realities facing colleges and universities today. As always, VHESUAC will continue to advocate for additional funding streams for colleges and universities and will continue to promote the importance of substance use education, prevention, intervention and recovery on campuses across the Commonwealth.

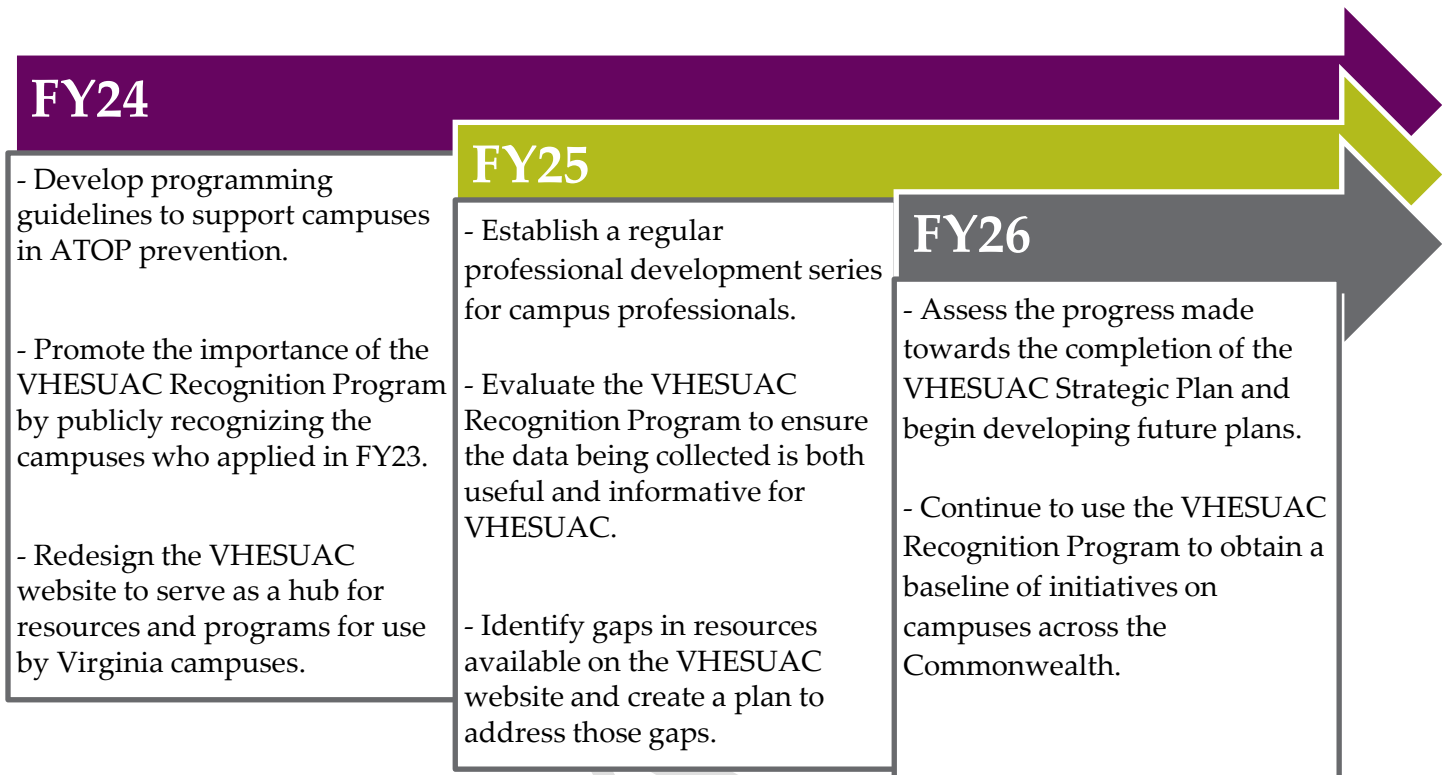


Figure 13. A graphic showing VHESUAC's goals over the next three fiscal years.

APPENDIX A

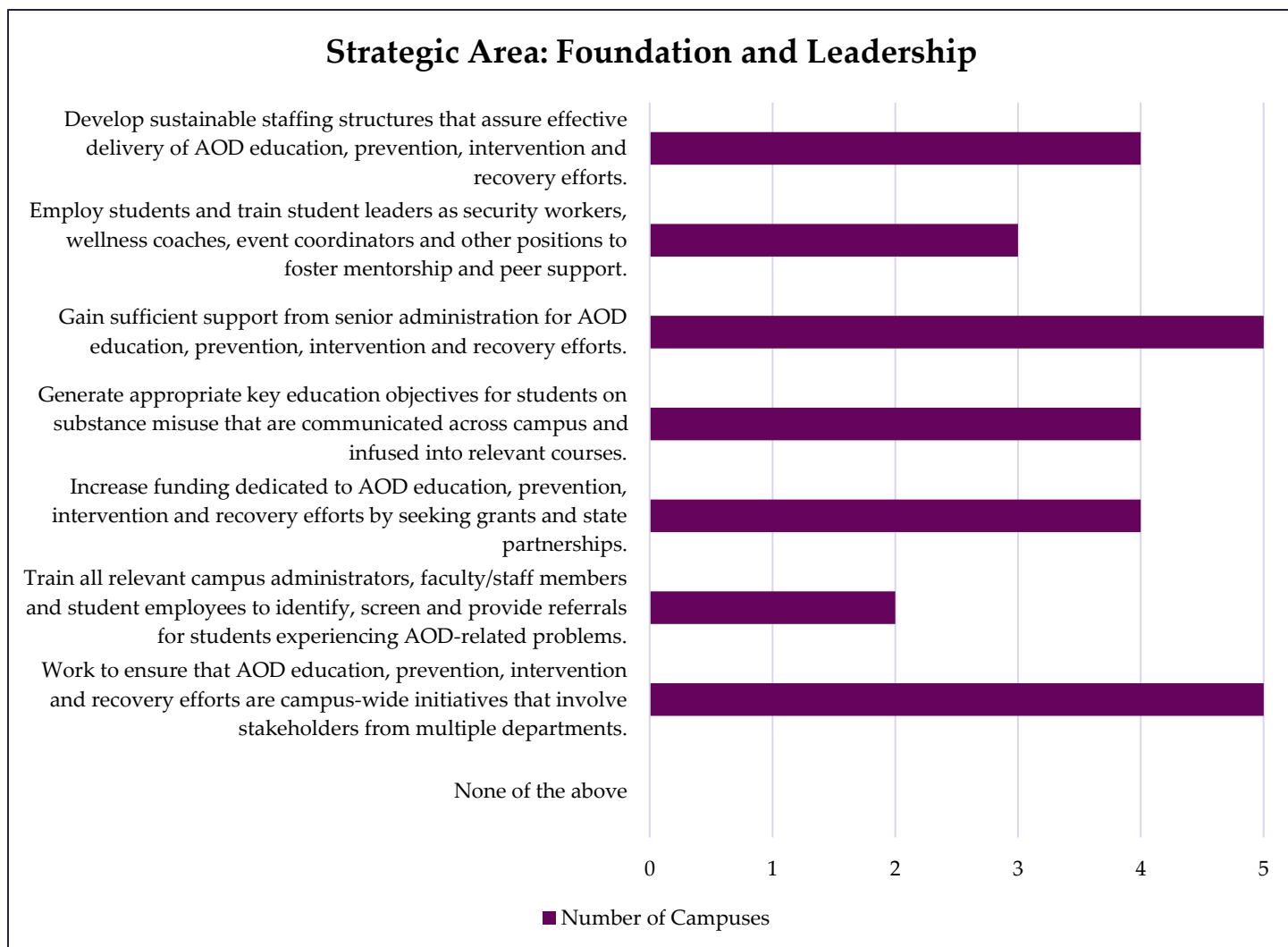


Figure 14. Number of campuses who indicated they are implanting each of the campus-wide initiatives found in the Foundation and Leadership strategic area.

Strategic Area: Planning and Assessment

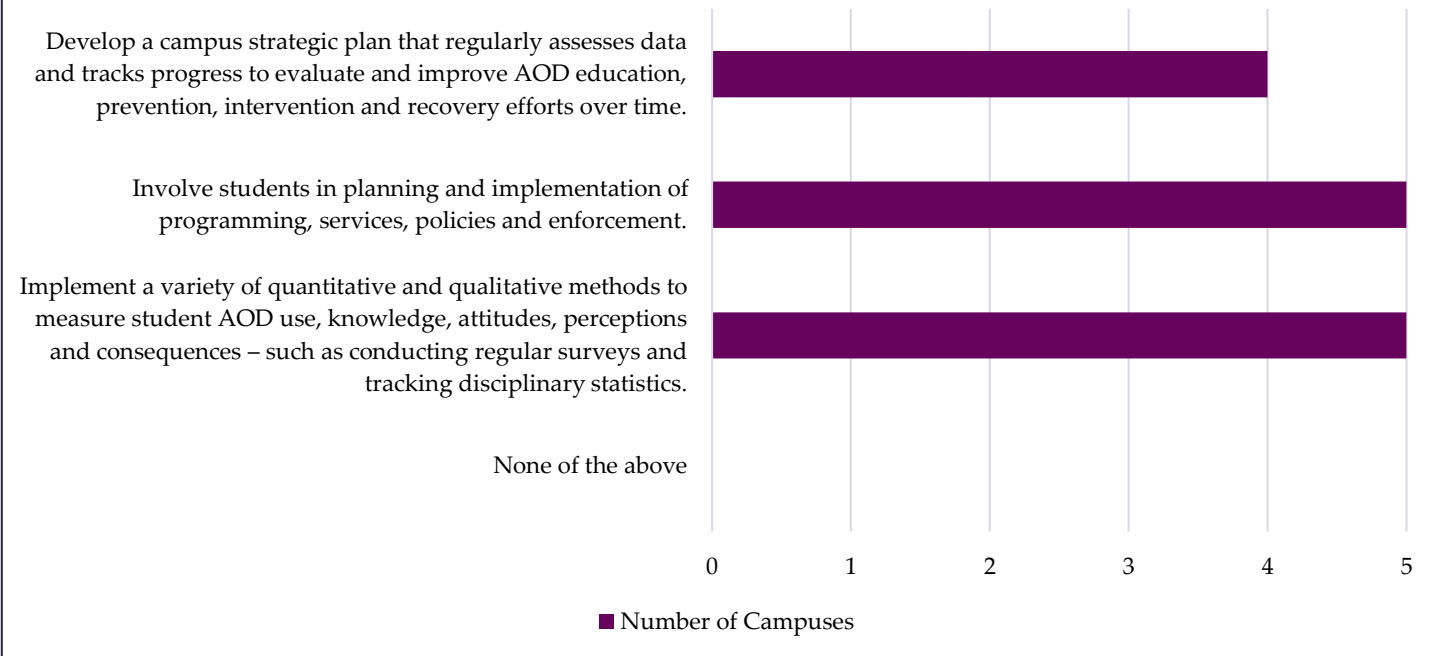


Figure 15. Number of campuses who indicated they are implanting each of the campus-wide initiatives found in the Planning and Assessment strategic area.

Strategic Area: Policy and Enforcement

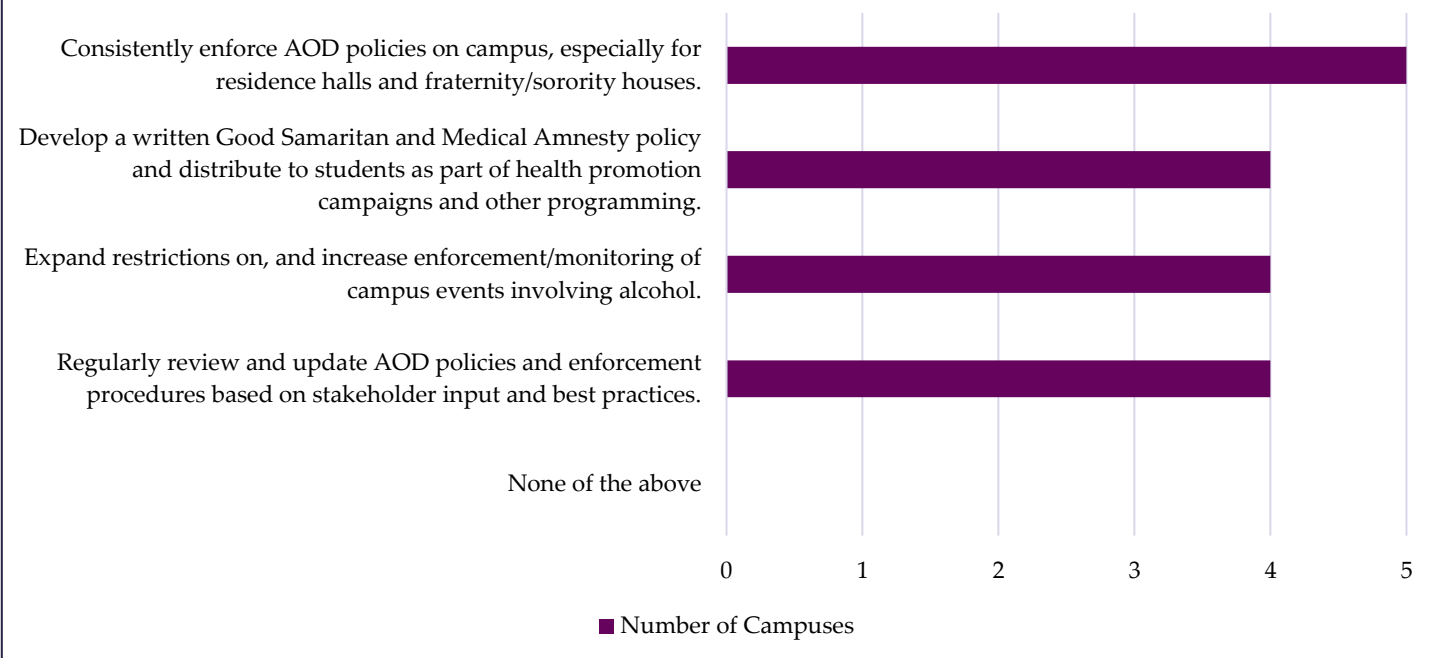


Figure 16. Number of campuses who indicated they are implanting each of the campus-wide initiatives found in the Policy and Enforcement strategic area.

Strategic Area: Programming and Services

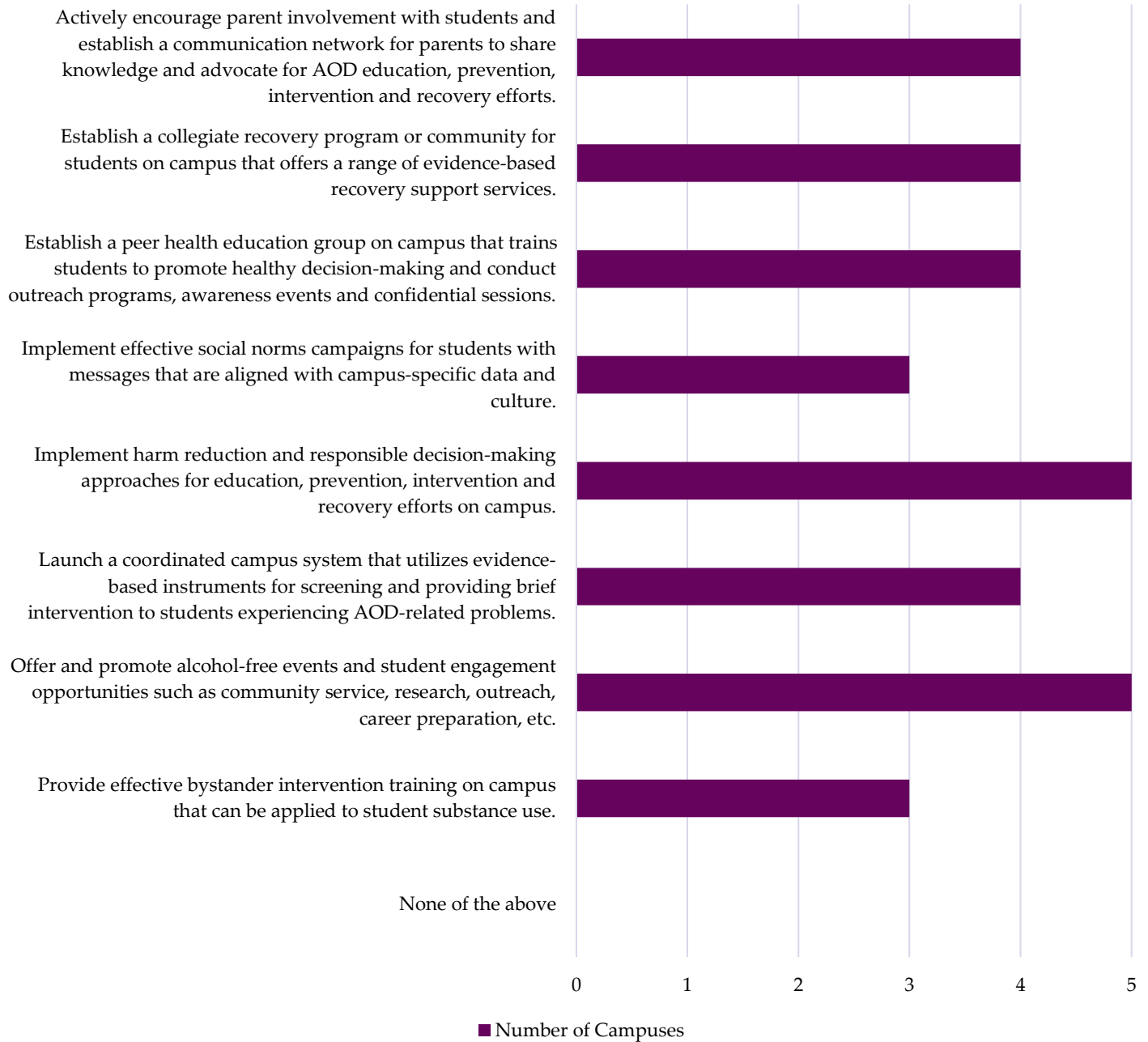


Figure 17. Number of campuses who indicated they are implanting each of the campus-wide initiatives found in the Planning and Assessment strategic area.



Strategic Area: Collaboration and Communication

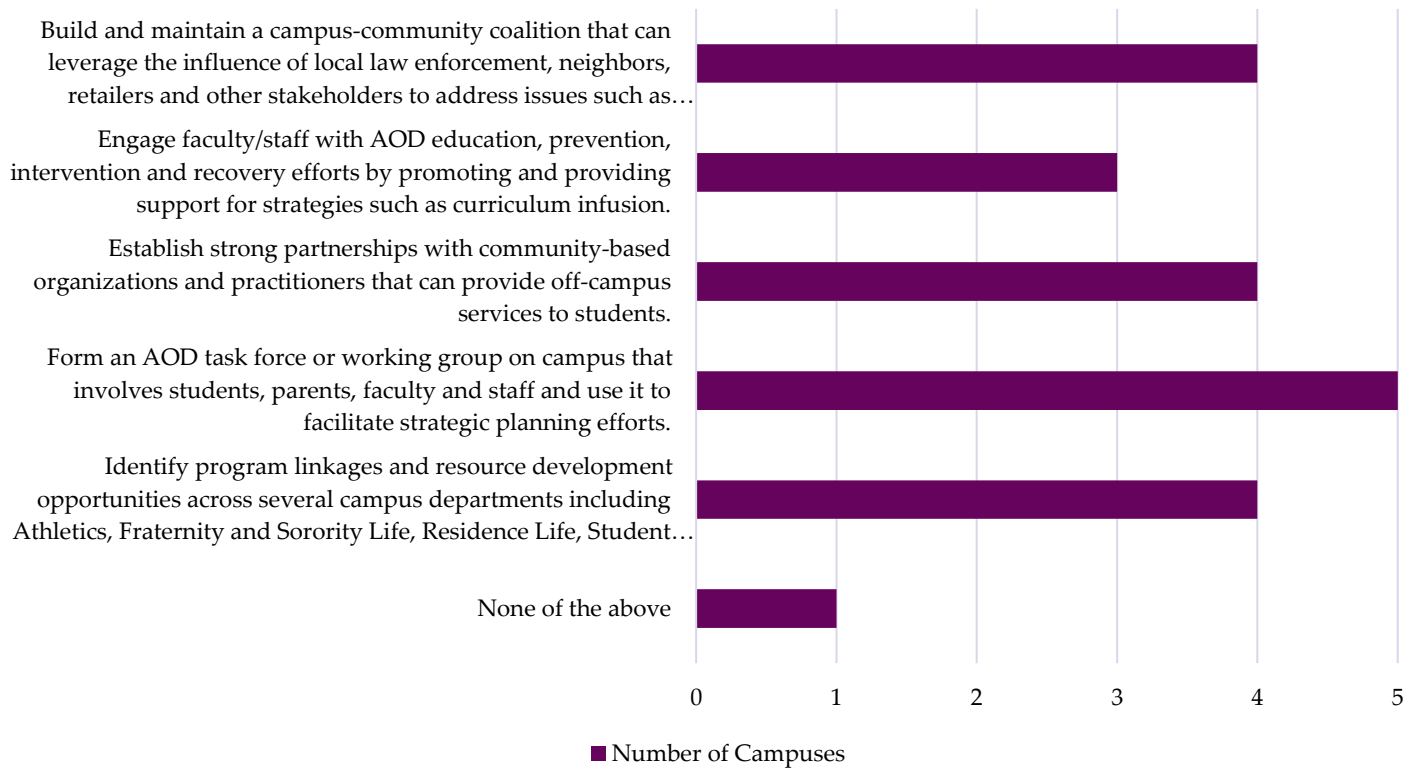


Figure 18. Number of campuses who indicated they are implanting each of the campus-wide initiatives found in the Collaboration and Communication strategic area.

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