



Spirited Partnerships

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
ANNUAL FINANCIAL REPORT
For Fiscal Year Ended June 30, 2025

Component Unit of the Commonwealth of Virginia



a: Seated third from left at a NABCA administrators' conference in Missoula, Montana, SAC Kevin Davis participated in a session entitled Transforming Trouble Spots. The panel discussion highlighted Virginia ABC's collaboration with Virginia Beach police to address safety at oceanfront restaurants.

Photo Credit: Carol Mawyer

b: Virginia ABC released 24 barrels of Maker's Mark Private Selection highlighting "The Story of Virginia Through Bourbon." The barrel flavor profiles were selected by local retail team members.

Photo Credit: Adolphus Maples

c: CEO Dale Farino speaks during a leadership development meeting. Photo Credit: Pat Kane

d: Freddie Johnson, a third generation employee at Buffalo Trace Distillery who serves as its Distillery VIP Visitor Lead, signs bottles during an event highlighting Virginia ABC's partnership with Sazerac.

Photo Credit: Pat Kane

e: CEO Dale Farino speaks with spirits industry partners during the grand opening of Store 442.

Photo Credit: Billy Fellin

f: Harold Underdown, a co-founder of Four Branches Bourbon, speaks during a leadership development meeting. Photo Credit: Pat Kane



ANNUAL FINANCIAL REPORT
For Fiscal Year Ended June 30, 2025
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

The success of the Commonwealth can be tied to its leaders, numerous agencies and authorities, and its many state employees. The continued efforts of these dedicated individuals help ensure that Virginia remains a great place to work, live and raise a family.

Virginia ABC fills an important role in positively impacting the state's economy. It operates 401 stores — from the Eastern Shore to Jonesville in the far western tip of the state. The authority's 4,406 teammates show up for work every day to operate a 315,000-square-foot distribution center, ensure a positive customer experience in our stores and provide administrative support and leadership from our headquarters.

During fiscal year 2025, the authority sold 6.4 million cases of distilled spirits, Virginia wines and mixers resulting in \$1.5 billion in gross revenue (including license fees and taxes) and a \$628.1 million transfer to the Commonwealth's general fund. With more than 3,264 items on ABC's active price list, shoppers still preferred vodka (with 24.6% of cases sold), tequila (17.1%) and straight bourbon whiskey (12.6%.) The authority introduced 294 new products with 75 size extensions. Virginia ABC's website had 28.2 million total users with 114,439 online orders placed.

Its Bureau of Law Enforcement oversaw 19,387 licensed establishments and processed 2,388 new license applications, 20,115 renewals and 25,174 one-day and special-event licenses. A sworn staff of 100 men and women handled 2,803 criminal incidents and conducted 3,856 underage buyer checks. ABC's Hearings, Appeals and Judicial Services managed 710 requests for hearings with more than half settled by expedited consent. The Office of Legal Counsel handled 125 negotiated resolutions and provided representation in 22 formal Board hearings and 11 Board appeals.

Community health and engagement remained a priority for the authority with initiatives such as the Miss Virginia School Tour, Community Dashboards and a myriad of publications targeting adults, health professionals and students of all ages. These and other efforts resulted in more than 11 million touch points.

Virginia ABC continued to make a difference. I salute its employees and leaders on another successful year. Cheers.

A handwritten signature in black ink that reads "Timothy D. Hugo". The signature is written in a cursive style with a large, prominent "T".

Virginia ABC Chairman Tim D. Hugo

LETTER FROM THE CHIEF EXECUTIVE OFFICER

As we raise a glass to toast the close of another year, I am reminded that our industry is, at its heart, built on partnerships — partnerships that are both spirited and inspiring. From the vineyards and distilleries that craft our products, to the stakeholders, suppliers, brokers, distributors, and our employees who bring them to life in the hands of consumers, it is these connections that continue to shape our collective success.

This year's theme, "**Spirited Partnerships,**" captures the essence of what drives Virginia ABC forward. It speaks not only to the craft and creativity that define our industry, but also to the collaboration, trust, and shared passion that define our relationships with stakeholders and supplier partners.

Our achievements in FY2025 were made possible by strong alliances from across all our partnerships. Together, we navigated through strong industry headwinds while continuing to launch innovative brands to help drive customer engagement. We continue to have open discussions on our Strategic Plan to ensure that we build a solid foundation to meet the industry challenges ahead. Improving the customer experience in our retail stores remains a focus with our leadership team. The opening of our new "Concept" store provides us with new ideas and practices that we can roll out to our fleet of retail stores to improve that shopping experience. Our vision of having a large format store is coming closer to being reality as we finalize a new store layout in Virginia Beach. Implementing sustainable practices that support both our mission and vision is a top priority.

Innovation thrives when ideas flow freely between us, stakeholders, and our supplier partners. This year, we continued to work together to drive consumer engagement, and we strengthened our partnerships to help inspire new experiences. These connections remind us that the best ideas often come when we have open engagement to discuss different perspectives surrounding how to meet the challenges of our industry. Innovation is important to attract new customers and keep existing customers engaged.

As we look ahead, our mission remains clear: strengthen the Commonwealth through public safety, education and revenue derived from the responsible regulation and sale of alcoholic beverages. We will continue to work to celebrate life's moments responsibly, with products that bring people together and partnerships that stand the test of time. The spirit of partnership — resilient, creative, and bold — will continue to guide us as we write the next chapter of our story.

To all who have shared this journey — our employees, stakeholders, supplier partners, and consumers — thank you for your trust, dedication, and belief in what we can achieve together. Here's to another year of Spirited Partnerships and shared success.



Virginia ABC CEO Dale Farino

2025 KEY AUTHORITY HIGHLIGHTS

Number of Stores	401
Total Employees	4,406
ABC Retail Licenses	21,266
ABC Profit Disbursements	\$242,086,473
Active Items on Price List	3,264
Total Gross Revenues	\$1,478,976,036
Total Transfer to the Commonwealth	\$628,135,852



Virginia Alcoholic Beverage
Control Authority

MISSION

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

VISION

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

VALUES

Accountability · Service
Integrity · Performance Excellence

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LETTER OF TRANSMITTAL

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer

Dale F. Farino



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

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

Dear Governor Youngkin:

It is my pleasure to present the Annual Financial Report for the fiscal year ending June 30, 2025, in accordance with Section 4.1-101.07 of the *Code of Virginia*.

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

BACKGROUND

On March 22, 1934, the General Assembly voted to create the Alcoholic Beverage Control Board with three board members. The Virginia ABC opened its first four stores in Richmond on May 15, 1934, and continued to grow over the decades to 159 stores statewide by 1959. In 1971, the Virginia ABC warehouse moved from Harrison and West Broad Streets in Richmond to 2901 Hermitage Road. By the end of the 1970's, ABC was operating over 250 stores and generating more than \$240 million in gross store sales. In 2009, when the Authority celebrated its 75th anniversary, 332 stores were in operation statewide. On June 30, 2021, Virginia ABC moved to a new larger headquarters and distribution center located at 7450 Freight Way in Mechanicsville. The Authority has a total of 401 stores statewide as of June 30, 2025.

During fiscal year 2018, under Virginia Code Title 4.1, Virginia ABC transitioned from a Department to an Authority. On July of 2024, the General Assembly considered Virginia ABC an independent authority of the Commonwealth. Virginia ABC is currently considered a Blended Component Unit Enterprise Fund by the Commonwealth for financial reporting purposes in accordance with accounting principles generally accepted in the United States. Five part-time board members govern the Authority, which as of June 30, operated 401 stores and employed over 4,400 employees throughout the Commonwealth. The Authority works closely with the eleven 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.

Virginia ABC is a leading revenue producer and a vital source of future economic growth and innovation for the Commonwealth of Virginia. On the retail side, profits come from the sale of distilled spirits within Virginia ABC stores. The Authority's Bureau of Law Enforcement generates revenue from taxes collected on beer and wine sales, violation penalties, and license fees. The money that Virginia ABC disperses to the Commonwealth provides much needed funding for use in programs across all secretariats, thus benefiting citizens in all areas of the state whether they choose to drink or not. Since its establishment in 1934, The Authority has dispersed \$14.5 billion to the Commonwealth's General Fund, which supports major education, health, and transportation initiatives.

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

ECONOMIC CONDITION AND OUTLOOK

As the nationwide spirits industry continues to face headwinds, the Authority projects a modest 1% decline in retail sales over the next two fiscal years, driven by a confluence of macroeconomic and market dynamics. Elevated inflation and reduced discretionary income are exerting downward pressure on consumer purchasing behavior, and the proliferation of alternative alcohol products are reshaping competitive landscapes. Shifting generational preferences toward low- and no-alcohol beverages — reflected in the expanding market share of non-alcoholic beer, wine, spirits, and ready-to-drink cocktails — are further fragmenting consumer spending.

Additionally, uncertainty surrounding tariff regulations poses a risk to household disposable income, particularly in the alcoholic beverage category. With 60% of the Authority's portfolio is comprised of imported products — including tequila, which accounted for 21% of FY2025 sales and is entirely sourced internationally — exposure to global trade volatility remains a critical consideration.

Demographic headwinds in the labor market, notably an aging population, may constrain workforce growth and, by extension, consumer demand. These factors collectively underscore the need for strategic agility in navigating a rapidly evolving retail and regulatory environment.

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

In fiscal year 2025, Virginia ABC's total gross alcohol revenue, including state tax on distilled spirits and wine, was over \$1.4 billion, \$20.3 million below prior year or 1.4%. Gross sales of alcoholic beverages in the retail stores accounted for 97.6% of overall gross revenue. The remaining 2.4% of gross revenue was generated largely through the Authority's regulatory and licensing activities.

Virginia ABC contributed \$242.1 million of net profits to the Commonwealth and collected \$316.8 million of taxes on ABC store sales (distilled spirits and wine) and wine and beer wholesaler taxes, and an additional \$69.2 million of general sales tax totaling \$628.1 million.

The decrease in profits over the prior year was primarily driven by lower gross store sales. \$45.0 million decrease can be attributed to consumers trading down to purchase smaller bottle sizes, \$15.4 million decrease because of inflationary pricing changes and \$0.4 million due to other changes in sales. These are offset by a \$29.2 million increase in sales, attributed to consumers selecting a higher quality premium brand and an \$11.3 million increase due to volume impact growth.

The Authority's operating expenses decreased 1.5% in the fiscal year 2025. Personal services cost decreased by \$2.1 million from fiscal year 2024, primarily due to workforce optimization efforts. Contractual charges decreased by \$1.7 million, primarily due to reduced Information technology (IT) contractor usage due to reduced IT projects and initiatives. Supplies and materials decreased as well by \$0.9 million, primarily due to changes in maintenance costs. Expendable equipment decreased by \$0.9 million, due to the decrease in store renovations.

Personnel costs account for 62.6% of Virginia ABC's non-merchandise expenditures, 15.8% are for contractual charges such as credit card fees, shipping products to stores and telecommunications, 14.4% are for depreciation and amortization of the Authority's capital assets, including amortization for right to use intangible assets, and 7.2% are for miscellaneous expenses such as supplies and materials and equipment.

In 2025, the Authority strengthened its relationships with alcohol suppliers by fostering a collaborative "open for business" methodology to increase volumes of high-demand and trending products. It leveraged innovative knowledge and marketing expertise to increase product visibility, create enticing store displays, and promote bundled cocktail suggestions to cater to changes in generational preferences. The authority also enhanced customer experience through increased frequency and variety of in-store

tasting events, increased shelf space for popular products, expanded its new product listings and conducted regional barrel events and celebrity signing events.

Management continues to monitor its workforce's job functions across multiple divisions so it can fully align job functions with its future strategic goals. Numerous efforts continue to enhance efficiency in managing retail labor costs and controlling significant costs towards ongoing IT infrastructure improvements. The Authority closely monitors retail staffing to efficiently use labor hours in operating the stores while continuing to maintain customer service as top priority. The Authority's executives have been hands-on in monitoring procurements and expenditures to limit discretionary spending, maintain accountability to generate additional cost savings and reductions, and encourage strong negotiating tactics to ensure the Authority receives favorable pricing and terms aligned with its current business needs. Authority projects and initiatives are closely analyzed and selected based on their highest quantitative and qualitative return on investment. No new store locations are planned for the foreseeable future but instead focus on revamping store layouts to enhance and engage customer shopping experience.

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 41-46.

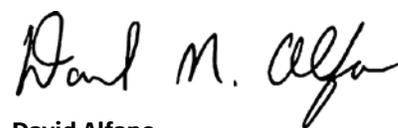
FINANCIAL CONTROLS

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

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

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

Respectfully submitted,



David Alfano
Chief Financial Officer



Governor,
Glenn Youngkin



Board Chairman,
Timothy D. Hugo



Board Vice Chair,
L. Mark Stepanian



Board Member,
William D. Euille



Board Member,
Gregory F. Holland



Board Member,
Lisa R. Jennings



Chief Executive Officer,
Dale Farino



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



Chief Financial Officer,
David Alfano



**Chief Operating
Officer,** Tom Kirby



**Chief Government
Affairs Officer,**
John Daniel



**Chief Human
Resources Officer,**
John Singleton

EXECUTIVE INFORMATION

Organizational Structure

For the Period Ended June 30, 2025

ABC Board of Directors

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

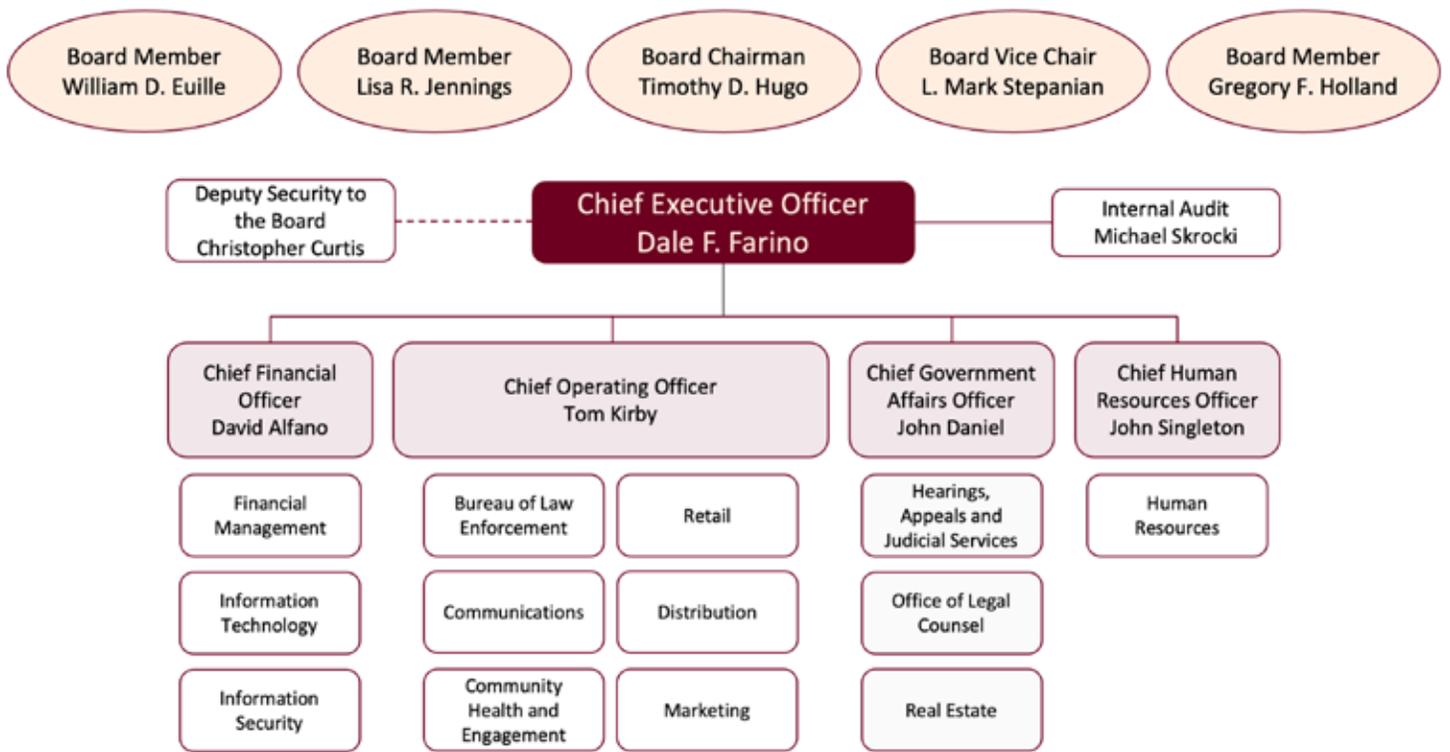
Executive Leadership

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

Division Directors

Bureau of Law Enforcement	Marc Haalman*
Bureau of Law Enforcement	Chris Linton*
Communications	Tracey Lorraine
Community Health & Engagement	Katie Crumble
Distribution	Tyler Moore
Finance & Procurement	Douglas Robinson
Hearings, Appeals and Judicial Services	Meghan Wallmeyer-Rose
Human Resources	Candace Frost*
Internal Audit	Michael Skrocki
IT Services	Keith Russell
IT Technology	David Kuti
Office of Legal Counsel	LaTonya Hucks-Watkins
Retail	Lori Murphy

**All Board members, executive staff and division directors served throughout the fiscal year with the exception of the following: Division Directors Ernest Moore (Digital and Brand Operations), Tamara Harless (Project Management), Susan Johnson (Real Estate & Facilities Management) and Melissa Watts (Procurement and Support Services) left in September 2024. Candace Frost was named Director of Human Resources in April 2025. Chief Retail Operations Officer Mark Dunham left July 1, 2024. Bureau of Law Enforcement Deputy Director Ryan Porter retired in July 2025. Deputy Director Donnie Brown left on terminal leave before retiring in October 2025.*



LEGISLATIVE SYNOPSIS

New Alcohol-Related Laws — Effective June 30, 2025

Cocktails To-Go Made Permanent

HB205, SB811: Removed the pending sunset for the delivery of wine, beer and cocktails-to-go by licensed third-party delivery providers. These bills, in conjunction with prior legislation, continue the same public safety protections that had been in place, including those related to packaging and labeling.

Serving Canned Cocktails

SB868: Allow mixed beverage licensees to serve the entire contents of a canned cocktail to a single patron if the container is 16 ounces or less and the cocktail’s alcohol by volume content is no greater than 15 percent.

Human Trafficking Training

HB2033: Requires Virginia ABC to include a human trafficking training module, created by the Virginia Department of Criminal Justice Services, in the Authority’s Responsible Sellers & Servers: Virginia’s Program (RSVP) training program.

Underage Tobacco and Hemp Sales

HB1946, SB1060: Created a working group to address enforcement of underage sales of tobacco, liquid nicotine and hemp products. Virginia ABC’s Bureau of Law Enforcement, which conducts an underage buyer program focused on alcohol and tobacco retailers, will contribute to this working group.

Tied House Exceptions

HB1703, SB834: Clarified the existing statutory exception to allow a manufacturer, bottler or wholesaler to obtain a retail license if the manufacturer, bottler or wholesaler does not sell or otherwise furnish, directly or indirectly, alcoholic beverages or other merchandise to the retail licensee.



Spirited Partnerships





Creating The Future — One Spirited Partnership At A Time

Fiscal Year 2025 brought unprecedented headwinds for the industry and the nation. Rising inflation, competing alcohol beverage products and cannabis — as well as generational changes in alcohol consumption and buying habits—contributed to a difficult business environment. Demonstrating both resilience and results, Virginia ABC contributed \$242.1 million in net profits to the Commonwealth and collected \$316.8 million from taxes on ABC store sales and wine and beer wholesaler taxes, and an additional \$69.2 million in general sales tax totaling \$628.1 million. Profits transferred to the Commonwealth exceeded the profit transfer requirement by \$14.6 million, (including a \$3.0 million profit carryover from the prior fiscal year), despite store sales being down 1.4% from the last fiscal year.

Virginia ABC was able to navigate this terrain by pivoting with purpose internally and optimizing and expanding partnerships in pursuit of common-ground goals. ABC continues to recognize the importance and value of active listening and collaborating with spirits suppliers and brokers to bring to life its commitment to the safe and responsible distribution, sale and regulation of alcohol in Virginia. Success can also be attributed to its workforce taking on new challenges and choosing to be part of the solution. With the authority’s collaborative and cost-conscious innovation practices, and relentless pursuit of safe public service, Virginia ABC is well-positioned to face whatever business and economic challenges lie ahead with confidence.

Listening to industry partners

More than ever, input from suppliers and brokers was embedded into the daily fabric of business operations. ABC modeled a collaborative “open for business” methodology and leveraged industry expertise to grow business and enrich the customer experience. This collaboration led to numerous improvements, including but not limited to an expansive product list with 304 new items offered, the shifting of several high-demand products from allocated to “on the shelf” and significant jumps in barrel pick and signing events across the Commonwealth.

Changes to the in-store tasting process provided vendors more flexibility and resulted in a 71.9% increase in tastings from 4,312 in FY23 to 7,413 in FY25. Virginia ABC also simplified requirements for suppliers requesting size extensions of already-listed products. Further improvements included increased product visibility, store displays curated by region, and a new SMART tool which equipped store teams with expanded product knowledge to optimize customer service.

Virginia ABC was one of only three markets (and the first control-state market) to launch Fireball Blazin’ Apple. Spirits-based versions of BuzzBallz ready-to-drink cocktails, available in various flavors, were another success with customers.

Finally, ABC strengthened its partnerships with Virginia distillers, highlighting Best in Class and gold medal winners from the inaugural First Landing Cup in June 2025 through special product displays in 30 prominent stores. Sponsored by the Virginia Distillers Association in partnership with the Virginia Spirits Board, the state-wide competition recognized excellence in Virginia-made spirits.

g: WWE Champion Cody Rhodes poses for a photo with Virginia ABC team members at Store 294 in Falls Church.

h: Freddie Johnson, a third generation employee at Buffalo Trace Distillery who serves as its Distillery VIP Visitor Lead, signs bottles during an event highlighting Virginia ABC’s partnership with Sazerac. Photo Credit: Pat Kane

i: Harold Underdown (second from left), a co-founder of Four Branches Bourbon, poses for a photo with Virginia ABC’s executive team. Photo Credit: Pat Kane

Enhancing customer engagement

To boost customer convenience, Virginia ABC extended hours at many of its stores starting during the 2024 holiday season. Stores opened early at 10 a.m. on Sundays and remained open as late as 10 p.m. on other days to accommodate demand.

In collaboration with vendors and suppliers, Virginia ABC also supported numerous events that connected customers with products, suppliers, their founders and a host of celebrities. In August 2024, Virginia ABC and Sazerac undertook a unique and unprecedented bottle signing event featuring WWE Champion Cody Rhodes at Store 294 in Falls Church. More than 1,000 fans — some of whom traveled from as far as New Jersey and Florida — came to meet the champion, pose for photographs and purchase Wheatley Vodka products. Four hundred and twenty-three bottles were sold in under two hours, while providing exemplary and safe service to fans and customers alike.

Employees pivoting with purpose

ABC employees have proven themselves to be strong partners as we collectively deliver on our mission of serving the Commonwealth rigorously and responsibly. Team members demonstrated resilience, flexibility and commitment, taking on new roles and growth opportunities. This occurred across all arenas including stores, headquarters and the distribution center.

Due to their hard work and results, several full-time employees earned promotions, and many wage employees were promoted to full-time positions.

j: WWE Champion Cody Rhodes poses for a photo with Virginia ABC special agents during an event at Store 294 in Falls Church.

k-l: Distribution Center employees Jenell Crews and Derrick Mitchell are members of a large team that ensures products arrive safely and securely to ABC stores statewide. Photo Credit: Adolphus Maples

m: COO Tom Kirby speaks during an event with WWE Champion Cody Rhodes at Store 294 in Falls Church. Photo Credit: Tracey Lorraine

n: Virginia ABC hosted Crown Royal’s Purple Bag Project Nov. 6, 2024.

o: Virginia ABC’s Women in Search of Excellence (W.I.S.E.) employee resource group volunteered at Challenge Discovery Projects’ (CDP) Annual Golf Tournament. Photo Credit: Kristina Yager

Prioritizing safety

The authority continued to ensure a safe and responsible system for alcohol sales.

Almost 46,000 individuals participated in Virginia ABC licensee training, which equips alcohol sellers and servers to remain informed on Virginia’s alcohol laws and prevent underage sales. These classes, offered at no cost, led in part to Virginia licensees achieving an 88% compliance rate for not selling to minors in fiscal year 2025. Internally, more than 3,000 retail employees participated in theft-related safety training. A cross-functional loss prevention workgroup also piloted a store matrix in June 2025 to enhance safety at the store level and model collaboration with local law enforcement.

The distribution center’s highest recorded daily volume increased to 44,456 bottles from 41,635 in the previous fiscal year. More impressively, this was done with safety and efficiency in mind. ABC’s distribution center participated in the Virginia Occupational and Health (VOSH) Challenge program. ABC’s 2024 DART (Days Away Rate) improved to 2.94, compared to 6.04 the previous year. The distribution center also boosted operational efficiency, with fiscal year 2025 closing out 5% better in case per labor hour than the prior year.

Virginia ABC established the Alcohol Health and Safety Community Dashboards on Virginia ABC’s website. Built to share the alcohol data and trends impacting the health and safety of Virginia in order to reduce and eliminate underage and high-risk alcohol use, the dashboards include data from multiple state and national sources.

In an ongoing effort to discourage underage drinking, ABC aired a public service announcement “Talk. They Hear You.” that encouraged parents, caregivers, educators and community members to have important conversations to prevent underage drinking and substance abuse. The 30-second television spot led to 8.3 million impressions in May and June 2025. A \$50,000 NABCA grant covered the cost of the campaign.

Partnering for success now and into the future

Virginia ABC will continue to strengthen partnerships and lead with determination, efficiency and innovation. The authority is executing on its FY2025-FY2027 Strategic Plan. The plan provides a clear path toward enhancements in team member development and experience, customer sales and engagement, optimization of financial and operational efficiencies, improved technology and processes, and as always, safety first in all endeavors.

In the coming year, the authority will continue to model the values of accountability, service, integrity and performance excellence. The authority's more than 4,400 team members, enhanced by our many spirited partnerships, are well-positioned to continue delivering significant value for the Commonwealth. This will equip Virginia ABC to remain on mission to strengthen the Commonwealth through public safety, education and revenue derived through the responsible sale and regulation of alcoholic beverages.

p: Retail Support Manager Jacob Urban began his career with ABC as an intern and worked his way up to his current role. Photo Credit: Adolphus Maples

q: Virginia ABC worked with suppliers to increase quantities of limited availability products for sale to customers. Photo Credit: Adolphus Maples

r: Meaghan O'Brien places American flags around Virginia ABC Headquarters in commemoration of Memorial Day. Photo Credit: Nick Vandeloecht

s: Select local products were marked down 20% during the Virginia Spirits Sale-A-Bration in September 2024. Photo Credit: Pat Kane

t: Freddie Johnson, a third generation employee at Buffalo Trace Distillery who serves as its Distillery VIP Visitor Lead, speaks during an event highlighting Virginia ABC's partnership with Sazerac. Photo Credit: Pat Kane



Division Statistics

BUREAU OF LAW ENFORCEMENT

Sworn Enforcement Personnel Demographics (HR)	
• American Indians (Includes Alaska) (%)	3
• Asian (Includes Pakistan/India/Pacific Islanders) (%)	4
• Black (includes Jamaica/Bahamas/Caribbean/Africa) (%)	19
• Hispanic (Includes Mexico/Spain/Central South America/Puerto Rico) (%)	6
• White (Includes Arabian) (%)	68
• Total filled sworn positions	100
• Non-minority (%)	68
• Minority (%)	32
Professional Standards Summary	
Investigations	5
• Citizen complaints	3
• Authority initiated	2
Findings¹	
• Justified	0
• No further action, citizen request	0
• Not substantiated	0
• Substantiated	3
• Unfounded	1
• Pending	1
Total training hours for sworn officers	4,466
Law Enforcement Activity	
• Criminal incidents	2,803
• Arrests	566
• Illegal still investigations	3
• Inspections of licensed establishments	19,952
• Observations of licensed establishments	604
• Underage Buyer (UAB) compliance checks	3,856
• Written warning reports	2,216
• Written violation reports	910
Tobacco Compliance	
• Synar compliance rate (%)	91
• Total tobacco checks by ABC agents	1,001
Licensing and Licenses	
Active Licenses	21,266
• Industry (%)	20
• On-premise (%)	4
• Off-premise (%)	33
• On- and Off-premise (%)	43
New retail and wholesale licenses	1,977
New permits	1,079
Licensed retail establishments (locations)	19,387
Private or corporate owners	15,347
One-day banquet and special-event licenses	25,174
Alcohol compliance rates for retail licensees (%)	88
Median processing time for new retail applications (in days)	91
Wine, beer and mixed-beverage application, state license fees and permits collected (\$)	18,844,861
New applications processed	2,388
Walk-in customers	5,238
Renewals processed	20,115
MBAR received ²	6,434
FOIAs processed	210

¹Findings include one pending investigation that was started in FY2024.

²Previous annual reports provided data in this category as MBARs processed. Those numbers were derived from physical reception and manual entry by Virginia ABC. The authority recently allowed an online submission by the licensee, and this new MBARs received category reflects more accurately the number of MBARs submitted to ABC during the annual reporting period.

COMMUNICATIONS DIVISION

Public Relations		
• News Releases	12	
• Media Inquiries	62	
• Intranet (Mixer) "ABC Now" articles	256	
• Requests for writing/editing	230	
Licensee e-Newsletter Statistics		
• New/Total Subscribers	463/4,959	
• Avg. Open Rate (industry standard 25.9%) (%)	52.2	
• Avg. Click Rate (industry standard 2.8%) (%)	5.1	
Distillery e-Newsletter Statistics		
• New/Total Subscribers	4/111	
• Avg. Open Rate (industry standard 43.2%) (%)	54.5	
• Avg. Click Rate (industry standard 6.1%) (%)	10.5	
Spirited Virginia Magazine		
• Q3 2024 Issues distributed (96 pages)	65,000	
• Q4 2024 Issues distributed (88 pages)	65,000	
• Q1 2025 Issues distributed (72 pages)	65,000	
• Q2 2025 Issues distributed (72 pages)	65,000	
Virginia ABC X Account		
• New/Total Twitter followers	-430/12,821	
• Post Impressions	147,069	
• Post Engagements	6,725	
Virginia ABC Facebook Account		
• New/Total Facebook followers	933/24,062	
• Post Impressions	429,140	
• Post Engagements	6,725	
Virginia ABC LinkedIn Account		
• New/Total LinkedIn followers	270/2,609	
• Post Impressions	65,326	
• Post Engagements	4,743	
Change Management		
• Projects	12	
• Deliverables ¹	255	
Digital and Brand Operations		
	FY 25	FY 24
Total Users	28,200,000	24,800,000
Unique Visits ²	32,400,000	27,900,000
Online orders placed	114,439	114,175
Bottles sold	325,329	323,898
Total Online Sales (\$)	8,877,015	9,021,904
Creative Services		
Creative Deliverables	1,476	
Photography Sessions	12	
Videography	42 videos	
• Short Form (shorts)	22	
• Long Form	20	
• Total Runtime	6 hrs. 15 min.	
¹ Specific tactics or documents completed in support of a larger project		
² Unique visits are the number of individual sessions a single user makes over a specific time frame.		
COMMUNITY HEALTH AND ENGAGEMENT DIVISION		
Youth Education and Prevention Programming		
Elementary School		
Elementary School Reach ¹ (%)	6.72	
Elementary School Publications Distributed	19,747	
Miss Virginia School Tour		
• Miss Virginia School Tour stops	65	
• Miss Virginia School Tour reach	16,139	

Division Statistics, continued

Middle School	
Middle School Reach ² (%)	13.21
Middle School Publications Distributed	1,914
Participants Trained	127
High School	
High School Reach ³ (%)	16.82
High School Publications Distributed	2,127
Youth Alcohol and Drug Abuse Prevention Project (YADAPP) 2025	
• YADAPP participants ⁴	65
• YADAPP 2025 individuals reached	6,536
Parents	
Parents Publications Distributed	2,146
Power of Parents	
• Participants Trained	150
• Handbooks Distributed	5,319
Adult Education and Prevention Programming	
Institutions of Higher Education	
Institutions of Higher Education Reach ⁵ (%)	90.63
College Publications Distributed	2,987
Higher Education Alcohol and Drug Strategic Unified Prevention (HEADS UP)	
• HEADS UP educational materials distributed	9,450
• HEADS UP individuals reached	1,125
Adults 21 years old and older	
Project Sticker Shock	
• Project Sticker Shock events	5
• Project Sticker Shock participants	117
• Project Sticker Shock individuals reached	3,455
• Retail delivery customers reached	54,796
21+ Publications Distributed	1,605
Older Adult Publications Distributed	203
Licensee Programming	
Licensee Publications Distributed	897
Special Agent Led Trainings	37
Special Agent Led Trainings Participants	572
Online Training Participants	45,768
Resources Distributed	6,375
Seller/Server Training Approval Program (STAP) Applications	6
Seller/Server Training Approval Program (STAP) Trained	12,655
Capacity Building Resources	
Health Care Professional Publications Distributed	168
Toolkit Downloads	40
Community Health and Engagement Webpage Visits	593,529
Education and Prevention Social Media Reach ⁶	980,281
Multi-Channel Public Service Announcement Reach	8,300,145
Community Engagement	
YADAPP 2024 Grants Presented ⁷	6
YADAPP 2024 Grants Awarded (\$)	1,750
YADAPP 2024 Grants Individuals Reached	1,504
Alcohol Education and Prevention Grants (8)	5
Alcohol Education and Prevention Grants Awarded (\$)	45,290
Alcohol Education and Prevention Grants Individuals Reached	883,396
In-Store Fundraising Events	31
Authority-Wide Employee Volunteering Events	10
External Requests to use Headquarters Meeting Space	18

(continued)

Data, Research and Evaluation	
White Paper Downloads	72
White Paper Reach	1,596
Community Dashboards Reach	1,946
¹ Reached or partnered with 73 out of 1,175 public elementary schools across Virginia.	
² Reached or partnered with 44 out of 333 public middle schools across Virginia.	
³ Reached or partnered with 56 out of 333 public high schools across Virginia.	
⁴ At the July 2024 YADAPP Conference, 18 teams of students and adult sponsors represented schools and communities across Virginia.	
⁵ Reached or partnered with 58 out of 64 institutions of higher education across Virginia.	
⁶ This includes the organic reach from social media posts (46,527) and the paid reach from social media ads (980,281).	
⁷ These include both YADAPP mini-grants (\$250 each) and Wheeler Award (\$500). The 2024 Wheeler Award recipient was Alternatives INC, World Changers.	
⁸ Alcohol Education and Prevention grantees: Blue Ridge Behavioral Healthcare, Kinsale Venture LLC, Boys and Girls Club of the Virginia Peninsula, Old Dominion University and Hampden Sydney College.	

HEARINGS, APPEALS AND JUDICIAL SERVICES DIVISION

Cases Referred For Hearings		
Case Activity		FY25
Disciplinary Matters Received		671
Summary Suspensions ¹		4
Contested Applications Received		31
• Approved		22
• Denied		3
• Resolved through negotiations		15
• Initial Decision/Board Appeal		13
• Withdrawn before hearing		4
Contested Banquet Applications		3
• Approved		1
• Denied		1
• Withdrawn before hearing		1
Total hearings requested		710
Total charges/objections for all matters received		838
Wine and beer franchise cases		5
Hearings Dispositions		
Case Activity	FY25	% of Cases Received
Settled by expedited consent	372	56.27
Initial Decision Rendered by ALJ	77	11.65
Settled by Negotiation ¹	177	26.78
Settled by Mediation	0	0.00
Resolved by ABC Board on Appeal	7	1.06
Withdrawn or Dismissed	28	4.24
Total hearings dispositions²	661	100.00
Appealed Decisions		
Activity	Count	% of Total
Initial Decision of ALJs to ABC Board of Appeal	7	1.05
Final Decision of ABC Board to Circuit Court	0	0.00
Circuit Court Appeal(s) Final Resolution ³	1	0.15
Civil Penalties⁴		
Activity	Count	
Civil Penalties Collected	\$1,187,825	
Average Civil Penalty Per Case	\$2,371	
Total Number of Days Suspended	2,028 days	
Average suspension period per case ⁴	23.85 days	

¹Three summary suspensions were resolved through negotiations
²Cases that were in process at the end of fiscal year 2024 and were completed during FY 2025.
³Cases that were in process at the end of fiscal year 2025 and will be completed during FY 2026.
 Alvaros Market v. VA ABC, Board Appeal was heard in FY24, Circuit Court Appeal final resolution in FY25 dismissed the matter on the licensee's request to withdraw their appeal.
⁴Most ABC cases result in the imposition of a civil penalty and/or suspension period. The average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and negotiations for fiscal year 2025.

Division Statistics, continued

Distilleries	
Activity	Count
Number of Approved Distillery Store Applications	10
Number of Closed Distillery Stores	3
Total Active Distillery Stores as of June 30, 2025	81
Number of Approved Net Pay Applications	9

HUMAN RESOURCES DIVISION

Employees and Hiring		FY 25
Total employees (as of June 30, 2025)		4,406
• Full-time salary employees		1,242
• Wage employees		3,164
Full-time salary hired		85
Wage employees hired		1,818

Virginia Alcoholic Beverage Control Authority employs a diverse workforce, with approximately 1,242 regular full-time employees, 3,164 wage employees, and 28 contract workers supplementing the Authority's workforce. These 4,406 Authority employees work throughout the Commonwealth operating 401 retail stores and nine regional offices. Approximately 486 Authority employees and 28 contract workers are physically located in Hanover at the central office and distribution Ctr.

Employee Demographics	FY 25	FY 24
Average age (years)	45	44
Average years of service, classified employees	8.3	7.7
Gender		
• male (%)	50.1	50.0
• female (%)	49.9	50.0
Minority (%)	50.9	48.0

The demographics of ABC's workforce have remained consistent from the previous year. The average age of an ABC full-time employee is 45 years, with an average length of service to the Commonwealth of 8.3 years. Approximately 6.2% are eligible for an unreduced retirement as of June 30, 2025 and 17.1% 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)	49	49
Distribution Ctr. - In-Person (Special Offer)	4	58
Virtual (VILT) ¹	50	129
Retail Field Workshops/Certifications/Recertifications (IST-Instructor-ILT)	29	79
Online (EC)	63	79,783
Manager's Excellence Training (MET)	0	0
Retail Special Project Training (GK POS/Time Mgmt)	3	137
Enforcement—Online ²	-	-
(Certification Program-General Orders)	-	-
Total	198	80,235

¹Units Completed represents a single unit of training/learning completed by an ABC employee.

²Enforcement transitioned to PowerDMS for conducting their General Orders training.

MARKETING AND MERCHANDISING DIVISION

Spirited Virginia	
Spirited Virginia e-Newsletter	
• New/Total Subscribers ¹	-4,096/176,274
• Avg. Open Rate (industry standard 35.05*) (%)	47.8
• Avg. Click Rate (industry standard 2.08*) (%)	2.9
Spirited Virginia Facebook Account	
• New/Total Facebook Followers	1,609/55,554
• Page Impressions	93,757,582
Spirited Virginia Instagram Account	
• New/Total Instagram Followers	616/32,513

¹In 2025, we began regularly scrubbing the subscriber list to remove unengaged (inactive), duplicate, or invalid email addresses (these include addresses that don't exist such as typos, expired domains, or closed accounts).

Product Acquisitions	
New Listed Products	294
Size Extensions	75
OTB/LTOs	1,946

PROCUREMENT AND SUPPORT SERVICES DIVISION

Small Purchase Credit Card (SPCC) Holders	92
Total Value of SPCC Transactions (\$)*	\$4,219,129
Total SWaM Qualified Purchases (%)	23.58%
Total SWaM Qualified Purchases (\$)	\$5,591,088
Total Solicitations	35

*Total Value of SPCC Transactions Data was collected through the Cycle End Date of June 13, 2025.

OFFICE OF LEGAL COUNSEL

Legal Services	
Negotiated Resolutions	125
Representation in Formal Hearings	22
Representation in Board Appeals	11
Representation/Co-Counsel in Circuit Court Matters	3
Representation/Co-Counsel Court of Appeals Matters	0
Representation/Co-Counsel Virginia Supreme Court Matters	0
Contracts Reviewed (Virginia ABC as a Party)	64
EEOC Complaints	4
Legal Training Provided	
• Internal	10
• External	1
Regulatory Actions	9
FOIA/General Requests	371
Volunteer Service Projects	4
Trademark Filings (USPTO)	0
Trademark Filings (SCC)	0
Risk Management Claims	35
Panelist Appearances	1
Subpoenas Received and Processed	771
Subpoenas Duces Tecum Received and Processed	11

Division Statistics, continued

LOGISTICS DIVISION

ABC Shipment to Stores	FY25	FY24	FY23	FY22	FY21
Average weekly bottles shipped from Bottle Pick Room ¹	3,657	4,311	4,754	9,519	16,760
Average delivery cost to ABC stores (\$ per case)	1.51	1.40	1.27	1.06	0.98
Total shipments to ABC stores (cases)	6,503,858	6,567,130	6,489,601	6,343,335	6,305,184

Special Orders

Revenue Information	FY25	FY24	FY23	Variance (\$)	Variance (%)
• Order Catalog (\$)	15,156,925	16,707,295	18,388,324	(1,550,370)	-9.3
• Non Catalog (\$)	2,179,799	2,138,776	1,943,504	41,023	1.9
• Totals	17,336,724	18,846,071	20,331,828	(1,509,347)	-8.0
Logistics Information	FY25	FY24	FY23	FY22	FY21
• Active items on special order catalog	1,348	1,395	1,515	1,399	1,145
• Active items on special order non-catalog	1,095	923	788	772	772
• Total Special Order Catalog purchases (cases) ²	82,485	80,677	73,826	61,290	69,362
• Total Non-catalog purchases (cases) ³	17,259	12,953	11,691	14,441	20,576

REAL ESTATE AND FACILITIES MANAGEMENT DIVISION

Store Activities: July 1, 2024 - July 2, 2025

Store	Location	Activity	Date	Total*
107	Norfolk	conversion	7-19-24	402
531	Lovettsville	new	9-12-24	403
053	Windsor	modernization	10-21-24	403
233	Gloucester	relocation	11-22-24	403
049	Ballston	modernization	1-18-25	403
036	Gainesville	relocation	2-27-25	403
196	Keysville	modernization	3-5-25	403
055	Manassas	relocation	4-10-25	403
063	Lorton	closed	4-29-25	402
208	Ashburn	closed	5-31-25	401

* ABC operated 402 open stores as of July 1, 2024; it operated 401 stores as of June 30, 2025

RETAIL OPERATIONS DIVISION

ABC Stores

ABC Stores Gross Sales (\$) ¹	1,427,646,645
ABC Stores Transactions	37,151,397
Alcohol Compliance Rate for ABC Stores (%)	97.5

ABC Products

Price List

Total Standard Active items	3,264
• Virginia Wines	85
• Vermouth	15
• Non-Alcoholic items	117
Items Delisted	0

¹ Does not include distillery stores.

(continued)

RETAIL OPERATIONS DIVISION, *continued*

Top 50 Brands Sold, Fiscal Year 2025 vs. Fiscal Year 2024

Rank		Brand	Product Category	Gross Dollars			
FY25	FY24			FY25 (\$)	FY24 (\$)	Change (%)	Variance (\$)
			Statewide Total*	\$1,436,546,976	\$1,456,547,514	(1.4)	(\$20,000,538)
			Top 50 Brands	\$629,342,428	\$641,473,135	(1.9)	(\$12,130,707)
			All Others	\$807,204,548	\$815,074,379	(1.0)	(\$7,869,831)
1	1	Tito's Handmade	domestic vodka	\$74,993,290	\$75,229,308	(0.3)	(236,018)
2	2	Hennessy VS	cognac\armagnac	\$32,235,949	\$38,264,805	(15.8)	(6,028,856)
3	3	Jack Daniel's Old No. 7	Tennessee whiskey	\$27,380,648	\$28,831,141	(5.0)	(1,450,493)
4	5	Jim Beam	straight bourbon	\$21,967,732	\$23,134,586	(5.0)	(1,166,854)
5	4	Patron Silver	tequila	\$20,247,466	\$25,605,068	(20.9)	(5,357,602)
6	6	Jameson Irish	Irish whiskey	\$19,977,304	\$20,964,866	(4.7)	(987,562)
7	8	Maker's Mark	straight bourbon	\$19,003,557	\$19,290,056	(1.5)	(286,499)
8	7	Lunazul Blanco	tequila	\$18,044,625	\$19,463,162	(7.3)	(1,418,537)
9	9	Grey Goose	imported vodka	\$17,641,421	\$18,346,581	(3.8)	(705,160)
10	11	Woodford Reserve	straight bourbon	\$17,304,715	\$16,853,661	2.7	451,054
11	---	Don Julio Reposado	tequila	\$16,460,168	\$6,475,115	154.2	9,985,053
12	10	Crown Royal	Canadian whisky	\$16,075,046	\$17,353,921	(7.4)	(1,278,875)
13	27	Teremana Reposado	tequila	\$14,015,530	\$9,164,428	52.9	4,851,102
14	12	Smirnoff 80	domestic vodka	\$13,754,491	\$14,603,867	(5.8)	(849,376)
15	13	Bacardi Superior	rum	\$12,123,755	\$13,380,782	(9.4)	(1,257,027)
16	16	Jose Cuervo Especial Silver	tequila	\$11,722,346	\$12,759,378	(8.1)	(1,037,032)
17	15	1800 Silver	tequila	\$11,553,466	\$13,097,610	(11.8)	(1,544,144)
18	25	Teremana Blanco	tequila	\$11,147,325	\$9,382,885	18.8	1,764,440
19	28	Lunazul Reposado	tequila	\$10,951,072	\$8,893,911	23.1	2,057,161
20	24	Ketel One	imported vodka	\$10,814,264	\$10,378,064	4.2	436,200
21	18	Absolut	imported vodka	\$10,804,390	\$11,392,025	(5.2)	(587,635)
22	19	Jose Cuervo Especial Gold	tequila	\$10,532,580	\$11,147,635	(5.5)	(615,055)
23	21	Captain Morgan Original Spiced	rum	\$10,297,431	\$11,070,880	(7.0)	(773,449)
24	17	Fireball Cinnamon	flavored whiskey	\$10,235,527	\$12,131,138	(15.6)	(1,895,611)
25	20	Crown Royal Regal Apple	flavored whiskey	\$10,123,898	\$11,124,780	(9.0)	(1,000,882)
26	14	Casamigos Blanco	tequila	\$10,099,648	\$13,345,705	(24.3)	(3,246,057)
27	26	Don Julio Blanco	tequila	\$9,539,366	\$9,256,569	3.1	282,797
28	23	Evan Williams Black	straight bourbon	\$9,318,663	\$10,566,919	(11.8)	(1,248,256)
29	34	Buffalo Trace	straight bourbon	\$8,746,926	\$7,352,264	19.0	1,394,662
30	22	Casamigos Reposado	tequila	\$8,504,357	\$10,682,597	(20.4)	(2,178,240)
31	29	Bulleit	straight bourbon	\$8,178,950	\$8,697,672	(6.0)	(518,722)
32	34	Espolon Blanco	tequila	\$8,042,828	\$7,430,721	8.2	612,107
33	31	Pinnacle	imported vodka	\$7,629,672	\$8,257,645	(7.6)	(627,973)
34	---	Don Julio Anejo	tequila	\$7,543,641	\$5,196,593	45.2	2,347,048
35	33	Baileys Original Irish Cream	cordials	\$7,232,746	\$7,431,150	(2.7)	(198,404)
36	37	Tanqueray	imported gin	\$7,156,112	\$7,247,903	(1.3)	(91,791)
37	36	Johnnie Walker Black	Scotch whiskey	\$7,136,371	\$7,308,478	(2.4)	(172,107)
38	---	Crown Royal Blackberry	flavored whiskey	\$7,097,318	\$2,715,804	161.3	4,381,514
39	30	Crown Royal Peach	flavored whiskey	\$6,854,350	\$8,306,697	(17.5)	(1,452,347)
40	32	Malibu Coconut	rum	\$6,835,708	\$7,983,365	(14.4)	(1,147,657)
41	38	Aristocrat	domestic vodka	\$6,522,349	\$7,060,304	(7.6)	(537,955)
42	40	Svedka	imported vodka	\$6,471,144	\$6,551,174	(1.2)	(80,030)
43	41	Bombay Sapphire	Gin - Imp	\$6,237,845	\$6,354,105	(1.8)	(116,260)
44	46	Elijah Craig Small Batch	straight bourbon	\$6,010,233	\$5,766,100	4.2	244,133
45	42	Wild Turkey 101	straight bourbon	\$5,941,949	\$6,259,673	(5.1)	(317,724)
46	---	Blanton's Single Barrel	straight bourbon	\$5,919,187	\$5,965,733	(0.8)	(46,546)
47	43	Basil Hayden's	straight bourbon	\$5,826,585	\$6,183,399	(5.8)	(356,814)
48	---	1800 Reposado	tequila	\$5,780,243	\$5,575,830	3.7	204,413
49	44	Jagermeister	cordials	\$5,702,932	\$5,970,441	(4.5)	(267,509)
50	47	Bowman's	domestic vodka	\$5,605,310	\$5,666,644	(1.1)	(61,334)

*Statewide total includes subsequent point of sale adjustments.

RETAIL OPERATIONS DIVISION, *continued*

Comparison of Products / Market Share, Fiscal Year 2025 vs. Fiscal Year 2024

Category	Cases Sold			Market Share (%)	
	FY25	FY24	Change (%)	FY25	FY24
Vodka	1,562,012	1,616,358	(3.4)	24.6	25.0
Domestic	915,250	933,999	(2.0)		
Imported	363,620	374,650	(2.9)		
Flavored	283,142	307,709	(8.0)		
Straight Bourbon Whiskey	800,181	814,341	(1.7)	12.6	12.6
Tequila	1,089,186	996,106	9.3	17.1	15.4
Cordials -Liqueurs-Specialties	526,040	537,535	(2.1)	8.3	8.3
Imported	333,633	330,934	0.8		
Domestic	192,406	206,601	(6.9)		
Rum	406,326	437,755	(7.2)	6.4	6.8
Domestic	31,638	36,032	(12.2)		
Imported	374,688	401,722	(6.7)		
Flavored Whiskey	299,114	293,893	1.8	4.7	4.5
Gin	220,016	230,418	(4.5)	3.5	3.6
Domestic	90,872	97,743	(7.0)		
Imported	116,083	117,975	(1.6)		
Flavored	12,902	14,533	(11.2)		
Sloe	160	167	(4.4)		
Cocktails	217,999	199,022	9.5	3.4	3.1
Domestic	153,920	123,452	24.7		
Imported	64,079	75,570	(15.2)		
Cognac\Armagnac	137,482	153,234	(10.3)	2.2	2.4
Scotch Whiskey	142,313	151,449	(6.0)	2.2	2.3
Brandy	133,105	143,035	(6.9)	2.1	2.2
Grape	94,802	100,624	(5.8)		
Imported	17,506	19,568	(10.5)		
Flavored	20,797	22,844	(9.0)		
Canadian Whiskey	118,461	123,608	(4.2)	1.9	1.9
Tennessee Whiskey	109,742	116,368	(5.7)	1.7	1.8
Blended Whiskey	95,673	96,991	(1.4)	1.5	1.5
Irish Whiskey	79,329	84,700	(6.3)	1.2	1.3
Straight Rye Whiskey	77,507	79,995	(3.1)	1.2	1.2
Moonshine	58,076	64,454	(9.9)	0.9	1.0
Domestic Whiskey	40,756	42,078	(3.1)	0.6	0.7
Specialty Bottles	22,170	19,614	13.0	0.3	0.3
Imported	9,961	11,266	(11.6)		
Domestic	12,209	8,348	46.3		
Egg Nog	30,478	27,235	11.9	0.5	0.4
Rock & Rye	1,480	1,938	(23.6)	0.0	0.0
Alcohol ¹	1,895	1,973	(3.9)	0.0	0.0
Corn Whiskey	970	1,148	(15.5)	0.0	0.0
Vermouth	20,295	21,493	(5.6)	0.3	0.3
Virginia Wine	16,194	15,863	2.1	0.3	0.2
Non-Alcoholic Mixers	152,579	171,867	(11.2)	2.4	2.7
Non Beverage Item	1,101	25,702	(95.7)	0.0	0.4
Statewide totals*	6,360,481	6,468,173	(1.7)	100.0	100.0

*Excludes promotional items, miscellaneous records and confiscated items.

¹Grain alcohol 151 proof available for sale in select ABC stores.

Analysis of Store Performance — Fiscal Year 2025												
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		13,795,373	1,427,646,645	235,911,535	1,191,735,110	687,146,465	504,588,645	180,600,644	323,988,000	50,923,221	273,064,780	35.65%
137 790 Commonwealth Dr.	City of Norton	26,085	2,072,085	343,299	1,728,786	990,429	738,357	325,524	412,833	73,757	339,076	32.93%
194 16427-E Wise St.	Wise County	8,255	671,961	111,566	560,395	321,718	238,678	224,850	13,828	23,860	(10,032)	15.11%
206 18 E. 4th St. South	Wise County	12,409	1,039,449	172,159	867,289	497,918	369,371	274,790	94,581	37,050	57,531	22.10%
218 3982 US Hwy, 23 North	Scott County	10,668	884,141	146,328	737,814	422,918	314,896	230,772	84,124	31,280	52,844	22.53%
Far Southwest		57,417	4,667,636	773,351	3,894,285	2,232,983	1,661,302	1,055,936	605,366	165,947	439,419	25.98%
87 4027 College Ave.	Tazewell County	29,207	2,583,687	427,927	2,155,761	1,239,463	916,297	367,370	548,927	91,938	456,989	34.25%
174 One Plz. Dr.	Buchanan County	9,112	810,424	134,369	676,055	389,266	286,789	214,557	72,232	28,781	43,451	21.94%
197 149 Clay Dr.	Tazewell County	18,930	1,621,193	268,201	1,352,991	777,137	575,854	352,407	223,447	57,455	165,992	26.78%
230 599 Freedom Ave.	Tazewell County	9,582	860,273	142,719	717,553	412,503	305,050	257,015	48,035	30,654	17,381	18.61%
365 340 Chase St.	Dickenson County	8,340	686,621	114,012	572,608	329,238	243,370	261,286	(17,915)	24,485	(42,400)	10.43%
427 167 Pittston Rd.	Russell County	13,057	1,112,420	184,245	928,176	532,724	395,451	288,792	106,659	39,598	67,061	22.59%
Southwest		88,229	7,674,618	1,271,474	6,403,144	3,680,331	2,722,813	1,741,427	981,385	272,912	708,473	25.80%
58 270 Falls Blvd.	City of Bristol	27,564	2,464,397	407,281	2,057,115	1,179,775	877,341	423,512	453,829	87,554	366,275	31.39%
96 974 E. Stuart Dr.	City of Galax	27,690	2,240,637	370,225	1,870,412	1,071,597	798,815	369,958	428,856	79,707	349,150	32.11%
135 1173-1177 N. Main St.	Smyth County	28,716	2,294,230	380,240	1,913,990	1,095,743	818,247	320,443	497,804	81,778	416,026	34.71%
141 441 W. Stuart Dr.	Carroll County	20,911	1,716,289	283,316	1,432,973	823,565	609,409	264,613	344,796	61,201	283,595	33.03%
153 325 W. Main St.	Wythe County	32,964	2,856,521	472,641	2,383,880	1,368,272	1,015,608	323,716	691,892	102,067	589,824	37.19%
201 545 W. Main St.	Washington County	49,953	4,601,234	761,847	3,839,388	2,204,755	1,634,632	354,923	1,279,709	164,405	1,115,305	40.80%
343 2155 Euclid Ave.	City of Bristol	31,986	2,941,614	486,625	2,454,990	1,413,572	1,041,418	317,605	723,813	104,870	618,942	37.58%
521 576 E. Main St.	Grayson County	7,364	648,140	107,411	540,729	311,533	229,196	248,983	(19,787)	23,075	(42,862)	9.96%
528 32505 Wilderness Rd.	Lee County	10,001	814,886	133,878	681,008	390,908	290,100	282,722	7,379	28,852	(21,474)	13.79%
Wytheville/Hillsville		237,148	20,577,949	3,403,464	17,174,485	9,859,720	7,314,765	2,906,474	4,408,291	733,510	3,674,782	34.40%
67 290 Peppers Ferry Rd.	Montgomery County	36,153	3,366,556	556,527	2,810,030	1,613,884	1,196,146	455,982	740,164	119,292	620,872	34.97%
195 100 North Franklin St.	Montgomery County	26,555	2,268,520	375,202	1,893,318	1,085,503	807,815	254,552	553,263	80,691	472,571	37.37%
199 140 Kinter Way	Giles County	19,636	1,583,592	262,201	1,321,391	756,476	564,915	278,724	286,191	56,465	229,726	31.06%
327 1332 S. Main St.	Montgomery County	63,859	4,809,592	794,203	4,015,389	2,303,494	1,711,895	513,801	1,198,094	171,731	1,026,363	37.85%
345 5265 Alexander Rd.	Pulaski County	29,620	2,493,266	412,203	2,080,960	1,194,128	886,832	406,517	480,316	89,034	391,282	32.23%
356 97 Walker St.	City of Radford	36,836	2,958,418	489,580	2,468,838	1,417,779	1,051,058	367,502	683,556	105,301	578,256	36.09%
395 117 Parkview Rd. NE	Floyd County	17,985	1,577,520	260,483	1,317,037	757,133	559,904	279,257	280,647	56,366	224,282	30.73%
414 765 University City Blvd.	Montgomery County	34,677	3,084,537	509,120	2,575,417	1,477,674	1,097,742	510,755	586,988	110,273	476,715	31.96%
Radford/Blacksburg		265,322	22,142,000	3,659,621	18,482,379	10,606,071	7,876,308	3,067,089	4,809,219	789,153	4,020,066	34.68%
115 1423 Williamson Rd.	City of Roanoke	50,027	5,099,026	846,347	4,252,679	2,461,898	1,790,781	504,519	1,286,263	182,469	1,103,793	38.25%
123 531 Main St.	Alleghany County	7,807	706,130	116,931	589,199	339,362	249,837	236,668	13,169	25,046	(11,877)	14.88%
124 339 Thacker Ave.	City of Covington	18,530	1,624,381	268,484	1,355,897	778,867	577,029	350,521	226,509	57,696	168,813	26.92%
186 1471 W. Main St.	City of Salem	49,747	4,423,796	730,861	3,692,936	2,125,340	1,567,596	468,625	1,098,971	157,111	941,860	37.81%
229 3940 Valley Gateway Blvd.	Roanoke County	29,038	2,655,736	439,767	2,215,969	1,271,814	944,156	368,562	575,593	94,234	481,359	34.68%
259 5050-C Rutgers St.	City of Roanoke	64,769	6,316,958	1,045,532	5,271,436	3,036,055	2,235,381	575,374	1,660,007	224,964	1,435,043	39.27%
269 646 Brandon Ave.	City of Roanoke	66,826	6,589,935	1,088,635	5,501,299	3,178,186	2,323,114	638,411	1,684,707	234,729	1,449,974	38.52%
289 3341 Melrose Ave., N.W.	City of Roanoke	37,935	3,904,462	653,269	3,251,194	1,891,452	1,359,742	410,733	949,009	140,275	808,734	37.44%
309 3901 Brambleton Ave. S.W.	Roanoke County	69,777	6,491,025	1,072,314	5,418,711	3,114,957	2,303,754	566,003	1,737,751	230,381	1,507,370	39.74%
337 113 Vinyard Rd.	Roanoke County	40,181	3,494,235	579,442	2,914,793	1,671,177	1,243,616	311,385	932,231	124,859	807,372	39.69%
364 112 Kingston Dr.	Botetourt County	36,147	3,274,631	540,592	2,734,039	1,572,000	1,162,040	405,992	756,048	116,384	639,664	36.04%
524 121 Campbell Ave. S.E.	City of Roanoke	12,660	1,256,620	207,123	1,049,497	604,712	444,785	314,319	130,466	44,829	85,637	23.30%
Roanoke		483,445	45,836,936	7,589,287	38,247,649	22,045,818	16,201,831	5,151,110	11,050,720	1,632,977	9,417,743	37.10%

(continued)

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

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

Analysis of Store Performance — Fiscal Year 2025												
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
57 1028 Richmond Ave.	City of Staunton	24,542	2,346,722	387,804	1,958,918	1,124,611	834,308	383,182	451,126	82,727	368,399	32.22%
68 2196 John Wayland Hwy.	Rockingham County	30,697	2,727,241	450,306	2,276,935	1,306,096	970,838	342,802	628,036	96,639	531,397	36.00%
113 2827 Main St.	Bath County	9,456	1,149,729	188,650	961,080	540,577	420,503	280,553	139,950	41,862	98,088	29.94%
122 201 State St.	City of Staunton	37,155	3,422,389	563,954	2,858,435	1,644,300	1,214,134	312,234	901,900	122,247	779,653	39.26%
140 445 E. Nelson St.	City of Lexington	45,834	4,127,230	678,197	3,449,032	1,983,333	1,465,699	389,251	1,076,448	146,994	929,454	38.95%
145 398 North Main St.	City of Harrisonburg	39,730	3,817,957	628,798	3,189,159	1,830,823	1,358,336	326,249	1,032,087	136,372	895,714	39.93%
147 58 Water St.	Highland County	3,323	333,658	54,379	279,279	160,060	119,218	173,091	(53,872)	11,954	(65,826)	-3.43%
173 130 Downey Knolls Dr.	Rockingham County	21,420	1,957,617	323,336	1,634,281	942,322	691,959	321,920	370,039	69,963	300,076	31.85%
184 2035 E. Market St.	City of Harrisonburg	51,693	5,077,786	836,373	4,241,413	2,437,435	1,803,978	574,584	1,229,394	180,565	1,048,829	37.13%
296 32 Windward Dr.	Augusta County	14,680	1,340,255	220,887	1,119,369	642,958	476,410	293,306	183,104	47,449	135,655	26.60%
338 125 Lucy Ln.	City of Waynesboro	32,771	3,003,296	496,035	2,507,261	1,442,642	1,064,619	350,930	713,690	106,771	606,918	36.72%
383 1037 Port Republic Rd.	Augusta County	20,153	1,718,373	283,828	1,434,545	825,101	609,444	291,240	318,205	61,243	256,962	31.47%
386 2576 Stuarts Draft Hwy.	City of Harrisonburg	28,054	2,375,620	392,278	1,983,342	1,137,660	845,683	384,359	461,324	84,696	376,628	32.37%
396 12130 E. Lynchburg Salem	Augusta County	20,006	1,740,417	287,620	1,452,797	834,229	618,568	269,894	348,674	61,969	286,705	33.00%
411 85 Augusta Ave.	Bedford County	16,012	1,527,756	252,514	1,275,242	734,426	540,816	331,386	209,430	54,477	154,953	26.67%
426 162 New Market Rd.	Augusta County	11,306	994,859	164,462	830,397	475,861	354,536	223,852	130,684	35,313	95,371	26.12%
440 219 Arch Ave.	Rockingham County	21,163	1,750,080	290,226	1,459,854	837,520	622,335	323,261	299,074	62,134	236,939	30.12%
522 241 Kerntown Commons Blvd.	City of Waynesboro	27,083	2,445,361	403,733	2,041,628	1,170,968	870,660	392,223	478,438	87,146	391,292	32.51%
Staunton/Waynesboro	City of Winchester	13,704	1,362,417	224,634	1,137,784	655,448	482,336	332,585	149,752	48,337	101,414	23.93%
468,650		43,218,764	7,128,013	36,090,751	20,726,369	15,364,382	6,296,901	9,067,480	1,538,859	7,528,622	33.91%	
47 800 Gateway Dr.	Frederick County	35,230	3,557,418	555,788	2,801,630	1,608,835	1,192,795	441,344	751,452	119,280	632,172	35.38%
52 786 Shopping Ctr. Rd.	Shenandoah County	17,485	1,528,621	252,628	1,275,993	731,534	544,459	363,925	280,533	54,304	226,230	31.33%
56 182 Delco Plz.	Frederick County	23,911	2,298,869	379,424	1,919,445	1,103,654	815,792	326,659	489,132	81,530	407,602	34.24%
75 116 Elizabeth Dr.	Frederick County	28,356	2,709,508	446,637	2,262,871	1,300,304	962,566	352,589	609,978	96,188	513,790	35.45%
139 160 Rivendell Court	Frederick County	37,264	3,342,132	551,587	2,790,545	1,605,148	1,185,397	387,080	798,317	118,588	679,730	36.84%
142 411-F South St.	Warren County	41,225	3,762,960	620,874	3,142,086	1,803,645	1,338,441	395,074	943,367	133,949	809,419	38.01%
167 21 Crow St. Berryville	Clarke County	23,362	2,228,531	367,295	1,861,235	1,070,323	790,912	316,672	474,240	79,258	394,982	34.21%
193 110 General Dr.	Page County	24,719	2,164,901	355,343	1,809,558	1,038,108	771,450	369,443	402,007	77,465	324,542	31.40%
261 3 W. Jubal Early Dr.	City of Winchester	45,789	4,497,803	741,314	3,756,489	2,158,964	1,597,525	407,048	1,190,477	159,184	1,031,293	39.41%
293 5814 Main St.	Shenandoah County	10,992	991,796	163,635	828,161	475,665	352,496	219,612	132,884	35,249	97,635	26.34%
318 526 W. Reservoir Rd.	Shenandoah County	25,854	2,298,964	379,079	1,919,884	1,100,084	819,801	340,681	479,119	81,713	397,407	33.78%
387 135 Crooked Run Plz.	Warren County	30,870	2,910,735	479,450	2,431,286	1,396,746	1,034,539	440,180	594,359	103,282	491,077	33.34%
436 159 Market St.	Frederick County	26,501	2,724,576	448,778	2,275,798	1,309,772	966,026	369,232	596,794	96,372	500,422	34.84%
Winchester/Front Royal		371,558	34,816,815	5,741,834	29,074,981	16,702,784	12,372,198	4,629,539	7,742,659	1,236,360	6,506,299	35.18%
33 12705 Galveston Ct.	Prince William County	26,738	2,993,735	495,695	2,498,040	1,442,074	1,055,966	463,496	592,470	106,640	485,829	32.79%
36 7953 Stonewall Shops Squ.	Prince William County	18,809	2,324,535	384,004	1,940,531	1,120,890	819,641	527,478	292,163	82,653	209,510	25.53%
39 10410 Bristow Ctr. Dr.	Prince William County	41,682	4,599,787	760,047	3,839,740	2,210,763	1,628,977	588,415	1,040,562	163,627	876,935	35.59%
40 2000 Dulles Retail Plz.	Loudoun County	27,777	3,543,381	585,856	2,957,526	1,707,412	1,250,114	522,715	722,399	125,971	596,428	33.37%
41 2435 Centreville Rd.	Fairfax County	28,848	3,598,151	593,247	3,004,904	1,730,899	1,274,005	616,039	657,966	128,357	529,609	31.21%
42 7451 Mt. Vernon Square Cr.	Fairfax County	24,464	2,573,895	425,145	2,148,750	1,233,150	915,600	498,554	417,047	91,611	325,436	29.16%
45 6230 Rolling Rd. #17	Fairfax County	28,101	3,223,889	531,661	2,692,229	1,547,293	1,144,936	633,400	511,536	114,713	396,823	28.80%
49 881 N. Quincy St.	Arlington County	50,000	5,837,706	957,076	4,880,630	2,809,704	2,070,926	768,007	1,302,919	208,554	1,094,365	35.14%
54 42015 Village Ctr. Plz.	Loudoun County	30,495	3,956,729	652,865	3,303,864	1,908,506	1,395,358	559,939	835,419	141,155	694,264	34.05%
55 9890 Libertia Ave.	City of Manassas	55,246	6,000,506	992,359	5,008,147	2,887,845	2,120,302	700,408	1,419,895	213,800	1,206,094	36.64%
61 22360 S. Sterling Blvd.	Loudoun County	28,853	3,394,544	563,265	2,831,279	1,630,794	1,200,485	463,627	736,858	121,423	615,435	34.72%
63 8951 Ox Rd.	Fairfax County	14,930	1,751,339	292,143	1,459,197	857,827	601,370	364,208	237,161	60,984	176,178	26.74%
73 (closed 4/30/2025)	Loudoun County	34,459	4,133,954	681,805	3,452,149	1,988,029	1,464,121	541,920	922,201	147,085	775,116	35.24%
76 7121 Leesburg Pike	City of Falls Church	25,385	3,091,924	507,104	2,584,820	1,487,686	1,097,135	564,333	532,801	109,584	423,217	30.09%
78 5331 Merchants View Squ.	Prince William County	26,088	3,111,754	512,983	2,598,771	1,494,770	1,104,001	505,969	598,031	110,838	487,193	32.14%

(continued)

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

Analysis of Store Performance — Fiscal Year 2025												
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
80	6206 Little River Tpk.	Fairfax County	29,425	3,542,306	585,811	2,956,494	1,702,529	1,253,966	701,625	126,490	575,135	32.77%
81	1301 S. Joyce St.	Arlington County	24,660	3,032,714	497,979	2,534,734	1,461,033	1,073,701	476,281	108,536	367,745	28.55%
82	46930 Cedar Lakes Plz.	Loudoun County	47,513	5,727,183	945,444	4,781,739	2,757,059	2,024,680	1,291,763	204,364	1,087,399	35.49%
83	7263-B Arlington Blvd.	Fairfax County	15,095	1,794,414	296,132	1,498,282	862,945	635,338	218,838	63,384	155,453	25.17%
84	3903 Fair Ridge Dr.	Fairfax County	22,395	2,682,795	443,337	2,239,458	1,293,277	946,180	469,929	95,251	374,678	30.49%
85	2930 Chain Bridge Rd.	Fairfax County	30,127	3,460,706	568,530	2,892,176	1,665,385	1,226,790	632,814	122,476	510,338	31.17%
90	12965 Fair Lakes Shopping Ctr.	Fairfax County	40,660	4,748,489	783,571	3,964,918	2,280,807	1,684,112	1,102,094	168,235	933,859	36.17%
93	6124 Rose Hill Dr.	Fairfax County	22,935	2,481,390	409,141	2,072,249	1,191,091	881,158	467,768	87,880	379,888	31.80%
94	42385 Ryan Rd.	Loudoun County	26,865	3,699,776	610,536	3,089,240	1,775,171	1,314,069	787,465	131,635	655,830	34.23%
99	378 Elden St.	Fairfax County	42,343	4,843,728	799,679	4,044,049	2,330,746	1,713,303	1,070,800	172,851	897,949	35.05%
109	5722 Wilson Blvd.	Arlington County	52,583	6,064,289	997,520	5,066,769	2,920,123	2,146,664	1,411,861	217,447	1,194,414	36.14%
111	1722 Union Mill Rd.	Fairfax County	34,032	3,482,762	575,426	2,907,336	1,667,009	1,240,327	672,428	123,857	548,571	32.27%
119	5011 Montgomery St.	City of Alexandria	77,801	10,079,221	1,662,139	8,417,082	4,842,236	3,574,846	2,865,235	361,310	2,503,925	41.33%
120	5926 Kingstowne Ctr.	Fairfax County	39,444	4,777,387	788,636	3,988,751	2,300,412	1,688,339	1,126,387	169,979	956,408	36.53%
127	13300-C Franklin Farm Rd.	Fairfax County	16,565	2,037,548	336,596	1,700,952	979,049	721,904	402,450	72,386	247,068	28.65%
131	9200-E Bradlick Shopping Ctr.	Fairfax County	23,489	2,633,431	434,581	2,198,849	1,267,069	931,781	505,182	93,360	333,239	29.16%
133	9130 Matthis Ave.	City of Manassas	42,014	4,531,866	749,492	3,782,374	2,180,362	1,602,012	1,052,365	160,819	891,547	36.21%
136	32-F Catoclin Crl. S.E.	Loudoun County	53,009	5,990,951	989,096	5,001,855	2,886,748	2,115,107	1,477,752	213,496	1,264,256	37.61%
166	506A Fort Evans Rd. N.E.	Loudoun County	56,433	6,840,946	1,128,188	5,712,758	3,290,401	2,422,357	1,693,763	241,796	1,451,967	37.72%
168	1001 N. Fillmore St.	Arlington County	19,782	2,457,338	400,308	2,057,029	1,184,891	872,138	442,929	87,069	335,859	29.96%
170	1238 Elden St.	Fairfax County	24,607	2,934,551	485,845	2,448,706	1,413,279	1,035,427	497,334	104,677	433,416	31.33%
181	106 West Washington St.	Loudoun County	11,728	1,678,001	275,476	1,402,525	808,380	594,145	236,697	59,723	297,725	34.16%
203	3678 King St.	City of Alexandria	43,685	5,402,893	890,062	4,512,831	2,605,888	1,906,942	1,293,166	192,571	1,100,594	36.84%
208	44110 Ashburn Village Blvd. (Closed 5/31/2025)	Loudoun County	24,815	2,877,486	475,844	2,401,642	1,384,440	1,077,202	620,651	100,357	520,294	34.62%
210	11160-A South Lakes Dr.	Fairfax County	29,311	3,635,025	598,718	3,036,307	1,746,679	1,289,628	743,044	129,283	613,761	33.36%
212	167 Hillwood Ave.	City of Falls Church	27,449	3,110,673	512,012	2,598,662	1,494,714	1,103,947	618,102	110,814	507,288	32.77%
215	320 23rd St. South	Arlington County	32,083	4,013,046	659,933	3,353,113	1,944,029	1,409,084	887,642	144,252	743,392	34.97%
219	8413 Old Courthouse Rd.	Fairfax County	110,225	14,678,216	2,426,663	12,251,553	7,066,273	5,185,280	4,070,286	524,966	3,545,319	40.69%
224	13944 Route 50	Fairfax County	39,363	4,362,957	721,429	3,641,529	2,096,008	1,545,520	953,455	155,308	798,147	34.83%
228	1524 Belle View Blvd.	Fairfax County	45,606	5,242,565	862,215	4,380,350	2,530,149	1,850,201	583,214	126,987	1,080,543	37.06%
231	419-B Maple Ave. East	Fairfax County	30,109	3,940,799	646,916	3,293,882	1,899,010	1,394,873	576,786	139,215	437,571	27.52%
234	9574-76 Old Keene Mill Rd.	Fairfax County	27,796	3,111,252	514,717	2,596,481	1,504,100	1,092,382	527,283	110,209	454,890	31.17%
235	8628-B Richmond Hwy.	Fairfax County	32,191	3,484,925	573,863	2,911,062	1,676,810	1,234,252	671,335	124,055	547,280	32.17%
236	7200 Little River Tpk.	Fairfax County	56,792	5,448,899	903,232	4,545,667	2,607,605	1,938,063	472,003	195,177	1,270,883	39.90%
241	11725 Lee Hwy.	Fairfax County	30,351	3,629,729	599,306	3,030,423	1,746,421	1,284,002	490,620	129,365	664,017	34.80%
248	4709B Langston Blvd.	Arlington County	33,523	3,898,239	640,384	3,257,855	1,874,140	1,383,715	687,767	138,866	557,081	30.72%
260	16661 River Ridge Blvd.	Fairfax County	23,687	2,717,188	446,191	2,270,997	1,306,896	964,101	469,772	96,329	398,000	31.07%
264	6284 Arlington Blvd.	Prince William County	44,720	5,440,322	899,822	4,540,500	2,616,837	1,923,663	1,248,983	194,674	1,054,309	35.92%
267	1445B Chain Bridge Rd.	Fairfax County	51,382	7,210,470	1,187,911	6,022,559	3,471,257	2,551,303	788,289	255,289	1,507,725	37.39%
268	6400 Springfield Plz.	Fairfax County	60,950	7,303,651	1,207,034	6,096,616	3,519,738	2,576,878	834,047	261,335	1,481,496	36.81%
271	13991 Richmond Hwy.	Prince William County	50,914	6,121,639	1,014,854	5,106,786	2,948,442	2,158,343	589,265	219,284	1,349,794	38.63%
273	9421 Lorton Market St.	Fairfax County	25,707	2,895,968	478,069	2,417,899	1,392,158	1,025,742	478,017	103,709	444,016	31.84%
286	7555 Linton Hall Rd.	Prince William County	57,285	6,700,982	1,106,542	5,594,440	3,223,820	2,370,620	746,972	237,620	1,386,028	37.20%
294	3501B S. Jefferson St.	Fairfax County	57,771	6,928,253	1,143,447	5,784,806	3,352,522	2,432,585	821,417	247,919	1,363,248	36.18%
295	1010 Sudley Manor Dr.	Prince William County	57,680	6,439,731	1,065,223	5,374,508	3,095,056	2,279,452	881,022	228,200	1,170,230	34.71%
301	4292 Merchants Plz.	Prince William County	35,820	4,056,692	670,513	3,386,178	1,938,092	1,428,086	676,315	144,489	807,282	36.43%
316	4108 Fortuna Ctr. Plz.	Prince William County	40,552	4,634,054	765,841	3,868,214	2,316,632	1,636,582	446,393	164,885	825,304	34.34%
317	9600E Main St.	City of Fairfax	25,183	2,873,987	473,643	2,400,344	1,381,010	1,019,334	472,868	101,388	445,078	31.97%
319	2507 N. Harrison St.	Arlington County	24,353	3,085,178	506,312	2,578,867	1,482,149	1,096,718	490,322	606,396	497,034	32.52%
322	14151 St. Germain Dr.	Fairfax County	44,684	4,539,847	752,009	3,787,838	2,174,737	1,613,101	625,902	162,085	825,113	36.29%
323	1020 E. Main St.	Loudoun County	49,838	5,577,694	917,741	4,659,953	2,682,188	1,977,766	673,468	197,790	1,106,508	34.79%
346	805 Lee Hwy.	Fairfax County	45,299	5,176,414	851,486	4,324,928	2,490,384	1,834,544	750,888	184,553	899,103	33.82%

(continued)

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³Store 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 2025												
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
352	2555 John Milton Dr.	Fairfax County	23,391	2,685,185	442,955	2,242,230	1,290,021	952,209	514,770	437,439	95,188	29.24%
353	4255 Cheshire Plz.	Prince William County	50,021	5,519,029	914,599	4,604,430	2,668,776	1,935,654	846,253	1,089,402	195,864	32.76%
357	1454 N. Point Village	Fairfax County	35,172	4,406,942	726,604	3,680,338	2,118,102	1,562,236	633,693	928,542	156,213	34.01%
362	100 Edds Ln.	Loudoun County	37,976	4,149,819	682,922	3,466,897	1,995,857	1,471,040	610,742	860,298	147,114	33.64%
367	20070 Ashbrook Commons	Loudoun County	38,786	4,695,537	777,669	3,917,868	2,256,556	1,661,312	509,468	1,151,845	168,671	37.50%
368	10308 Willard Way	City of Fairfax	17,694	1,848,599	304,483	1,544,116	889,382	654,733	453,807	200,926	65,586	23.79%
369	6343A Columbia Pk.	Fairfax County	21,154	2,384,097	395,399	1,988,706	1,152,231	836,474	427,396	409,078	84,574	30.20%
371	5709 Burke Centre Pkwy.	Fairfax County	25,754	2,993,492	492,577	2,500,915	1,439,215	1,061,700	529,920	531,780	106,365	30.67%
372	3161 Duke St.	City of Alexandria	22,627	2,582,525	425,458	2,157,068	1,246,741	910,327	464,319	446,008	92,210	30.17%
374	2955A South Glebe Rd.	Arlington County	36,673	4,430,134	734,811	3,695,322	2,148,170	1,547,152	558,276	988,876	158,428	35.33%
375	231A Old Bridge Rd.	Prince William County	30,093	3,283,895	542,026	2,741,869	1,577,722	1,164,147	502,448	661,699	117,317	33.08%
378	2940 Columbia Pk.	Arlington County	21,261	2,502,238	411,921	2,090,317	1,205,989	884,329	590,817	293,511	89,280	24.62%
380	3815 Mount Vernon Ave.	City of Alexandria	29,405	3,295,931	541,063	2,754,868	1,588,917	1,165,952	593,430	572,522	117,791	30.21%
384	5109 Westfields Blvd.	Fairfax County	36,639	4,004,056	661,659	3,342,398	1,925,383	1,417,014	586,215	830,800	142,511	33.71%
385	9575 Braddock Rd.	Fairfax County	17,803	1,909,768	314,631	1,595,137	913,220	681,916	428,490	253,426	67,748	26.20%
397	4349 Duke St.	City of Alexandria	21,908	2,596,419	428,319	2,168,100	1,248,134	919,966	495,638	424,328	92,330	29.28%
406	1630 Publix Way Suites	Stafford County	44,288	5,205,465	858,764	4,346,701	2,509,484	1,837,217	894,607	942,610	185,960	31.03%
418	20750 Dulles Landing Dr.	Loudoun County	27,560	3,373,552	555,390	2,818,162	1,622,637	1,195,524	470,010	725,515	119,454	34.43%
419	8470 Rolling Rd.	Fairfax County	43,483	5,462,589	900,230	4,562,359	2,621,544	1,940,816	680,527	1,260,288	193,468	35.80%
421	10140 Fairfax Blvd.	Fairfax County	20,278	2,336,739	385,443	1,951,297	1,128,472	822,825	522,364	300,461	83,018	26.01%
424	44722 Brimfield Dr.	Fairfax County	22,234	2,416,509	399,915	2,016,594	1,160,845	855,749	463,742	392,007	86,271	29.20%
425	5940 Richmond Hwy.	Loudoun County	35,611	3,136,982	517,291	2,619,691	1,507,708	1,111,983	529,116	582,866	111,627	31.51%
438	6404 Kenmore Ave.	City of Alexandria	35,611	3,969,804	652,052	3,317,751	1,912,587	1,405,164	522,717	882,447	142,105	35.07%
439	14220 Smoketown Rd.	Prince William County	21,814	2,362,704	388,834	1,973,869	1,138,386	835,483	513,630	321,853	84,727	26.49%
443	6464 Trading Squ.	Prince William County	32,100	3,810,184	630,506	3,179,678	1,838,371	1,341,307	458,878	882,430	135,991	36.14%
523	9843 Georgetown Pk.	Prince William County	25,747	2,881,100	474,468	2,406,632	1,383,844	1,022,788	550,630	472,159	101,880	29.32%
529	825 S. Washington St.	Fairfax County	13,766	1,883,620	310,453	1,573,167	906,454	666,713	391,028	275,685	66,851	27.57%
530	555 Compass Point Plz. S.E.	City of Alexandria	13,715	1,674,248	273,474	1,400,773	807,919	592,855	533,117	59,737	59,359	16.36%
531	2 Hammond Dr.	Loudoun County	12,855	1,520,804	251,446	1,269,358	731,577	537,781	421,406	116,375	53,792	20.65%
	Northern Virginia		8,518	1,013,349	166,690	846,659	487,602	359,057	349,317	9,740	35,494	13.91%
			3,286,643	386,532,010	63,772,729	322,759,282	186,042,675	136,716,607	55,317,719	81,398,888	13,760,996	34.00%
37	15141 Montanus Dr.	Culpeper County	38,380	3,697,493	608,772	3,088,721	1,778,125	1,310,596	505,530	805,066	130,662	34.70%
51	265 Turkey Sag Trl.	Fluvanna County	22,282	2,070,557	340,227	1,730,331	995,929	734,402	346,785	387,616	73,609	31.60%
66	11083-E Marsh Rd.	Fauquier County	22,960	2,233,575	368,850	1,864,725	1,071,866	793,539	354,772	438,766	79,603	32.59%
72	5390-A Lyndon Dr.	Orange County	38,833	3,707,201	609,904	3,097,297	1,782,646	1,314,652	428,110	886,542	131,949	36.81%
88	4199-B Winchester Rd.	Fauquier County	21,093	2,297,571	377,537	1,920,034	1,106,776	813,258	318,340	494,918	81,618	34.42%
163	583 N. Madison Rd.	Orange County	19,476	1,794,671	295,840	1,498,831	860,914	637,917	291,741	346,176	63,904	32.21%
227	201 S. Main St.	Orange County	9,626	912,435	149,425	763,010	438,626	324,384	206,999	117,385	32,424	25.69%
274	28 Madison Plz. Dr.	Madison County	13,042	1,222,454	201,502	1,020,952	585,976	434,976	276,348	158,628	43,484	25.90%
297	45 Main St.	Fauquier County	8,073	949,723	155,501	794,222	457,901	336,320	283,931	52,389	33,511	18.36%
303	175 W. Lee Hwy.	Fauquier County	59,999	6,216,663	1,024,400	5,192,263	2,991,624	2,200,639	599,280	1,601,359	220,602	38.69%
329	185 Southgate Shopping Ctr.	Culpeper County	29,730	2,768,226	456,565	2,311,660	1,330,947	980,713	331,551	649,162	98,350	36.39%
	Warrenton/Culpeper		283,495	27,870,570	4,588,524	23,282,046	13,400,651	9,881,395	3,943,387	5,938,008	989,717	34.22%

(continued)

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Analysis of Store Performance — Fiscal Year 2025												
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
46	183 Connor Dr. Space 7	24,645	2,695,367	442,488	2,252,879	1,300,270	952,609	417,413	535,196	95,248	439,948	32.74%
50	325 Four Leaf Ln.	24,725	2,714,794	446,033	2,268,761	1,307,662	961,099	375,819	585,280	96,439	488,840	34.44%
70	128 Cedar Grove Rd.	32,701	3,022,739	495,457	2,527,282	1,454,437	1,072,845	459,501	613,344	107,569	505,774	33.12%
126	304 Pantops Ctr.	34,258	3,509,942	578,097	2,931,845	1,689,456	1,242,389	369,259	878,129	125,100	748,029	37.78%
125	2819 Rockfish Valley Hwy.	12,083	1,333,424	216,659	1,116,765	644,482	472,283	243,007	879,276	47,271	182,005	29.90%
138	501 E. Main St.	23,167	1,972,141	325,170	1,646,971	947,006	699,965	313,934	386,031	70,249	315,781	32.50%
185	502 W. Main St.	37,167	4,089,707	676,039	3,413,667	1,990,993	1,422,674	388,696	1,033,978	147,169	886,809	38.21%
189	138 Scottsville Village Squ.	13,012	1,152,266	190,786	961,480	555,135	406,345	237,926	723,554	40,959	127,460	27.62%
202	1902 Emmet St.	6,728	7,309,188	1,210,397	6,098,791	3,519,532	2,579,260	653,421	1,925,839	261,624	1,664,214	39.33%
253	1200 Emmet St.	33,669	3,534,409	579,604	2,954,805	1,704,364	1,250,441	710,370	540,071	125,616	414,455	28.13%
321	77 Callohill Dr.	11,720	1,063,832	173,171	890,661	502,851	387,809	257,132	130,677	37,929	92,748	25.00%
359	1872 Rio Hill Ctr.	29,773	3,102,904	511,734	2,591,170	1,487,972	1,103,198	394,874	708,324	110,022	598,302	35.77%
376	11012 Kentucky Springs Rd.	32,684	3,069,873	504,620	2,565,253	1,474,168	1,091,085	429,402	661,683	110,652	551,031	34.39%
392	415 Merchant Walk Squ.	39,899	4,410,936	726,833	3,684,104	2,116,658	1,567,446	474,542	1,092,904	156,571	936,333	37.71%
408	45 Market St.	32,320	3,203,108	525,861	2,677,246	1,540,475	1,136,771	388,931	747,840	113,983	633,857	36.21%
	Charlottesville	448,950	46,184,630	7,602,950	38,581,680	22,235,462	16,346,218	6,114,227	10,231,991	1,646,401	8,585,590	35.05%
117	309 Twelfth St.	51,263	5,010,267	831,128	4,179,139	2,408,266	1,770,873	429,208	1,341,665	179,652	1,162,013	39.78%
160	1128 E. Lynchburg Salem Tpk.	25,437	2,158,956	356,920	1,802,036	1,038,094	763,943	293,926	470,017	76,681	393,336	34.75%
176	416 Lusardi Dr.	9,959	861,852	143,025	718,826	413,658	305,169	251,017	54,152	30,630	23,522	19.32%
262	103 W. Edge Way	37,375	3,321,357	582,531	2,738,825	1,689,595	1,249,231	482,537	766,694	125,365	641,329	34.76%
266	3001 Wards Rd.	39,578	3,824,837	633,159	3,191,678	1,842,161	1,349,517	508,681	840,836	136,295	704,541	34.97%
279	18013 Forest Rd.	29,821	2,785,227	460,915	2,324,312	1,334,524	989,788	355,874	633,914	98,845	535,069	35.76%
281	179 Madison Heights Squ.	28,581	2,546,295	421,264	2,125,031	1,219,761	905,270	347,123	558,147	90,214	467,932	34.92%
285	199 Ambiar Shopping Ctr.	15,566	1,365,943	225,104	1,140,839	656,745	484,095	271,217	212,877	48,441	164,436	28.52%
287	4925 Boonsboro Rd.	32,249	3,213,998	529,484	2,684,513	1,547,749	1,136,764	379,841	756,923	113,695	643,228	36.49%
347	105 Clarion Rd.	25,930	2,266,691	375,793	1,890,898	1,086,032	804,866	300,830	504,036	80,599	423,437	35.26%
354	7795 Richmond Hwy.	22,669	1,891,646	313,615	1,578,031	903,945	674,086	255,365	418,721	67,375	351,346	35.15%
399	1051 Village Hwy.	16,983	1,450,063	240,181	1,209,883	694,301	515,582	289,883	225,699	51,586	174,113	28.57%
400	14521 Forest Rd.	19,347	1,847,051	304,868	1,542,184	886,858	655,325	304,354	350,971	65,520	285,451	31.96%
410	14807 Moneta Rd.	21,776	1,988,879	327,719	1,661,160	957,988	703,172	287,921	415,251	71,930	343,321	33.74%
	Lynchburg	376,533	34,733,061	5,745,706	28,987,355	16,679,676	12,307,679	4,757,777	7,549,902	1,236,827	6,313,074	34.72%
132	2777 Greensboro Rd.	33,601	3,209,075	532,584	2,676,491	1,533,667	1,142,824	354,172	788,652	114,833	673,819	37.59%
146	645 W. Main St.	34,580	3,782,637	628,631	3,154,006	1,809,936	1,344,070	491,758	852,311	129,697	722,615	35.72%
191	400 Old Franklin Tpk.	44,993	3,900,698	646,075	3,254,623	1,866,947	1,387,676	424,995	962,680	139,539	823,142	37.67%
213	84 Westlake Rd.	33,412	3,228,478	531,996	2,696,483	1,553,084	1,143,399	417,758	725,641	116,871	608,769	35.33%
276	221 Nor-Dan Dr.	43,236	4,677,063	777,260	3,899,803	2,236,950	1,662,852	443,516	1,219,336	167,668	1,051,668	39.10%
277	985 Fairystone Park Hwy.	24,146	1,980,810	328,426	1,652,383	947,316	705,067	285,839	419,228	70,553	348,675	34.18%
283	13701 US Hwy. 29	17,949	1,601,479	265,638	1,335,841	764,766	571,074	252,154	318,921	57,142	261,779	32.93%
291	786 Commonwealth Blvd.	38,241	3,707,107	615,046	3,092,061	1,776,120	1,315,940	368,215	947,725	132,225	815,500	38.59%
324	301 S. Main St.	14,081	1,265,836	210,005	1,055,831	604,709	451,122	215,679	235,443	45,194	190,249	31.62%
373	3282 Riverside Dr.	55,351	5,729,904	949,406	4,780,497	2,748,579	2,031,918	729,054	1,302,864	204,210	1,098,654	35.74%
	Danville/Martinsville	339,590	33,083,086	5,485,068	27,598,018	15,842,075	11,755,943	3,983,142	7,772,801	1,177,930	6,594,871	36.51%
59	3136 Halifax Rd.	47,893	4,515,483	749,096	3,766,387	2,164,531	1,601,856	433,502	1,168,354	160,984	1,007,370	38.90%
143	812 E. Atlantic St.	46,470	4,410,205	731,073	3,679,131	2,119,122	1,566,009	396,501	1,169,508	157,696	1,011,813	39.52%
157	93 Brunswick Square Ctr.	15,998	1,536,353	254,954	1,281,399	735,339	546,060	288,989	257,071	54,806	202,265	29.76%
172	112 N. Main St.	13,558	1,222,241	203,221	1,019,019	584,720	434,299	255,663	178,636	43,617	135,019	27.67%
214	608 Virginia Ave.	21,674	1,934,246	320,400	1,613,846	927,618	686,228	272,865	413,363	69,412	343,951	34.35%
	South Boston	145,592	13,618,527	2,258,744	11,359,783	6,525,330	4,834,453	1,647,520	3,186,932	486,515	2,700,418	36.41%

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³Store expenses include miscellaneous revenue and net cash overages.

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(continued)

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152	1544 S. Main St.	43,520	3,887,821	641,530	3,246,291	1,861,064	1,385,227	408,464	976,763	138,455	838,308	38.06%
161	501F Main St.	8,366	725,849	120,654	605,195	349,475	255,720	209,829	45,891	25,785	20,105	19.39%
164	1618 W. Virginia Ave.	14,012	1,282,777	212,533	1,070,245	613,112	457,132	309,157	147,975	45,841	102,134	24.53%
178	974 Main St.	11,715	1,085,668	179,858	905,810	520,472	385,338	274,608	110,730	38,573	72,157	23.21%
196	110 King St.	9,593	817,311	135,540	681,771	392,921	288,849	242,483	46,366	28,811	17,555	18.73%
204	1592 Anderson Hwy.	9,256	826,208	136,456	689,752	396,087	293,665	240,834	52,831	29,265	23,565	19.37%
275	1423 S. Main St.	19,604	1,825,178	302,945	1,522,233	875,885	646,348	267,115	379,233	65,202	314,031	33.80%
351	15127 Patrick Henry Hwy.	16,467	1,470,673	243,479	1,227,194	703,922	523,272	262,810	260,462	52,266	208,196	30.71%
	Farmville	132,534	11,921,485	1,972,995	9,948,490	5,712,939	4,235,551	2,215,301	2,020,250	424,199	1,596,051	29.94%
38	2501 New Kent Hwy.	41,512	3,845,805	635,739	3,210,067	1,846,079	1,363,988	406,677	957,311	136,817	820,493	37.87%
77	1800 S. Creek One	25,514	2,291,534	378,878	1,912,656	1,100,743	811,913	296,625	515,289	81,121	434,168	35.48%
86	3044 Stony Point Rd.	31,743	3,442,985	564,878	2,878,107	1,659,282	1,218,825	444,552	774,273	121,388	652,886	35.37%
89	34-A Broad St. Rd.	27,552	2,825,315	467,716	2,357,598	1,358,415	999,183	374,239	624,944	100,443	524,501	35.12%
97	6504 Hull St.	34,950	4,006,261	664,378	3,341,883	1,965,521	1,376,362	417,329	959,033	142,781	816,251	36.96%
101	3100-A W. Broad St.	46,730	4,982,200	822,499	4,159,701	2,418,456	1,741,245	596,165	1,145,080	177,927	967,153	35.92%
102	1901 W. Main St.	39,789	4,123,858	681,833	3,442,025	1,989,657	1,452,368	371,381	1,080,987	148,296	932,691	39.15%
104	7028 Woodlake Commons Loop	62,526	6,311,047	1,038,385	5,272,661	3,037,944	2,234,718	563,623	1,671,095	224,322	1,446,773	39.38%
108	10242 Staples Mill Rd.	27,707	2,679,293	441,353	2,237,940	1,287,167	950,773	368,695	582,078	94,855	487,223	34.66%
116	12635 Route 1	65,016	7,103,816	1,174,644	5,929,172	3,425,401	2,503,772	552,083	1,951,689	252,823	1,698,866	40.45%
150	6030 Brook Rd.	30,051	3,183,040	527,012	2,656,028	1,538,842	1,117,186	401,491	715,695	113,918	601,778	35.46%
159	201 Stonebridge Plz. Ave.	46,678	5,001,175	828,717	4,172,459	2,412,210	1,760,249	619,862	1,140,387	178,436	961,951	35.80%
169	20 S. Nansemond St.	69,187	7,564,757	1,248,920	6,315,836	3,667,630	2,648,206	863,949	1,784,257	268,904	1,515,353	36.54%
171	8000 W. Broad St.	37,740	4,127,187	683,226	3,443,960	1,985,922	1,458,039	439,188	1,018,851	166,992	871,859	37.68%
180	2525 E. Main St.	46,931	5,492,871	907,568	4,585,303	2,665,554	1,919,749	572,169	1,347,580	197,546	1,150,035	37.46%
182	1217-19 W. Broad St.	25,109	2,483,530	411,189	2,072,341	1,194,452	877,889	404,018	473,871	89,316	384,555	32.04%
187	2421 Venable St.	17,880	1,970,313	327,273	1,643,040	940,104	702,936	237,343	465,593	70,997	394,596	36.64%
190	13113 Rittenhouse Dr.	66,886	6,833,630	1,127,068	5,706,562	3,287,553	2,419,009	603,583	1,815,426	242,269	1,573,157	39.51%
205	2288 John Rolfe Pkwy.	20,495	2,031,624	335,715	1,695,909	976,984	718,926	347,669	371,256	71,668	299,588	31.27%
207	10106 Brook Rd.	40,797	4,325,566	719,950	3,605,616	2,099,762	1,505,854	448,836	1,057,018	153,101	903,917	37.54%
242	1601 Willow Lawn Dr.	46,701	5,079,913	836,501	4,243,413	2,459,097	1,784,316	517,582	1,266,734	179,942	1,086,792	37.86%
243	245 B N. Washington Hwy.	42,940	4,112,471	677,976	3,434,495	1,975,176	1,459,319	437,990	1,021,329	146,516	874,813	37.76%
247	9685 W. Broad St.	36,055	3,615,156	598,760	3,016,396	1,734,506	1,281,890	408,847	873,043	129,197	743,846	37.14%
251	2924 N. Ave.	16,372	1,561,055	259,579	1,301,475	747,065	554,411	258,731	295,679	56,021	239,658	31.98%
252	618 West Southside Plz.	34,275	3,585,458	596,096	2,989,362	1,805,945	1,183,416	428,118	755,298	128,422	626,877	34.11%
254	7015 Three Chopt Rd.	28,844	3,122,292	512,196	2,610,096	1,506,032	1,104,064	514,218	589,845	110,210	479,636	31.77%
270	809-823 East Parham Rd.	41,758	4,314,256	714,258	3,599,997	2,076,930	1,523,068	544,906	978,162	154,127	824,035	35.66%
284	148 Charter Colony Pkwy.	67,879	6,989,019	1,154,710	5,834,309	3,359,508	2,474,801	623,087	1,851,714	247,935	1,603,779	39.47%
292	1521 Parham Rd.	34,071	3,521,672	580,868	2,940,804	1,691,567	1,249,237	425,886	823,351	124,457	698,894	36.34%
300	9502 Chamberlayne Rd.	38,734	3,836,921	633,650	3,203,271	1,841,227	1,362,045	379,581	982,464	136,303	846,161	38.57%
304	2734 Fairground Rd.	21,974	2,188,875	365,779	1,823,095	1,063,106	759,989	299,276	460,713	77,970	382,743	34.20%
305	3063 Mechanicsville Tpk.	45,538	5,410,992	898,066	4,512,927	2,606,322	1,906,605	535,780	1,370,824	194,420	1,176,404	38.34%
308	11252 Patterson Ave.	18,165	1,790,727	295,160	1,495,567	860,440	635,127	337,750	297,377	63,608	233,769	29.54%
314	4501 South Laburnum Ave.	84,004	9,212,323	1,525,369	7,686,954	4,427,369	3,259,585	766,787	2,492,799	329,651	2,163,147	40.04%
315	9953 Ironbridge Rd.	61,993	6,499,356	1,073,812	5,425,543	3,121,621	2,303,923	709,209	1,594,714	231,225	1,363,488	37.50%
326	2105 Academy Rd.	24,324	2,285,021	377,449	1,907,571	1,096,583	810,988	338,715	472,273	81,200	391,072	33.63%
330	5722 Hopkins Rd.	46,847	5,372,068	890,967	4,481,101	2,594,331	1,886,770	478,362	1,408,409	191,793	1,216,616	39.23%
331	3450-3452 Pump Rd.	87,056	10,568,970	1,746,095	8,822,875	5,087,619	3,735,256	791,828	2,943,428	374,478	2,568,950	40.83%
332	4018 Glenside Dr.	34,024	3,271,782	541,226	2,730,556	1,573,371	1,157,184	404,535	752,649	116,609	636,040	35.98%
334	6589 Mechanicsville Tpk.	56,548	5,306,945	876,227	4,430,718	2,546,824	1,883,895	632,309	1,251,586	188,249	1,063,337	36.55%
348	7036 Forest Hill Ave.	33,466	3,392,878	559,324	2,833,555	1,636,706	1,196,849	436,297	760,552	120,267	640,286	35.36%
350	11108 Midlothian Tpk.	67,605	6,808,109	1,126,000	5,682,110	3,289,896	2,392,213	537,602	1,854,611	241,785	1,612,826	40.23%

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

³Store expenses include miscellaneous revenue and net cash overages.

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

(continued)

Analysis of Store Performance — Fiscal Year 2025												
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
360	4118 West Broad. St.	72,652	7,884,231	1,306,258	6,577,973	3,795,291	2,782,682	708,206	2,074,476	283,718	1,790,757	39.28%
363	9953 Hull St.	47,450	4,328,299	716,348	3,611,951	2,086,265	1,525,686	465,964	1,059,723	154,121	905,601	37.47%
366	1370 Gaskins Rd.	27,240	2,941,592	484,270	2,457,322	1,414,330	1,042,992	460,349	582,644	104,034	478,610	32.73%
389	5352 Wyndham Forest Dr.	27,222	3,138,278	517,747	2,620,531	1,509,112	1,111,419	463,648	647,771	111,323	536,448	33.59%
390	16605 Mountain Rd.	18,412	1,680,636	276,717	1,403,919	806,052	597,867	323,161	274,706	59,747	214,959	29.26%
402	11400 W. Huguenot Rd.	31,022	3,329,160	549,750	2,779,410	1,602,002	1,177,408	462,100	715,309	117,813	597,496	34.46%
404	521 Hill St.	30,982	3,791,177	626,714	3,164,462	1,876,351	1,288,111	447,797	840,315	136,244	704,070	35.10%
407	13113 River's Bend Blvd.	33,710	3,450,115	570,579	2,879,537	1,657,660	1,221,877	387,690	834,187	123,246	710,941	37.14%
441	4991 Nine Mile Rd.	38,257	4,186,130	694,275	3,491,855	2,016,522	1,475,334	513,283	962,050	149,814	812,237	35.99%
442	7407 Pole Green Rd.	21,693	2,129,132	350,730	1,778,403	1,021,412	756,990	389,341	367,649	75,269	292,380	30.21%
	Richmond	2,122,507	223,330,817	36,920,397	186,410,420	107,743,912	78,666,508	24,758,412	53,908,095	7,953,636	45,954,460	37.11%
35	2757 Richmond Hwy.	34,357	3,787,911	624,056	3,163,854	1,822,685	1,341,169	436,840	904,329	135,234	769,095	36.78%
44	17495 Jefferson Davis Hwy.	24,765	2,299,263	379,971	1,919,292	1,100,907	818,385	372,067	446,318	81,890	364,428	32.38%
62	1416 Carl D. Silver Pkwy.	48,950	5,672,025	937,700	4,734,325	2,723,079	2,011,246	589,640	1,421,606	201,169	1,220,437	38.05%
64	43 Town and Country Dr.	35,320	3,507,202	579,286	2,927,916	1,678,503	1,249,412	400,054	849,359	124,509	724,850	37.18%
74	10857 Tidewater Trl.	19,854	2,055,605	340,126	1,715,480	986,155	729,324	331,803	397,521	73,418	324,103	32.31%
95	10007 Patriot Hwy.	50,619	5,445,981	898,789	4,547,192	2,617,527	1,929,665	606,521	1,323,144	193,617	1,129,527	37.24%
103	6348 Patriot Hwy.	19,968	1,834,562	303,338	1,531,224	879,089	652,134	310,266	341,868	65,568	276,300	31.60%
121	507 William St.	33,461	3,742,011	618,573	3,123,438	1,807,853	1,315,584	338,545	977,040	134,247	842,793	39.05%
183	9 Village Ctr. Dr.	37,356	3,844,500	635,094	3,209,406	1,847,286	1,362,120	501,845	860,275	136,525	723,749	35.35%
200	356 Garrisonville Rd.	37,736	4,320,957	712,715	3,608,241	2,076,402	1,531,839	533,007	998,833	153,653	845,179	36.05%
209	10724 Patriot Hwy.	43,227	4,148,482	685,276	3,463,206	1,992,601	1,470,604	452,368	1,018,236	147,486	870,750	37.51%
221	16424 Consumer Row	24,520	2,439,456	402,831	2,036,626	1,169,310	867,315	338,428	528,887	86,775	442,113	34.64%
239	320 W. Broadliss Ave.	12,667	1,127,973	186,763	941,212	541,077	400,133	260,404	139,730	40,279	99,450	25.37%
245	1249 Emancipation Hwy.	26,399	2,540,056	420,117	2,119,939	1,219,886	900,053	406,331	493,722	90,531	403,191	32.41%
313	4185 Plank Rd.	60,410	6,038,830	998,060	5,040,771	2,902,441	2,138,330	559,535	1,578,794	215,013	1,363,782	39.11%
412	50 N. Stafford Complex Ctr.	24,935	2,634,792	434,222	2,200,570	1,266,741	933,829	436,481	497,348	93,366	403,982	31.81%
	Fredericksburg	534,544	55,439,607	9,156,919	46,282,688	26,631,545	19,651,143	6,874,135	12,777,009	1,973,280	10,803,728	36.00%
130	700 McKinney Blvd.	24,193	2,020,956	334,170	1,686,786	967,178	719,608	285,891	433,717	72,960	360,757	34.39%
149	4699 Richmond Rd.	17,298	1,566,271	257,971	1,308,300	752,834	555,466	286,164	269,302	55,718	213,583	30.11%
192	101 S. Main St.	48,183	4,375,722	721,064	3,654,657	2,100,820	1,553,837	378,783	1,175,054	156,981	1,018,073	39.75%
220	15765 Kings Hwy.	9,325	880,662	145,277	735,385	424,062	311,323	260,734	50,589	31,465	19,124	18.67%
238	142 Northumberland Hwy.	17,962	1,441,353	238,544	1,202,808	694,470	508,338	268,186	240,152	51,557	188,595	29.63%
	Northern Neck	116,961	10,284,963	1,697,027	8,587,937	4,939,365	3,648,572	1,479,759	2,168,813	368,681	1,800,132	34.00%
32	16314 General Puller Hwy.	16,469	1,386,114	226,826	1,159,288	666,678	492,610	224,563	268,047	49,743	218,304	32.11%
155	2334 York Crossing Dr.	29,857	2,615,916	431,627	2,184,289	1,255,163	929,126	326,061	603,065	92,893	510,172	36.00%
175	416 14th St.	23,456	2,091,899	344,532	1,747,367	1,004,073	743,295	329,964	413,331	74,580	338,750	32.66%
179	231 Virginia St.	14,417	1,247,352	205,025	1,042,326	600,270	442,057	223,064	218,992	44,844	174,148	30.40%
198	1628 Tappahannock Blvd.	24,013	2,204,107	363,842	1,840,266	1,059,996	780,269	309,098	471,171	78,810	392,361	34.31%
233	6744 Fox Centre Pkwy.	39,008	3,458,405	570,916	2,887,489	1,658,224	1,229,265	445,613	783,652	123,019	660,633	35.61%
257	4917 Richmond Tappahannock Hwy.	23,720	2,039,055	336,904	1,702,151	977,132	725,019	325,150	399,869	72,594	327,275	32.57%
333	10972 Buckley Hall	17,309	1,482,260	244,460	1,237,799	712,106	525,693	272,478	253,216	52,904	200,312	30.01%
	West Point/Mathews	188,249	16,525,109	2,724,133	13,800,976	7,933,642	5,867,334	2,455,991	3,411,343	589,388	2,821,955	33.56%

(continued)

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Analysis of Store Performance — Fiscal Year 2025												
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
60	Unit 4330 Westgate Dr.	51,708	5,200,793	864,093	4,336,700	2,500,848	1,835,853	400,039	1,435,814	186,472	1,249,342	40.64%
114	4575 Whitehill Blvd.	42,330	4,418,886	731,560	3,687,326	2,121,862	1,565,464	431,198	1,134,266	157,703	976,563	38.66%
118	218 Washington St.	23,625	2,546,115	423,565	2,122,550	1,216,275	906,275	378,479	527,797	91,790	436,007	33.76%
144	222 E. Cloverleaf Dr.	35,884	3,647,960	606,105	3,041,855	1,759,717	1,282,138	383,340	898,798	130,646	768,152	37.67%
151	210 N. Main St.	26,566	2,553,779	423,878	2,129,901	1,223,060	906,841	288,493	618,348	91,492	526,855	37.23%
232	3071 Blvd.	44,402	4,375,697	726,450	3,649,246	2,107,558	1,541,688	473,443	1,068,246	155,813	912,432	37.45%
240	201 S County Dr.	15,091	1,481,068	245,203	1,235,865	711,524	524,340	240,355	283,986	52,826	231,160	32.16%
255	3330 S. Crater Rd.	49,226	5,110,455	847,990	4,262,465	2,461,256	1,801,204	479,130	1,322,074	182,748	1,139,326	38.89%
310	5232 Oaklawn Blvd.	38,240	4,038,636	669,838	3,368,798	1,933,546	1,435,251	406,541	1,028,710	144,530	884,180	38.48%
	Petersburg/Hopewell	327,071	33,373,389	5,538,687	27,834,702	16,035,647	11,799,055	3,481,018	8,318,037	1,194,019	7,124,018	37.94%
43	236 Carmichael Way	39,969	3,930,136	647,752	3,282,385	1,889,711	1,392,673	409,922	982,752	139,633	843,119	37.93%
53	11409 Windsor Blvd.	18,025	1,614,402	267,295	1,347,107	774,847	572,260	271,200	301,060	57,461	243,598	31.65%
69	648 Grassfield Pkwy.	38,083	3,862,614	637,599	3,225,015	1,863,917	1,361,098	424,814	936,284	137,335	798,949	37.19%
71	143 B Granby St.	10,575	1,178,327	193,000	985,327	567,701	417,626	257,663	159,963	42,338	117,625	26.36%
79	1434 Sam's Dr.	58,483	6,112,550	1,013,757	5,098,793	2,955,110	2,143,683	577,365	1,566,319	218,699	1,347,622	38.63%
98	3312 Princess Anne Rd.	40,040	4,006,092	663,860	3,342,232	1,930,606	1,411,626	421,653	989,972	142,322	847,651	37.73%
105	869 Lynnhaven Pkwy.	42,937	4,301,116	711,745	3,589,371	2,078,507	1,510,864	495,122	1,015,742	153,894	861,848	36.59%
106	2973 Shore Dr.	43,916	4,115,036	677,989	3,437,047	1,987,821	1,449,226	403,199	1,046,027	148,224	897,803	38.29%
107	141 W. Virginia Beach Blvd.	68,976	7,654,456	1,271,750	6,382,706	3,701,272	2,681,435	763,339	1,918,095	275,068	1,643,027	38.08%
110	1137 London Blvd.	34,212	3,761,761	624,976	3,136,785	1,807,871	1,328,914	490,095	838,819	135,753	703,066	35.30%
128	159 W. Ocean View Ave.	44,187	3,963,709	655,797	3,307,911	1,897,598	1,410,314	441,527	968,787	142,758	826,028	37.38%
129	1615 General Booth Blvd	44,053	4,048,811	668,289	3,380,522	1,944,008	1,436,514	455,920	980,594	145,535	835,041	37.13%
134	2301 M Colley Ave.	63,093	6,280,951	1,041,008	5,239,943	3,023,627	2,216,315	574,014	1,642,301	225,835	1,416,466	39.13%
165	550 Liberty St.	40,350	4,406,911	732,472	3,674,439	2,135,981	1,538,458	392,167	1,146,291	158,750	987,541	39.03%
188	4334 Holland Rd.	56,055	5,346,613	885,140	4,461,473	2,574,893	1,886,581	571,509	1,315,071	191,300	1,123,771	37.57%
211	5911 Harbour View Blvd.	40,314	4,559,578	752,932	3,806,645	2,193,701	1,612,944	478,422	1,134,523	162,314	972,209	37.84%
225	408 Laskin Rd.	86,311	8,662,824	1,430,927	7,231,897	4,156,390	3,075,507	859,698	2,215,810	316,927	1,898,883	38.44%
226	7862 Tidewater Dr.	60,470	6,065,879	1,005,668	5,060,210	2,924,759	2,135,451	643,526	1,491,925	217,607	1,274,319	37.59%
237	2021 A Victory Blvd.	56,759	6,916,398	1,147,118	5,769,280	3,340,138	2,429,142	520,050	1,909,092	249,443	1,659,649	40.58%
246	5020 Ferrell Pkwy.	32,247	3,218,079	533,311	2,684,768	1,548,727	1,136,041	429,687	706,354	115,395	590,959	34.94%
249	2350 E. Little Creek Rd.	44,558	4,056,106	671,345	3,384,761	1,961,271	1,423,490	455,632	967,858	145,367	822,491	36.83%
256	1612 Laskin Rd.	104,691	11,403,038	1,889,022	9,514,016	5,496,709	4,017,307	919,310	3,097,998	411,328	2,686,670	40.13%
263	5900 E. Virginia Beach Blvd.	75,170	8,210,252	1,361,258	6,848,995	3,938,782	2,858,250	836,323	2,014,258	294,347	1,719,911	37.53%
278	3333 Virginia Beach Blvd.	83,563	8,144,065	1,347,034	6,797,032	3,938,782	2,858,250	653,860	2,204,390	290,627	1,913,763	40.04%
280	1103 South Military Hwy.	88,755	8,719,881	1,445,684	7,274,197	4,196,147	3,078,050	558,259	2,519,791	312,954	2,206,838	41.89%
288	5909 High St. West	49,984	5,048,133	836,506	4,211,627	2,433,503	1,778,124	458,847	1,319,277	180,609	1,138,668	39.13%
298	821 W. Constance Rd.	35,454	3,766,768	559,184	3,207,584	1,614,634	1,592,950	385,988	806,962	120,673	686,289	36.99%
299	1917-19 S. Church St.	40,051	3,776,908	625,114	3,151,794	1,813,612	1,338,182	370,863	967,319	134,637	832,682	38.60%
306	2085 Lynnhaven Pkwy.	54,586	5,403,890	894,279	4,509,611	2,599,980	1,909,631	617,706	1,291,924	193,277	1,098,648	36.88%
307	957 Providence Square Ctr.	50,941	4,695,391	776,350	3,919,041	2,253,473	1,665,568	497,236	1,168,332	167,826	1,000,506	37.84%
311	4020 Victory Blvd.	66,932	6,952,616	1,154,172	5,798,444	3,397,268	2,401,176	642,282	1,758,894	249,762	1,509,132	38.31%
312	2815-G Godwin Blvd.	34,526	3,495,704	578,391	2,917,313	1,677,937	1,239,376	397,013	842,363	124,356	718,007	37.09%
325	22718 Main St.	11,599	1,022,775	169,351	853,424	490,885	362,539	274,160	88,379	36,363	52,017	21.64%
328	809 Eden Way North	35,479	3,943,552	653,434	3,290,118	1,902,044	1,388,074	592,978	795,096	140,365	654,731	33.17%
336	1067 Independence Blvd.	58,652	5,710,211	944,721	4,765,490	2,745,486	2,020,004	622,778	1,397,226	204,113	1,193,113	37.44%
349	237 S. Battleground Blvd.	51,633	4,867,148	804,402	4,062,739	2,338,754	1,723,985	504,961	1,219,024	173,206	1,045,819	38.01%
355	4107 Portsmouth Blvd.	52,261	5,253,959	870,160	4,383,799	2,526,756	1,857,043	583,726	1,273,317	187,254	1,086,063	37.23%
361	3014 Tkp. Rd.	24,598	2,604,961	433,764	2,171,197	1,250,605	920,592	447,649	472,943	93,645	379,298	31.21%
370	2181 Upton Dr.	72,309	6,943,084	1,142,405	5,800,679	3,333,090	2,467,589	633,759	1,833,830	249,927	1,583,902	39.27%
377	3575 Bridge Rd.	36,781	3,854,884	637,516	3,217,368	1,855,092	1,362,276	399,833	962,443	137,355	825,088	37.94%

(continued)

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

Analysis of Store Performance — Fiscal Year 2025													
ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales ¹	Spirits & Wine Taxes ²	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses ³	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia ⁴	
379	5832 Northampton Blvd.	City of Virginia Beach	45,674	4,989,924	826,512	4,163,412	2,403,551	1,759,862	1,249,177	179,449	1,069,728	38.00%	
391	13478 Carrollton Blvd.	Isle of Wight County	25,373	2,520,442	416,776	2,103,666	1,212,263	891,403	341,548	89,941	459,914	34.78%	
394	535A N. Birdneck Rd.	City of Virginia Beach	24,579	2,334,179	385,010	1,949,169	1,127,252	821,917	435,378	83,876	351,502	31.55%	
405	1225 W. 25th St.	City of Norfolk	20,101	1,999,979	329,435	1,670,544	976,105	694,440	457,991	70,878	165,570	24.75%	
409	7550 Granby St.	City of Norfolk	38,700	4,038,356	669,112	3,369,244	1,973,305	1,395,939	407,851	144,750	843,338	37.45%	
413	1407 N. Main St.	City of Suffolk	29,538	3,005,753	497,803	2,507,951	1,442,717	1,065,233	401,507	107,242	556,485	35.08%	
415	1340 N. Great Neck Rd.	City of Virginia Beach	36,358	3,502,838	578,714	2,924,124	1,683,468	1,240,655	401,166	125,181	714,308	36.91%	
423	1595 International Blvd.	City of Norfolk	43,930	4,345,246	720,269	3,624,977	2,110,471	1,514,506	487,153	155,711	871,642	36.64%	
428	4807-A Shore Dr.	City of Virginia Beach	34,298	3,208,218	528,414	2,679,804	1,544,325	1,135,479	679,903	114,875	565,028	34.08%	
429	150 Central Park Ave.	City of Virginia Beach	34,428	3,898,498	643,455	3,255,044	1,914,292	1,340,752	457,884	139,852	743,015	35.56%	
437	1400 Kempville Rd.	City of Chesapeake	35,697	3,621,354	599,059	3,022,294	1,740,533	1,281,762	417,833	129,071	734,858	36.83%	
444	315B Virginia Beach Blvd.	City of Virginia Beach	27,777	2,753,269	453,581	2,299,688	1,322,834	976,854	501,080	100,474	375,300	30.11%	
Norfolk/Virginia Beach			2,424,241	245,004,318	40,553,181	204,451,136	118,154,766	86,296,370	26,319,223	8,783,475	59,977,148	37.45%	
48	6497 Ctrville Rd.	York County	66,124	6,284,130	1,034,533	5,249,597	3,026,386	2,223,210	1,606,294	224,007	1,382,287	38.46%	
92	39 W. Mercury Blvd.	City of Hampton	32,646	3,332,384	552,933	2,779,451	1,601,071	1,178,380	377,253	119,352	681,775	37.05%	
112	61 N. Mallory St.	City of Hampton	37,063	4,030,755	668,043	3,362,713	1,948,287	1,414,425	397,315	1,017,110	871,811	38.20%	
148	4640-G Monticello Ave.	James City County	64,538	6,621,393	1,089,367	5,532,026	3,184,793	2,347,232	675,294	234,909	1,437,029	38.16%	
158	3099 Jefferson Ave.	City of Newport News	34,312	3,681,365	611,512	3,069,853	1,759,925	1,309,928	484,269	132,268	693,391	35.45%	
217	619 Pilot House Dr.	City of Newport News	58,304	6,066,178	1,005,944	5,060,234	2,928,587	2,131,647	531,322	218,177	1,382,149	39.37%	
222	5005 Victory Blvd.	York County	38,021	4,028,355	665,814	3,362,541	1,938,233	1,424,308	432,815	143,313	848,179	37.58%	
244	4909 W. Mercury Blvd.	City of Hampton	66,777	7,116,423	1,182,785	5,933,638	3,446,249	2,487,389	508,411	256,293	1,722,685	40.83%	
250	2078 Nickerson Blvd.	City of Hampton	36,687	3,455,644	572,569	2,883,075	1,664,108	1,218,967	402,997	185,970	692,232	36.60%	
258	3831 Kecoughtan Rd.	City of Hampton	37,729	3,977,908	660,039	3,317,869	1,932,998	1,384,871	377,248	142,969	864,654	38.33%	
265	19 Towne Ctr. Way	City of Hampton	31,804	3,201,017	530,633	2,670,384	1,546,122	1,124,262	393,604	114,467	616,192	35.83%	
272	55 Hidenwood Shopping Ctr.	City of Newport News	30,108	2,844,649	471,327	2,373,322	1,371,750	1,001,573	349,476	101,258	550,838	35.93%	
282	1118-A W. Mercury Blvd.	City of Hampton	85,415	9,682,902	1,603,364	8,079,538	4,675,260	3,404,278	768,825	347,568	2,287,885	40.19%	
290	5226 George Washington Memorial Hwy.	York County	29,764	2,741,750	452,376	2,289,374	1,317,527	971,847	404,561	97,470	469,816	33.64%	
320	1244 Richmond Rd.	City of Williamsburg	44,372	4,686,488	771,023	3,915,465	2,264,609	1,650,856	494,931	167,406	988,519	37.55%	
335	801-C Merrimac Trl.	York County	31,479	3,086,665	508,447	2,578,218	1,485,909	1,092,308	400,433	110,247	581,629	35.32%	
340	309-A Oyster Point Rd.	City of Newport News	35,158	3,624,663	600,228	3,024,435	1,742,507	1,281,928	458,432	129,564	693,932	35.70%	
341	621 Stoney Creek Ln.	City of Newport News	48,342	5,116,417	848,089	4,268,329	2,471,842	1,796,487	550,460	183,409	1,062,619	37.34%	
342	10872 Warwick Blvd.	City of Newport News	24,381	2,362,326	391,443	1,970,883	1,140,933	829,950	363,688	84,441	381,821	32.73%	
381	1480 Quarterpath Rd.	City of Williamsburg	24,862	2,658,955	437,410	2,221,545	1,280,695	940,851	414,893	94,965	430,992	32.66%	
382	475 Wythe Creek Rd.	City of Poquoson	28,727	2,759,780	455,487	2,304,293	1,325,773	978,520	333,213	98,229	547,078	36.33%	
417	201 Tradesman Way	York County	28,440	2,545,680	421,320	2,124,359	1,218,256	906,103	376,993	91,264	437,846	33.75%	
420	980 J. Clyde Morris Blvd.	City of Newport News	25,469	2,625,598	435,214	2,190,385	1,263,046	927,339	347,459	93,778	486,102	35.09%	
422	14272 Warwick Blvd.	City of Newport News	50,427	5,133,367	849,786	4,283,580	2,484,515	1,799,065	464,184	183,828	1,151,054	38.98%	
Newport News/Hampton			990,950	101,664,793	16,819,688	84,845,105	49,019,379	35,825,726	10,924,993	3,638,219	24,900,733	37.46%	
156	22489 Lankford Hwy.	Northampton County	25,219	2,356,325	388,502	1,967,823	1,130,614	837,208	308,258	85,744	443,207	35.30%	
162	7017 Lankford Hwy.	Accomack County	16,205	1,433,745	236,865	1,196,880	689,547	507,333	295,456	51,520	160,357	27.71%	
177	4371 Pension St.	Accomack County	19,718	1,614,196	263,899	1,350,297	773,875	576,422	251,576	324,846	265,408	32.79%	
223	3527 Lankford Hwy.	Northampton County	16,005	1,300,222	215,049	1,085,172	622,793	462,379	296,319	46,426	119,634	25.74%	
344	25234 Lankford Hwy.	Accomack County	28,599	2,441,073	403,426	2,037,647	1,178,496	859,151	327,954	87,093	444,104	34.72%	
Eastern Shore			105,746	9,145,561	1,507,742	7,637,819	4,395,325	3,242,494	1,479,564	330,221	1,432,709	32.15%	
Statewide Totals			13,795,373	1,427,646,645	235,911,535	1,191,735,110	687,146,465	504,588,645	180,600,644	323,988,000	50,923,221	273,064,780	35.65%

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

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

³Store expenses include miscellaneous revenue and net cash overages.

⁴Rate of return⁴ = (adjusted net profit + state taxes) ÷ gross sales

Analysis of Distillery Store Performance — Fiscal Year 2025										
ABC Distillery Stores	Gross Sales ¹	Spirits & Wine Taxes ²	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee & Freight Services	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia ³
Statewide Distillery Totals	15,358,650	2,538,933	12,819,717	7,350,960	5,468,757	3,064,690	185,635	1,237,353	981,079	22.92%
12 Belle Isle Craft Spirits, Inc.	528,922	84,055	444,867	249,889	194,978	106,296	13,172	43,117	32,393	22.02%
13 Vitae Spirits Distillery, LLC	37,046	6,176	30,871	17,843	13,028	7,409	126	3,101	2,392	23.13%
14 Dark Hollow Hooch LLC (dba Five Mile Mountain Distillery)	63,481	10,527	52,953	29,710	23,244	12,630	540	5,092	4,982	24.43%
15 Copper Fox Distillery Enterprises, L.L.C. (Williamsburg)	657,675	108,595	549,080	314,571	234,509	130,288	9,905	53,342	40,973	22.74%
16 The Virginia Distillery Company, LLC	371,748	61,682	310,066	181,478	128,588	74,004	24,148	30,892	(456)	16.47%
18 Chesapeake Bay Distillery LLC	201,770	33,319	168,451	95,795	72,656	39,975	1,398	15,818	15,465	24.18%
19 Williamsburg Distillery, Inc. (dba Eight Shires Coloniale Distillery)	113,794	18,970	94,825	53,367	41,457	22,759	909	9,265	8,525	24.16%
20 Karlson & O'Mara Distilleries LLC (dba KO Distilling)	389,956	64,512	325,443	186,966	138,478	77,399	1,814	29,814	29,450	24.10%
21 Old House Vineyards, LLC	119,651	19,946	99,706	56,635	43,070	23,930	376	9,515	9,248	24.40%
22 Reservoir Distillery, LLC	277,503	45,936	231,567	131,421	100,145	55,113	3,319	22,548	19,166	23.46%
23 Murlarky Distilled Spirits, LLC	380,962	63,272	317,690	185,154	132,535	75,911	5,198	31,272	20,153	21.90%
24 Mount Defiance Cider & Distillery, LLC	114,723	19,087	95,635	54,026	41,610	22,900	420	9,177	8,010	23.62%
25 River Hill Wine and Spirits, LLC	45,745	7,625	38,120	21,414	16,705	9,148	420	3,705	3,432	24.17%
28 Silverback Spirits LLC	609,323	101,574	507,748	286,792	220,956	121,865	3,296	49,719	46,077	24.23%
29 Davis Valley Winery and Vineyard, Inc.	53,087	8,850	44,238	25,235	19,002	10,617	184	4,256	3,945	24.10%
30 Copper Fox Distillery Enterprises, L.L.C. (Sperryville)	381,030	63,484	317,546	183,987	133,559	76,165	2,092	30,963	24,339	23.05%
31 The Mount Vernon Ladies' Association of the Union	868,643	144,803	723,840	399,476	324,364	173,729	17,034	67,776	65,825	24.25%
34 Belmont Farms of Virginia, Inc.	154,957	25,831	129,126	75,317	53,809	30,991	1,102	12,168	9,548	22.83%
65 Catoctin Creek Distilling Company, LLC	459,783	76,494	383,289	219,700	163,589	91,775	6,364	38,102	27,348	22.59%
91 Sazerac Distillers, LLC (dba A. Smith Bowman Distillery)	1,199,865	199,843	1,000,022	583,189	416,833	239,764	10,340	96,912	69,817	22.47%
430 Springfield Distillery, LLC	160,229	25,020	135,208	77,152	58,057	31,772	1,748	12,650	11,886	23.03%
431 Bondurant Brothers Distillery, LLC	2,316	386	1,930	1,103	827	463	6	172	186	24.68%
432 Parched Group, LLC (dba Cirrus Vodka)	437,002	72,686	364,315	209,620	154,695	87,206	3,923	35,301	28,265	23.10%
433 Ragged Mountain Farm, LLC (dba Ragged Branch Distillery)	490,390	81,753	408,638	240,176	168,462	98,083	3,210	39,979	27,190	22.22%
434 Dilawri Barrels, LLC (dba Filibuster Distillery)	120,266	20,048	100,218	58,394	41,824	24,053	1,308	9,857	6,606	22.16%
435 AASS Distillery, LLC (dba Spirit Lab Distilling)	3,253	542	2,711	1,520	1,191	651	29	253	259	24.64%
451 Ironclad Distillery, Inc.	376,819	62,492	314,328	175,418	138,910	74,975	4,011	31,284	28,640	24.18%
452 Twin Creeks Distillery, Inc.	33,379	5,564	27,815	15,916	11,899	6,676	310	2,603	2,310	23.59%
453 Blue Sky Distillery, LLC	69,013	11,047	57,966	32,703	25,263	13,657	593	5,359	5,654	24.20%
454 Glenway Farms, Inc. (dba Dida's Distillery)	75,363	12,563	62,800	35,867	26,933	15,073	140	6,007	5,713	24.25%
456 Franklin County Distilleries, L.L.C.	8,640	1,440	7,200	4,119	3,081	1,728	30	602	721	25.01%
460 Cavalier Ventures, LLC (dba Tarnished Truth Distilling Company)	1,013,680	163,258	850,422	493,450	356,972	203,211	15,167	83,441	55,152	21.55%
461 Mountain View Brewery, LLC (dba Devils Backbone Distilling Co.)	225,164	34,682	190,482	108,588	81,894	45,242	1,650	18,966	16,036	22.52%
462 Bombolini L.L.C. (dba Trial & Error Distillery)	64,256	10,712	53,545	30,314	23,230	12,851	314	5,280	4,785	24.12%
463 The Vanguard Brewpub & Distillery LLC (dba Caiseal Beer and Spirits Company)	132,003	21,951	110,052	62,845	47,207	26,336	822	10,864	9,186	23.59%
465 Virago Spirits, LLC	204,545	33,585	170,960	95,795	75,165	40,294	1,684	16,323	16,864	24.66%
466 Cape Charles Distillery LLC	53,367	8,896	44,471	25,360	19,111	10,673	246	4,244	3,947	24.07%
467 Three Crosses Distilling Company, LLC	312,625	51,973	260,652	149,679	110,973	62,355	1,374	25,528	21,717	23.57%
468 Greenspur, Inc. (dba Lost Whiskey Club)	26,461	4,411	22,050	12,510	9,540	5,292	106	2,208	1,934	23.98%
469 Hill Top Distillery, LLC	146,615	23,502	123,113	67,667	55,446	28,197	1,271	12,211	13,767	25.42%
470 Buffalo Brands Inc. (dba Sleepy Fox Distillery)	34,481	5,753	28,728	16,045	12,684	6,902	194	2,760	2,828	24.88%
471 R.D. Wilhelm, LLC (dba Reverend Spirits)	73,956	12,328	61,627	35,291	26,336	14,791	312	6,041	5,191	23.69%
474 Vitae Spirits Distillery, LLC (East Water St.)	-	-	-	-	-	-	18	-	(18)	-
475 Old Virginia Hand Hewn Log Homes, Inc. (dba Axe Handle Distilling)	85,523	14,257	71,266	41,085	30,182	17,105	308	6,971	5,798	23.45%
476 Flying Ace Distillery, LLC	242,231	40,380	201,851	116,472	85,379	48,446	736	19,308	16,889	23.64%
477 7 Hollows Farm, LLC (dba Orkney Springs Distillery)	18,861	3,074	15,786	8,803	6,983	3,688	474	1,630	1,191	22.61%
478 Smith River Spirits, LLC	13,300	2,222	11,078	6,377	4,701	2,666	60	1,036	939	23.77%

(continued)

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

²State taxes on distilled spirits sold in ABC stores (20%).
³Rate of return = (adjusted net profit + state taxes) ÷ gross sales; Net Sales=Gross Sales - Spirits Taxes; Gross Profit = Net Sales-COGS; Adjusted Net Profit = Gross Profit-Commission-Case Handling Fee-Allocation of General & Administrative Expenses

Analysis of Distillery Store Performance — Fiscal Year 2025										
ABC Distillery Stores	Gross Sales ¹	Spirits & Wine Taxes ²	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee & Freight Services	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia ³
479 J.H. Bards Spirit Co., LLC	273,311	45,191	228,120	128,685	99,435	54,218	2,457	22,726	20,034	23.86%
480 Vincent's Vineyard, Inc. (dba Big Cedar Creek Distillers)	1,005	167	837	471	367	201	8	86	71	23.77%
481 Highlands Distilling Company, LLC	50,185	8,366	41,819	24,799	17,020	10,037	114	4,092	2,777	22.20%
482 Roosters Rise -n- Shine Distillery, LLC	25,442	4,222	21,220	11,745	9,475	5,065	52	1,933	2,424	26.12%
483 Deep Creek Distilling Company LLC	32,277	5,337	26,940	15,545	11,396	6,403	117	2,637	2,239	23.47%
484 Dogged State Distilling Company	2,803	468	2,335	1,357	978	561	16	231	170	22.75%
485 Bold Rock Partners LP (dba Bold Rock Cider & Brewpub)	105,705	17,621	88,084	49,214	38,869	21,141	1,306	8,373	8,049	24.28%
486 Appalachian Heritage Distillery LLC	204,912	34,148	170,764	96,828	73,936	40,970	1,228	17,302	14,436	23.71%
488 Brady Distilling LLC	325,696	54,294	271,402	156,315	115,088	65,139	2,586	27,350	20,012	22.81%
489 Sandy River Distillery, Inc.	186,827	39,477	147,350	111,785	86,901	47,363	13,489	18,865	7,184	19.59%
490 Virginia Foothills Distillery & Co., LLC	48,158	8,028	40,130	22,887	17,243	9,631	174	3,721	12,901	23.58%
491 Salty Stash Distillery, LLC	70,401	11,460	58,942	33,813	25,129	13,749	534	5,428	5,417	23.97%
492 Virginia Beach Distilling, LLC	763	127	636	354	282	153	6	44	80	27.11%
650 Blue Shepherd Spirits LLC	124,237	20,707	103,531	58,174	45,356	24,843	244	10,460	9,809	24.56%
651 Waterman Spirits LLC	1,034,503	172,414	862,089	517,692	344,398	206,855	12,276	72,548	52,718	21.76%
652 ABW Virginia Beach, LLC (dba New Realm Distilling Company)	60,646	10,110	50,536	28,762	21,775	12,129	416	4,670	4,559	24.19%
653 Creek Bottom Brewing, LLC	28,814	4,801	24,013	13,525	10,488	5,760	112	2,344	2,271	24.55%
654 Urban Rum Company, LLC	24,568	4,095	20,472	11,319	9,153	4,914	402	1,957	1,881	24.33%
655 Three Notch'd Distilling Company, LLC (Charlottesville)	46,613	7,770	38,843	21,972	16,870	9,323	230	3,785	3,533	24.25%
656 Three Notch'd Distilling Company, LLC (Nellysford)	135,305	22,555	112,750	63,132	49,618	27,061	1,384	11,466	9,707	23.84%
657 Three Notch'd Distilling Company, LLC (Richmond)	22,884	3,815	19,069	10,790	8,279	4,577	84	1,910	1,708	24.13%
658 Three Notch'd Distilling Company, LLC (Virginia Beach)	25,459	4,244	21,215	11,996	9,219	5,092	104	2,060	1,963	24.38%
659 MHG Reston LLC (dba Open Rd. Distilling Company)	418,787	69,812	348,975	199,178	149,798	83,757	2,646	34,909	28,485	23.47%
660 Lincoln Ridge, Inc	26,333	4,408	21,926	12,854	9,072	5,288	138	2,176	1,470	22.32%
661 Ironclad Distillery, Inc. (Fredericksburg)	205,491	34,242	171,249	96,251	74,997	41,082	888	17,230	15,797	24.35%
662 Charles William Cosmato (dba River City Distillery)	70,478	11,733	58,746	33,195	25,550	14,077	404	6,033	5,036	23.79%
663 Three Notch'd Distilling Company, LLC (Roanoke)	19,504	3,251	16,253	9,201	7,052	3,901	88	1,578	1,485	24.28%
664 Mean Enterprises, LLC (dba Mean Spirits Distillery)	10,710	1,785	8,924	5,097	3,828	2,142	24	864	797	24.12%
665 Roosters Rise -n- Shine Distillery, LLC	28,778	4,741	24,037	13,412	10,625	5,688	82	2,478	2,377	24.74%
668 RP Spirits LLC	7,329	1,164	6,165	3,310	2,854	1,397	30	675	752	26.15%
670 ABW Suffolk, LLC (dba New Realm Distilling Company)	13,092	2,182	10,909	6,228	4,681	2,618	106	1,287	670	21.79%
672 CoCrea Investments LLC (dba FGF Co-Packing)	10,849	1,741	9,108	4,910	4,199	2,088	66	914	1,131	26.47%
673 Ragged Mountain Farm LLC (dba Ragged Branch Distillery)	1,010	168	842	494	347	202	2	97	46	21.21%
674 Parched Group LLC (dba Cirrus Vodka)	22,890	3,816	19,074	11,154	7,920	4,578	168	2,141	1,033	21.18%
675 Chefs Market LLC	1,319	220	1,099	619	480	264	10	127	79	22.69%
Statewide Distillery Totals	15,358,650	2,538,933	12,819,717	7,350,960	5,468,757	3,064,690	185,635	1,237,353	981,079	22.92%

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

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

³Rate of return³ = (adjusted net profit + state taxes) ÷ gross sales; Net Sales=Gross Sales - Spirits Taxes; Gross Profit = Net Sales-COGS;

Adjusted Net Profit = Gross Profit-Commission-Case Handling Fee-Allocation of General & Administrative Expenses

LICENSED ESTABLISHMENTS' STATISTICS

2025 Establishment's by License Category — By Cities

Counties	All Others ¹	Annual Events	Annual Mixed Beverage	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gift Shops/Gourmet Shops	Hotels/Resorts	In-State Shipper	Marketplace Licensees	Private Clubs	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Alexandria City	2	3	1		3	2	4	1	9	44	2	2	12	24	3	3	3	6	52	196	3	375
Bedford City										8				1			2	1	2	4		18
Bristol City			1		2	2	3		1	31	1		2	3	1				13	24		84
Buena Vista City									1	7			1						3	2		14
Charlottesville City	6	1	6		3	5	10		14	35	1	4	4	16	7	6	2	5	47	122	6	300
Chesapeake City	4				7	7	5			128		2	13	34	4		10	7	60	146	2	429
Colonial Heights City	1									19			3	5	1		3	2	8	27		69
Covington City										8			1	1					3	1		14
Danville City	1		3		2	2	2		2	69			5	8			1	6	12	29	1	143
Emporia City										17			1	2				1	1	3		25
Fairfax City					1	1	5		2	14			3	8	3		2	2	26	48		115
Falls Church City			1				3		1	8			1	2	1			1	18	47		83
Franklin City										14			1	1					1	9		26
Fredericksburg City		2		2					4	25		1	1	8	1	1	5	1	32	73	1	161
Galax City							1			10		1	1	3	1				2	7		26
Hampton City	7	2	1	1	3	4	5	1	1	99		1	8	16	3		8	11	25	83	1	280
Harrisonburg City	1	2	1	2	2	4	5		2	39			4	9	6	2	1	6	34	54	1	175
Hopewell City	1		1						1	27			3	2				4	5	9		53
Lexington City		1		2					5	4			1	4	1		1		7	14		40
Lynchburg City		1	4		2	6	2		4	63			5	13	2	1	1	4	39	69	1	217
Manassas City	1	1			1	1	1			40		2	4	3			2	4	19	43	1	123
Manassas Park City										7										7		14
Martinsville City	1		1				1		1	14			1	2			1	2	3	14		41
Newport News City	5	1	1		2	2	5	1	6	134	1	2	7	20			3	9	52	114		365
Norfolk City	3	2	5		1	2	11	12	11	126		2	12	30	4	2	13	22	67	219	3	547
Norton City		1								7	1			1	1				1	6		18
Petersburg City	1				1	2	1			61			2	2		1	2	5	13	26	1	118
Poquoson City										6			2	2				1	3	8		22
Portsmouth City	3		2				3			81			4	9				9	11	53	1	176
Radford City							1		1	12		1							5	10		30
Richmond City	18		15	1	16	16	23		16	232	2	9	10	32	3	5	14	13	100	363	8	896
Roanoke City	2	2	5			2	8		4	114		3	6	13	6	3	2	8	43	105	3	329
Salem City	1						2		3	22			3	5	1		1	3	12	17		70
Staunton City	1		2			2	2	1	4	23	1		4	5	4	1	1	3	20	24	2	100
Suffolk City	2	1	1	1			3			55		1	6	13	1		6	6	17	60	1	174
Virginia Beach City	16		6		11	13	13	6	12	211	1	8	27	66	3	4	33	12	131	488	5	1,066
Waynesboro City	4	1	1		2	5			1	21		1	2	5	2	1		2	14	21	2	85
Williamsburg City	1			5		1	3		3	8		1	3	12	5	1	1		13	56	1	114
Winchester City	1	2	1			2	6		2	23			4	9	2	2	1	4	20	49	1	129
Grand Total	83	23	59	14	59	81	132	22	111	1,866	10	41	167	389	66	33	119	160	934	2,650	45	7,064

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

LICENSED ESTABLISHMENTS' STATISTICS

2025 Establishment's by License Category—By Counties

Counties	All Others ¹	Annual Events	Annual Mixed Beverage	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gift Shops/Gourmet Shops	Hotels/Resorts	In-State Shipper	Marketplace Licensees	Private Clubs	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Accomack County		1	4	3	2	2				48	1		1	7		1		3	6	31	2	112
Albemarle County	5	3		3	2	41	13		5	49		5	3	26	1	40	1	5	49	60	54	365
Alleghany County	1	1	1				1			18			1	1				3	9	4	1	41
Amelia County										16			1					1	1	3	1	23
Amherst County						4	1		1	28			2	3		4		1	4	8	4	60
Appomattox County	1						1			17			1	3	1			2	3	5	1	35
Arlington County	6		1		3	4	2	4	11	68	2		19	32	5	3	9	6	84	283		542
Augusta County	1			1	2	13	5		2	62		1	2	5	2	7		3	14	16	11	147
Bath County			1	1		1	1			10				1	1	1				4	5	28
Bedford County	2		1	1		5	4	1		51			3	8		7		6	16	31	8	144
Bland County										9												9
Botetourt County	2				2	5	2			27	1	1	1	3		2		1	11	15	5	78
Brunswick County	1									19			1	1					2	4		28
Buchanan County			1							29			1	2					4	1		38
Buckingham County		1				1				19				2		1			2	2	3	31
Campbell County						1				61		1	4	5	2			3	10	16	1	104
Caroline County	2		2							37	1		1	2	1			1	5	10		62
Carroll County						1				30			1	1	1			1	3	4	1	43
Charles City County				2		1	1			7						1			1	4	1	18
Charlotte County										22				1				1	2	1		27
Chesterfield County	1		1		3	4	8		4	167	1	3	19	40	6	2	20	8	96	216	7	606
Clarke County	2	3	1	2	1	4	3			12	1	1		1		1		2	9	5	6	54
Craig County										7						1			1	1		10
Culpeper County	1					4	8		2	34		3	3	9	1	2	1	4	13	29	5	119
Cumberland County							1			10		1							3	1	1	17
Dickenson County										15	1			1					1			18
Dinwiddie County	2									35			1	1				1	1	5		46
Essex County	1					1	1			14				2	1	1		1	3	11	2	38
Fairfax County	33	2	7		59	65	20		37	228	1	4	45	135	22	7	21	28	288	799	8	1,809
Fauquier County	3				2	30	12		4	44	1	3	2	15		23		5	25	43	36	248
Floyd County			1			1	1		1	12		1		2	1	1		2	4	5	3	35
Fluvanna County						3	1			11		1	1	4		2			4	6	4	37
Franklin County	3	1			1	2	1			46		4	3	4		1		1	11	29	3	110
Frederick County	8			1	9	20	2		2	56	1	1	5	18	5	3	2	5	22	34	8	202
Giles County				1						26	2		1	1				2	2	6	1	42
Gloucester County	1		2			2	1			31			2	5		1	2	4	10	18	1	80
Goochland County	1					3	5		1	17		2		2		5		4	6	17	9	72
Grayson County										12				1	1				3	2		19
Greene County	2					1				12			2	1	1			2	9	7	4	41
Greensville County										12								1	1	2		16
Halifax County	2		2	1		2	1			45		1	2	4	2			3	7	12	3	87
Hanover County	8		1		13	17	3		4	71	1		5	16	3	4	5	5	30	71	8	265
Henrico County	12		5	1	17	19	7		15	192	2		22	47	14	1	30	19	101	247	7	758
Henry County			2			1	2		1	77		2	5	1	1	1		4	9	10	2	118
Highland County						1				5				2		1			2	1	1	13
Isle Of Wight County						1	2			30		1	2	7	1	1		4	11	17	5	82
James City County	5				1	1	4	1	3	28		2		15		2	2	3	15	62	5	149
King And Queen County			1			1	1			9									1	1	1	15
King George County						1	2			19				3					3	8	4	40
King William County										16			1	3					5	8	1	34
Lancaster County	1		1			1	2			15			2	2		1	2	4	10	24	2	67
Lee County										31		1	1	2			1	1	2	4		43
Loudoun County	12			1	16	58	45	17	13	121	2	9	15	48	15	43	10	7	134	323	80	969
Louisa County	2		1			7	5			41			2	4		2	1	2	11	19	6	103
Lunenburg County										15				2				4	3	1		25
Madison County				2		7	3		1	12			2	2		4		1	5	3	7	47
Mathews County	2									10				2				2	6	4		26
Mecklenburg County			1	1		5	2			62		1	3	4	2	2		8	7	15	5	118
Middlesex County	1									13				6				1	3	13		37
Montgomery County	5		1			2	9		6	60		1	3	9	6	1		1	21	71	1	197

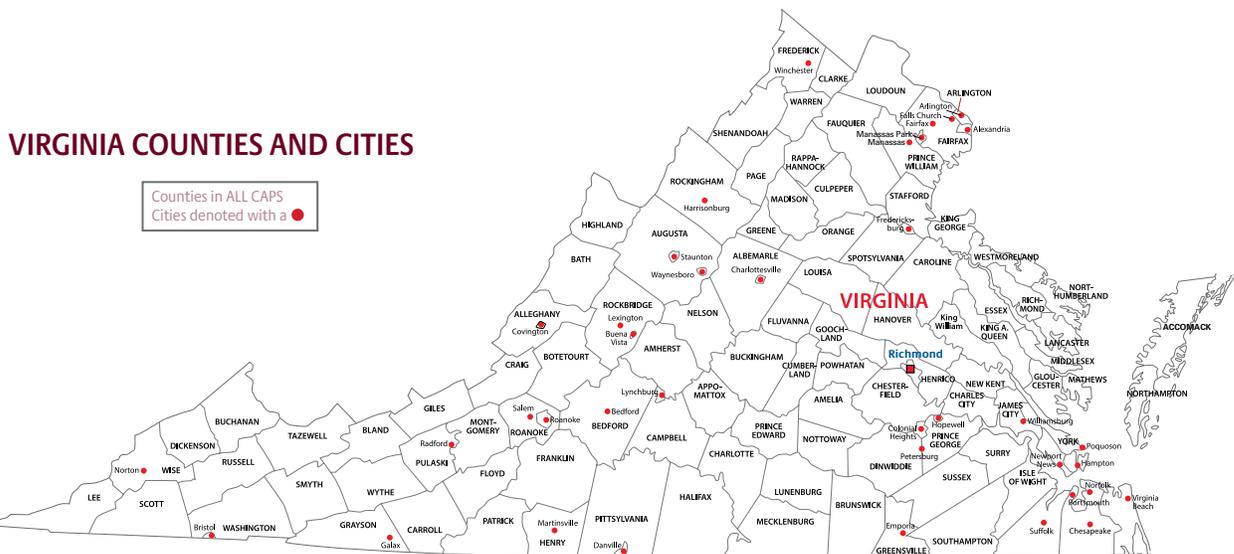
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LICENSED ESTABLISHMENTS' STATISTICS

2025 Establishment's by License Category — By Counties, cont.

Counties	All Others ¹	Annual Events	Annual Mixed Beverage	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gift Shops/Gourmet Shops	Hotels/Resorts	In-State Shipper	Marketplace Licensees	Private Clubs	Restaurants (Beer and Wine)	Restaurants (Mixed Beverage)	Wineries/Farm Wineries	Grand Total
Nelson County	3	2	1	4	1	10	9		1	21		8				10		1	7	7	19	106
New Kent County				4		4	1		1	19			1	4		3			5	15	4	61
Northampton County			1	2	2	4	2		1	24		2	1	1	1	1		1	9	22	2	76
Northumberland County			1			2	1		1	16			1	1		1		3	1	9	4	41
Nottoway County					2	3	1			22				2				3	3	10	1	47
Orange County	1		1			9	4		2	25		1	2	6	1	5	1	1	11	21	13	104
Page County	1		1	3		2	3			23		3	1	4		2		3	16	7	6	75
Patrick County						2				22			1	2		1		1	5	6	2	42
Pittsylvania County					2	3	1		1	65			1	3		1		4	7	13	3	104
Powhatan County	1						3			17		1	1	1				1	8	18	2	53
Prince Edward County	1	1					1		2	26		1	2	2	2			2	5	17		62
Prince George County	1									26			1	1	1			1	3	12		46
Prince William County	5	2	1		12	15	16		7	161	1	4	14	43	9	4	17	9	92	223	12	647
Pulaski County	1		1		1	6	2			34		1	4	4	1	3		4	8	9	4	83
Rappahannock County		2		2		8	4			6		3		1		7			3	11	14	61
Richmond County					2	3	1		1	11			1	2					3	2		26
Roanoke County	1			1	4	4	5		3	51			4	10	3		3	3	27	45	1	165
Rockbridge County	2			5		5	4		4	33		2		2	3	2		2	7	10	7	88
Rockingham County	5		1		1	8	5			56			1	9		5	2	2	19	23	7	144
Russell County						1				24		1		2				2	3	3	1	37
Scott County										40			1	2						3		46
Shenandoah County	1	1			1	8	4			44		1	3	5	1	8		7	21	14	11	130
Smyth County			1				2			33		3	2	3		1		1	4	10	2	62
Southampton County										18				1				2	3			24
Spotsylvania County	3			1		8	3		4	74		1	9	19	4	3	4	8	32	62	10	245
Stafford County	3	1		1	1	6	7		1	58	1		5	17	3	3	2	5	20	46	3	183
Surry County						1				7						1			1	2	2	14
Sussex County									1	23				2				1	2	5		34
Tazewell County	1	1					1		1	53	1		2	7				2	7	13		89
Warren County	3			1	1	4	3			36			1	5	2	5	1	3	14	26	8	113
Washington County			2	1		7	5			54		2	2	8	1	1		1	10	35	4	133
Westmoreland County		1		1		3	4			23			2	4		2		6	11	15	5	77
Wise County	1	1	1			1	3			46			2	5	1	1		1	4	15	1	83
Wythe County	1	1	1			2	3			40			2	2	2	1		3	5	14	1	78
York County	4		1	1			2	1	1	32	1	1	4	9	5		2	3	25	44	4	140
Grand Total	168	25	52	48	163	472	283	24	145	3,563	22	85	258	716	137	251	139	262	1,529	3,440	484	12,266

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



A Message from the Chairman and Chief Executive Officer

It is our pleasure to present the 2025 fiscal year annual report for the Virginia Alcoholic Beverage Control Authority. These facts and figures represent the seventh consecutive year of alcohol sales in excess of \$1 billion. Virginia ABC operations contributed \$242.1 million in profits from retail sales. These profits combined with \$309.0 million in retail taxes as well as \$77.0 million collected in wine and beer taxes resulted in \$628.1 million transferred to Virginia's general fund.

A major source of revenue for the Commonwealth, ABC has contributed more than \$14.5 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 and our many spirited partners, especially in a down market. 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.



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



Financial Results in Brief, Fiscal Year 2025

SOURCE	FY25	FY24	FY23	FY22	FY21	FY20
ABC profit disbursements	\$242,086,473	\$243,378,124	\$220,561,526	\$243,607,393	\$237,299,273	\$212,090,014
State Taxes ²	239,790,788	243,308,791	238,693,025	227,552,086	220,077,922	193,674,997
General Sales tax ³	69,193,692	70,035,796	68,965,409	67,253,281	73,866,526	57,644,636
Wine Liter Tax ⁴	40,127,682	39,622,764	41,211,381	42,262,277	41,986,750	39,628,720
Malt beverage tax ⁵	36,937,217	39,335,265	40,225,981	42,080,957	43,128,431	42,219,288
Total	\$628,135,852	\$635,680,740	\$609,657,322	\$622,755,994	\$616,358,902	\$545,257,655

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

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

³Source: "Notes to Financial Statements 4.C. Department of Taxation--Sales Tax." General sales tax rate is 6.0% in the localities that make up Northern Virginia, Hampton Roads regions, and Central Virginia, 7.0% in Historic Triangle region, 6.3% in Halifax County and 5.3% statewide.

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

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

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

Sales of All Beverages, Fiscal Year 2025

	Gallons*	Liters	Total Gallons (%)	Gross Dollars (\$)*	Gross Sales (%)
State Store Sales					
Distilled Spirits	13,398,874	50,720,232	97.0%	\$1,421,419,204	99.0%
Virginia Wine	38,041	144,002	0.3%	\$3,364,056	0.2%
Vermouth	34,983	132,424	0.3%	\$2,575,077	0.2%
Alcohol	4,515	17,091	0.0%	\$634,317	0.0%
Non-Alcoholic Mixers	331,696	1,255,606	2.4%	\$8,385,558	0.6%
Total	13,808,109	52,269,355	100.0%	\$1,436,378,212	100.0%
Direct Sales from Wholesalers					
Wines (\$0.40 Liter) ¹	28,209,012	106,782,677	17.7%	\$42,713,101	53.6%
Beer (\$7.95 Barrell)	131,568,597	498,041,083	82.3%	\$36,937,217	46.4%
Total	159,777,609	604,823,760	100.0%	\$79,650,318	100.0%

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

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

2025 FINANCIAL STATEMENTS



Virginia Alcoholic Beverage
Control Authority

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

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<i>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.</i>	

INDEPENDENT AUDITOR'S REPORT



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 2, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

Dale Farino, CEO
Virginia Alcoholic Beverage Control Authority

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Virginia Alcoholic Beverage Control Authority** (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, 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, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the

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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 and 6 of the accompanying financial statements, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which updates existing recognition and measurement guidance to more appropriately reflect when a government incurs an obligation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

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 41 through 46; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to Required Supplementary Information for the VRS and VaLORS Retirement Plans on pages 97 through 98; the Schedule of Employer's Share of Total OPEB Liability – Pre-Medicare Retirees and the Notes to Required Supplementary Information on page 99; and the Schedule of Employer's Share of Net OPEB Liability, the Schedule of Employer Contributions, and Notes to Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, and Line of Duty Act programs on pages 100 through 103. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introduction, Authority Highlights, Division Statistics, Licensed

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2025, 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

AVC/clj

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer

Dale F. Farino



Chair

Timothy D. Hugo

Vice Chair

L. Mark Stepanian

Board of Directors

William D. Euille

Gregory F. Holland

Lisa N. Jennings

INTRODUCTION

This unaudited Management's Discussion and Analysis (MD&A) of the Alcoholic Beverage Control Authority's financial performance provide a brief overview of financial activities for the fiscal year ended June 30, 2025. 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 offers an overall view of the Authority's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the Authority's financial condition and results of operation for the fiscal year ended June 30, 2025. 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 decreased by \$17.0 million or 1.4% in the fiscal year 2025. This decrease in revenue is primarily due to a \$16.8 million decrease in net alcohol sales and other net revenues of \$0.2 million.

The Authority's operating expenses decreased by 1.5% in the fiscal year 2025. Cost of Goods Sold (COGS) for alcohol decreased by \$10.6 million from 2024 mainly due to the decrease in sales. Historically, COGS is about 48.0% of gross sales. In fiscal year 2025, COGS was 48.3% of gross alcohol sales. Cost of Goods Sold trends are available in the Financial Statistical Section. Personal services costs decreased by \$2.1 million from fiscal year 2024, a 1.1% decrease, primarily due to restructuring efforts and close monitoring of wage hours at the stores. Contractual charges, supplies and materials and expendable equipment decreased by \$3.4 million from fiscal year 2024, a 6.3% decrease, primarily due to budget constraints around information technology contractor services, lower equipment spending, reduced custodial distributor costs and less fixture purchases for store renovations.

The Authority's operations earned profits, before recognition of Pension and Other Postemployment Benefits (OPEB) adjustments, was \$242.1 million and it disbursed \$242.1 million to the Commonwealth. In addition, the Authority collected state excise tax on sales of \$239.8 million. The Authority's operations earned total profits of \$239.6 million, after the recognition of (\$2.5) million net contributions over Pension and OPEB expenses.

OVERVIEW OF FINANCIAL STATEMENTS

The annual audited 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, 2025. The data presented aids readers in determining the assets available to continue operations of the Authority. It also allows readers to determine the liability of the Authority to vendors. Finally, the SNP provides a picture of the Authority's net position and the restrictions for expenditure of the components of net position.

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents operating and non-operating activities that are creating changes in the Authority's total net position for the twelve-month period ended June 30, 2025. 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 expenses. 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 differ from the operating activity on the SRECNP. This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expense, whereas the Statement of Cash Flows presents cash inflows and outflows without regards to accrual items. The

Statement of Cash Flows intends to help readers assess the ability the Authority possesses to generate the sufficient cash flow 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 non-current information about the Authority’s financial position.

FINANCIAL ANALYSIS

The Authority ended fiscal year 2025 with a total of \$484.5 million in total assets and deferred outflows of resources, a 6.4% decrease over the prior fiscal year. \$164.9 million of total assets is attributed to current and other assets. Included in the \$164.9 million is \$122.2 million in inventory of alcohol merchandise for resale, a \$14.3 million increase over fiscal year 2024. This increase is primarily attributed to an increase in new product offerings in an effort to provide more choices to customers and advance buying opportunities during the year. The Authority does not purchase alcohol products from its bailment inventory until it is shipped to one of its stores. The Authority’s bailment inventory consists of alcohol products still owned by the alcohol distributors. At periodic times throughout the year, the Authority is given opportunities to purchase inventory from the bailment inventory prior to vendors implementing a price increase, referred to as an Advance Buy.

Net Position	FY 2025	FY 2024	Change (\$)	Change (%)
Current and other assets	\$ 164,903,440	\$ 165,146,044	\$ (242,604)	-0.1%
Capital assets, net	277,153,584	306,865,725	(29,712,141)	-9.7%
Other assets - OPEB	5,947,490	5,478,465	469,025	8.6%
Total assets	448,004,514	477,490,234	(29,485,720)	-6.2%
Deferred outflows of resources, Pension	28,645,992	31,395,107	(2,749,115)	-8.8%
Deferred outflows of resources, OPEB	7,868,591	8,761,507	(892,916)	-10.2%
Total assets and deferred outflows of resources	484,519,097	517,646,848	(33,127,751)	-6.4%
Current liabilities	171,727,816	186,050,412	(14,322,596)	-7.7%
Noncurrent liabilities	286,791,742	304,252,723	(17,460,981)	-5.7%
Total liabilities	458,519,558	490,303,135	(31,783,577)	-6.5%
Deferred inflows of resources, Pension	13,472,316	8,394,086	5,078,230	60.5%
Deferred inflows of resources, OPEB	6,859,995	8,283,452	(1,423,457)	-17.2%
Total liabilities and deferred inflows of resources	478,851,869	506,980,673	(28,128,804)	-5.5%
Net position:				
Investment in capital assets	76,158,377	90,571,966	(14,413,589)	-15.9%
Restricted net position	5,947,490	5,478,465	469,025	8.6%
Unrestricted net position	(76,438,639)	(85,384,256)	8,945,617	10.5%
Total net position	\$ 5,667,228	\$ 10,666,175	\$ (4,998,947)	-46.9%

Total Assets and Deferred Outflows of Resources

Current assets – decreased by \$0.2 million from the fiscal year 2024, primarily due to a \$13.8 million decrease in credit card and cash deposits in transit and \$1.5 million decrease in cash and cash equivalents. 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 decrease in receivables and cash and cash equivalent balances follows the decrease in the sale of alcohol during the current fiscal year and the calendar timing of the year end cutoff. This is offset by an increase in alcohol inventory of \$14.3 million primarily attributed to increase in new product offerings during the year to provide additional choices for the customers.

Capital assets, net - capital assets saw a \$29.7 million decrease to \$277.2 million in fiscal year 2025 primarily due to a \$11.1 million decrease in depreciable capital assets, and a \$19.4 million decrease in right to use intangible assets for buildings and subscription assets. With a reduced number of projects and acquisitions during the current year, the reduction was driven by normal amortization and depreciation expense in fiscal year 2025. Right to use intangible assets for buildings and subscription assets decreased mainly due to five closed and relocated lease spaces during the year, as well as six terminations of subscription-based information technology agreements (SBITA).

Deferred outflows of resources - combined deferred outflows of resources for both pension and OPEB decreased by \$3.6 million in fiscal year 2025 based on actuarially determined adjustments.

Total Liabilities and Deferred Inflows of Resources

Current liabilities – decreased by \$14.3 million or 7.7% from fiscal year 2024. Accounts payable decreased by \$6.1 million or 7.6% from fiscal year 2024, primarily due to a \$3.5 million decrease in alcohol accruals at the end of the year. There was also a decrease of \$7.4 million or 11.2%, in amounts due to the Commonwealth of Virginia primarily driven by the decrease in drawdown from the Authority’s line of credit with the Treasurer of Virginia, due to the timing of vendor payments.

Noncurrent liabilities - decreased by \$17.5 million or 5.7% from fiscal year 2024. The decrease of \$15.1 million is mainly due to decrease in long-term lease and subscription liabilities, because of five closed and relocated lease spaces, six terminations of SBITA, and no significant number of new long-term lease liabilities and subscription liabilities during the year. There was also a decrease of \$4.4 million in Pension and OPEB liabilities based on actuarially determined adjustments. These decreases are offset by \$2.0 million increase in compensated absences payable due to the implementation of *GASB 101, Compensated Absence*, which was effective in fiscal year 2025.

Deferred inflows of resources – increased by net \$3.7 million based on actuarially determined adjustments to deferred inflows of resources for pension and OPEB.

Total Net Position

Investment in capital assets represents the Authority's total investment in depreciable and non-depreciable capital assets, construction-in-progress, and right to use intangible assets reduced by outstanding lease and SBITA liabilities. This decreased by \$14.4 million in fiscal year 2025 and is due to a reduced number of projects, capital asset acquisitions and right to use intangible asset – buildings and subscription assets, offset by the accretion of long-term lease and subscription liabilities during the current year.

The restricted component of net position is the \$5.9 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 \$8.9 million from the prior year while total net position decreased \$5.0 million in fiscal year 2025. The beginning balance of unrestricted net position was restated by (\$2.5) million due to the implementation of *GASBS 101, Compensated Absences*.

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 at year-end, the Authority depends on an \$80.0 million line of credit with the State Comptroller until the Authority can build up enough cash to meet its day-to-day operations and payoff the borrowed amount. On June 30, 2025, the amount borrowed was \$47.1 million. See Note 4A.

REVENUE

Most of the Authority’s revenue comes from the sale of alcoholic beverages. Revenue is generated through the 401 state-run stores located throughout the Commonwealth. During fiscal year 2025, gross alcohol sales, including state tax on sales, decreased by \$20.3 million, from \$1,464.0 million to \$1,443.7 million over fiscal year 2024. Net revenue without state tax on sales of alcohol decreased from \$1,220.7 million in fiscal year 2024 to \$1,204.0 million in fiscal year 2025 or a 1.4% decrease. The decrease in gross sales can be attributed to \$45.0 million decrease in store sales driven by consumers switching to purchase smaller bottle sizes, a \$15.4 million decrease because of inflationary pricing changes, and \$0.4 million due to other revenue changes. These are offset by a \$29.2 million increase in sales, attributed to consumers selecting higher quality premium brands and \$11.3 million due to volume impact growth.

Merchandise sales, which make up a significant portion of the miscellaneous operating revenues, decreased from \$11.1 million to \$10.5 million, a 5.4% decrease.

Operating Revenue	FY 2025	FY 2024	Change (\$)	Change (%)
Sales of alcohol (net of excise taxes)	\$ 1,203,951,601	\$ 1,220,730,360	\$ (16,778,759)	-1.4%
License and permit fees	18,844,861	18,605,944	238,917	1.3%
Wine wholesalers tax	4,236,487	4,204,976	31,511	0.7%
Penalties	1,498,696	1,325,123	173,573	13.1%
Mixed beverage tax on common carriers	146,520	188,211	(41,691)	-22.2%
Miscellaneous operating revenues	10,507,083	11,112,480	(605,397)	-5.4%
Net operating revenues	\$ 1,239,185,248	\$ 1,256,167,094	\$ (16,981,846)	-1.4%

EXPENSES

In fiscal year 2025, operating expenses (not including cost of sales for alcohol) decreased from \$299.2 million to \$294.3 million, a decrease of 1.6%. Approximately 70.3% of the Authority's total operating expenses are for the cost of sales of alcohol sold through the Authority's stores. Personal services (cost of personnel and benefits) account for 18.6% of the Authority's total operating expenses. The remaining 11.1% is made up of contractual charges (e.g., credit card fees, computer software development & maintenance), continuous charges (e.g., short-term store rental leases), depreciation and amortization and other miscellaneous charges. Personal services decreased by \$2.1 million or 1.1% over fiscal year 2024, primarily due to management's restructuring efforts and close monitoring of wage hours at the stores. The decrease in personal services is partially offset by state-mandated salary increases and bonuses during the fiscal year. Contractual charges, supplies and materials and expendable equipment decreased by \$3.4 million or 6.3%, primarily due to budget constraints around information technology contracting services, marketing efforts, change in vendor for the Authority's main supplies and materials needs, decreased needs of manual labor at the distribution center and less fixture purchases for store renovations.

Operating Expenses	FY2025	FY 2025 % Expenses	FY2024	Change (\$)	Change (%)
Cost of sales of alcohol	\$ 697,848,064	70.3%	\$ 708,423,584	\$ (10,575,520)	-1.5%
Personal services	184,106,617	18.6%	186,175,985	(2,069,368)	-1.1%
Continuous charges	16,613,305	1.7%	16,636,276	(22,971)	-0.1%
Contractual charges	46,442,308	4.7%	48,169,257	(1,726,949)	-3.6%
Supplies and materials	3,921,782	0.4%	4,740,024	(818,242)	-17.3%
Depreciation & amortization	42,515,051	4.3%	42,130,361	384,690	0.9%
Expendable equipment	430,407	0.0%	1,293,709	(863,302)	-66.7%
Other	294,911	0.0%	65,958	228,953	347.1%
	294,324,381	29.7%	299,211,570	(4,887,189)	-1.6%
Total operating expenses	\$ 992,172,445	100.0%	\$ 1,007,635,154	\$ (15,462,709)	-1.5%

The Authority's operating expenses are driven by sales. In fiscal year 2025, the Authority's operating expenses decreased by 1.5% over fiscal year 2024. None of the Authority's main cost drivers, personal services, continuous charges, contractual charges, and depreciation and amortization, changed as a percentage of sales.

Operating Expenses as a Percentage of Sales	FY 2025	% of Sales	FY 2024	% of Sales	% Change
Sales of alcohol (net of excise taxes)	\$ 1,203,951,601		\$ 1,220,730,360		
Cost of sales of alcohol	697,848,064	58.0%	708,423,584	58.0%	0.0%
Personal services	184,106,617	15.3%	186,175,985	15.3%	0.0%
Continuous charges	16,613,305	1.4%	16,636,276	1.4%	0.0%
Contractual charges	46,442,308	3.9%	48,169,257	3.9%	0.0%
Depreciation and amortization	42,515,051	3.5%	42,130,361	3.5%	0.0%

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 2025, approximately \$69.4 million was disbursed to other state agencies. The remaining \$172.7 million was disbursed to the General Fund in accordance with the *Code of Virginia*.

Revenues, Expenses and Change in Net Position	FY 2025	FY 2024	Change (\$)
Total operating revenues	\$ 1,239,185,248	\$ 1,256,167,094	\$ (16,981,846)
Total operating expenses	(992,172,445)	(1,007,635,154)	15,462,709
Total non-operating expenses	(7,433,566)	(5,390,180)	(2,043,386)
Net profit before contributions and disbursements	239,579,237	243,141,760	(3,562,523)
Disbursements of profit to the General Fund of the Commonwealth	(172,658,363)	(173,950,014)	1,291,651
Appropriation Act disbursements	(69,428,110)	(69,428,110)	-
Total disbursements	(242,086,473)	(243,378,124)	1,291,651
Change in net position	(2,507,236)	(236,364)	(2,270,872)
Total net position - beginning*	8,174,464	10,902,539	(2,728,075)
Total net position - ending	\$ 5,667,228	\$ 10,666,175	\$ (4,998,947)

*Amounts have been restated to adjust beginning net position, related to the implementation of GASB Statement 101, Compensated Absences.

CASH FLOWS

In fiscal year 2025, there was a net decrease in cash and cash equivalent of \$2.2 million. Cash flows provided by operating activities increased from \$274.7 million to \$284.3 million, primarily due to the net increase in sales and other revenues of \$4.2 million, and \$3.9 million net increase from personal services and other expenses. Cash flows used for noncapital financing activities increased by \$11.1 million, from \$238.5 million to \$249.6 million, primarily due to the net change in current year withdrawals and repayments to the line of credit. Cash flows used by capital and related financing activities increased by \$0.6 million, from \$35.7 million in fiscal year 2024 to \$36.3 million, primarily due to the increase in lease and SBITA payments of \$1.3 million, slightly offset by an increase in interest income received of \$0.3 million.

Statement of Cash Flows	FY2025	FY2024	Change (\$)
Net cash provided by operating activities	\$ 284,259,039	\$ 274,672,461	\$ 9,586,578
Net cash used for noncapital financing activities	(249,644,284)	(238,529,909)	(11,114,375)
Net cash used for capital and related financing activities	(36,285,725)	(35,661,320)	(624,405)
Net (decrease) increase in cash and cash equivalent	(1,670,970)	481,232	(2,152,202)
Cash and cash equivalents-July 1, 2024	29,700,362	29,219,130	481,232
Cash and Cash equivalents- June 30, 2025	\$ 28,029,392	\$ 29,700,362	\$ (1,670,970)

Economic Factors and Next Year's Budget

In fiscal year 2026, the Authority anticipates a 1.0% year-over-year decline in gross alcohol sales, projecting \$1,438.7 million including state tax. This outlook reflects persistent macroeconomic headwinds, including inflationary pressures, and shifting consumer behavior toward lower-alcohol and non-alcoholic alternatives. Additionally, potential tariff uncertainties may further constrain household discretionary spending.

Despite these challenges, the Authority remains focused on revenue optimization and disciplined cost management. Priorities include:

- **Operational Efficiency:** Continued staffing optimization to maintain service quality and uphold public safety and regulatory standards.
- **Capital Investments:** Targeted upgrades to retail point-of-sale systems, eCommerce platform, alarm monitoring, and core software infrastructure to enhance operational resilience and customer experience.
- **Customer Experience:** Rather than expanding physical footprint, the Authority will modernize existing store layouts to drive engagement and improve in-store interactions.

- **Digital Transformation:** Implementation of ACH payment options for licensees and applicants, along with expanded online capabilities for tax submissions and payments by wholesalers, direct shippers, and carriers.

Senior leadership will maintain rigorous oversight of expenditures to ensure high-impact investments and sustained value delivery across the Authority.

FINANCIAL STATEMENTS

Statement of Net Position

As of June 30, 2025

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$	31,539,115
Petty cash		423,550
Receivables (Note 1-D)		8,553,167
Due from Commonwealth of Virginia (Note 4-B)		326,018
Inventory - Alcohol (Note 1-E, 12)		122,175,608
Prepaid expenses (Note 1-M)		1,885,982
Total current assets		164,903,440

Noncurrent assets:

Nondepreciable capital assets - Land (Note 3)		10,882,996
Depreciable capital assets, net (Note 3)		78,744,975
Right to use intangible assets - Building, net (Note 3)		172,738,080
Right to use intangible assets - Subscription assets, net (Note 3)		13,276,519
Nondepreciable construction in progress (Note 3)		1,511,014

Total noncurrent assets (capital assets, net) **277,153,584**

Other Assets - OPEB (Note 10) 5,947,490

Total noncurrent & other assets **283,101,074**

Deferred Outflows of Resources (Pension) (Note 1-H, 9) 28,645,992

Deferred Outflows of Resources (OPEB) (Note 1-H, 10) 7,868,591

Total deferred outflows of resources **36,514,583**

Total assets and deferred outflows of resources **484,519,097**

Liabilities

Current liabilities:

Accounts payable (Note 7)		74,836,592
Unearned revenue (Note 1-C)		1,528,245
Long-term lease liabilities, current portion (Note 5-A)		20,823,381
Long-term subscription liabilities, current portion (Note 5-B)		3,059,633
Due to Commonwealth of Virginia (Note 4)		59,211,292
Obligations under securities lending (Note 1-F, 2)		3,933,273
Compensated absences payable (Note 6)		7,813,348
OPEB liability (Note 10)		522,052

Total current liabilities **171,727,816**

Noncurrent liabilities:

Compensated absences payable (Note 6)		2,446,389
Long-term lease liabilities (Note 5-A)		168,946,154
Long-term subscription liabilities (Note 5-B)		8,166,039
Net pension liability (Note 9)		89,143,769
OPEB liability (Note 10)		18,089,391

Total noncurrent liabilities **286,791,742**

Deferred Inflows of Resources (Pension) (Note 1-I, 9) 13,472,316

Deferred Inflows of Resources (OPEB) (Note 1-I, 10) 6,859,995

Total deferred inflows of resources **20,332,311**

Total liabilities and deferred inflows of resources **478,851,869**

Net Position

Investment in capital assets		76,158,377
Restricted net position (Note 1-J)		5,947,490
Unrestricted net position		(76,438,639)
Total net position	\$	5,667,228

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

Statement of Revenues, Expenses, and Changes in Net Position

For the Period Ended June 30, 2025

Operating revenues:

Sales of alcohol, net of excise taxes of \$239,790,788	\$ 1,203,951,601
License and permit fees	18,844,861
Wine wholesalers tax	4,236,487
Penalties	1,498,696
Mixed beverage tax on common carriers	146,520
Miscellaneous operating revenues	10,507,083

Total operating revenues	1,239,185,248
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Operating expenses:

Cost of sales of alcohol	697,848,064
Personal services	184,106,617
Continuous charges	16,613,305
Contractual charges	46,442,308
Supplies and materials	3,921,782
Depreciation and amortization	42,515,051
Expendable equipment	430,407
Other operating expenses	294,911

Total operating expenses	992,172,445
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Operating income	247,012,803
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Nonoperating (expenses) revenues:

Interest income	2,030,952
Income from Public Assistance grants and contracts	210,692
Income from security lending transactions (Note 1-F, 2)	692,408
Interest expense on long-term leases	(9,199,129)
Interest expense on subscription liabilities	(1,034,995)
Expenses from security lending transactions (Note 1-F, 2)	(692,408)
Seized assets & other Federal funds	(33,363)
Other nonoperating revenue	592,277

Total nonoperating expenses before disbursements	(7,433,566)
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Net profit before disbursements	239,579,237
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Disbursements:

Disbursements of profits to the General Fund of the Commonwealth	(172,658,363)
Appropriation Act disbursements	(69,428,110)

Total disbursements	(242,086,473)
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Net profit after disbursements	(2,507,236)
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Total net position - July 1, 2024	10,666,175
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Net effect of change in Accounting Principle (Note 1-O)	(2,491,711)
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Net Position - July 1, 2025, as restated (Note 1-O)	8,174,464
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Total net position - June 30, 2025	\$ 5,667,228
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The accompanying Notes to Financial Statements are an integral part of this statement.

Statement of Cash Flows

For the Period Ended June 30, 2025

Cash flows from operating activities:	
Cash received from sales	\$ 1,203,820,036
Cash received from licenses and fees	18,450,336
Cash received from other revenues	30,367,268
Cash payments for cost of sales	(717,970,688)
Cash payments for personal services	(188,747,482)
Cash payments for other expenses	(61,660,431)
	<hr/>
Net cash provided by operating activities	284,259,039
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	47,095,741
Due to the Commonwealth repayments	(54,755,281)
Cash received from taxes	349,438,180
Transfers of tax collections to the General Fund of the Commonwealth	(281,622,436)
Transfers of tax collections to the Commonwealth's Department of Taxation	(69,712,865)
Transfers of profit to the General Fund of the Commonwealth	(170,875,648)
Appropriation Act Transfers	(69,428,110)
Cash received from Public Assistance Program, seized assets & others	216,135
	<hr/>
Net cash used for noncapital financing activities	(249,644,284)
Cash flows from capital and related financing activities:	
Construction in-progress	(1,754,116)
Acquisition of capital assets	(1,075,652)
Proceeds from sale of depreciable assets	57,109
Principal paid on long-term lease liabilities and subscription liabilities	(24,902,433)
Interest paid on long-term lease liabilities and subscription liabilities	(10,234,124)
Gain from termination of ROU assets	(407,461)
	<hr/>
Net cash used for capital and related financing activities	(38,316,677)
Cash flows from investing activities:	
Interest Income	2,030,952
	<hr/>
Net cash provided by investing activities	2,030,952
	<hr/>
Net decrease in cash and cash equivalents	(1,670,970)
Cash and cash equivalents - July 1, 2024	29,700,362
	<hr/>
Cash and cash equivalents - June 30, 2025	\$ 28,029,392
	<hr/>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	\$ 31,539,115
Petty cash	423,550
Securities lending cash equivalents	(3,933,273)
	<hr/>
	\$ 28,029,392
	<hr/>
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	\$ 247,012,803
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	42,515,051
(Gain) loss on disposal of depreciable capital assets and right to use intangible assets	(18,909)
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	13,779,399
Increase in inventory	(14,294,708)
Decrease in compensated absences	(1,005,475)
Decrease in accounts payable	(6,145,573)
Increase in prepaid items	(396,154)
Decrease in unearned revenues	(278,653)
Decrease in pension liabilities	(2,899,263)
Decrease in pension deferred outflows	2,749,115
Increase in pension deferred inflows	5,078,230
Decrease in OPEB deferred outflows	892,916
Decrease in OPEB liabilities	(837,258)
Decrease in OPEB deferred inflows	(1,423,457)
Increase in OPEB assets	(469,025)
	<hr/>
Net cash provided by operating activities	\$ 284,259,039
	<hr/>
Noncash investing, noncapital financing, capital and related financing transactions:	
Lease liabilities assumed related to right to use asset	\$ 9,811,422
Subscription liabilities assumed related to right to use asset	576,630
Special contribution to the Pension and OPEB plans	553,471
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Total noncash investing, noncapital financing, capital and related financing transactions	\$ 10,941,523
	<hr/>

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 interest income on cash held with the Treasurer of Virginia and interest paid on long-term lease liabilities and subscription liabilities, as defined by GAAP.

D. Accounts Receivable

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

E. Inventories

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

F. Securities Lending

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

G. Pensions and Other Post-Employment Plans

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

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

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

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

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

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

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

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

H. Deferred Outflows of Resources

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

I. Deferred Inflows of Resources

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

J. Restricted component of net position

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

K. Net Position

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

L. Use of Estimates

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

M. Prepaid Items

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

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

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

The Authority adopted *GASB 96 – Subscription Based Information Technology Arrangements (SBITA)*, which requires the Authority to disclose key information about SBITA and recognize SBITA liabilities and corresponding right to use intangible subscription assets on its Statement of Net Position. Assets and liabilities resulting from SBITAs are recognized and measured using the facts and circumstances that existed at the commencement of the arrangements. The SBITA liabilities and SBITA assets are measured using the remaining SBITA term and discount rate at the commencement of the arrangement.

O. Compensated Absences Payable

The Authority adopted *GASB 101 – Compensated Absences* on July 1, 2024. Employees earn vacation and other types of paid leave benefits in accordance with the Authority's personnel policies. A liability for compensated absences is recognized if (1) the leave is attributable to services already rendered, (2) the rights to leave accumulate, and (3) it is probable that the leave will be used for time off or otherwise paid or settled. Vacation and annual leave are accrued as earned and recorded as a liability when it is probable that benefits will be used or paid. Other types of compensated absences are accrued as a liability when the leave is both (a) attributable to services already rendered and (b) probable of resulting in either (i) a cash payment to the employee, (ii) conversion to another type of leave, or (iii) settlement through other means consistent with GASB 101. In estimating the leave that is more likely than not to be used, the Authority considered relevant historical information on leave usage and payments of compensated absences. The compensated absence liability is measured using the current pay rates in effect as of fiscal year end and includes the employer's share of employer-related taxes payable. The portion expected to be paid within the next year is reported as current liability; the remainder is reported as long-term liability in the statement of net position.

Notes to Financial Statements

As of June 30, 2025

Implementation of this guidance required restatement of beginning balances. Beginning balance adjustments are noted on the table below and in Note 6, Compensated Absences Payable.

Beginning net position	Impact of change in accounting principle	Adjusted beginning net position
\$ 10,666,175	(2,491,711)	\$ 8,174,464

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 \$3,933,273 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 assets or group of assets with an expected useful life of greater than one year. The standard for capitalization of computer software is \$100,000 with an expected useful life greater than one year. Property, plant, equipment, and intangibles are stated at cost at the time of acquisition and are setup in a comprehensive capital asset system. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets useful lives are not capitalized. Contributed capital assets are recorded at acquisition value at the time of receipt. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is reflected in the results of operations in the financial statements. Depreciation of the cost of buildings, equipment, and intangibles are provided on a straight-line basis over their estimated lives of from thirty to forty years on buildings, from three to eight years on equipment, and from three to ten years on intangibles. Intangible assets are defined as assets that lack physical substance, are non-financial in nature and useful lives or benefit period exceed one or more years. Examples of intangible assets are software, land use rights (rights-of-way), and intellectual property (patents, copyrights, and trademarks). Right to use intangible asset – Buildings are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs, and amortized straight-line over the shorter of the lease term or the useful life of the underlying asset. An intangible right to use lease assets and lease liability are calculated for contracts with \$50,000 or more in total future lease payments, from the date the lease begins to the end of the lease term. Right to use intangible assets – Subscription assets are measured at the amount of the initial measurement of the subscription-based information technology arrangements (SBITA) liability, plus any payments made to the vendor at or before the commencement of the SBITA term and certain direct costs and amortized straight-line over the shorter of the SBITA term or useful life of the underlying subscription asset. An intangible right to use subscription assets and SBITA liability are calculated for contracts with \$5,000 or more in future SBITA payments, from the date the SBITA begins to the end of the SBITA term. The Authority capitalizes like-kind individually depreciable capital assets, bought within close proximity of each other, whose individual acquisition costs are less than \$5,000, if those assets in the aggregate are greater than \$500,000. The Authority had no depreciable capital assets with acquisition costs that are below \$5,000, that aggregated to greater than \$500,000 in fiscal year 2025.

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

Notes to Financial Statements

As of June 30, 2025

	Balance at July 1, 2024	Acquired	Deleted	Balance at June 30, 2025
Non-depreciable capital assets:				
Land	\$ 10,882,996	\$ -	\$ -	\$ 10,882,996
Construction in-progress	658,551	1,754,116	(901,653)	1,511,014
Total non-depreciable capital assets	11,541,547	1,754,116	(901,653)	12,394,010
Depreciable capital assets:				
Buildings	56,004,078	-	-	56,004,078
Office equipment	1,761,805	170,620	-	1,932,425
Motor vehicle equipment	7,037,591	120,562	(354,808)	6,803,345
Stores equipment	18,583,533	443,904	-	19,027,437
Warehouse equipment	20,775,313	205,240	(38,200)	20,942,353
Furnitures and fixtures	3,124,591	-	-	3,124,591
Intangibles	37,057,357	1,036,979	-	38,094,336
Total depreciable capital assets	144,344,268	1,977,305	(393,008)	145,928,565
Right to use intangible assets:				
Right-to-use assets- Buildings	263,748,058	9,811,421	(1,043,484)	272,515,995
Right-to-use assets - SBITA	21,256,341	576,630	(745,390)	21,087,581
Total depreciable capital assets and right to use intangible assets	429,348,667	12,365,356	(2,181,882)	439,532,141
Less accumulated depreciation:				
Buildings	8,164,948	1,779,270	-	9,944,218
Office equipment	1,523,924	91,168	-	1,615,092
Motor vehicle equipment	4,927,662	802,582	(354,808)	5,375,436
Stores Equipment	11,904,340	2,184,078	-	14,088,418
Warehouse equipment	3,967,963	1,260,405	-	5,228,368
Furnitures and fixtures	937,377	312,459	-	1,249,836
Intangibles	23,034,232	6,647,990	-	29,682,222
Total accumulated depreciation	54,460,446	13,077,952	(354,808)	67,183,590
Less accumulated amortization:				
Right-to-use assets- Buildings	74,761,636	25,795,967	(779,688)	99,777,915
Right-to-use assets- SBITA	4,802,407	3,641,132	(632,477)	7,811,062
Total accumulated depreciation and accumulated amortization	134,024,489	42,515,051	(1,766,973)	174,772,567
Depreciable capital assets and right to use intangible assets, net	295,324,178	(30,149,695)	(414,909)	264,759,574
Total capital assets, net	\$ 306,865,725	\$ (28,395,579)	\$ (1,316,562)	\$ 277,153,584

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.

4. DUE TO THE COMMONWEALTH

A. Line of Credit

The Authority has an \$80,000,000 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 is mainly used for operating expenses to prevent negative cashflow. As of June 30, 2025, the Authority had outstanding \$47,095,741 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 1, 2024	Acquired	Deleted	Balance at June 30, 2025
\$ 54,755,281	\$ 47,095,741	\$ (54,755,281)	\$ 47,095,741

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 2025 Virginia Acts of Assembly required \$9,141,363 of the gross 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. In fiscal year 2025, the Authority overpaid excise tax to the General Fund in the amount of \$326,018. This excise tax receivable is reported as Due from Commonwealth of Virginia in the Statement of Net Position and will be deducted from the first quarter of fiscal year 2026 excise tax transfer. 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, 2025, is summarized below.

	Excise Tax	Liter Tax on Wine	Total
Balance due to the General Fund, July 1, 2024	\$ 1,235,960	\$ 1,798,485	\$ 3,034,445
Receipts for fiscal year	240,116,806	40,127,682	280,244,488
Due from Commonwealth of Virginia	(326,018)		(326,018)
Disbursements to the General Fund	(241,352,766)	(39,943,652)	(281,296,418)
Balance due (from) to the General Fund, June 30, 2025	\$ (326,018)	\$ 1,982,515	\$ 1,656,497

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, 2025, is summarized below.

Balance due to the Department of Taxation, July 1, 2024	\$ 5,834,829
Sales Tax Collections	69,193,692
Disbursements to the Department of Taxation	(69,712,865)
Balance due to the Department of Taxation, June 30, 2025	\$ 5,315,656

D. Earned Surplus

The Appropriation Act, Chapter 725 of the 2025 Acts of Assembly, requires the Authority to disburse an estimate of its fourth quarter profits in the month of June. In accordance with the Alcoholic Beverage Control Act, Section 4.1-116 of the *Code of Virginia*, the Authority disburses any additional net profit to the General Fund of the Commonwealth 50 days after the last day of the quarter. The Authority underestimated profit for the fourth quarter resulting in an addition of \$4,817,380 to the General Fund at June 30, 2025.

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

A. Lease Liabilities

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

Key estimates and judgments include how the Authority determines the: 1) discount rate it uses to discount the unpaid lease payments to present value; 2) lease term and 3) lease payments. *GASB 87* requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Authority cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Authority generally uses its incremental borrowing rate as the discount rate for the lease. The Authority's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Authority does not generally borrow on a collateralized basis, it uses the

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As of June 30, 2025

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 non-cancellable 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 2026-2045. 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 2025 was \$9,199,129.

The following schedule presents the changes in lease liabilities activity:

Balance at July 01, 2024	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2025	Amounts due within one year
\$ 202,210,472	\$ 9,811,422	\$ (22,252,359)	\$ 189,769,535	\$ 20,823,381

Maturities of lease liabilities and interest expense are as follows:

	Principal	Interest	Total
2026	\$ 20,823,381	\$ 8,712,083	\$ 29,535,464
2027	19,012,368	7,842,790	26,855,158
2028	17,180,856	7,026,612	24,207,468
2029	16,289,471	6,257,759	22,547,230
2030	14,825,223	5,549,915	20,375,138
2031-2035	58,067,030	18,644,336	76,711,366
2036-2040	33,288,667	7,172,889	40,461,556
2041-2045	10,282,539	1,139,382	11,421,921
Total lease liabilities	\$ 189,769,535	\$ 62,345,766	\$ 252,115,301

B. Subscription-Based Information Technology Arrangements Liabilities

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

Key estimates and judgements include how the Authority determines the: 1) discount rate it uses to discount the unpaid SBITAs payments to present value; 2) SBITA term and 3) SBITA payments. GASB 96 requires the Authority to discount its unpaid subscription payments using the interest rate charged by the SBITA vendor, or if this is unknown, its implicit borrowing rate. Generally, the Authority cannot determine the implicit interest rate in the arrangements because it does not have access to the vendor's estimated residual value or the amount of the vendor's deferred initial direct costs. Therefore, the Authority generally uses the published prime interest rate at the beginning of the SBITA term. The subscription term for all the Authority's SBITAs includes the noncancellable period of the right-to-use underlying IT asset plus any additional periods covered by either an Authority or subscription vendor option to extend or terminate the SBITA if it is reasonably certain to exercise. The Authority's SBITA maturities range from 2025-2032. SBITA payments included in the measurement of the SBITA liability are comprised of fixed payments owed over the subscription term.

Amortization of right to use intangible assets –SBITA was recognized and presented separately from interest expense on the SBITA liability. Interest in SBITA liabilities in fiscal year 2025 was \$1,034,995.

The following schedule presents the changes in SBITA liabilities activity:

Balance at July 01, 2024	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2025	Amounts due within one year
\$ 14,083,287	\$ 576,630	\$ (3,434,245)	\$ 11,225,672	\$ 3,059,633

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Maturities of SBITA liabilities and interest expense are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,059,633	\$ 869,534	\$ 3,929,167
2027	2,899,793	627,782	3,527,575
2028	2,114,293	397,792	2,512,085
2029	1,847,520	243,037	2,090,557
2030	382,184	97,833	480,017
2031-2032	922,249	105,003	1,027,252
Total SBITA liabilities	\$ 11,225,672	\$ 2,340,981	\$ 13,566,653

The Authority monitors events or changes in circumstances that require a reassessment of one of its leases or SBITAs. When a reassessment results in the remeasurement of a lease liability or SBITA liability, a corresponding adjustment is made to the carrying amount of the corresponding right to use intangible assets – building or SBITA unless doing so would reduce the carrying amount of the right to use intangible assets – building or SBITA to an amount less than zero. In that case, the amount of the adjustment that would result in a negative right to use intangible assets – building or SBITA balance is recorded as a profit or loss.

6. COMPENSATED ABSENCES PAYABLE

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, 2025. Employees accrue PTO leave at a rate of eight to thirteen hours semi-monthly, depending on their length of service. The maximum leave accumulation per year is dependent upon years of service, but in no case may it exceed 360 hours at the end of the leave year. The maximum compensation for Annual Leave Bank and PTO payouts is 336 hours.

GASB 101’s implementation during the fiscal year required the Authority to modify its measurement of estimated compensated absences liabilities. Implementation of this guidance required restatement of beginning balances. The Authority increased the beginning balance of compensated absences payable by \$2,491,711. The compensated absences payable and expenses for leave earned by employees but not taken, as of June 30, 2025, is reported in the Statement of Net Position and Statement of Revenues, Expense, and Changes in Net Position.

<u>Restated balance at July 01, 2024*</u>	<u>Issuances and Other Increases</u>	<u>Retirements and Other Decreases</u>	<u>Balance at June 30, 2025</u>	<u>Amounts due within one year</u>
\$ 11,265,212	\$ 2,034,024	\$ (3,039,499)	\$ 10,259,737	\$ 7,813,348

* Amounts have been restated to adjust compensated absences payable related to the implementation of GASB Statement 101, *Compensated Absences*.

7. ACCOUNTS PAYABLE

The Authority's accounts payable and accrued liabilities consisted of the following as of June 30, 2025:

Vouchers payable	\$ 35,674,952
Payroll payables	10,998,042
Disbursements pending	28,163,598
Total Accounts Payable	\$ 74,836,592

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.

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8. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2025, the Authority collected \$36,937,217 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

The following schedule presents the changes in pension liabilities activity:

Balance at July 01, 2024	Issuances and Other Increases	Retirements and Other Decreases	Balance at June 30, 2025	Amounts due within one year
\$ 92,043,032	\$ -	\$ (2,899,263)	\$ 89,143,769	\$ -

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 on the table below:

B. Retirement Plan Provisions by Plan Structures

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	Eligible Members	Eligible Members
Members are in Plan 1 if their membership date is before July 1, 2010,	Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not	Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p>	<ul style="list-style-type: none"> • Full-time permanent, salaried state employees. * • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some members are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers’ Retirement System (VaLORS) <p>Those members eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Hybrid Opt-In Election</p>	<p>Hybrid Opt-In Election</p>	
<p>VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Same as Plan 1.</p>	
<p>Retirement Contributions</p>	<p>Retirement Contributions</p>	<p>Retirement Contributions</p>
<p>State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p>Same as Plan 1.</p>	<p>A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Notes to Financial Statements

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Credit</p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit</p> <p>Same as Plan 1.</p>	<p>Service Credit</p> <p><u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

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As of June 30, 2025

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>
Calculating the Benefit	Calculating the Benefit	Calculating the Benefit
<p>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>See definition under Plan 1.</p>	<p><u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
Average Final Compensation	Average Final Compensation	Average Final Compensation
<p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
<p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.</p>	<p><u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable</p>
Normal Retirement Age	Normal Retirement Age	Normal Retirement Age
<p>VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

Notes to Financial Statements

As of June 30, 2025

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility
<p>VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>VaLORS: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p> <p>VaLORS: Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility
<p>VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>VaLORS: Age 50 with at least five years of service credit.</p>	<p>VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>VaLORS: Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement
<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><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>	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<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. 		
Disability Coverage	Disability Coverage	Disability Coverage
<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>
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
<p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

C. Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2025, was 12.52% 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, 2023. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by

employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS State Employee Retirement Plan were \$9,926,002 and \$11,052,812 for the years ended June 30, 2025, and June 30, 2024, respectively. Contributions from the Authority to the VaLORS Retirement Plan were \$2,564,932 and \$2,341,041 for the years ended June 30, 2025, and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$532,850 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll, which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$717,102 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$53,554,516 for the year ended June 30, 2025.

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

At June 30, 2025, the Authority reported a liability of \$73,201,028 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$15,942,741 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the Net Pension Liability was based on the Authority's actuarially determined employer contributions to the pension plans for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion of the VRS State Employee Retirement Plan was 1.49% as compared to 1.55% at June 30, 2023. At June 30, 2024, the Authority's proportion of the VaLORS Retirement Plan was 2.39% as compared to 2.13% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized pension expense of \$12,989,297 for the VRS State Employee Retirement Plan and \$4,471,951 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2023, and June 30, 2024, 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, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,933,063	\$ 403,659
Net differences between projected and actual earnings on pension plan investments	-	10,867,027
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,221,995	2,201,630
Employer contributions subsequent to the measurement date	<u>12,490,934</u>	<u>-</u>
Total	<u>\$ 28,645,992</u>	<u>\$ 13,472,316</u>

\$12,490,934 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, 2026. 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 2026	\$	(434,714)
FY 2027	\$	6,794,927
FY 2028	\$	(1,369,044)
FY 2029	\$	(2,308,427)
FY 2030	\$	-

E. Actuarial Assumptions

- The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023, 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 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	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

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As of June 30, 2025

2. The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023, 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 and VRS Board action are as follows:

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

F. Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 29,769,365	\$ 2,743,541
Plan Fiduciary Net Position	24,843,784	2,076,732
Employers' Net Pension Liability (Asset)	\$ 4,925,581	\$ 666,809
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%	75.70%

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

G. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP -Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	* Expected arithmetic nominal return		7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

H. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those

Notes to Financial Statements

As of June 30, 2025

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	\$ 124,775,467	\$ 73,201,028	\$ 30,190,786

- 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 Employee Retirement Plan Net Pension Liability	\$ 24,513,056	\$ 15,942,741	\$ 9,001,744

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 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-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, 2025, the Authority had accrued retirement contributions payable to the pension plan of \$697,679 including \$551,166 payable to the VRS State Employee Retirement Plan and \$146,513 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by Authority employees through June 30, 2025, but not yet paid to the plan.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following schedule presents the changes in OPEB liabilities activity:

<u>Balance at July 01, 2024</u>	<u>Issuances and Other Increases</u>	<u>Retirements and Other Decreases</u>	<u>Balance at June 30, 2025</u>	<u>Amounts due within one year</u>
\$ 20,002,172	\$ -	\$ (1,390,729)	\$ 18,611,443	\$ 522,052

A. Pre-Medicare Retiree Healthcare Plan

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

1. Eligibility requirements

- The following are eligibility requirements for Virginia Retirement System retirees:
 - You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
 - You start receiving (do not defer) your retirement benefits immediately upon retirement*, and
 - Your last employer before retirement was the Commonwealth of Virginia, and
 - You were eligible for (even if you were not enrolled in) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and

- You enroll no later than 31 days from your retirement date.

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

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

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

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

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

This fund is reported as part of the Commonwealth’s Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Department of Human Resource Management. There were approximately 3,235 retirees and 96,895 active employees in the program as of June 30, 2024. 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, 2024 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.50 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2024.

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

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

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

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65 percent to 3.93 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.

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

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

On June 30, 2025, the employer reported a liability of \$4,949,336 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$356.5 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024. 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, 2024, the participating employer's proportion was 1.38831% as compared to 1.39819% on June 30, 2023. For the year ended June 30, 2025, the participating employer recognized Pre-Medicare Retiree Healthcare OPEB expense of \$956,830.

On June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ 99,217	\$ 595,842
Changes in assumptions	97,048	1,741,677
Changes in proportion	<u>1,166,760</u>	<u>52,594</u>
Subtotal	\$ 1,363,025	\$ 2,390,113
Amounts associated with transactions subsequent to the measurement date	<u>450,236</u>	<u>-</u>
Total	<u>\$ 1,813,261</u>	<u>\$ 2,390,113</u>

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were \$450,236. These amounts will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. 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 2026	\$	(683,483)
FY 2027	\$	(287,362)
FY 2028	\$	(83,143)
FY 2029	\$	41,723
FY 2030	\$	(14,823)
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 3.93 percent, as well as what the employer’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Rate (3.93%)	1% Decrease (4.93%)
OPEB Liability	\$ 5,250,566	\$ 4,949,336	\$ 4,663,785

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

The following presents the employer’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 7.50 percent decreasing to 4.50 percent , as well as what the employer’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.50 percent decreasing to 3.50 percent) or one percentage point higher (8.50 percent decreasing to 5.50 percent) than the current rate:

	1% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
OPEB Liability	\$ 4,498,232	\$ 4,949,336	\$ 5,472,612

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. Plan Provisions

a. Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

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

b. Benefit Amounts

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

- At Retirement – For State employees who retire, the monthly benefit is \$4.25 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 \$4.25 per year of service, whichever is higher.

For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.25 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, 2025, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS State Employee Health Insurance Credit Program were \$1,004,682 and \$1,065,191 for the years ended June 30, 2025, and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately \$52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. The Authority's proportionate share is reflected in other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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

At June 30, 2025, the Authority reported a liability of \$7,434,675 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, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2024, the Authority's proportion of the VRS State Employee Health Insurance Credit Program was 1.0482% as compared to 1.0747% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$1,024,753. 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.

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At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 587,998
Net differences between projected and actual earnings on State HIC OPEB plan investments	-	25,165
Changes in assumptions	119,767	-
Changes in proportionate share and differences between actual and expected contributions	1,270,043	277,818
Employer contributions subsequent to the measurement date	1,004,682	-
Total	\$ 2,394,492	\$ 890,981

\$1,004,682 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, 2026. 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 2026	\$ 212,404
FY 2027	\$ 242,210
FY 2028	\$ 163,883
FY 2029	\$ (78,537)
FY 2030	\$ (41,131)
Thereafter	\$ -

4. Actuarial Assumptions

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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 89.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – VaLORS Employees, page 90.
- Mortality rates – JRS Employees, page 91.

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, 2024, 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	\$ 1,094,073
Plan Fiduciary Net Position	384,820
State Employee Net HIC OPEB Liability (Asset)	<u>\$ 709,253</u>
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	35.17%

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	* Expected arithmetic nominal return		<u>7.07%</u>

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

7. Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 108% of the actuarially determined contribution rate. From July 1, 2024 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	\$ 8,522,613	\$ 7,434,675	\$ 6,500,846

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-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, 2025, the Authority had accrued health insurance credit contributions payable to the OPEB plan of \$56,148. The payable is based on OPEB contributions earned by Authority employees through June 30, 2025, 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. Plan Provisions

a. Eligible Employees

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

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

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

b. Benefit Amounts

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

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

c. Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$422,099 and \$515,085 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the participating employer reported a liability of \$4,147,101 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement

Notes to Financial Statements

As of June 30, 2025

date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.3716% as compared to 0.3753% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$342,565. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 654,093	\$ 101,300
Net differences between projected and actual earnings on GLI OPEB program investments	-	349,557
Changes in assumptions	23,638	205,522
Changes in proportionate share	719,250	86,709
Employer contributions subsequent to the measurement date	422,099	-
Total	\$ 1,819,080	\$ 743,088

\$422,099 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, 2026. 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 2026	\$ 48,499
FY 2027	\$ 289,170
FY 2028	\$ 182,735
FY 2029	\$ 75,721
FY 2030	\$ 57,768
Thereafter	\$ -

5. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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 89.
- Mortality rates – Teachers, page 91.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – VaLORS Employees, page 90.
- Mortality rates – JRS Employees, page 91.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 92.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 93.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 94.

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, 2024, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	\$ 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return*		7.07%

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

8. Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 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	\$ 6,449,281	\$ 4,147,101	\$ 2,287,242

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-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, 2025, the Authority had accrued group life insurance contributions payable to the OPEB plan of \$59,299. The payable is based on OPEB contributions earned by Authority employees through June 30, 2025, 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. Plan 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 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, 2025, was 0.50% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the 2025 year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the entity were \$448,479 and \$579,169 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported an asset of \$5,947,490 for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2024, 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion was 1.68073% as compared to 1.73436% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized VSDP OPEB income of \$58,946. 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, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

Notes to Financial Statements

As of June 30, 2025

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 265,925	\$ 654,217
Net differences between projected and actual earnings on VSDP OPEB plan investments	-	283,610
Changes in assumptions	7,806	19,304
Changes in proportionate share	171,556	643,151
Employer contributions subsequent to the measurement date	448,479	-
Total	<u>\$ 893,766</u>	<u>\$ 1,600,282</u>

\$448,479 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, 2026. 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 2026	\$ (514,310)
FY 2027	\$ (182,539)
FY 2028	\$ (186,195)
FY 2029	\$ (148,151)
FY 2030	\$ (81,600)
Thereafter	\$ (42,200)

5. Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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 89.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – VaLORS Employees, page 90.

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, 2024, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	<u>VSDP</u>
Total VSDP OPEB Liability	\$ 339,007
Plan Fiduciary Net Position	<u>692,870</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (353,863)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%

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:

<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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	*Expected arithmetic nominal return		<u>7.07%</u>

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

8. Discount Rate

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 109% of

the actuarially determined contribution rate. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The Authority’s proportionate share of the VSDP Net OPEB Liability (Asset)	\$ (5,538,919)	\$ (5,947,490)	\$ (6,309,329)

10. VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-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, 2025, the Authority had accrued VSDP contributions payable to the OPEB plan of \$25,066. The payable is based on OPEB contributions earned by Authority employees through June 30, 2025, 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 Provisions

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. The benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025.
 - 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, 2025, was \$1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, 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 \$101,500 and \$79,776 for the years ended June 30, 2025, and June 30, 2024, 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, 2025, the entity reported a liability of \$2,080,330 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity’s proportion was 0.52860% as compared to 0.43673% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$236,200. 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, 2025, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,383	\$ 508,162
Net differences between projected and actual earnings on LODA OPEB plan investments	-	6,877
Changes in assumptions	383,489	418,989
Changes in proportionate share	390,620	301,503
Employer contributions subsequent to the measurement date	101,500	-
Total	\$ 947,992	\$ 1,235,531

\$101,500 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, 2026. 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:

Notes to Financial Statements

As of June 30, 2025

Year ended June 30,

FY 2026	\$	(61,033)
FY 2027	\$	(29,177)
FY 2028	\$	(39,153)
FY 2029	\$	(59,827)
FY 2030	\$	(71,622)
Thereafter	\$	(128,227)

5. Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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	7.25% – 4.25%
Ages 65 and older	6.50% – 4.25%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% 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 89.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – VaLORS Employees, page 90.
- Mortality rates – Largest Ten Locality Employers with Public Safety Employees, page 95.
- Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees, page 95.

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, 2024, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

	LODA	
	\$	
Total LODA OPEB Liability	\$	398,395
Plan Fiduciary Net Position		4,841
LODA Net OPEB Liability (Asst)	\$	393,554
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability		1.22%

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 3.97% 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 3.97% 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, 2024.

8. Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. 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, 2024, 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 3.97%, 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 2.97% or one percentage point higher 4.97% than the current rate:

	1.00% Decrease (2.97%)	Current Discount Rate (3.97%)	1.00% Increase (4.97%)
Covered Employers Proportionate Share of the LODA Net OPEB Liability	\$ 2,306,208	\$ 2,080,330	\$ 1,886,101

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 7.25% decreasing to 4.25%, 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 (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	Current Discount Rate (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
Covered employers proportionate share of the LODA Net OPEB Liability	\$ 1,772,165	\$ 2,080,330	\$ 2,458,454

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-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, automobiles, 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. CERTAIN RISK DISCLOSURES

The Authority adopted GASB 102 – Certain Risk Disclosures in fiscal year 2025. This statement requires a government to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints that may limit a government’s ability to acquire resources or control spending. The Authority did not identify any concentrations or constraints required to be disclosed per GASB 102. However, the Authority considered the following concentrations and constraints in making that determination: accounts receivable credit risk, customers and suppliers concentration risks, sole source providers for services and products, and budget constraints.

13. 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, 2025, the bailment inventory was valued at \$97,454,982.

14. COMMITMENTS

As of June 30, 2025, the Authority had aggregated contractual commitments of \$2.8 million for subscription-based information technology arrangements that have a calculated asset value of less than \$5,000 or a subscription period of 12 months or less.

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, 2023, 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 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, 2023, 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 and VRS Board action are as follows:	

Notes to Financial Statements: Appendix

As of June 30, 2025

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 MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – VaLORS Employees

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.	
The actuarial assumptions used in the June 30, 2023, 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 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 MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Judicial Retirement System (JRS) Employees

Pre-Retirement:	
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2023, 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 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, 2023, 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 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

Notes to Financial Statements: Appendix

As of June 30, 2025

Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	
The actuarial assumptions used in the June 30, 2023, 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 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, 2023, 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 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, 2023, 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 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, 2023, 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 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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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

Pre-Retirement:	
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	
Post-Retirement:	
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	
Post-Disablement:	
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	
Beneficiaries and Survivors:	
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	
Mortality Improvement Scale:	
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	

Notes to Financial Statements: Appendix

As of June 30, 2025

The actuarial assumptions used in the June 30, 2023, 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, 2025

Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan For the Measurement Dates of June 30, 2015 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.49%	1.55%	1.50%	1.25%	1.17%	1.14%	1.11%	1.08%	1.05%	1.03%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 73,201,028	\$ 78,258,395	\$ 68,127,584	\$ 45,353,066	\$ 85,049,558	\$ 72,237,702	\$ 60,199,000	\$ 62,721,000	\$ 69,227,000	\$ 63,182,000
Employer's Covered Payroll	\$ 85,492,695	\$ 80,009,440	\$ 70,950,460	\$ 55,682,209	\$ 52,399,644	\$ 48,154,635	\$ 46,170,798	\$ 43,178,236	\$ 41,564,222	\$ 39,813,992
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	85.62%	97.81%	96.02%	81.45%	162.31%	150.01%	130.38%	145.26%	166.55%	158.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%

Schedule of Employer Contributions VRS State Employee Retirement Plan For the Years Ended June 30, 2016 through 2025

Date	Contribution in Relation to		Contribution Deficiency (Excess)	Contributions as a % of Covered Payroll	
	Contractually Required Contribution *	Contractually Required Contribution *		Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 9,926,002	\$ 9,926,002	-	\$ 79,550,492	12.48%
2024	\$ 11,052,812	\$ 11,052,812	-	\$ 85,492,695	12.93%
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%

* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan for fiscal year 2024-2016.

Cost-Sharing Employer Plans — VALORS State Employee Retirement Plan

For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net Pension Liability VALORS State Employee Retirement Plan For the Measurement Dates of June 30, 2015 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	2.39%	2.13%	1.92%	1.53%	1.54%	1.60%	1.65%	1.69%	1.78%	1.99%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,942,741	\$ 13,784,637	\$ 12,128,109	\$ 8,005,822	\$ 12,031,606	\$ 11,095,665	\$ 10,284,000	\$ 11,067,000	\$ 13,798,000	\$ 14,143,000
Employer's Covered Payroll *	\$ 9,516,419	\$ 7,866,183	\$ 6,493,731	\$ 5,364,106	\$ 5,450,181	\$ 5,569,913	\$ 5,700,678	\$ 5,754,835	\$ 6,172,009	\$ 6,734,463
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	167.53%	175.24%	186.77%	149.25%	220.76%	199.21%	180.40%	192.31%	223.56%	210.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.70%	74.91%	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%

* Employer's covered payroll for years 2022-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Schedule of Employer Contributions VALORS State Employee Retirement Plan For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution *	Contribution in Relation to		Employer's Covered Payroll *	Contributions as a % of Covered Payroll *
		Contractually Required Contribution	Contribution Deficiency (Excess)		
2025	\$ 2,564,932	\$ 2,564,932	\$ -	\$ 10,426,553	24.60%
2024	\$ 2,341,039	\$ 2,341,039	\$ -	\$ 9,516,419	24.60%
2023	\$ 1,935,081	\$ 1,935,081	\$ -	\$ 7,866,183	24.60%
2022	\$ 1,422,127	\$ 1,422,127	\$ -	\$ 6,493,731	21.90%
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%

* Employer's covered payroll, contractually required contributions, and contributions as a % of covered payroll for years 2022-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2025

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, 2023, 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 for the VRS - State Employee Retirement Plan as a result of the experience study and VRS Board action may be viewed on page 90.

Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees

For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Total OPEB Liability -- Pre-Medicare Retirees For the Fiscal Year Ended, June 30, 2025

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Employer's proportion of the collective total OPEB liability	1.39%	1.40%	1.34%	1.27%	1.19%	1.17%	1.15%	1.11%
Employer's proportionate share of the collective total OPEB liability	\$ 4,949,336	\$ 4,920,502	\$ 4,852,992	\$ 5,703,784	\$ 6,789,374	\$ 7,966,474	\$ 11,535,795	\$ 14,448,345
Employer's covered-employee payroll **	89,977,045	95,009,114	\$ 87,875,623	\$ 77,444,191	\$ 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	5.50%	5.18%	5.52%	7.37%	11.12%	13.53%	21.11%	29.42%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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.

** Employer's covered payroll for years 2022-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65 percent to 3.93 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.

Cost-Sharing Employer Plans — Health Insurance Credit Program (HIC)
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability -- Health Insurance Credit Program (HIC)
For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability (Asset)	1.0482%	1.0747%	1.0238%	0.8489%	0.8080%	0.7907%	0.7717%	0.7591%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 7,434,675	\$ 8,829,800	\$ 8,386,609	\$ 7,169,391	\$ 7,417,581	\$ 7,298,540	\$ 7,040,000	\$ 6,912,000
Employer's Covered Payroll *	\$ 95,106,339	\$ 88,030,446	\$ 77,568,482	\$ 61,379,911	\$ 58,077,179	\$ 53,432,627	\$ 51,968,136	\$ 49,062,189
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Its Covered Payroll *	7.82%	10.03%	10.81%	11.68%	12.77%	13.66%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	35.17%	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

* Employer's covered payroll and employer's proportionate share of the net HIC OPEB liability (asset) for years 2018-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Schedule of Employer Contributions -- Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2018 through 2025

Date	Contribution in Relation to Contractually Required Contribution *		Contribution Deficiency (Excess)	Employer's Covered Payroll *		Contributions as a % of Covered Payroll *
	Contractually Required Contribution *	Contractually Required Contribution		Employer's Covered Payroll *	Employer's Covered Payroll *	
2025	\$ 1,004,682	\$ 1,004,682	\$ -	\$ 89,703,750	\$ 89,703,750	1.12%
2024	\$ 1,065,191	\$ 1,065,191	\$ -	\$ 95,106,339	\$ 95,106,339	1.12%
2023	\$ 985,941	\$ 985,941	\$ -	\$ 88,030,446	\$ 88,030,446	1.12%
2022	\$ 868,767	\$ 868,767	\$ -	\$ 77,568,482	\$ 77,568,482	1.12%
2021	\$ 687,455	\$ 687,455	\$ -	\$ 61,379,911	\$ 61,379,911	1.12%
2020	\$ 679,503	\$ 679,503	\$ -	\$ 58,077,179	\$ 58,077,179	1.17%
2019	\$ 630,505	\$ 630,505	\$ -	\$ 53,432,627	\$ 53,432,627	1.18%
2018	\$ 613,224	\$ 613,224	\$ -	\$ 51,968,136	\$ 51,968,136	1.18%

* Contractually required contributions and employer's covered payroll for years 2018-2024, and contributions as a % of covered payroll for year 2019 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2025

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, 2023, 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 and VRS Board action are may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 89.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – VALORS Employees, page 90.
- Mortality rates – IRS Employees, page 91.

Cost-Sharing Employer Plans—Group Life Insurance (GLI)

For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability -- Group Life Insurance Program (GLI) For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.3716%	0.3753%	0.3573%	0.2971%	0.2835%	0.2753%	0.27337%	0.26635%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 4,147,401	\$ 4,501,023	\$ 4,302,718	\$ 3,458,585	\$ 4,731,151	\$ 4,480,351	\$ 4,153,000	\$ 4,009,000
Employer's Covered Payroll *	\$ 95,386,111	\$ 88,151,667	\$ 77,682,778	\$ 61,168,148	\$ 58,157,692	\$ 52,203,269	\$ 51,979,231	\$ 49,118,624
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll *	4.35%	5.11%	5.54%	5.65%	8.14%	8.58%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

* Employer's covered payroll and employer's proportionate share of the net GLI OPEB liability (asset) for years 2018-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Schedule of Employer Contributions -- Group Life Insurance Program (GLI) For the Years Ended June 30, 2018 through 2025

Date	Contribution in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Contributions as a % of Covered Payroll *	
	Contractually Required Contribution *	Contractually Required Contribution		Employer's Covered Payroll *	% of Covered Payroll *
2025	\$ 422,099	\$ 422,099	\$ -	\$ 89,808,298	0.47%
2024	\$ 515,085	\$ 515,085	\$ -	\$ 95,386,111	0.54%
2023	\$ 476,019	\$ 476,019	\$ -	\$ 88,151,667	0.54%
2022	\$ 419,487	\$ 419,487	\$ -	\$ 77,682,778	0.54%
2021	\$ 330,308	\$ 330,308	\$ -	\$ 61,168,148	0.54%
2020	\$ 302,420	\$ 302,420	\$ -	\$ 58,157,692	0.52%
2019	\$ 271,457	\$ 271,457	\$ -	\$ 52,203,269	0.52%
2018	\$ 270,292	\$ 270,292	\$ -	\$ 51,979,231	0.52%

* Contractually required contributions and employer's covered payroll for years 2018-2024, and contributions as a % of covered payroll for year 2019 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2025

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, 2023, 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 and VRS Board may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates – General State Employees, page 89.
- Mortality rates – SPORS Employees, page 89.
- Mortality rates – IRS Employees, page 91.
- Mortality rates – Non-Largest Ten Locality Employers – General Employees, page 93.
- Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees, page 94.
- Mortality rates – Teachers, page 91.
- Mortality rates – VaLORS Employees, page 90.
- Mortality rates – Largest Ten Locality Employers – General Employees, page 92.
- Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees, page 93.

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

For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability (Asset) -- Disability Insurance Program (VSDP) For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net VSDP OPEB Liability (Asset)	1.68073%	1.73436%	1.68103%	1.41108%	1.33913%	1.28634%	1.21104%	1.11695%
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)	\$ (5,947,490)	\$ (5,478,465)	\$ (4,961,602)	\$ (4,864,281)	\$ (2,955,302)	\$ (2,523,739)	\$ (2,728,000)	\$ (2,395,000)
Employer's Covered Payroll *	\$ 94,945,738	\$ 87,816,230	\$ 77,358,852	\$ 60,714,918	\$ 58,073,871	\$ 49,666,000	\$ 47,768,182	\$ 43,797,565
Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll *	-6.26%	-6.24%	-6.41%	-8.01%	-5.09%	-5.08%	-5.71%	-5.47%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

* Employer's covered payroll and employer's proportionate share of the net VSDP OPEB liability (asset) for years 2018-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Schedule of Employer Contributions -- Disability Insurance Program (VSDP) For the Years Ended June 30, 2018 through 2025

Date	Contractually Required Contribution *	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll *	Contributions as a % of Covered Payroll *
2025	\$ 448,479	\$ 448,479	\$ -	\$ 89,695,800	0.50%
2024	\$ 579,169	\$ 579,169	\$ -	\$ 94,945,738	0.61%
2023	\$ 535,679	\$ 535,679	\$ -	\$ 87,816,230	0.61%
2022	\$ 471,889	\$ 471,889	\$ -	\$ 77,358,852	0.61%
2021	\$ 370,361	\$ 370,361	\$ -	\$ 60,714,918	0.61%
2020	\$ 360,058	\$ 360,058	\$ -	\$ 58,073,871	0.62%
2019	\$ 322,829	\$ 322,829	\$ -	\$ 49,666,000	0.65%
2018	\$ 315,270	\$ 315,270	\$ -	\$ 47,768,182	0.66%

* Contractually required contributions and employer's covered payroll for years 2018-2024, and contributions as a % of covered payroll for year 2019 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2025

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, 2023, 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 and VRS Board action may be viewed on "Notes to Financial Statements -- Appendix".

- Mortality rates -- General State Employees, page 89.
- Mortality rates -- SPORS Employees, page 89.
- Mortality rates -- VaLORS Employees, page 90.

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

For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability -- Line of Duty Act Program (LODA) For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net LODA OPEB Liability (Asset)	0.52860%	0.43673%	0.46692%	0.50017%	0.51413%	0.54690%	0.54331%	0.51555%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 2,080,330	\$ 1,750,847	\$ 1,767,084	\$ 2,205,708	\$ 2,153,256	\$ 1,962,202	\$ 1,704,000	\$ 1,355,000
Employer's Covered Payroll * 1	\$ 8,864,000	\$ 6,739,070	\$ 9,057,324	\$ 5,379,844	\$ 5,589,680	\$ 5,689,922	\$ 5,618,641	\$ 5,998,207
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered Payroll * 1	23.47%	25.98%	19.51%	41.00%	38.52%	34.49%	30.33%	22.60%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

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

¹ Employer's covered payroll and employer's proportionate share of the net LODA OPEB liability (asset) for years 2018-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Schedule of Employer Contributions -- Line of Duty Act Program (LODA) For the Years Ended June 30, 2018 through 2025

Date	Contribution in Relation to			Contributions as a	
	Contractually Required Contribution **	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll *	% of Covered Payroll *
2025	\$ 101,500	\$ 101,500	\$ -	\$ 10,252,525	0.99%
2024	\$ 79,776	\$ 79,776	\$ -	\$ 8,864,000	0.90%
2023	\$ 57,956	\$ 57,956	\$ -	\$ 6,739,070	0.86%
2022	\$ 64,307	\$ 64,307	\$ -	\$ 9,057,324	0.71%
2021	\$ 68,862	\$ 68,862	\$ -	\$ 5,379,844	1.28%
2020	\$ 69,871	\$ 69,871	\$ -	\$ 5,589,680	1.25%
2019	\$ 73,400	\$ 73,400	\$ -	\$ 5,689,922	1.29%
2018	\$ 57,872	\$ 57,872	\$ -	\$ 5,618,641	1.03%

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

** Contractually required contributions for 2024, employer's covered payroll for years 2018-2024, and contributions as a % of covered payroll for years 2022-2024 were adjusted in fiscal year 2025 to conform with VRS guidelines.

Notes to Required Supplementary Information -- For the Year Ended June 30, 2025

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, 2023, 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 89.
- Mortality rates -- ValORS Employees, page 90.
- Mortality rates -- Non-Largest Ten Locality Employers with Public Safety Employees, page 95.
- Mortality rates -- SPORS Employees, page 89.
- Mortality rates -- Largest Ten Locality Employers with Public Safety Employees, page 95.

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

Net Position — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total operating revenues	1,239,185,248	1,256,167,094	1,230,422,982	1,173,136,625	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773
Total operating expenses	992,172,445	1,007,635,154	999,662,301	931,508,150	906,008,453	789,818,868	701,360,862	664,660,269	637,017,607	606,624,500
Operating income	247,012,803	248,531,940	230,760,681	241,628,475	228,951,494	210,472,626	201,322,463	180,217,023	170,545,838	165,321,273
Non-operating (expenses) revenues	(7,433,566)	(5,390,180)	(4,131,775)	11,338,714	4,051,749	1,488,296	682,140	601,355	2,318,691	(128,586)
Net profit before disbursements	239,579,237	243,141,760	226,628,906	252,967,189	233,003,243	211,960,922	202,004,603	180,818,378	172,864,529	165,192,687
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	(172,658,363)	(173,950,014)	(151,133,416)	(174,179,283)	(167,871,163)	(142,661,735)	(126,727,832)	(109,261,467)	(101,725,746)	(96,860,303)
Appropriation Act disbursements	(69,428,110)	(69,428,110)	(69,428,110)	(69,428,110)	(69,428,110)	(69,428,279)	(69,930,044)	(69,929,142)	(69,429,142)	(68,028,110)
Total disbursements	(242,086,473)	(243,378,124)	(220,561,526)	(243,607,393)	(237,299,273)	(212,090,014)	(196,657,876)	(179,190,609)	(171,154,888)	(164,888,413)
Net (decrease) increase after disbursements & capital contributions	(2,507,236)	(236,364)	6,067,381	13,072,337	72,644,753	9,839,908	5,346,727	1,627,769	1,709,641	304,274
Total Net Position - July 1	10,666,175	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)	(72,837,777)
Net effect in change in accounting principle	(2,491,711)	-	-	-	-	-	-	(26,872,474)	-	-
Net Position - July 1, as restated	8,174,464	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(97,696,336)	(72,533,503)	(72,837,777)
Total Net Position - June 30	5,667,228	10,666,175	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,567)	(70,823,862)	(72,533,503)

Notes: 1. The significant change in Net Position in 2018 was due to the adoption of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

2. The adjustment to beginning Net Position in 2025 is due to a change in accounting principle to adopt GASB 101, Compensated Absences.

NET POSITION - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Investment in Capital Assets	76,158,377	90,571,966	104,627,579	113,822,702	121,818,144	33,116,293	15,485,332	9,110,959	9,305,696	10,325,665
Restricted Net Position	5,947,490	5,478,465	4,961,602	4,864,281	2,955,302	2,523,739	2,728,000	2,395,000	-	-
Unrestricted Net Position	(76,438,639)	(85,384,256)	(98,686,642)	(113,851,825)	(133,010,626)	(116,521,965)	(108,935,173)	(107,574,527)	(80,129,558)	(82,859,168)
Total Net Position	5,667,228	10,666,175	10,902,539	4,835,158	(8,237,180)	(80,881,933)	(90,721,841)	(96,068,568)	(70,823,862)	(72,533,503)

Notes: 1. The significant change in Net Position in 2018 was due to the adoption of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

2. An adjustment to the beginning Net Position was done in 2025 to adopt GASB 101, Compensated Absences.

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gross alcohol sales	1,443,742,389	1,464,039,151	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239
Excise tax	239,790,788	243,308,791	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928
Excise tax as a % of gross sales	16.61%	16.62%	16.64%	16.62%	16.57%	16.50%	16.52%	16.36%	16.43%	16.47%
Net alcohol sales	1,203,951,601	1,220,730,360	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311

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

OPERATING REVENUES - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net alcohol sales	1,203,951,601	1,220,730,360	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311
Sales of lottery tickets	-	-	-	-	-	-	1,008,508	1,583,218	1,775,666	2,204,199
License & permit fees	18,844,861	18,605,944	17,368,012	17,147,748	14,869,126	14,105,749	14,460,539	13,875,412	13,514,032	13,304,832
Wine wholesalers tax	4,236,487	4,204,976	4,559,756	4,517,027	4,478,961	4,079,190	4,926,698	4,414,271	4,484,962	4,295,718
Penalties	1,498,696	1,325,123	1,084,709	253,980	156,967	842,199	1,149,306	687,045	760,810	816,695
Federal grants & contracts	-	-	-	-	-	89,498	153,488	651,384	269,767	280,007
Mixed beverage tax on common carriers	146,520	188,211	120,398	97,133	22,097	67,278	31,236	24,336	20,597	25,039
Miscellaneous	10,507,083	11,112,480	10,418,524	9,169,936	5,950,799	1,283,889	956,286	1,190,883	1,088,729	1,144,972
Total operating revenues	1,239,185,248	1,256,167,094	1,230,422,982	1,173,136,625	1,134,959,947	1,000,291,494	902,683,325	844,877,292	807,563,445	771,945,773

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

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

Revenues — Last Ten Fiscal Years

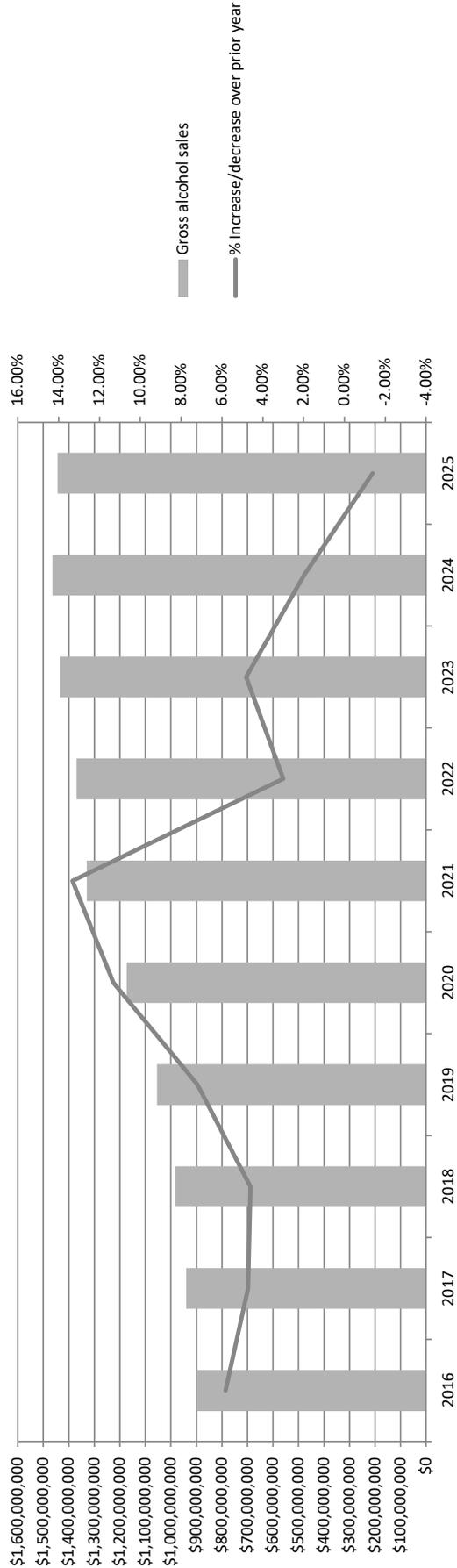
OPERATING REVENUES ANNUAL CHANGE AS A PERCENT OF PRIOR YEAR - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net alcohol sales	(1.37%)	1.99%	4.81%	2.93%	13.23%	11.34%	7.00%	4.68%	4.77%	5.85%
Sales of lottery tickets	N/A	N/A	N/A	N/A	N/A	(100.00%)	(36.30%)	(10.84%)	(19.44%)	(5.66%)
License & permit fees	1.28%	7.13%	1.28%	15.32%	5.41%	(2.45%)	4.22%	2.67%	1.57%	2.60%
Wine wholesalers tax	0.75%	(7.78%)	0.95%	0.85%	9.80%	(17.15%)	11.54%	(1.58%)	4.41%	0.85%
Penalties	13.10%	22.16%	327.08%	61.80%	(81.36%)	(26.72%)	67.28%	(9.70%)	(6.84%)	(21.57%)
Federal grants & contracts	N/A	N/A	N/A	N/A	(100.00%)	(41.69%)	(76.44%)	141.46%	(3.66%)	16.71%
Mixed beverage tax on common carriers	(22.15%)	56.32%	23.95%	339.57%	(67.16%)	115.39%	28.35%	18.15%	(17.74%)	13.28%
Miscellaneous	(5.45%)	6.66%	13.62%	54.10%	363.50%	34.26%	(19.70%)	9.38%	(4.91%)	43.88%
Total Increase	(1.35%)	2.09%	4.88%	3.36%	13.46%	10.81%	6.84%	4.62%	4.61%	5.74%

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

2. 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



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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Interest income	2,030,952	1,685,315	1,258,385	144,931	46,873	297,522	607,387	334,667	182,039	64,013
Federal grants & contracts	210,692	676,884	1,865,289	1,693,645	1,583,027	1,131,178	-	-	-	-
Income from security lending transactions	692,408	520,359	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320
Rents	-	-	2,165	33,017	24,319	27,729	24,893	24,168	27,244	31,559
Gain on disposal of capital assets	-	-	-	15,117,759	-	-	-	-	-	-
Seized assets	-	-	-	6,318	9,786	31,867	49,861	242,520	109,408	-
Other - Special Employer Contributions (VRS)	553,471	1,601,095	196,023	-	-	-	-	-	2,000,000	-
Other nonoperating revenue	38,806	27,196	101,320	202,800	2,387,744	-	-	-	-	-
Total non-operating revenues	3,526,329	4,510,849	3,835,629	17,224,528	4,063,022	1,570,964	846,942	626,968	2,319,033	98,892
Increase (decrease)	(984,520)	675,220	(13,388,899)	13,161,506	2,492,058	724,022	219,974	(1,692,065)	2,220,141	(111,282)
% Increase (decrease)	(21.83%)	17.60%	(77.73%)	323.93%	158.63%	85.49%	35.09%	(72.96%)	2245.02%	(52.95%)

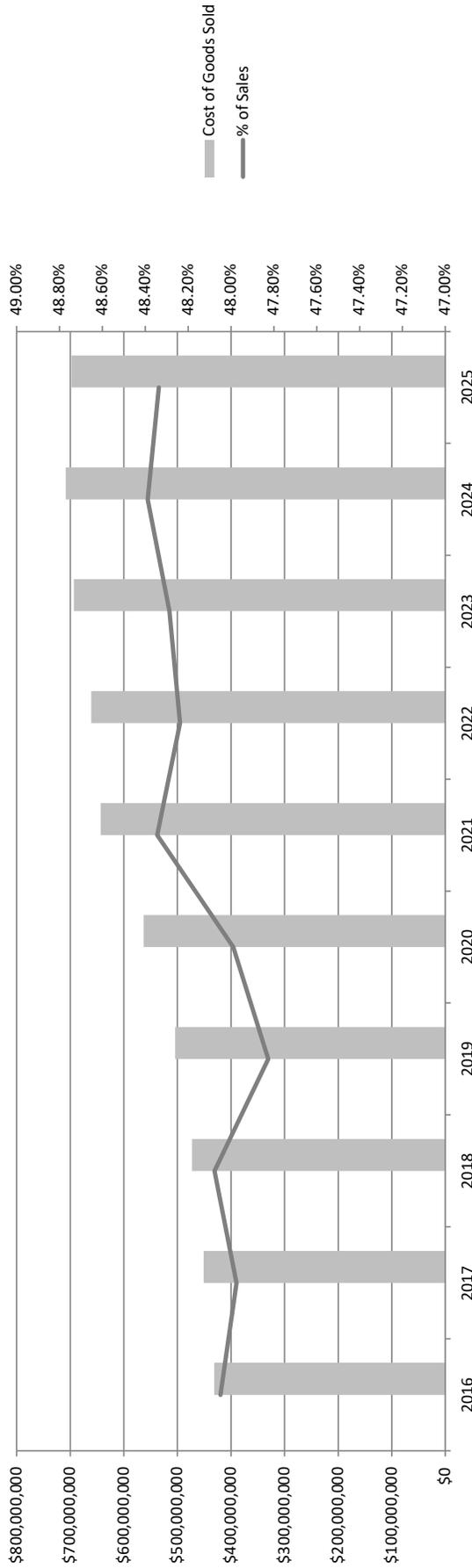
Cost of Goods — Last Ten Fiscal Years

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gross alcohol sales	1,443,742,389	1,464,039,151	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239
Excise tax	239,790,788	243,308,791	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928
Net alcohol sales	1,203,951,601	1,220,730,360	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311
Cost of goods sold	697,848,064	708,423,584	693,270,047	660,689,814	642,888,983	563,153,604	504,150,211	472,772,427	451,003,488	431,328,614
% of Gross alcohol sales	48.34%	48.39%	48.29%	48.24%	48.34%	47.99%	47.83%	48.08%	47.97%	48.05%

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

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



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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Personal services	184,106,617	186,175,985	172,575,236	150,455,712	\$ 151,766,426	\$ 129,098,812	\$ 112,085,785	\$ 113,535,743	\$ 108,120,748	\$ 102,977,280
Continuous services	16,613,305	16,636,276	20,947,829	16,251,275	38,644,856	35,976,421	34,276,756	32,134,553	31,315,640	29,278,603
Contractual services	46,442,308	48,169,257	58,506,328	55,652,151	56,862,610	50,090,559	40,966,570	34,948,390	35,181,744	31,215,352
Supplies and materials	3,921,782	4,740,024	5,477,919	6,930,860	6,056,788	4,783,598	3,496,605	3,906,161	3,429,626	3,272,558
Depreciation & amortization	42,515,051	42,130,361	40,995,658	34,809,666	4,026,437	2,890,134	2,127,490	2,580,739	2,216,175	2,580,090
Expendable equipment	430,407	1,293,709	6,620,372	6,321,406	5,084,688	3,464,031	2,867,828	2,539,276	3,453,386	2,986,732
Other operating expenses	294,911	65,958	1,268,912	397,266	677,665	361,709	372,382	347,589	611,832	856,410
Total operating expenses	294,324,381	299,211,570	306,392,254	270,818,336	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025
(Decrease) increase from prior FY	(4,887,189)	(7,180,684)	35,573,918	7,698,866	36,454,206	30,471,848	6,200,965	5,663,300	11,162,126	7,673,388
% (Decrease) increase	(1.63%)	(2.34%)	13.14%	2.93%	16.08%	15.53%	3.26%	3.07%	6.45%	4.64%

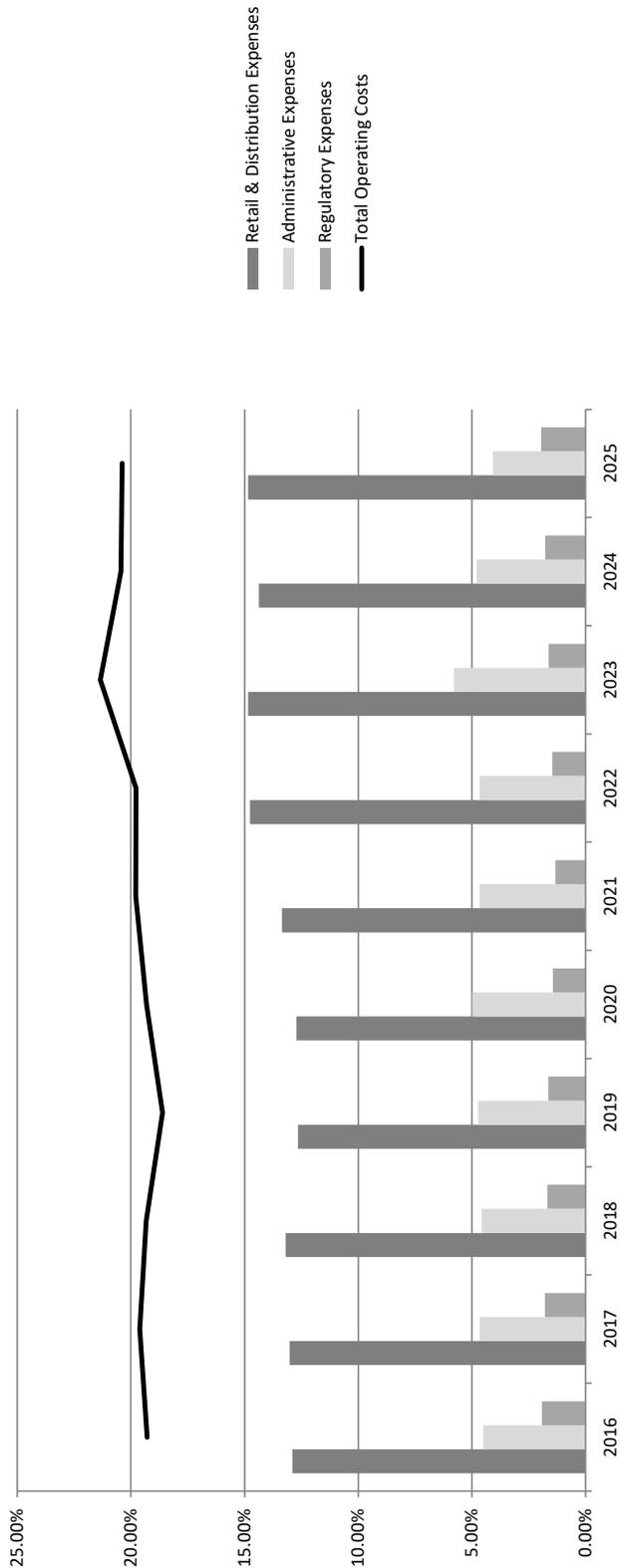
OPERATING EXPENSES BY DIVISION WITHOUT COST OF GOODS SOLD - Last Ten Fiscal Years (in dollars)

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Retail & Distribution Expenses	214,249,605	210,327,407	213,219,239	202,165,660	177,532,993	149,241,340	133,346,792	129,705,731	122,428,825	115,809,039
Administrative Expenses	58,814,264	70,154,747	83,097,461	63,804,658	61,974,111	58,544,041	49,874,639	44,903,559	43,837,955	40,354,100
Regulatory Expenses	28,243,346	26,038,496	23,373,520	20,059,935	17,723,154	16,900,634	17,288,559	16,527,661	16,885,187	17,328,181
GASB 68, GASB 75 and other Adjustments	(6,982,834)	(7,309,079)	(13,297,966)	(15,211,917)	5,889,212	1,979,249	(4,316,574)	(1,144,500)	1,177,184	(324,295)
Total Operating Costs	294,324,381	299,211,570	306,392,254	270,818,336	263,119,470	226,665,264	196,193,416	189,992,451	184,329,151	173,167,025

- 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

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Interest expense on long-term leases	9,199,129	8,276,765	6,747,321	5,858,442	-	-	-	-	-	-
Interest expense on SBITA	1,034,995	1,066,451	787,483	-	-	-	-	-	-	-
Expenses from security lending transactions	692,408	520,359	412,447	26,058	11,273	82,668	164,801	25,613	342	3,320
Seized assets	33,363	37,454	20,152	-	-	-	-	-	-	224,158
Interest Expense	-	-	-	1,314	-	-	-	-	-	-
Total non-operating expenses	10,959,895	9,901,029	7,967,403	5,885,814	11,273	82,668	164,801	25,613	342	227,478
Increase (decrease)	1,058,866	1,933,626	2,081,589	5,874,541	(71,395)	(82,133)	139,188	25,271	(227,136)	147,769
% Increase (decrease)	10.69%	24.27%	35.37%	NM	(86.36%)	(49.84%)	543.43%	7389.18%	(99.85%)	185.39%

NM - Not meaningful

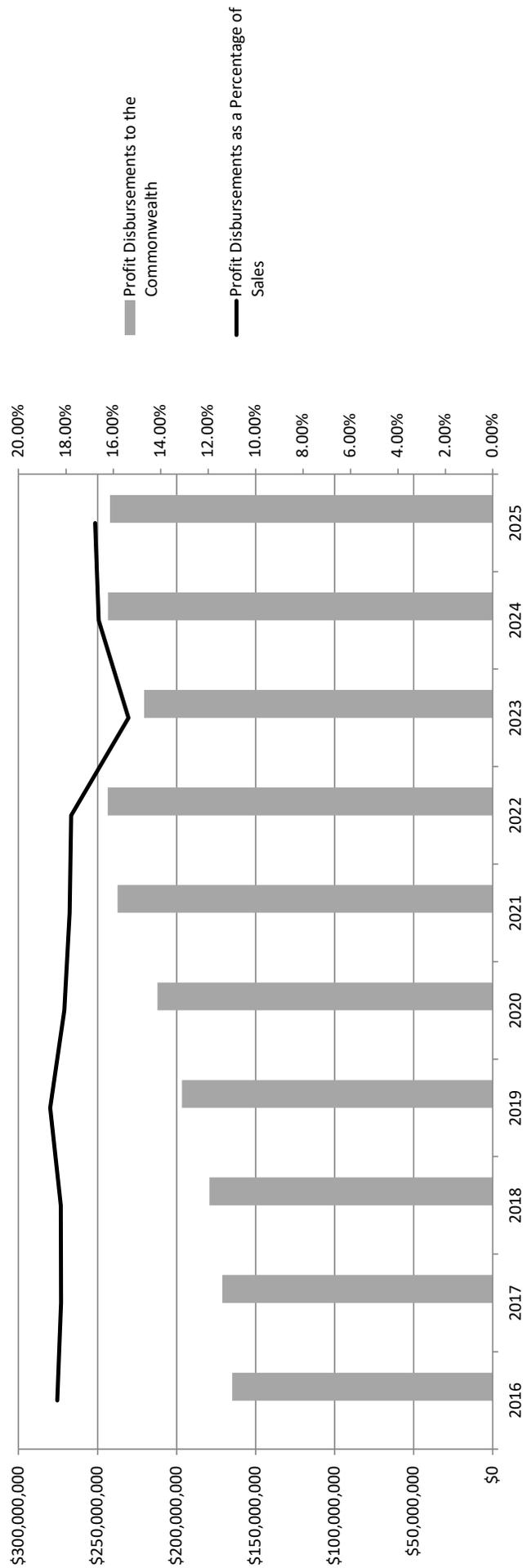
Notes: 1. Interest expense on long-term leases and SBITA are due to implementation of GASB 87, Leases and GASB 96, Subscription Based Information Technology Arrangements.

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gross alcohol sales	1,443,742,389	1,464,039,151	1,435,708,368	1,369,654,840	1,329,826,387	1,173,498,688	1,054,141,782	983,360,484	940,095,513	897,687,239
Excise tax	239,790,788	243,308,791	238,836,785	227,704,039	220,344,391	193,674,997	174,144,519	160,909,741	154,446,630	147,812,928
Net alcohol sales	1,203,951,601	1,220,730,360	1,196,871,583	1,141,950,801	1,109,481,996	979,823,691	879,997,263	822,450,743	785,648,883	749,874,311
Profit Disbursement to the Commonwealth	242,086,473	243,378,124	220,561,526	243,607,393	237,299,273	212,090,014	196,657,876	179,190,609	171,154,888	164,888,413
% of Gross Sales	16.77%	16.62%	15.36%	17.79%	17.84%	18.07%	18.66%	18.22%	18.21%	18.37%

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



Operational— Last Ten Fiscal Years

STORES BY YEAR - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Stores, July 1	402	399	395	394	388	377	370	366	359	351
New Stores	1	5	4	2	6	12	7	5	9	8
Closed Store	2	2	-	1	-	1	-	1	2	-
Total Stores, June 30	401	402	399	395	394	388	377	370	366	359

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Store square footage ¹	1,250,379	1,243,197	1,233,578	1,220,466	1,197,485	1,191,176	1,233,746	1,190,407	1,158,478	1,146,234
Total transactions	37,151,397	37,960,847	37,443,090	36,114,427	36,449,743	35,733,748	33,652,166	32,241,445	31,270,307	30,398,994
Total bottles sold	88,145,847	88,903,362	85,805,906	82,995,547	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001
Gross alcohol sales	\$ 1,443,742,389	\$ 1,464,039,151	\$ 1,435,708,368	\$ 1,369,654,840	\$ 1,329,826,387	\$ 1,173,498,688	\$ 1,054,141,782	\$ 983,360,484	\$ 940,095,513	\$ 897,687,239
Average bottle price	\$ 16.38	\$ 16.47	\$ 16.73	\$ 16.50	\$ 16.51	\$ 15.28	\$ 14.85	\$ 15.01	\$ 15.48	\$ 15.46
Average sales per transaction	\$ 38.86	\$ 38.57	\$ 38.34	\$ 37.93	\$ 36.48	\$ 32.84	\$ 31.32	\$ 30.50	\$ 30.06	\$ 29.53
Average sales per square foot	\$ 1,154.64	\$ 1,177.64	\$ 1,163.86	\$ 1,122.24	\$ 1,110.52	\$ 985.16	\$ 854.42	\$ 826.07	\$ 811.49	\$ 783.16

Notes: Information provided by the 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.
2. The Authority's Real Estate and Facilities Management division maintains and updates store square footage for any new, remodeled or relocated stores.

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Store square footage ¹	0.58%	0.78%	1.07%	1.92%	0.53%	-3.45%	3.64%	2.76%	1.07%	2.58%
Total transactions	-2.13%	1.38%	3.68%	-0.92%	2.00%	6.19%	4.38%	3.11%	2.87%	2.31%
Total bottles sold	-0.85%	3.61%	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%
Average bottle price	-0.55%	-1.58%	1.39%	-0.06%	8.04%	2.90%	-1.09%	-3.01%	0.11%	3.99%
Average sales per transaction	0.75%	0.58%	1.08%	3.97%	11.10%	4.84%	2.70%	1.45%	1.81%	3.44%
Average sales per square foot	-1.95%	1.18%	3.71%	1.06%	12.72%	15.30%	3.43%	1.80%	3.62%	3.17%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
#219 - Vienna	\$14,703,531 (1)	\$14,236,397 (1)	\$13,433,166 (1)	\$11,665,046 (2)	\$8,811,514 (4)	\$8,672,118 (2)	\$8,607,977 (4)	\$7,966,670 (3)	\$7,652,272 (5)	
#256 - Virginia Beach	\$11,412,385 (2)	\$11,829,972 (2)	\$12,024,258 (2)	\$12,829,008 (1)	\$11,696,800 (1)	\$9,614,876 (1)	\$9,848,073 (2)	\$9,335,821 (1)	\$9,356,735 (1)	\$9,202,992 (1)
#331 - Richmond	\$10,583,477 (3)	\$10,802,513 (3)	\$10,471,670 (3)	\$9,515,384 (3)	\$8,941,006 (3)	\$7,750,902 (5)				
#119 - Alexandria	\$10,069,598 (4)	\$10,232,331 (4)	\$9,822,712 (4)							
#282 - Hampton	\$9,679,195 (5)	\$9,795,453 (5)	\$9,615,765 (5)							
#225 - Virginia Beach				\$8,780,972 (4)	\$9,134,708 (2)	\$8,456,061 (4)	\$9,212,139 (3)	\$8,708,926 (2)	\$8,292,157 (2)	\$8,399,650 (2)
#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)
#278 - Virginia Beach								\$7,526,361 (5)	\$7,773,909 (3)	\$7,699,741 (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.

Operational— Last Ten Fiscal Years

BOTTLES SOLD - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total bottles sold	88,145,847	88,903,362	85,805,906	82,995,547	80,548,594	76,792,597	70,985,820	65,500,188	60,731,956	58,058,001
Increase of prior year	(757,515)	3,097,456	2,810,359	2,446,953	3,755,997	5,806,777	5,485,632	4,768,232	2,673,955	1,008,475
% Increase over prior year	-0.85%	3.61%	3.39%	3.04%	4.89%	8.18%	8.37%	7.85%	4.61%	1.77%
50mL bottles sold	30,422,746	28,448,991	26,270,630	24,901,283	22,794,484	22,169,462	20,266,659	16,640,845	13,316,637	12,130,465
Change from prior year	1,973,755	2,178,361	1,369,347	2,106,799	625,022	1,902,803	3,625,814	3,324,208	1,186,172	(416,094)
% change prior year	6.94%	8.29%	5.50%	9.24%	2.82%	9.39%	21.79%	24.96%	9.78%	-3.32%
50mL bottles as % of total	34.51%	32.00%	30.62%	30.00%	28.30%	28.87%	28.55%	25.41%	21.93%	20.89%

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

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tito's Handmade	\$74,993,290 (1)	\$75,229,308 (1)	\$72,032,280 (1)	\$66,908,281 (1)	\$57,855,124 (1)	\$52,339,240 (1)	\$42,122,282 (1)	\$33,451,056 (1)	\$25,018,702 (3)	\$25,269,088 (2)
Hennessy VS	\$32,235,949 (2)	\$38,264,805 (2)	\$43,974,774 (2)	\$42,524,111 (2)	\$52,767,346 (2)	\$46,879,265 (2)	\$35,309,436 (2)	\$33,157,815 (2)	\$33,941,737 (1)	\$27,599,088 (1)
Jack Daniel's #7 Black	\$27,380,648 (3)	\$28,831,141 (3)	\$30,160,192 (3)	\$30,387,548 (3)	\$30,392,412 (3)	\$30,259,503 (3)	\$29,979,450 (3)	\$29,282,762 (3)	\$28,702,100 (2)	\$19,805,216 (3)
Jim Beam	\$21,967,732 (4)	\$23,134,586 (5)	\$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)	\$19,110,580 (5)
Patron Silver	\$20,247,466 (5)	\$25,605,068 (4)	\$28,590,210 (4)	\$28,637,480 (4)	\$28,915,618 (4)	\$20,933,661 (5)	\$19,224,053 (5)	\$18,749,122 (5)	\$18,807,951 (5)	\$19,294,602 (4)
Fireball Cinnamon										
Smirnoff 80										

Operational—Last Ten Fiscal Years

PRODUCTS SOLD BY CASE - Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Vodka	1,562,012	1,616,358	1,635,643	1,650,203	1,666,837	1,656,207	1,556,616	1,505,294	1,471,413	1,448,851
Domestic	915,250	933,999	933,024	922,924	898,413	907,464	855,285	823,756	795,487	774,794
Imported	363,620	374,650	377,319	380,527	394,030	389,336	363,835	355,140	351,388	350,341
Flavored	283,142	307,709	325,301	346,752	374,394	359,408	337,496	326,398	324,538	323,716
Straight Bourbon Whiskey	800,181	814,341	780,777	755,521	736,207	703,214	625,562	578,328	535,671	515,177
Rum	406,326	437,755	470,292	488,348	494,499	484,048	465,274	464,810	455,635	446,425
Domestic	31,638	36,032	37,023	39,641	41,635	27,389	438,456	438,855	434,086	429,928
Imported	374,688	401,722	433,269	448,707	452,864	456,658	26,818	25,955	21,549	16,497
Tequila	1,089,186	996,106	885,876	748,000	615,083	461,861	398,587	353,493	324,504	291,677
Cordials - Liqueurs-Specialties	526,040	537,535	514,517	478,956	452,504	558,782	517,338	488,640	474,718	478,332
Imported	333,633	330,934	322,558	295,062	281,355	361,042	331,695	314,610	298,289	295,955
Domestic	192,406	206,601	191,959	183,894	171,149	197,740	185,643	174,030	176,429	182,377
Flavored Whiskey	299,114	293,893	307,174	336,535	366,550	-	-	-	-	-
Cognac\Armagnac	137,482	153,234	172,451	201,905	251,574	203,289	194,789	187,912	183,177	160,584
Gin	220,016	230,418	238,474	238,926	247,227	246,321	237,108	234,097	236,821	236,616
Domestic	90,872	97,743	105,187	110,564	120,931	132,294	134,651	137,315	142,038	145,141
Imported	116,082	117,975	118,587	114,982	113,592	101,292	90,512	84,557	81,542	78,884
Flavored	12,902	14,533	14,560	13,294	12,288	12,363	11,567	11,805	12,780	12,116
Sloe	160	167	141	86	417	372	378	420	461	475
Canadian Whiskey	118,461	123,608	131,770	146,374	149,935	201,871	161,568	161,060	160,640	157,516
Brandy	133,105	143,035	154,255	159,752	168,741	171,495	201,729	192,563	193,188	191,377
Grape	94,802	100,624	107,510	111,251	114,374	121,000	7,254	7,035	7,315	7,312
Imported	17,506	19,568	20,417	20,179	21,846	14,663	35,540	35,943	36,328	33,534
Flavored	20,797	22,844	26,329	28,322	32,521	35,832	158,935	149,585	149,545	150,531
Scotch Whiskey	142,313	151,449	166,044	178,106	181,068	171,167	168,753	121,746	149,837	124,684
Cocktails	217,999	199,022	197,274	182,814	190,166	151,914	224,697	198,396	180,239	172,073
Domestic	153,920	123,452	119,826	108,867	107,019	90,017	111,572	101,123	103,626	104,110
Imported	64,079	75,570	77,448	73,947	83,147	61,897	113,125	97,273	76,613	67,963
Tennessee Whiskey	109,742	116,368	124,271	117,345	124,981	121,693	41,690	36,217	34,608	34,856
Blended Whiskey	95,673	96,991	98,108	96,032	91,456	148,003	71,435	61,056	42,006	33,107
Irish Whiskey	79,329	84,700	87,590	86,424	89,296	80,162	71,192	62,282	53,596	46,944
Straight Rye Whiskey	77,507	79,995	76,273	69,446	63,447	50,554	51,732	45,534	53,320	73,124
Domestic Whiskey	40,756	42,078	45,191	47,096	43,709	64,721	57,617	56,801	53,194	47,235
Moonshine	58,076	64,454	62,490	49,735	45,288	39,141	39,986	32,505	26,609	21,271
Specialty Bottles	22,170	19,614	33,189	34,048	35,588	43,221	59,784	50,671	58,168	58,656
Imported	9,961	11,266	20,250	22,778	21,345	26,600	19,973	16,086	26,459	25,407
Domestic	12,209	8,348	12,939	11,270	14,243	16,621	39,811	34,585	31,709	33,249
Egg Nog	30,478	27,235	26,746	26,522	24,005	25,321	22,972	20,034	18,653	13,101
Rock & Rye	1,480	1,938	2,284	2,347	2,200	2,398	2,368	2,236	1,813	1,610
Grain Alcohol	1,895	1,973	1,941	1,922	2,097	2,091	1,250	1,227	53	57
Bottled Bond Whiskey			-	-	-	737	629	561	601	606
Corn Whiskey	970	1,148	1,396	1,469	1,699	691	489	408	325	441
Vermouth	20,295	21,493	22,821	18,413	25,324	25,175	22,681	21,903	17,848	16,561
Virginia Wine	16,194	15,863	15,618	15,732	17,278	15,762	14,936	14,480	14,624	13,131
Non-Alcoholic Mixers	152,579	171,867	167,988	161,316	176,008	157,705	134,259	128,533	123,882	114,393
Non Beverage Item	1,101	25,702	37,037	30,320	22,509	24,996	27,587	29,272	28,399	24,387
Statewide Totals *	6,360,480	6,468,173	6,457,491	6,323,607	6,285,276	5,812,539	5,372,628	5,050,059	4,893,543	4,722,793
(Decrease) Increase from prior FY	(107,693)	10,682	133,884	38,331	472,737	439,911	322,569	156,517	170,750	172,466
% (Decrease) Increase	-1.66%	0.17%	2.12%	0.61%	8.13%	8.19%	6.39%	3.20%	3.62%	3.79%

Notes: * Excludes promotional items, miscellaneous records and confiscated items.

AUTHORITY TRANSITION — ENACTMENT CLAUSE 14

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 2025	FY 2024	FY 2023	FY 2022	FY 2025	FY 2024	FY 2023	FY 2022
Sales	\$ 1,451.7	\$ 1,472.5	\$ 1,443.9	\$ 1,376.6	100.0%	100.0%	100.0%	100.0%
- Excise tax	239.8	243.3	238.9	227.7	16.5%	16.5%	16.5%	16.5%
+ Other revenue	29.3	29.1	28.5	41.5	2.0%	2.0%	2.0%	3.0%
Net revenue	\$ 1,241.2	\$ 1,258.3	\$ 1,233.5	\$ 1,190.4	85.5%	85.5%	85.5%	86.5%
Cost of goods sold	697.8	708.4	693.3	660.7	48.0%	48.1%	48.0%	48.0%
Operation costs	214.3	210.3	213.2	202.2	14.8%	14.3%	14.8%	14.7%
Administrative costs	58.8	70.2	83.1	63.8	4.0%	4.8%	5.8%	4.6%
Regulatory costs	28.2	26.0	23.3	20.1	2.0%	1.8%	1.6%	1.5%
Net Profit	\$ 242.1	\$ 243.4	\$ 220.6	\$ 243.6	16.7%	16.5%	15.3%	17.7%

Notes:

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

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

There are four major categories of ABC costs: Cost of Goods Sold, Operation Costs, Administrative Costs, and Regulatory Costs. The Cost of Goods Sold is simply the cost that the Authority incurs to purchase the distilled spirits that are sold in the ABC stores. The Operation Costs include the costs to operate the Authority’s stores (personnel cost, store rentals, utilities, etc.), the costs to operate the Authority’s Distribution Center, and the overhead costs of the leadership and support functions that are directly linked to either the store operations or the Distribution Center. The Administrative Costs are the most diverse cost group as it includes all the administrative functions that are necessary to support the business. These include Information Technology, Internal Audit, Procurement and Support Services, Strategy and Analytics, Community Health and Engagement, Marketing, Human Resources, Financial Management Services, Communications, the Authority’s Leadership, Real Estate and Facilities Management, and charges for services from other state agencies. The Regulatory Costs category represents the costs to operate the Authority’s Enforcement division and the Hearings & Appeals function. Enforcement operates under a separate appropriation fund than the rest of the Authority; however, Enforcement division remains a part of the overall costs that affect 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.

AUTHORITY TRANSITION — ENACTMENT CLAUSE 14

Cost of Goods Sold changes are primarily driven by sales volume. In fiscal year 2025, Cost of Goods Sold represents 48.1% of the sales revenue collected. This percentage is consistent with previous years.

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

Administrative Cost decreases are primarily driven by operating efficiencies, lower personnel costs due to the restructuring and lower IT related expenses as project activity has been reduced significantly. These costs support revenue generating activities and continued business operations.

In fiscal year 2026, Operation Costs, Administrative Costs, and Regulatory Costs are expected to increase principally due to higher compensation costs as a result of the state pay and benefit increases. Outbound freight costs are also expected to continue to increase. The Authority's management is committed to continuing its focus on its core business systems, continuing to support revenue growth activities, and continuing to enhance regulatory services to ABC licensees. The Authority will continue to closely monitor retail staffing to focus on efficient use of labor hours to operate the stores while continuing to maintain customer service as top priority, eliminate unnecessary vacant positions by assessing and aligning job functions before hiring or filling a position, assess necessity of active projects and initiatives to divert focus and resources to use existing Virginia ABC systems effectively and efficiently, and analyze based on their quantitative and qualitative return on investments. Upper management will continue to be hands-on in monitoring and approving procurements and expenditures to limit discretionary spending and to maintain accountability to promote operating efficiencies. No new store locations are planned for the foreseeable future but instead focus on revamping store layouts to enhance and engage the customer shopping experience.

SIX-YEAR FINANCIAL FORECAST

Fiscal Year 2025 - Fiscal Year 2031

(in million)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue Sources: Growth Rate		-0.90%	-1.00%	-1.00%	0.00%	0.00%	0.00%
Alcoholic Beverages (Store Sales)	1,451.7	1,438.7	1,424.5	1,410.4	1,410.4	1,410.4	1,410.4
Less: State Taxes on Spirits & Wine	239.8	238.7	236.3	234.0	234.0	234.0	234.0
Net Store Sales	1,211.9	1,200.0	1,188.2	1,176.4	1,176.4	1,176.4	1,176.4
Other Revenue	29.3	27.6	27.6	27.6	27.6	27.6	27.6
Total ABC Revenue	1,241.2	1,227.6	1,215.8	1,204.0	1,204.0	1,204.0	1,204.0
Cost of Goods Sold:	697.8	690.6	683.8	677.0	677.0	677.0	677.0
Operating Costs:	301.3	311.5	315.1	321.7	329.4	337.4	345.6
Infrastructure Projects:	-	-	1.2	2.6	4.6	5.3	5.0
ABC Net Profit	242.1	225.5	215.7	202.7	193.0	184.3	176.4

ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2025 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 2026, ABC expects retail sales to drop 0.9% from the prior year. Sales declines of 1.0% are anticipated in fiscal years 2027 and 2028. The factors impacting declining growth include overall nationwide declines across the alcohol industry, the effects of rising inflation, reductions in discretionary spending, competing alcohol beverage products (beer, wine and ready to drink) and cannabis, uncertainty with tariff mandates and generational changes in alcohol consumption and buying habits. Additionally, premiumization was a major driver of profit growth in previous years and a slow-down of this trend will further challenge performance.

ABC is faced with salary, wage and benefit cost increases, rent escalations, freight increases due to higher fuel costs and volume, and inflationary impacts to most operating expenses that are all difficult to influence in the short run. To remain competitive with the market demand for skilled workers, the fiscal year 2026 and 2027 forecasts represent 3% pay increases for employees with the goal of retaining and attracting talented employees across the Authority. Personnel cost escalation in fiscal year 2028 forecast and beyond also reflects 3% pay increases to ensure the Authority remains competitive.

Personnel costs account for 60% of ABC non-merchandise expenditures, 19% are for continuous charges such as rent, GASB 87 lease amortization and utilities, 15% are for contractual services such as credit card fees, shipping product to stores and telecommunications, and 6% are for miscellaneous expenses such as supplies and materials, equipment, and depreciation. In fiscal years 2027 through 2031, increases in expenditure are expected due to system software upgrades, point of sale hardware modernization, and migrations to different platforms to continue the Authority's operational functions and avoid technology obsolescence. 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, assignment of tariff requirements and mandated Appropriations Act transfers, can also significantly impact the accuracy of ABC's expense forecasts.

During fiscal year 2025, ABC contributed \$242.1 million (accrual basis) of net profits to the Commonwealth, and collected \$316.8 million of taxes on store sales, wine, and beer and an additional \$69.2 million of general sales tax totaling \$628.1 million. ABC expects to achieve the current Chapter 725 bill transfer requirements of \$225.5 million for fiscal year 2026. Additionally, risks include greater than anticipated sales declines, the impact of recession, continuing inflation, and the effects of tariffs on alcohol costs.



Virginia Alcoholic Beverage
Control Authority

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