

AGENDA

Northern Virginia Cigarette Tax Board (NVCTB)
Board Meeting: November 7th, 2024, 1100 a.m.
NVCTB Headquarters Conference Room
14150 Newbrook Drive, Suite 210
Chantilly, VA 22151
Virtual Meeting

Microsoft Teams meeting
Click [here](#) to join the meeting
Meeting ID: 291 712 884 077
Passcode: ufQ8Te
Or call in (audio only)
[+1 571-786-9500](#)

1. Members of the public viewing the meeting through the Microsoft Teams option are required to mute themselves during the meeting unless called upon by the NVCTB Chair to speak. The NVCTB reserves the right to remove from its virtual meetings anyone who does not abide by these rules.
2. Members of the public who wish to send comments may do so by email to the Administrator at jrengel@nvctb.org no later than 24 hours prior to the meeting.
3. Members of the public who wish to address the Board should give prior notice by contacting the Administrator at least 24 hours before the meeting at jrengel@nvctb.org.
4. Access to meeting materials for members of the public is available on [Commonwealth Calendar](#).

- | | | |
|-------------|--|--------------------------------|
| I. | Call to Order | (Chair) |
| II. | Roll Call/Verification of Quorum | (Secretary) |
| III. | Administration | |
| | a. Review/Approval of Agenda | (Chair) |
| | b. Review/Approval of Board Meeting Minutes – June 6, 2024 | (Chair) |
| | c. Public Comment Period | (Chair) |
| | d. NVCTB Officers Reports | (Chair, Vice-Chair, Secretary) |
| IV. | Regulatory Items | |
| | a. None | (Administrator) |
| V. | FY2024 NVCTB Draft Audit | (Administrator) |
| VI. | Administrator Updates | (Administrator) |
| VII. | EXECUTIVE SESSION | (Secretary) |

VIII. RECONVENE TO OPEN SESSION

(Secretary)

IX. ADJOURNMENT

(Chair)

It is the policy of the Northern Virginia Cigarette Tax Board that public meetings are accessible to people with disabilities. Special assistance in participating due to a disability as defined in the Americans with Disabilities Act (ADA) may be requested by contacting the NVCTB by email at info@nvctb.org, or call 703-802-0373. Every reasonable effort will be made to meet requests.

MINUTES OF MEETING OF THE NORTHERN VIRGINIA CIGARETTE TAX BOARD

June 6, 2024

MEMBERS PRESENT:

P. Johnson, City of Fairfax
M. Serfass, Town of Vienna
G. Bruch, Fairfax County
M. Roberson, City of Alexandria
T. Demeria, City of Manassas
S. Allshouse, Loudoun County
R. Lamb, Prince William County
J. Elliott, Spotsylvania County
S. Mayausky, Stafford County
R. Gonzalez, Town of Haymarket
M. Sloan, Town of Herndon
E. Windley, Town of Leesburg
C. LeMarr, Town of Purcellville

ALSO PRESENT:

J. Rengel, Administrator
J. Zottig, Deputy Administrator-Finance
T. Webber, Staff
K. Hampton, Staff
A. DeFelice, Staff
N. Robles, Staff

Call to Order:

The meeting commenced at 11:06 A.M. with a Roll Call of each Jurisdiction by Mr. G. Bruch, Secretary. Upon completion of Roll Call, Mr. P. Johnson, Chairman, noted that a Quorum was present.

I. Approve the Agenda:

As first order of business, Mr. P. Johnson requested a motion to adopt the agenda. Mr. T. Demeria made the motion for adopting the agenda and was seconded by Mr. G. Bruch.

II. Approval of the Minutes:

Mr. P. Johnson moved to review the minutes of the November 2, 2023, meeting and to dispense with the reading of the minutes. With no corrections or additions noted, Ms. M. Serfass made the motion for adopting the minutes as recorded and was seconded by Ms. E. Windley.

III. Petitions / Communications from Public:

Mr. J. Rengel confirmed for Mr. P. Johnson that none were received and nobody from the public had logged onto the meeting.

IV. Officers Reports:

Mr. P. Johnson, Chairman, had no report.

Ms. M. Serfass, Vice-Chairwoman, had no report.

Mr. G. Bruch, Secretary/Treasurer, had no report.

V. Approve Resolution 2024-01 (Virtual Meetings Policy):

Mr. J. Rengel, Administrator, presented the overview of the Resolution requiring a virtual meeting policy. With this policy NVCTB would be in compliance. It is the intention to have one meeting in-person (June) and one meeting virtual (November), but this Resolution will allow flexibility for members to attend remotely within certain guidelines. Mr. P. Johnson provided additional clarification that this will not preclude anyone from actually attending and participating in meetings at Board offices. Mr. P. Johnson requested a motion to adopt. Ms. M. Serfass made the motion for adopting the Resolution and was seconded by Ms. E. Windley. The motion was carried unanimously.

VI. Approve Changes to NVCTB Pension Plan and Trust Agreement:

Mr. J. Rengel presented the annual rate of 33.46% for the 2024-2025 Fiscal Year. Mr. P. Johnson requested a motion to approve.

Mr. T. Demeria made the motion for approving the changes and was seconded by Mr. S. Mayausky. The motion was carried unanimously.

VII. FY2025 Proposed Budget with Administrator Updates:

Mr. J. Rengel provided a summary document to all members with support for the FY 2025 Budget prior to today's meeting. The highlights of this document were reviewed with the Board during the meeting. A forecast of projected revenues and expenditures was presented, noting only a 0.6% net increase from FY 2024, mostly due to personnel expenses while reducing other expenditures to mitigate cost. For FY 2025 NVCTB will no longer be covered by City of Fairfax for fringe benefits, specifically health insurance and employer-paid insurance coverage for employees have changed. Vendors providing these benefits in the prior and current years were detailed.

NVCTB's contribution to the Employer Retirement Plan increased from 32.22% in FY24 to 33.46% in FY25. After some discussions, it was clarified that NVCTB has its own, separate Retirement Plan and is not affiliated with VRS or City of Fairfax. For consistency, NVCTB's contribution percentage calculations are based, in part, on City of Fairfax contribution percentages to City of Fairfax retirement plans historically. Further, there are limitations to some employees participating in the VRS and to change out of the existing Retirement Plan to the VRS would not provide any cost savings to the Board. Mr. P. Johnson was relieved that NVCTB qualified to join The Local Choice for Health Benefits, as that expense would have been significantly higher, as was confirmed by Mr. J. Rengel that stated during the procurement process, it was very expensive because we are so small. Mr. P. Johnson did open to members that if there is any discussion on how changes in terms of NVCTB going out for own insurance as board employees, this may be a good time to look at this holistically and if there are any changes to recommend on how the board is currently operating. That following City of Fairfax was mostly a matter of convenience for lack of anything else way back when the board consisted of only one or two employees with offices physically located in the City of Fairfax at that time.

Next topic was regarding the new Floor Tax and our Cigarette Tax Tracking System. As of 07/01/24, six jurisdictions are increasing to a rate of \$0.40. Mr. J. Rengel summarized the new Code and resulting Floor Tax timeline for Retailers to report a count of packs as of 06/30/24 no later than 12/31/24 with final payments due by 06/30/25. NVCTB is mailing letters in addition to the Agent's in-person visit to all Retailers for communicating the Floor Tax. A statutory assessment will be determined for any Retailer not reporting by 12/31/24. How that assessment will be calculated is still being formulated. Mr. J. Rengel advised that the current system is working well and the system will be able to handle Floor Tax reporting.

A copy of NVCTB'S current Jurisdictional Map was provided in the summary handout. Mr. J. Rengel brought up that Warren County (adjacent to Fauquier County) had reached out with an inquiry to join the Board, as there is no current Board in the Northern part, so this may be something for NVCTB to consider. Currently Staff are on board for this potential expansion and the new software system has bandwidth to take on additional localities. General concerns as to location, distance and staffing were discussed. NVCTB currently is budgeted (salary + benefits) for eight full-time staff and has one vacancy that could be utilized for any expansion. While driving distance could be an issue, the positive is that it's an additional locality to share expenses with. Mr. P. Johnson intends to reach out to the new Commissioner for Arlington County to see if they would like to rejoin NVCTB. While he noted that with traffic, destination wise, Arlington might present the same sort of challenges as somebody driving 50 miles West, but thinks Arlington makes more sense, from an economies of scale perspective, that the revenue / expense offset would be significantly lower expense wise than with Warren County. The vacant position remains open in case it is needed in the future and in the meantime will allow actual expenses at year-end to come in less than forecasted.

To conclude, Mr. J. Rengel reviewed his projections for revenues, expenditures, and distribution to jurisdictions. Noting revenue are projected to be less in FY2025 and that the 2% reporting discount is a large cut into revenues with little effort put forward by the Wholesalers. Mr. P. Johnson shared that the Wholesalers have a really good lobby enrichment. Trends for cigarette consumption vary seasonally, with increases during warmer weather. Expenditures, in keeping with the mandates of the management agreement, will be kept at 6% of revenues.

Without hearing any further questions or comments, Mr. P. Johnson requested a motion to adopt the FY2025 Budget. Ms. J. Elliott made the motion for adopting the FY2025 Budget and was seconded by Mr. S. Mayausky. The motion was carried unanimously.

The adopted FY 2024-2025 Budget is as follows on the next page.

PROPOSED FISCAL YEAR 2024 / 2025 BUDGET

ACCT.	ACCOUNT NAME	FY 23/24 APPROVED	FY 24/25 REQUESTED	DIFFERENCE
703	AUTOMOBILE EXPENSE	12,000	12,000	-
704	BOND AND INSURANCE	10,500	11,200	700
705	TELEPHONE	9,000	8,000	(1,000)
706	EMPLOYER LIFE INSURANCE	2,700	1,200	(1,500)
707	EMPLOYER MEDICAL INSURANCE	97,000	105,000	8,000
708	EMPLOYER RETIREMENT	225,000	238,000	13,000
709	SOCIAL SECURITY/MEDICARE	11,000	11,000	-
710	COMPUTER SERVICES	50,000	40,000	(10,000)
711	PAYROLL	750,000	750,000	-
712	OFFICE SUPPLIES	5,000	2,500	(2,500)
713	POSTAGE	500	500	-
714	PRINTING	2,000	1,000	(1,000)
715	OFFICE EQUIPMENT	10,000	10,000	-
716	RENT	114,000	117,000	3,000
717	PROFESSIONAL FEES	15,000	15,000	-
718	TAX STAMPS	25,000	30,000	5,000
719	EMPLOYER DISABILITY	4,000	5,700	1,700
720	TRAVEL	9,000	4,500	(4,500)
721	UNEMPLOYMENT INSURANCE	200	100	(100)
722	MISCELLANEOUS	10,000	10,000	-
723	UTILITIES	0	0	-
724	RETIREMENT PLAN MAINT.	3,000	2,000	(1,000)
725	OFFICE EQUIP MAINT/REPAIR	1,000	1,000	-
726	PURCHASE OF TAX BOARD VEHICLE	0	0	-
727	RESERVE FOR VEHICLE REPAIR & REPLACE	5,000	5,000	-
728	COMPUTER SYSTEM DEVELOPMENT	35,000	35,000	-
729	TRAINING AND DEVELOPMENT	10,000	10,000	-
730	LEGAL SERVICES	5,000	5,000	-
	TOTALS	1,420,900	1,430,700	9,800

VIII. Appreciation to Ms. Serfass, Vice Chair on Retirement:

Chairman P. Johnson congratulated the Vice Chair on her upcoming retirement and presented a certificate of appreciation for her role as Vice Chair on the Board for 10 years, with deep gratitude for all she has done for NVCTB during her service to the Board.

IX. Appointment of Officers for FY2025

Mr. P. Johnson and Mr. G. Bruch have agreed to remain on the Executive Committee; however, if anyone would like to participate, the Chairman would entertain any nominations from the floor. Mr. G. Bruch nominated Mr. K. Greenlief. Mr. P. Johnson proposed the slate of officers for FY24-25 to be Mr. P. Johnson remaining as Chairman, with Mr. G. Bruch moving to Vice Chairman and Mr. K. Greenlief to serve in the role of Secretary / Treasurer. A request was made for a motion to adopt that slate of Officers as presented. Mr. T. Demeria made the motion and was seconded by Ms. E. Windley. The motion carried unanimously.

X. Executive Session:

There were no items to discuss in Executive Session.

XI. Adjournment:

Mr. P. Johnson thanked everyone for their participation and requested a motion to adjourn. Ms. J. Elliott made the motion to adjourn and was seconded by Ms. C. LeMarr. The motion was carried unanimously and the meeting adjourned at 11:44 A.M.

William Page Johnson, II
Chairman of the Board

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, VA

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

CURRENT MEMBERS OF THE BOARD AS OF JUNE 30, 2024

Mr. William Page Johnson, II
Commissioner of the Revenue
City of Fairfax
Fairfax, Virginia

Ms. Marion Serfass
Director of Finance/Treasurer
Town of Vienna
Vienna, Virginia

Mr. Gregory Bruch
Director, Revenue Collection Division
Department of Tax Administration
County of Fairfax
Fairfax, Virginia

Mr. Kevin Greenlief
Assistant Director, Revenue Division
Department of Finance
City of Alexandria
Alexandria, Virginia

Mr. Tom Clinton
Commissioner of the Revenue
City of Falls Church
Falls Church, Virginia

Ms. Lois Jacob
Commissioner of the Revenue
City of Fredericksburg
Fredericksburg, Virginia

Mr. Tim Demeria
Commissioner of the Revenue
City of Manassas
Manassas, Virginia

Mr. Joshua McNeal
Finance Operations Manager
City of Manassas Park
Manassas Park, Virginia

Mr. Eric Maybach
Commissioner of the Revenue
County of Fauquier
Warrenton, Virginia

Mr. Steven A. Allshouse
Revenue Analysis and Forecasting Mgr.
County of Loudoun
Leesburg, Virginia

Ms. Michelle Attreed
Director of Finance, CFO
County of Prince William
Prince William, Virginia

Ms. Julie Elliott
Budget Manager
County of Spotsylvania
Spotsylvania, Virginia

Mr. Scott Mayausky
Commissioner of the Revenue
County of Stafford
Stafford, Virginia

Ms. Lynn Screen
Councilmember
Town of Clifton
Clifton, Virginia

Mr. Brian K. Fields
Councilmember
Town of Dumfries
Dumfries, Virginia

Mr. Roberto Gonzalez
Town Treasurer
Town of Haymarket
Haymarket, Virginia

Ms. Marjorie Sloan
Director of Finance
Town of Herndon
Herndon, Virginia

The Honorable Roger Vance
Mayor of Hillsboro
Town of Hillsboro
Hillsboro, Virginia

Ms. Ellen Windley
Finance Operations Manager
Town of Leesburg
Leesburg, Virginia

Mr. Jason Cournoyer
Town Manager
Town of Lovettsville
Leesburg, Virginia

Ms. Tina Staples
Director of Finance
Town of Middleburg
Middleburg, Virginia

Ms. Connie LeMarr
Assistant Director of Finance
Town of Purcellville
Purcellville, Virginia

Ms. Cathy Owens
Town Treasurer
Town of Round Hill
Round Hill, Virginia

Ms. Stephanie Miller
Director of Finance
Town of Warrenton
Warrenton, Virginia

Ms. Rachael Brinson
Town Clerk
Town of Remington
Remington, Virginia

BOARD OF OFFICERS AS OF JUNE 30, 2024

Mr. William Page Johnson, II Chairman

Ms. Marion Serfass, Vice-Chairman

Mr. Gregory Bruch, Secretary/Treasurer

ADMINISTRATOR AS OF JUNE 30, 2024

Juan Rengel

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

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Independent Auditor's Report

To the Board of Commissioners
Northern Virginia Cigarette Tax Board
Chantilly, VA

Opinion

We have audited the accompanying financial statements of the Northern Virginia Cigarette Tax Board as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the Northern Virginia Cigarette Tax Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position and changes in fiduciary net position for the years 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 Northern Virginia Cigarette Tax Board, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 aggregate, that raise substantial doubt about the Northern Virginia Cigarette Tax Board's ability to continue as a going concern for twelve months beyond the financial statements 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Northern Virginia Cigarette Tax Board'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northern Virginia Cigarette Tax Board'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 management's discussion and analysis and the schedules of budget versus actual administration expenses on pages 4 through 6 and 18 be presented to supplement the basic financial statements. Such information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Virginia Cigarette Tax Board's basic financial statements. The schedules of cash distributions to member jurisdictions on page 17 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of cash distributions to member jurisdictions is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2024, on our consideration of the Northern Virginia Cigarette Tax Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on 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 Northern Virginia Cigarette Tax Board's internal control over financial reporting and compliance.

Certified Public Accountants
Chantilly, Virginia

November XX, 2024

NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA
Management's Discussion and Analysis

Our discussion and analysis of the Northern Virginia Cigarette Tax Board's financial performance provide an overview of the Board's financial activities for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the accompanying financial statements that follow this section.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The notes to the financial statements also contain more detail on some of the important information presented in the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Board reporting entity consist of a single fiduciary fund.

Fiduciary Funds. The Board is trustee, or fiduciary, for cigarette tax collected on behalf of member jurisdictions and the Board is responsible for ensuring that the assets reported in this fund are used for their intended purpose. Each month Board operating expenses are paid from Tax Revenues and the remaining taxes collected are distributed to member jurisdictions. The two statements included for the fiduciary fund are the statements of fiduciary net position and changes in fiduciary net position.

The Statements of Fiduciary Net Position presents information on all of the Board's assets and liabilities, with the difference between the two reported as net position. The Board has no net position because under the operating agreement all such amounts are payable to the member jurisdictions after funding the administrative expenses.

The Statements of Changes in Fiduciary Net Position presents information showing how the Board's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, additions and deductions are recorded in these statements for some items that will only result in cash flows in future periods.

Financial Analysis

Summary Statements of Fiduciary Net Position

	<u>2024</u>	<u>2023</u>
Assets:		
Current Assets	\$1,925,669	\$2,340,706
Capital Assets, net	155,587	183,624
Other Noncurrent Assets, net	<u>1,221,444</u>	<u>1,313,629</u>
Total Assets	<u>3,302,700</u>	<u>3,837,959</u>
Liabilities:		
Current Liabilities	\$1,902,733	\$2,364,463
Noncurrent Liabilities	<u>1,399,967</u>	<u>1,473,496</u>
Total Liabilities	<u>\$3,302,700</u>	<u>\$3,837,959</u>

Summary Statements of Changes in Fiduciary Net Position

	<u>2024</u>	<u>2023</u>
Additions	<u>\$21,382,012</u>	<u>\$23,654,324</u>
Deductions		
Distributions to jurisdictions	20,011,867	22,445,259
Administration	<u>1,370,145</u>	<u>1,209,065</u>
Changes in Net Position	\$_____ -	\$_____ -

The overall decrease to Additions to Jurisdictions during the years ended June 30, 2024 and 2023 is a combination of the continued decline in cigarette sales and increased expenses resulting in the decrease of distributions from prior year.

The increased administration costs are primarily due to payroll and benefits expenses as well as higher office rent expense, as initial rental abatements for expansion suite expired in May 2023.

Economic Factors and Future Outlook

Six jurisdictions will increase their cigarette tax rates to the \$0.40/pack maximum allowed by state law in FY2025. All retailers operating in those jurisdictions will be required to identify the amount of unsold inventory as of COB June 30, 2024, the amount of tax paid on such unsold inventory, and the amount of tax due because of the tax rate increase. Each retailer will be required to file a return to the NVCTB with this information by December 31, 2024, and pay the additional tax due by June 30, 2025.

Though the trend of fewer people smoking is expected to continue, FY2025 cigarette tax collections and distributions to jurisdictions are expected to remain in sync with budget estimates for the coming fiscal year.

Capital Assets

Capital assets consist of office furniture and equipment, and five vehicles used in the fiduciary activities of the Board. It also contains software development costs for a customized software system to monitor and track the collection and distribution of cigarette taxes.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances and show the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact the Board's Administrator at 14150 Newbrook Drive, Suite 210, Chantilly, VA 20151.

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NORTHERN VIRGINIA CIGARETTE TAX BOARD
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30,

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 193,129	\$ 241,594
Cigarette tax revenue receivable	1,723,015	2,068,688
Seized cigarettes inventory	497	21,586
Prepaid expense	527	337
Rental deposits	8,501	8,501
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,925,669	2,340,706
NONCURRENT ASSETS		
Capital Assets		
Furniture and equipment	99,926	99,926
Vehicle	165,118	165,118
Software development	51,321	19,907
Less: Accumulated depreciation	(160,778)	(101,327)
	<hr/>	<hr/>
Total Capital Assets, net	155,587	183,624
Right to Use Lease Assets		
Right to use lease assets	1,590,182	1,590,182
Less: Accumulated Amortization	(368,738)	(276,553)
	<hr/>	<hr/>
Total Right to Use Lease Assets, net	1,221,444	1,313,629
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	1,377,031	1,497,253
	<hr/>	<hr/>
TOTAL ASSETS	\$ 3,302,700	\$ 3,837,959

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 9,900	\$ 9,123
Distributions payable	1,590,159	1,932,456
Undistributed receipts	7	(2,443)
Compensated absences	36,080	44,324
Restitution payable	49,631	48,663
Reserve for seized cigarette revenues	115,876	226,143
Reserve for software	-	20,093
Reserve for automobile replacement	17,551	12,551
Reserve for expenses	5,000	5,000
Reserve for legal services	5,000	-
Lease liability, current portion	73,529	68,553
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	1,902,733	2,364,463
NONCURRENT LIABILITIES		
Lease liability, net of current portion	1,399,967	1,473,496
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TOTAL LIABILITIES	\$ 3,302,700	\$ 3,837,959

The accompanying notes are an integral part of these financial statements.

NORTHERN VIRGINIA CIGARETTE TAX BOARD
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30,

ADDITIONS	<u>2024</u>	<u>2023</u>
Cigarette tax collected		
Wholesalers	\$ 21,384,304	\$ 23,541,800
Miscellaneous income	13,338	7,000
Sale of cigarette seizures	(16,293)	104,833
Interest	663	691
TOTAL ADDITIONS	<u>21,382,012</u>	<u>23,654,324</u>
 DEDUCTIONS		
Distributions to jurisdictions	20,011,867	22,445,259
Administration expenses		
Payroll	667,225	652,816
Retirement contribution	216,800	158,704
Computer services	101,870	34,836
Occupancy expense	93,226	78,292
Medical insurance	77,801	75,051
Depreciation	59,451	43,749
Interest expense	41,554	42,739
Tax stamps	33,773	18,075
Professional services	10,725	14,175
Bond and insurance	10,121	9,094
Social Security	9,457	9,135
Office equipment	8,412	13,710
Telephone	8,083	7,158
Automobile expense	6,959	9,153
Training and development	6,744	11,038
Miscellaneous	5,379	8,572
Disability plan	3,571	3,529
Life insurance	2,471	2,434
Office supplies	1,682	4,167
Travel	1,637	3,639
Retirement plan maintenance	1,467	2,996
Office equipment repair	743	722
Postage	510	59
Printing	428	1,101
Unemployment insurance	56	2,079
Loss on disposal of property and equipment	-	1,486
Rent	-	556
TOTAL DEDUCTIONS	<u>21,382,012</u>	<u>23,654,324</u>
 CHANGE IN FIDUCIARY NET POSITION	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Northern Virginia Cigarette Tax Board (“The Board”) is a regional tax agency responsible for administering, collecting and enforcing the cigarette tax ordinances of twenty-five jurisdictions located in Northern Virginia. The Board has been in existence since July 1, 1970 and its offices are currently located in Chantilly, Virginia.

Financial Statement Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies followed in the preparation of these financial statements:

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Basis of Accounting

The Board accounts for its operations as a fiduciary fund, using the economic resources measurement focus and the accrual basis of accounting. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Revenue Recognition

The Board recognizes assets from derived tax revenue transactions when the underlying exchange takes place. Revenue is recognized net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are reported as deferred revenues (liabilities) until the period of exchange.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments with an initial maturity of three months or less when purchased are considered to be cash equivalents.

Cigarette Tax Revenue Receivable

Cigarette tax revenue receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2024 and 2023, and no allowance for doubtful accounts has been provided. Bad debt expense for the fiscal years ended June 30, 2024 and 2023, were \$-0- and \$-0-, respectively.

Seized Cigarettes Inventory

Seized cigarettes inventory is held for disposal by sale and is valued at the current average bid price, which approximates fair market value.

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital Assets

The Board records equipment at cost and provides for depreciation using the straight-line method over the useful life of the assets. Asset lives include: vehicles - 5 years, furniture – 7 years, office equipment – 5 years, and computer software – 3 years. Maintenance and repairs are charged to earnings. Costs for normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are expensed as incurred. The Board policy is to capitalize new purchases with a cost exceeding \$1,000.

Right to Use Assets

The Board has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Concentration of Credit Risk

Financial instruments, which potentially expose the Board to concentrations of credit risk, consist principally of cash and cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. At times amounts may exceed federally insured limits. The financial institutions used by the Board participate in the Virginia Security of Public Deposits Act, whereby securities are pledged by the Institution to the Treasury Board of Virginia to cover all funds on deposit in excess of FDIC insurance coverage. The Board periodically assesses the financial condition of the institution and believes the risk of any loss is minimal.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred.

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 2 – CASH AND CASH EQUIVALENTS

The Board's cash and cash equivalents consist of the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Demand deposits, interest bearing	\$193,029	\$241,494
Petty cash	<u>100</u>	<u>100</u>
Total	<u>\$193,129</u>	<u>\$241,594</u>

All demand deposits are held by the Board or in the Board's name, and are completely covered by Federal depositary insurance or collateralized by the financial institution acquiring the deposit. The carrying amount of the deposits as of June 30, 2024 and 2023, were \$193,029 and \$241,494 respectively, and the bank balance as of June 30, 2024 and 2023, were \$193,029 and \$249,628, respectively. Accordingly, the deposits of the Board are considered to be insured.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>July 1, 2023</u>			<u>June 30, 2024</u>
Capital assets being depreciated				
Furniture and Equipment	\$ 99,926	\$ -	\$ -	\$ 99,926
Software	19,907	31,414	-	51,321
Vehicles	<u>165,118</u>	-	-	<u>165,118</u>
Total Depreciable Assets	<u>284,951</u>	<u>31,414</u>	-	<u>316,365</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	44,233	14,242	-	58,475
Software	-	17,107	-	17,107
Vehicles	<u>57,094</u>	<u>28,102</u>	-	<u>85,196</u>
Total accumulated depreciation	<u>101,327</u>	<u>59,451</u>	-	<u>160,778</u>
Depreciable Assets, Net	<u>\$183,624</u>	<u>\$(28,037)</u>	<u>\$ -</u>	<u>\$155,587</u>

Capital assets activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>July 1, 2022</u>			<u>June 30, 2023</u>
Capital assets being depreciated				
Furniture and Equipment	\$ 66,132	\$ 43,499	\$ 9,705	\$ 99,926
Software	19,907	-	-	19,907
Vehicles	<u>159,448</u>	<u>33,901</u>	<u>28,231</u>	<u>165,118</u>
Total Depreciable Assets	<u>245,487</u>	<u>77,400</u>	<u>37,936</u>	<u>284,951</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	34,805	15,647	6,219	44,233
Vehicles	<u>57,223</u>	<u>28,102</u>	<u>28,231</u>	<u>57,094</u>
Total accumulated depreciation	<u>92,028</u>	<u>43,749</u>	<u>34,450</u>	<u>101,327</u>
Depreciable Assets, Net	<u>\$153,459</u>	<u>\$ 33,651</u>	<u>\$ 3,486</u>	<u>\$183,624</u>

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 4 – RIGHT TO USE ASSETS

Right to use assets activity for the year ended June 30, 2024, was as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Right to use assets being amortized				
Office Space	\$ <u>1,590,182</u>	\$ <u> </u> -	\$ <u> </u> -	\$ <u>1,590,182</u>
Total Right to Use Assets	<u>1,590,182</u>	<u> </u> -	<u> </u> -	<u>1,590,182</u>
Less Accumulated Amortization for:				
Office Space	<u>276,553</u>	<u>92,185</u>	<u> </u> -	<u>368,718</u>
Total accumulated depreciation	<u>276,553</u>	<u>92,185</u>	<u> </u> -	<u>368,718</u>
Right to Use Assets, Net	<u>\$1,313,629</u>	<u>\$ 92,185</u>	<u>\$ </u> -	<u>\$1,221,444</u>

Right to use assets activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Right to use assets being amortized				
Office Space	\$ <u>1,600,954</u>	\$ <u> </u> -	\$ <u>10,772</u>	\$ <u>1,590,182</u>
Total Right to Use Assets	<u>1,600,954</u>	<u> </u> -	<u>10,772</u>	<u>1,590,182</u>
Less Accumulated Amortization for:				
Office Space	<u>185,618</u>	<u>92,184</u>	<u>1,249</u>	<u>276,553</u>
Total accumulated depreciation	<u>185,618</u>	<u>92,184</u>	<u>1,249</u>	<u>276,553</u>
Right to Use Assets, Net	<u>\$1,415,336</u>	<u>\$ 92,184</u>	<u>\$ 9,523</u>	<u>\$1,313,629</u>

NOTE 5 – UNDISTRIBUTED RECEIPTS

The undistributed receipts account serves as a holding account for taxes paid to the Board in excess of actual taxes owed by the authorized agents, or for those monies that are remitted by authorized agents but not identified as to jurisdiction of sale. Once identified as to a particular jurisdiction or applied as a credit to an authorized agent's account, the monies are placed into the applicable revenue account. The undistributed receipts account consists of the following categories at June 30,:

	<u>2024</u>	<u>2023</u>
Wholesalers	\$ <u>7</u>	\$(2,443)
Total	<u>\$ 7</u>	<u>\$(2,443)</u>

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 6 – COMPENSATED ABSENCES

All employees of the Board accrue both annual and sick leave each month. Annual leave is accumulated based on years of service and number of paid hours each work week. When employees leave Board employment, they are paid for any unused annual leave. There is no maximum amount of annual leave that employees can accumulate; however, only 300 hours per calendar can be carried over to the next calendar year. Any annual leave above and beyond 300 hours at the end of each calendar year shall be converted to sick leave. Full-time employees accrue sick leave at the rate of nine hours per month. There is no maximum amount of sick leave that employees can accumulate. Sick leave credits are not paid to an employee upon separation. Upon application for retirement, an employee's sick leave credits can be applied towards membership service credit at the rate of one month of credit for each 173 hours of accrued unused sick leave and prorated for any fraction of this amount. As of June 30, 2024 and 2023, the liability for compensated absences were \$36,080 and \$44,324, respectively.

NOTE 7 – RESTITUTION PAYABLE

In 2008, three individuals plead guilty in Fairfax County court to conspiracy to possess and distribute contraband cigarettes and were ordered to pay Fairfax County restitution totaling \$151,120. The restitution payments are made to the Board, and the Board has been asked to collect all funds before transferring the payments to Fairfax County. As of June 30, 2024 and 2023, the Board collected a total of \$49,631 and \$48,663, respectively.

NOTE 8 – MISSIONSQUARE RETIREMENT CORPORATION 457 PLAN

MissionSquare eligible employees of the Board may also participate in a deferred compensation plan in accordance with Internal Revenue Service Code 457. The deferred compensation is not available to employees until termination of employment, retirement, death or an unforeseen emergency. An independent administrator, ICMA Retirement Corporation, monitors contributions to the plan. The plan assets are maintained in custodial accounts for the exclusive use of the plan's participants and beneficiaries. In accordance with GASB 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, these assets and the related liability are not included in the accompanying financial statements.

NOTE 9 – PENSION PLAN

The Board maintains a defined contribution pension plan (effective May 1, 1983), which is named the Northern Virginia Cigarette Tax Board Pension Trust and covers all full-time employees who have attained six months of credited service. The mandatory contribution rate for the years ended June 30, 2024 and 2023, was 32.22% and 30.71%, respectively, of each eligible employee's compensation.

The participants in the plan reserve the authority to direct the investment activities of their portion of the pension trust. However, the Trustee retains the right to determine administrative feasibility and propriety of such investment activities within terms set forth in the trust agreement.

Pension expense for the years ended June 30, 2024 and 2023 were \$216,800 and \$158,704, respectively.

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
FAIRFAX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS
(Concluded)**

NOTE 10 – LONG-TERM OBLIGATIONS - LEASES

The Board has entered into an agreement to lease office space in Chantilly, Virginia, under an 18-year lease which expires September 30, 2037. The lease agreement qualifies as other than short-term under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the date of its inception.

The lease calls for an annual rent increase of 2.75% and included rental abatement of eight months. The lease liability is measured at a discount rate of 2.75%, which is the rate in the lease agreement. As a result of the lease the Board has recorded a right to use asset with net book values of \$1,221,444 and \$1,313,629 as of June 30, 2024 and 2023, respectively. For the fiscal years ended June 30, 2024 and 2023, interest expense on the lease liability was \$41,554 and \$42,739, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of as of June 30, 2024 are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 73,529	\$ 39,607	\$ 113,136
2026	78,727	37,520	116,247
2027	84,156	35,287	119,443
2028	89,826	32,902	122,728
2029	95,745	30,358	126,103
2030-2034	576,925	107,555	684,480
2035-2038	<u>474,588</u>	<u>22,380</u>	<u>496,968</u>
Total payments	<u>\$1,473,496</u>	<u>\$305,609</u>	<u>\$1,779,105</u>

NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through November XX, 2024, the date which the financial statements were available to be issued.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Commissioners
Northern Virginia Cigarette Tax Board
Fairfax, VA

We have audited, in accordance with the auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the fiduciary activities of the Northern Virginia Cigarette Tax Board as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Northern Virginia Cigarette Tax Board’s basic financial statements, and have issued our report thereon dated November XX, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Virginia Cigarette Tax Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northern Virginia Cigarette Tax Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Virginia Cigarette Tax Board’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Virginia Cigarette Tax Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Certified Public Accountants
Chantilly, Virginia

November XX, 2024

**NORTHERN VIRGINIA CIGARETTE TAX BOARD
SCHEDULES OF CASH DISTRIBUTIONS
TO MEMBER JURISDICTIONS
FOR THE YEARS ENDED JUNE 30,**

Member Jurisdictions	<u>2024</u>	<u>2023</u>
County of Prince William	\$ 3,992,310	\$ 4,596,172
Fairfax County	4,030,538	4,516,087
County of Loudoun	3,478,015	3,741,219
City of Alexandria	1,912,646	2,088,433
County of Spotsylvania	1,640,902	1,735,234
County of Stafford	1,500,926	1,635,799
County of Fauquier	565,919	662,887
Town of Leesburg	571,325	625,635
City of Fairfax	487,097	491,713
City of Manassas	425,311	483,624
City of Fredericksburg	354,015	408,014
Town of Warrenton	284,832	301,655
City of Manassas Park	196,233	211,402
Town of Vienna	195,785	206,835
Town of Purcellville	175,149	191,751
Town of Herndon	154,917	167,255
City of Falls Church	146,917	166,785
Town of Haymarket	150,685	156,776
Town of Dumfries	124,376	149,506
Town of Lovettsville	24,938	26,082
Town of Round Hill	20,228	20,403
Town of Middleburg	12,672	15,831
Town of Hillsboro	10,890	15,227
Town of Remington	16,823	6,427
Town of Clifton	1,074	1,185
	<hr/>	<hr/>
Total Distributions to Member Jurisdictions	<u>\$ 20,474,523</u>	<u>\$ 22,621,937</u>

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NORTHERN VIRGINIA CIGARETTE TAX BOARD
SCHEDULES OF BUDGET VERSUS ACTUAL ADMINISTRATION EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2024			2023		
	Approved Budget	(Budgetary - Cash Basis) Actual Expenses	Variance Favorable (Unfavorable)	Approved Budget	(Budgetary - Cash Basis) Actual Expenses	Variance Favorable (Unfavorable)
Payroll	\$ 750,000	\$ 675,469	\$ 74,531	\$ 795,000	\$ 648,496	\$ 146,504
Retirement contribution	225,000	216,800	8,200	189,000	158,704	30,296
Rent	114,000	111,149	2,851	65,000	55,946	9,054
Medical insurance	97,000	77,801	19,199	80,000	75,051	4,949
Computer services	85,000	101,870	(16,870)	35,000	34,836	164
Tax stamps	25,000	33,773	(8,773)	49,900	28,915	20,985
Professional services	20,000	9,925	10,075	15,000	13,875	1,125
Automobile expense	12,000	6,959	5,041	10,000	9,153	847
Social Security	11,000	9,457	1,543	11,600	9,135	2,465
Bond and insurance	10,500	10,121	379	10,000	9,094	906
Office equipment	10,000	39,826	(29,826)	29,500	57,209	(27,709)
Training and development	10,000	6,744	3,256	5,000	7,538	(2,538)
Miscellaneous	10,000	5,379	4,621	5,000	4,851	149
Telephone	9,000	8,106	894	9,500	7,158	2,342
Travel	9,000	1,331	7,669	5,250	3,945	1,305
Vehicle repair and replacement	5,000	-	5,000	40,000	33,901	6,099
Office supplies	5,000	1,682	3,318	5,000	4,167	833
Disability plan	4,000	4,008	(8)	4,000	3,529	471
Retirement plan maintenance	3,000	1,467	1,533	6,000	5,359	641
Life insurance	2,700	2,560	140	2,700	2,434	266
Printing	2,000	428	1,572	1,000	1,101	(101)
Office equipment maintenance	1,000	743	257	750	722	28
Postage	500	480	20	3,000	89	2,911
Unemployment insurance	200	56	144	5,000	2,079	2,921
Total Expenses	\$ 1,420,900	\$ 1,326,134	\$ 94,766	\$ 1,382,200	\$ 1,177,287	\$ 204,913

Reconciliation of financial statements prepared under generally accepted accounting principles:

Total administration expenses - budgetary basis	\$ 1,326,134	\$1,177,287
(Decrease) increase in compensated absences	(8,244)	4,320
Depreciation expense not budgeted	59,451	43,749
GASB 87 rent adjustments	(17,923)	22,902
Interest expense on lease not budgeted	41,554	42,739
Vehicle and equipment purchases	(31,414)	(77,400)
Increase (decrease) in accounts payable and accrued expenses	777	(12,880)
Increase (decrease) in prepaid expense	(190)	6,862
Loss on disposal of assets	-	1,486
Total administration expenses under generally accepted accounting principles	\$ 1,370,145	\$1,209,065