

MINUTES OF MEETING OF THE NORTHERN VIRGINIA CIGARETTE TAX BOARD

November 7, 2024

MEMBERS PRESENT:

P. Johnson, City of Fairfax
K. Greenlief, City of Alexandria
T. Clinton, City of Falls Church
T. Martin, City of Manassas
Y. Tarry, Fairfax County
E. Maybach, Fauquier County
S. Allshouse, Loudoun County
R. Lamb, Prince William County
J. Elliott, Spotsylvania County
M. Sloan, Town of Herndon
E. Windley, Town of Leesburg
C. LeMarr, Town of Purcellville
R. Brinson, Town of Reminton
M. Serfass, Town of Vienna

ALSO PRESENT:

J. Rengel, Administrator
J. Zottig, Deputy Administrator-Finance
D. Johnson, Staff
T. Webber, Staff
K. Hampton, Staff
A. DeFelice, Staff
N. Robles, Staff
O. Snyder, Town of Leesburg
M. Aukamp, Auditor, Dunham, Aukamp
& Rhodes PLC

Call to Order:

The meeting commenced at 11:00 A.M. with a Roll Call of each Jurisdiction by Mr. K. Greenlief, 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. Ms. E. Windley made the motion for adopting the agenda and was seconded by Mr. E. Maybach.

II. Approval of the Minutes:

Mr. P. Johnson requested a motion to review the minutes of the June 6, 2024, meeting and to dispense with the reading of the minutes. With no corrections or additions noted, Mr. K. Greenlief made the motion for adopting the minutes as recorded and was seconded by Ms. E. Windley. The motion passed unanimously.

III. Petitions / Communications from Public:

Mr. P. Johnson opened the floor for any members of the public who would like to speak. Mr. J. Rengel confirmed for Mr. P. Johnson that no requests from the public were received.

IV. Officers Reports:

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

Mr. G. Bruch, Vice-Chairman, absent.

Mr. K. Greenlief, Secretary/Treasurer, had no report.

V. Review of the FY24 Draft Audit:

Mr. J. Rengel introduced Mr. Michael Aukamp with Dunham, Aukamp & Rhodes to present the Draft Audit Report. Mr. Aukamp began his presentation by sharing it was a pleasure to be working with the Board again for this year's Audit and that for independence the Firm switched out partners, with this being his second year back in charge of the Audit. Further stating there were no management disagreements or accounting issues noted and also extending thanks to NVCTB staff for their responsiveness for providing all requested schedules. Overall, the Audit went smoothly with no proposed journal entries, which says that the accounting systems are working effectively and efficiently, with the Board receiving timely and accurate information throughout the year.

Mr. Aukamp discussed the independent audit report and briefly highlighted sections of the report with required disclosures. This is a clean report with no issues and no changes necessary to the financial statements as applied to reporting standards for governmental organizations or issues of a compliance nature as applied to Reserve Funds. Mr. Aukamp continued his presentation by touching on revenue trends, variances of actual versus budgeted expenditures and advising certain unbudgeted items paid out of Reserves or timing of expenditures as an explanation for some variances. Mr. P. Johnson had one question regarding the increase in the retirement contribution is reflection of additional staff and was confirmed by Mr. Aukamp. With no further questions directed to Mr. Aukamp from the members present regarding the Audit, Mr. P. Johnson requested a motion to accept the auditor's report dated June 30, 2024, as written. Ms. E. Windley made the motion to accept, with second by Mr. E. Maybach and was unanimously approved. Mr. M. Aukamp advised he would forward the final representation letter and exited the meeting. Mr. J. Rengel confirmed that all members would receive a copy of the final document.

VI. Administrator Updates:

Mr. J. Rengel advised that an overview document for the first quarter was previously provided in October to all members and requested any feedback from the Board to make a more useful document. Ms. E. Windley noted in the report a seizure for her locality and inquired if there is notification provided at the time of the seizure. Mr. J. Rengel advised typically no, but would be available to review after the meeting. With no additional items pertaining to the quarterly summary, Mr. J. Rengel recognized Mr. Owen Snyder with the Town of Leesburg as a guest today and thanked him for attending. Also noted that a new representative, Mr. Stephen Barlow, will be representing the Town of Vienna as a replacement for Ms. M. Serfass who is retiring.

Next item is the next General Assembly legislative session commencing January 8th. From a cigarette standpoint, there is HB 1099 that passed last year with an update to definition. There is more legislation related to liquid nicotine and heated tobacco coming, so will continue to keep the Board informed as learns more. The Chairman had contacted BACO and BML about including the local jurisdictions; how the definitions only effect the state and do not trickle down to the localities, therefore we are unable to tax these products. Mr. P. Johnson commented that he did reach out to BML and BACO, on behalf of the Board, for an opportunity for the localities to be included and they understood the nature of the declining revenue stream, so if an opportunity presents, we will try to secure taxation at the local level.

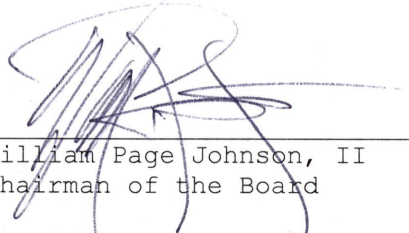
The final update is regarding Floor Tax; the inventory filing is coming due December 31. For those Retailers that do not file, plan is to provide a Statutory Assessment invoice, based on 50% of average store sales, with taxes due on that inventory for a fair assessment. NVCTB has received a 41% response and approximately \$58,900 in revenue from the Floor Tax to date.

VII. Executive Session:

There were no items to discuss in Executive Session.

VIII. Adjournment:

Mr. P. Johnson thanked everyone for their participation and requested a motion to adjourn. Mr. K. Greenlief made the motion to adjourn and was seconded by Mr. E. Maybach. The motion was carried unanimously and the meeting adjourned at 11:25 A.M.



William Page Johnson, II
Chairman of the Board