MINUTES OF MEETING OF THE NORTHERN VIRGINIA CIGARETTE TAX BOARD

November 6, 2025

MEMBERS PRESENT:

P. Johnson, City of Fairfax
G. Bruch, County of Fairfax
K. Acoff, City of Alexandria
T. Demeria, City of Manassas
J. McNeal, City of Manassas Park
E. Maybach, Fauquier County
A. Templeton, Loudoun County
C. Hunter, Prince William County
J. Elliott, Spotsylvania County
S. Mayausky, Stafford County
R. Gonzalez, Town of Haymarket
J. Schulz, Town of Herndon
E. Windley, Town of Leesburg
A. Fletcher, Town of Middleburg
A. Linn, Town of Occoquan
C. LeMarr, Town of Purcellville
R. Brinson, Town of Reminton
C. Owens, Town of Round Hill

ALSO PRESENT:

J. Rengel, Administrator
J. Zottig, Deputy Administrator-Finance
T. Webber, Staff
K. Hampton, Staff
M. Aukamp, Auditor, Dunham, Aukamp & Rhodes PLC

I. Call to Order:

The meeting was called to order at 11:02 A.M.

II. Roll Call/Verification of Quorum:

Mr. G. Bruch, Vice-Chairman commenced with a Roll Call of each Jurisdiction. Upon completion of Roll Call, Mr. P. Johnson, Chairman, noted that a Quorum was present.

III. Administration:

a. Approval of Agenda:

As first order of business, Mr. P. Johnson requested a motion to approve the agenda. Mr. G. Bruch made the motion to approve the agenda and was seconded by Mr. T. Demeria. The motion passed unanimously.

b. Approval of the Minutes:

As the minutes of the June 5, 2025, meeting were previously distributed, Mr. P. Johnson requested a motion to dispense with the reading of the minutes. Mr. E. Maybach made the motion and was seconded by Mr. G. Bruch. The motion to dispense with the reading of the minutes passed unanimously. With no corrections or additions noted, Mr. P. Johnson requested a motion to approve the minutes as recorded. Ms. J. Elliott made the motion and was seconded by Mr. E. Maybach. The motion to approve the minutes passed unanimously.

c. Public Comment:

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.

d. Officers Reports:

Mr. P. Johnson, Chairman, had no report other than to say Arlington is the one missing puzzle piece for NVCTB and perhaps the Administrator and the Board officers should reach out to Kim Klingler, the newly elected Commissioner of Revenue for Arlington County.

Mr. G. Bruch, Vice-Chairman, had no report, but agreed with discussion for Arlington to join NVCTB.

Mr. K. Greenlief, Secretary/Treasurer, absent.

IV. Regulatory Items:

Mr. J. Rengel, Administrator, had no Regulatory Items to discuss.

The Administrator advised he was going to include Arlington later in the agenda for discussion with the Board, but shared he had a meeting with Arlington's Commissioner of Revenue, Kim Klingler, on October 7, 2025. Response from this meeting was positive and she would look at moving forward on the process of joining NVCTB with an effective date of July 1, 2026. Mr. T. Demeria did inquire about the reason why Arlington County is not participating with NVCTB. Mr. P. Johnson advised that Arlington was previously with the Board and their decision to leave was due to issues back in the late 1970s or early 1980s, before anyone's tenure of the current Staff and Board members.

V. Review of the FY2025 Draft Audit:

Mr. P. Johnson welcomed 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. During the Audit, testing of assets, liabilities, and some internal controls were completed and was happy to report that no issues were noted during the Audit. Further stating there were no management disagreements or accounting issues noted and also extending thanks to NVCTB staff for their responsiveness for requested information, all went very smoothly.

Mr. Aukamp discussed the independent audit report and briefly highlighted sections of the report with required disclosures. This is a clean opinion with nothing necessary in the financial statements for presentation in accordance with generally accepted accounting principles as applied to governmental entities. Overall, very little changes in the figures and most are fairly consistent with prior year. For the Statements of Fiduciary Net Position, the Board is treated as a single fiduciary where all assets belong to the Board and all income collected, less necessary bills, is dispersed back to member jurisdictions. The Statements of Changes in Fiduciary Net Position included a new line item for Jurisdictional rate increase with overall an increase of about $300,000 for distributions to jurisdictions and administrative expenses consistent from year to year. Nothing was unusual in the required explanatory footnotes. Mr. Aukamp was pleased to say no issues to note during the audit with any weaknesses concerning internal controls or compliance at the organizational level as stated in the Independent Auditor's Report. The last pages of the Audit provide explanatory information for distributions and budget versus actual expenses, overall expenses were under budget by about $80,000, a testament to staff being good stewards of the Board funds.

With no questions for Mr. Aukamp from the members present regarding the Audit, Mr. P. Johnson requested a motion to accept the auditor's report dated June 30, 2025, as written. Mr. G. Bruch made the motion to accept, with second by Mr. E. Maybach and was unanimously approved.

Mr. Aukamp was thanked for his time and he exited the meeting.

VI. Administrator's Updates:

Mr. Rengel began by congratulating the officers who won their recent elections. He also wished to recognize Ms. Lois Jacob, the City of Fredericksburg's Commissioner of Revenue, who has served on the Board since 2013 with a certificate of appreciation as she is retiring at the end of the year and to congratulate Ms. Tamara Stuart who will be representing City of Fredericksburg as replacement.

Mr. Rengel advised that an overview document for the first quarter was previously provided to all members and if anyone has questions, please let him know. Next topic of discussion was regarding the independent audits. The current CPA firm has been completing NVCTB's audits for over 10 years. RFPs have gone out for last two years, with low responses and quotes in the range of $25,000 to $35,000 per year compared to the cost of $10,400 charged by the current CPA firm. The Administrator's recommendation is to continue with the current CPA firm, with rotation of Partners every three years, but if the Board wishes for him to send out another RFP again for the next year, he will do so and is open to any comments or suggestions from the Board. The Chairman agreed that best practice would be to rotate CPA firms and suggested for any of the localities to share potential firms. The Administrator shared that he has heard from some localities but that the CPA firms they use typically do not do small organizations like NVCTB and the smaller CPA firms do more accounting work, not audit work. The Chairman then agreed with his recommendation of continuing with the current CPA firm, rotating senior partners, but to maybe continue to explore options with the smaller jurisdictions as well as a reasonable approach.

As Arlington County was discussed prior, the next topic is the City of Alexandria Public Health Advisory Commission. Mr. Richard Merritt, a member of this Commission and active in cigarette taxation, is seeking from legislators a change in the code to remove the $0.40 per pack and the $0.60 per pack State tax ceilings and additionally is recommending a ban on flavored cigarettes. So just wanted to make the Board aware prior to the next General Assembly meeting held in Richmond.

Mr. Rengel concluded with a reminder of the next scheduled Board meeting to be held on June 4, 2026, at NVCTB's office, not virtually.

The Chairman, while not aware of any significant movement in Richmond, asked if there was any noise about local taxation of menthol or vaping that the Administrator had come across. Mr. Rengel replied that while there has been movement allowing local jurisdictions to tax vaping and other tobacco products over the past two legislative sessions, both times the bills failed. Also, there are liabilities with the toxic nicotine liquid and enforcement challenges, in addition to sales of illegal products. While it is anticipated that something will come up during the next legislative session, it is questionable if anything will pass. The Chairman agreed with Mr. Rengel discussion and noted that the wholesalers have a pretty significant lobby.

There were no additional questions by the Board for the Administrator.

VII. Executive Session:

There were no items to discuss in Executive Session.

VIII. Reconvene to Open Session:

The Board did not move to Executive Session.

IX. Adjournment:

Mr. P. Johnson requested a motion to adjourn. Ms. J. Elliott made the motion to adjourn and was seconded by Ms. E. Windley. The motion was carried unanimously and the meeting adjourned at 11:36 A.M.

William Page Johnson, II
Chairman of the Board