

**COVID-19 FINANCIAL IMPACTS ON VIRGINIA LOCAL GOVERNMENTS:
A REPORT ON FINANCIAL POLICY IMPLICATIONS**

GRADUATE CERTIFICATE IN LOCAL GOVERNMENT MANAGEMENT

CENTER FOR PUBLIC ADMINISTRATION AND POLICY

SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS

VIRGINIA TECH

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COVID-19 Financial Impacts on Virginia Local Governments: A Report on Financial Policy Implications

Executive Summary

A survey was conducted in May 2020 to obtain information from local governments on the impacts of the pandemic on their financial policy compliance and fund balance levels. The overall response rate to the survey was 22% of all cities, counties and towns in Virginia. Highlights and important findings from the survey are shown below:

- Financial Policy Adoption:
 - Of the 88 respondents, 87.5% of local governments have written financial policies.
 - 12.5% reported not having adopted financial policies.
- FY20 Financial impacts
 - Over 81% of local government responding to the survey reported a revenue shortfall due to the pandemic: All cities and towns reported revenue shortfalls and over 75% of counties reported revenue shortfalls.
 - The total financial impact in FY20 is over \$228 million dollars.
 - The average financial impact is \$3.5 million for local governments.
 - 71% of local governments said they would be reducing expenditures to cover shortfalls in FY20.
 - 35% of local governments will be utilizing fund balance to mitigate revenue shortfalls in FY20.
 - 26% of local governments responded they would be using both reductions to expenditures and use of unassigned fund balance for FY20.
- FY21 Financial Projected Impacts
 - 60% of local governments are not using unassigned fund balance in FY21 to mitigate financial impacts in FY21.
 - 40% of local governments are using unassigned fund balance in FY21 to mitigate financial impacts in FY21.
 - Approximately 65.4% of those local governments using fund balance in FY21 reported using less than 5% of their fund balance.
 - Approximately 34.6% of those local governments using fund balance in FY21 reported using more than 5% of their fund balance in FY21.
- Conclusions and Recommendations:
 - All local governments should consider the development and adoption of financial policies to guide elected officials' decision-making during the annual operating and capital budgeting processes.
 - Local governments utilizing fund balance in FY20 and/or FY21 should document the justification and actions taken to mitigate the financial impact of the pandemic.
 - Local governments utilizing fund balance in FY20 and/or FY21 should develop a plan to replenish fund balance levels as soon as practical.

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Background:

The Graduate Certificate in Local Government Management in the Center for Public Administration and Policy in the School of Public and International Affairs seeks to provide education and technical assistance to Virginia's 95 Counties, 38 Cities and 190 Towns. As part of this mission, the local government program engaged over 145 finance officers and local government managers through a video conferencing platform to facilitate financial impact discussions beginning on April 1, 2020. These meetings have been held weekly since the initial webinar and have covered topics related to the financial impacts of the pandemic on both current year budgets (FY20) and the upcoming fiscal year budgets (FY21). Over 140 local government representatives join the webinars each week.

Process:

The survey distributed to local governments was developed based on comments received during the webinars and in consultation with local government finance and management officials. The purpose of the survey was to obtain information from local governments on the impacts of the pandemic on their financial policy compliance and fund balance levels.

Resources:

The Local Government Management program facilitates a weekly webinar series for Virginia's local finance officials and managers. More information can be found at <https://spia.vt.edu/leadership-development/localgovcovid19.html> or by contacting Dr. Stephanie Davis, sddavis@vt.edu. Best practices and recommendations follow the Government Finance Officers' Association best practices and fiscal first aid. More information can be found at www.gfoa.org.

Contributors:

Thank you to all of the local government representatives who participated in the survey and those who participate in the weekly webinar series. Thank you to Chris Morrill, Executive Director, Government Finance Officers Association, Cindy Mester, Deputy City Manager, City of Falls Church, Dr. Robin Lemaire, Associate Professor, Virginia Tech and Sheila Minor, Director of Finance, City of Colonial Heights who served as initial reviewers for the report. Thank you to the representatives from the Virginia Municipal League and the Virginia Association of Counties for their contributions.

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Overview of Survey Participants:

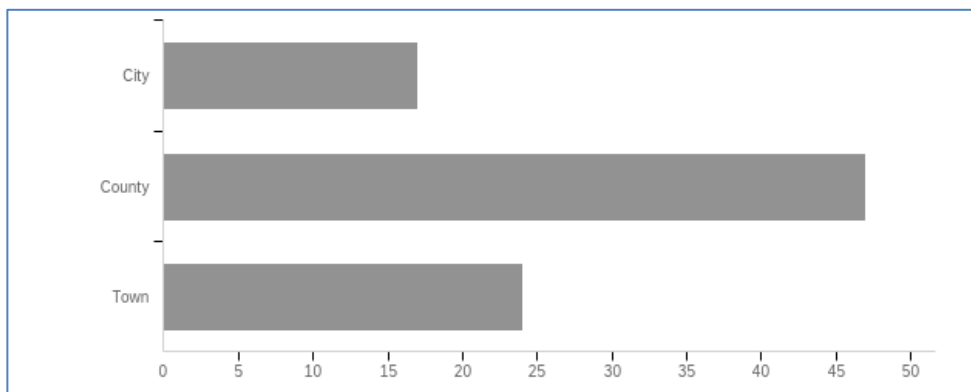
Eighty-eight (88) local governments responded to the survey that was released on May 27, 2020. The survey was distributed to the participants in the weekly financial discussion webinars, by the Virginia Local Government Management Association via email and the Virginia Association of Counties Facebook page. The table below shows the breakdown of survey respondents by City, County and Town. It is important to note that the surveys were anonymous in order to obtain the information requested and not all local governments answered all questions. The number of respondents by question is noted for each question.

Table 1: Comparison of Total Virginia Local Governments to Responding Local Governments

Type of Local Government	# in Virginia	# Responding to Survey	% Responding of all local governments
County	95	47	50%
City	38	17	45%
Total County/City	133	64	48.1%
Town	190	24	13%
Total County/City/Town	323	88	27%

As noted above in Table 1, over 48% of cities and counties in Virginia responded to the survey. 13% of towns responded to the survey with an overall response rate as compared to the total number of Virginia local governments of 27%. It is important to note that counties represented the largest category of local governments responding to the survey.

Figure 1 Chart of Respondents by Local Government Type



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Table 2: City, County or Town Classification of Respondents to Survey

Respondents by City, County or Town Classification		
Type of Local Government	% of total	Number of Responding local governments
City	19.32%	17
County	53.41%	47
Town	27.27%	24
Total	100%	88

Table 3 provides the population information on local governments responding to the survey with the median population of 23,418 and a range from a minimum of 445 to a maximum of 475,000.

Population By Respondents:

- Median Population: 23,418
- Highest Population Reported: 475,000
- Lowest Population Reported: 445

Table 3: Respondent Population by City, County, Town

	Total	City	County	Town
Total Count	88	17	47	24
Median	23,418	28,108	33,400	7,079
Minimum	445			
Maximum	475,000			

Financial Policies

The Government Finance Officers Association identifies adoption of financial policies as a best practice and they are “central to a strategic, long-term approach to financial management” (GFOA Best practice, Adopting Financial Policies). Financial policies inform and guide elected officials during their decision-making process and provide boundaries for the local government. The study asked the if the local government has written financial policies. Of the 88 respondents, 87.5% of local governments have written financial policies. Only 12.5% reported not having adopted financial policies including nine counties and two towns. All responding cities have adopted policies.

Question: Does your local government have written financial policies?

Table 4: Financial policies by local government

		Total	City	County	Town
Q3: Does your local government have written financial policies?	Total Count	88	17	47	24
	Yes	77	17	38	22
	No	11	0	9	2
	Yes	87.5%	100.0%	80.9%	91.7%
	No	12.5%	0.0%	19.1%	8.3%

FY20 (July 1, 2019 – June 30, 2020) Financial Impacts

Respondents were asked for financial impacts and policy information for both FY20 and FY21. This section provides analysis and data on local government financial impacts related to the Coronavirus Pandemic in the current fiscal year ending on June 30, 2020 (FY20). It is important to note that the surveys were anonymous in order to obtain the information requested and not all local governments answered all questions.

Question: For the current fiscal year (FY20) budget, do you anticipate a revenue shortfall related to the coronavirus pandemic?

Over 81.8% of local governments reported a revenue shortfall due to the pandemic including all cities and towns and over 75% of counties.

Table 5: Anticipated Revenue Shortfall in FY20

		Total	City	County	Town
Q5: For the current year (FY20) budget, do you anticipate a revenue shortfall related to the Coronavirus Pandemic?	Total Count	79	16	42	21
	Yes	72	16	35	21
	No	7	0	7	0
	Yes	81.8%	94.1%	74.5%	87.5%
	No	8.0%	0.0%	14.9%	0.0%

Question: For the current fiscal year (FY20) budget, how much do you anticipate the shortfall in terms of dollars?

Respondents were asked to identify the revenue shortfall in terms of dollars if they answered yes to the previous question. Based on 65 responses to the question, the total financial impact in FY20 is over \$228 million dollars. On average, there is a financial impact of \$3.5 million. The range of impacts reported is a minimum of \$25,000 and a maximum of \$51,200,000.

Table 6: Anticipated dollar revenue shortfall

Total revenue shortfall expected in FY20	
Total	\$228,137,507
Median	\$1,000,000
Average/Mean	\$3,509,808
Minimum	\$25,000
Maximum	\$51,200,000

Question: For the year ending June 30, 2020, do you expect to cover revenue shortfalls by reducing expenditures?

In order to prepare for the financial impacts of the pandemic, respondents were asked how they would adjust the FY20 budget to mitigate revenue shortfalls including reducing expenditures and/or using unassigned general fund balance. 71.6% of respondents said they would be reducing expenditures to cover shortfalls. Based on the data in Table 6, local governments are reducing expenditures ranging from a minimum of \$25,000 to a maximum of \$51,200,000.

Table 7: Using expenditure reductions to mitigate revenue shortfalls

		Total	City	County	Town
Q7: For the year ending June 30, 2020 (FY20) do you expect to cover revenue shortfalls by reducing expenditures?	Total Count	78	16	42	20
	Yes	63	15	31	17
	No	15	1	11	3
	Yes	71.6%	88.2%	66.0%	70.8%
	No	17.0%	5.9%	23.4%	12.5%

Question: For the year ending June 30, 2020, do you expect to cover revenue shortfalls by using unassigned general fund balance?

35% of local governments will be utilizing fund balance to mitigate revenue shortfalls in FY20. Of those 45% of towns reported using fund balance with 35% of counties and 30% of cities using fund balance in FY21.

Table 8: Using fund balance to mitigate revenue shortfalls

		Total	City	County	Town
Q8: For the year ending June 30, 2020 (FY20) do you expect to cover revenue shortfalls by using unassigned general fund balance?	Total Count	78	16	42	20
	Yes	31	6	14	11
	No	47	10	28	9
	Yes	35.2%	35.3%	29.8%	45.8%
	No	53.4%	58.8%	59.6%	37.5%

Analysis: Based on the responses, the data was analyzed to determine how many localities would use both reductions to expenditures and use of fund balance in FY20.

Twenty-three (23) or 26% of local governments responded they would be using both reductions to expenditures and unassigned fund balance for FY20. The average revenue shortfall by local government and the percentage of use of fund balance is shown below.

Table 9: Local Governments using both expenditure reductions and use of fund balance to mitigate FY20 revenue shortfalls

Local Government Type	Respondents using both methods	Average/Mean Revenue Shortfall	Median Reported Revenue Shortfall	Most Reported % Use of Fund Balance
City	6	\$15,000,000	\$6,850,000	5%-10%
County	8	\$925,000	\$750,000	<5%
Town	9	\$177,556	\$196,000	<5%
Total	23	\$4,626,095	\$500,000	

Question: Indicate the percentage of unassigned general fund balance your locality expects to use at year ending June 30, 2020.

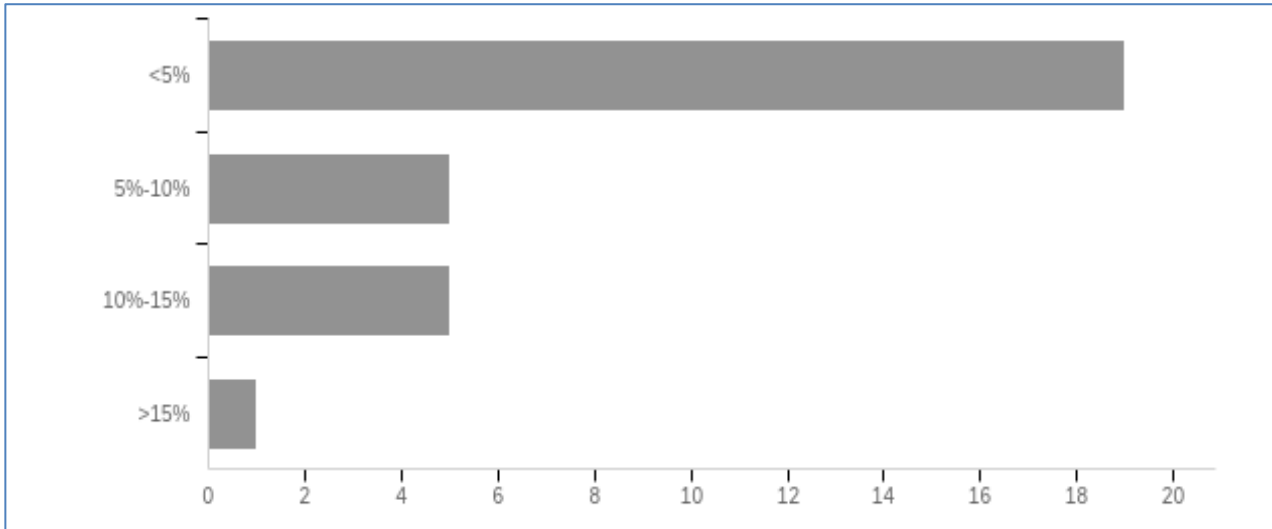
Thirty (30) local governments provided the level of projected use of fund balance would be used to balance the FY20 budget. 63.3% of local governments reported using less than 5% of the unassigned general fund to balance the FY20 budget. However, 8.3% of towns that responded noted they would use 15% or more of the unassigned fund balance in the current fiscal year. 33.3% of responding cities noted they would use 10%-15% of the unassigned fund balance in the current fiscal year.

Table 10: Level of unassigned fund balance usage in FY20

	Total	City	County	Town	
Q9: If yes, Indicate the percentage of unassigned general fund balance your locality expects to use at year end June 30, 2020.	Total Count	30	6	12	12
	<5%	19	3	9	7
	5%-10%	5	1	2	2
	10%-15%	5	2	1	2
	>15%	1	0	0	1
	<5%	63.3%	50.0%	75.0%	58.3%
	5%-10%	16.7%	16.7%	16.7%	16.7%
	10%-15%	16.7%	33.3%	8.3%	16.7%
	>15%	3.3%	0.0%	0.0%	8.3%

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Figure 2: Chart of Percentage of Fund Balance Utilization in FY20



FY21 (July 1, 2020 – June 30, 2021) Financial Impacts

Respondents were asked for financial impacts and policy information for both FY20 and FY21. This section provides analysis and data on local government financial impacts related to the Coronavirus Pandemic in the upcoming fiscal year (July 1, 2020 – June 30, 2021). It is important to note that the surveys were anonymous in order to obtain the information requested and not all local governments answered all questions.

Question: What is your total proposed or adopted general fund budget for FY21?

65 Local Governments reported data on their total proposed or adopted FY21 budget.

Table 11: Total General Fund Budget

	General Fund Budget
Median	\$57,823,219
Average/Mean	\$146,084,894
Maximum	\$1,900,000,000
Minimum	\$525,000

Question: For FY21, are you using unassigned fund balance to balance the budget?

Local governments were asked about their usage of unassigned fund balance for FY21. Of the 70 respondents to this question, 42 or 60% of local governments are not using unassigned fund balance for FY21 to mitigate the fiscal impacts of the pandemic. However, 28 or 40% of local governments are using unassigned fund balance in FY21.

Answer	%	Count
Yes	40%	28
No	60%	42
Total	100%	70

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From Table 12, of the local governments reporting use of fund balance in FY21, 26% are cities, 43% are counties and 44% are towns.

Table 12: Comparison by local government using of unassigned fund balance in FY21

		Total	City	County	Town
Q13: For FY21, are you using unassigned fund balance to balance the budget?	Total Count	70	15	37	18
	Yes	28	4	16	8
	No	42	11	21	10
	Yes	40.0%	26.7%	43.2%	44.4%
	No	60.0%	73.3%	56.8%	55.6%

Question: How much of unassigned fund balance, as a percentage, do you plan to use in FY21?

Local governments reported the amount of unassigned fund balance being utilized in the FY21 budget. Over 65% of the local governments identified as using fund balance in FY21 reported using 5% or less to balance the FY21 budget. Of the 28 local governments reporting in the previous question, 26 of those local governments identified the percentage of fund balance being utilized in FY21. 17 local governments plan to use less than 5% of unassigned fund balance in FY21. One local government reported using more than 15% of their unassigned fund balance in FY21.

Table 13: Use of Fund balance as a percent in FY21

Answer	%	Count
<5%	65.4%	17
5%-10%	23.1%	6
10%-15%	7.7%	2
>15%	3.8%	1
Total	100%	26

Figure 3 Chart of Local Government Reporting on Percentage Use of Fund Balance in FY21

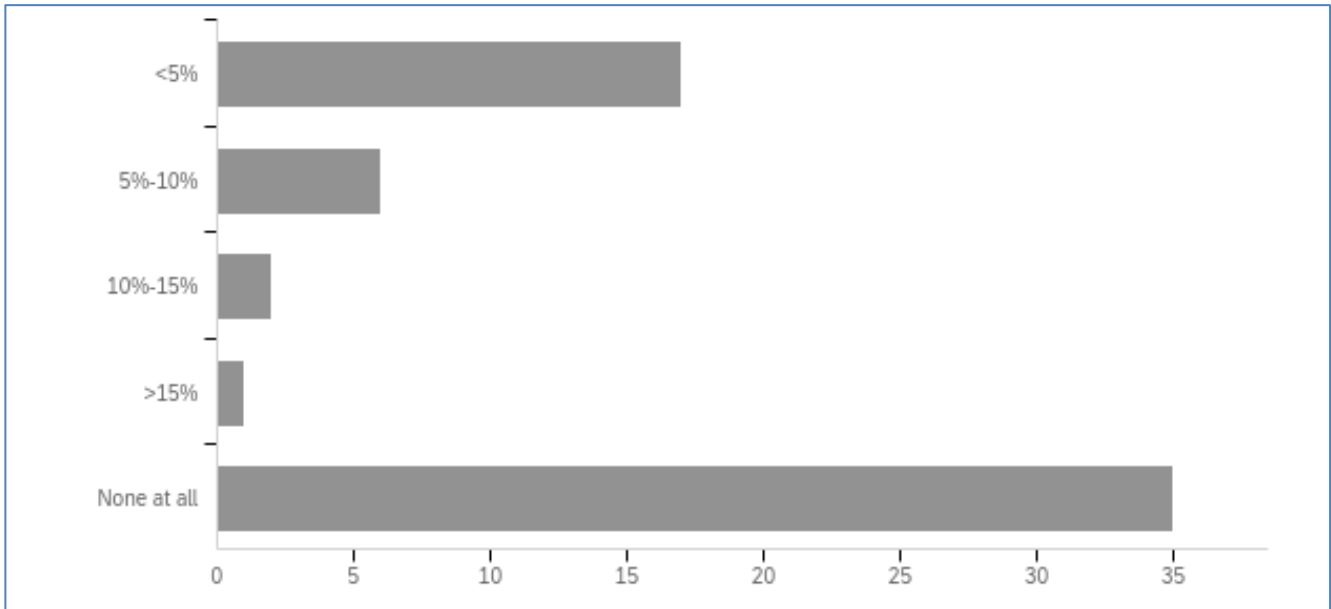


Table 14 details by local government type the amount of fund balance to be used in FY21. Approximately 66% of cities and counties reporting using fund balance in FY21 reported using less than 5% of their fund balance. Approximately 34% of local governments of the 26 local government responding to the question reported using more than 5% of their fund balance in FY21.

Table 14: Percentage use of fund balance by local government type

		Total	City	County	Town
Q14: If yes, how much unassigned fund balance are you using to balance the budget?	Total Count	26	3	15	8
	<5%	17	2	10	5
	5%-10%	6	1	4	1
	10%-15%	2	0	0	2
	>15%	1	0	1	0
	<5%	65.3%	66.7%	66.7%	62.5%
	5%-10%	23.2%	33.3%	26.7%	12.5%
	10%-15%	7.7%	0.0%	0.0%	25%
	>15%	3.8%	0.0%	6.6%	0.0%

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Question: In terms of dollars, how much fund balance do you plan to use in FY21?

Local governments were asked to convert the percentage of fund balance to dollars for comparison purposes. On average, the local governments plan to use \$3.2 million in fund balance to balance the FY21 budget with a median of \$1,000,000.

Table 15: Use of fund balance in terms of dollars

	Dollar of Fund Balance
Median	\$1,000,000
Average/Mean	\$3,213,905
Maximum	\$40,000,000
Minimum	\$40,000

Open-Ended Questions

For FY21, local governments were asked what action the governing body has taken that may impact your financial policy adherence. A table with the responses is shown below.

<p>Reduced cash to capital Reduced by 79% our \$5M unassigned Budget Stabilization Reserve. Must repay within 2 years. - Removed the FY 2021 increase in funding of OPEB. We were on a five-year plan to reach full funding of the ARC by the close of FY 2023, in accordance with adopted fiscal policies. - Delayed policy-required salary study.</p>
<p>Eliminate pay as you go capital projects reduce overall general fund expenditures by 20%, furlough all part-time employees.</p>
<p>Reduction in capital projects funding for projects on hold</p>
<p>Reduced pay-go capital from 3% to 2%; Used fund balance to balance general fund (using funding dedicated to future capital projects) Reduced financial policy requirements to Purchase of development rights program;</p>
<p>Board of Supervisors is currently considering using up to \$ 2 million from unassigned fund balance in the FY 2021 budget. The Board is also considering equalizing the real estate tax rate as the County has a reassessment (typically every 4 years) effective for the 2020 tax year.</p>
<p>We are currently not planning to deviate from policy or use fund balance because we very aggressively reduced our budget from the original proposed budget to the adopted budget by \$7,100,000 and made the necessary expenditure reductions.</p>
<p>The Council has historically referred to that ratio and has kept the ratio above 50%. In the 2020-2021 fiscal year that ratio may be reduced to 35% or less.</p>

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Local governments reported financial impacts related to meals, lodging, sales and BPOL taxes through the finance and manager network. Below is a synopsis of their responses.

Meals Tax	Lodging Tax	Sales Tax	BPOL Tax	Other
50% in FY20 last 4Q 40% reduction FY21	50% in FY20 last 4Q 40% reduction FY21	10% reduction FY21	10% reduction FY21	
10% reduction FY21	10% reduction FY21	10% reduction FY21	10% reduction FY21	reducing our expenditures by 15% for FY21
n/a	n/a	10% reduction FY21	10% reduction FY21	
FY20 4Q: 80% reduction dine in; 50% reduction drive through/carry out; 100% reduction for closed business; FY21 budget: 25 % 1Q, 15% 2Q, 10% 3Q, 5% 4Q	FY20 4Q: 87.5% reduction; FY21 budget: 25% 1Q, 15% 2nd Q, 10% 3 Q, 5% 4Q	FY 20 4Q: 20% reduction; FY21 budget: 20% 1Q, 15% 2Q, 10% 3Q, 5% 4Q	FY20 4Q - no change, already collected: FY21 5% reduction for the year	Seeing a drop in water consumption due to closure of schools and reduction in restaurants/lodging: FY20 4Q - estimating 25% reduction; FY 21 budget: 25% 1Q, 20% 2Q, 2.5% 3Q, 0% 4Q
Suspended rate in months of May and June FY 20 25% reduction FY 21 21% reduction+	FY 20 27% reduction FY 21 32% reduction	FY 20 No reduction FY 21 9% reduction	FY 20 No reduction FY 21 10% reduction	FY 20 11% reduction FY 21 49% reduction in Admissions Taxes
				proposed FY20 PP tax due date the same (6/5/20) but with penalty and interest suspended for 60 days
75% for April thru June-unknown for FY21 until status of VT fall classes and football. For the April filing, which is on March gross receipts, meals tax is 60% of March 2019 filing.	75% for April thru June-unknown for FY21 until status of VT fall classes and football. For the April filing, which is on March gross receipts, meals tax is 58% of March 2019 filing.	50% for remainder of FY20. FY21 unknown until Status of VT fall classes and football	none for FY20	
50% reduction March-June	87% reduction March- June	10% reduction March- June	25% reduction in filing/collection of 2019 BPOL	Departmental Revenue eliminated due to Town Facility closures
12.5% reduction FY21	12.5% reduction FY21	10% reduction FY21	12.5% reduction FY21	5% reduction FY21 all other local taxes
50% reduction March. 25% reduction through June 2020. 25% reduction during 1st quarter, 50% reduction October of FY21	50% reduction March. 25% reduction through June 2020. 25% reduction during 1st quarter, 50% reduction October of FY21	50% reduction March. 25% reduction through June 2020. 25% reduction during 1st quarter, 50% reduction October of FY21		
March was 30% below orig projections, reduced April 50%, May 40% with a 10% monthly increase through Nov. Currently,	March collections 25% below original projections, reduced April collections to 20%, May collections to 30% with a 10% monthly increase through Nov.	Reduced April collections to approx. 75% of original projections and May to 70% original projections	FY20 collections above FY20 Adopted Budget. Assuming a 25% reduction from Orig. FY21 Proposed Budget	Moving tax due date to June 19th from June 5th

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revisiting, may take further reductions.	Currently, revisiting, may take further reductions.	with between 5-10% monthly increase through Nov.		
Reduced next year's projections by 40%	Reduce next year by 20%	Reduced next year's projection by 20%	Reduced next year's projection by 40%	Moved BPOL tax date to August 1
2020 expecting 75% decrease in 4th quarter; 2021-33% decr for 1 qtr; 50% for 2 qtrs	N/A	Reduced 10-20% depending on duration	Reduced 10-20% depending on duration	
N/A		FY21 10% reduction	5% reduction in Business licenses, we don't do BPOL	
FY2020: expecting 30% decrease for the year; FY2021: for now, 30% reduction	N/A	FY21 about 20% reduction	FY21 about 22% reduction	
FY21 includes 14% decrease on trend. FY20 Qtr4 estimates 43% loss on monthly revenue.	N/A	FY21 Reduction of 21% on trend, FY20 estimated to meet budget.	FY21 about 18% reduction on trend.	War Memorial Rentals estimated to be short \$40k from budget.
FY20 Projected impact of 15% (\$595,000) FY 21 Projected impact of 40% (\$1,722,000)	FY21 projected impact of 50% (\$285,000)	FY21 projected impact of 24% (\$376,000)	FY21 projected impact of 30% (\$309,000) based on calendar 2020 business receipts	FY20 suspended downtown monthly parking permits approx. \$4,500/month
FY20 projected impact 50% on 4th qtr collections. FY21 25% loss projected	FY20 projected impact 50% on 4th qtr collections. FY21 25% loss projected.	FY20 10% loss on June only. FY21 10% loss	FY20 no impact, tax was due 3/1. FY21 25% loss projected.	FY20 & FY21 real estate 1% decrease on collections. FY21 \$620,000 estimated loss on interest on investments. Loss on Penalty and Interest should the board vote to reduce these. FY21 5% loss on personal property.
FY20 Impact - 33% of prior year FY 21 Impact: 25% decrease or loss of \$1.037M	FY 20 Impact: 25% of prior year actuals; FY 21 Impact: 20% reduction or \$54,000	FY 20 Impact: 60% of prior year actuals; FY 21 Impact: 25% impact or \$906,250 reduction	FY 21 Impact: 25% impact or \$550,000 reduction	Decrease in real estate tax rate due to an estimated uptick in delinquent collections.
40% decr. remainder of FY20 and FY21 through Dec (1.4M, 1.5M)	60% decr. remainder of FY20 and FY21 through Dec (\$500k ea.)	30% decr. remainder FY20 and FY21 through Dec. (\$1.8M \$1.2M)	40% decr. FY21, \$1.0M	Slight decreases in RE and PP collections, loss of penalty and interest revenue
FY20 = based on collections through February; FY21 = Q1 (-50%), Q2 (-25%), flat with FY19.	FY20 = based on collections through February; FY21 Q1 (-50%) from FY20, Q2 (-25%), last 6 months flat with FY19.	FY20 = sales through Jan. FY21 Q1 (-38%), Q2 (-20%), +3% final 6 mos.	FY20 = Feb-June down 80%, FY21 = July-Sept down 25%, October-December flat with FY19.	
March -25% of FY20 average; -29% of FY19			N/A	

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March; FY21 Q1 -40% from FY20				
FY20 - reduction of approx. 20%; FY21 - reduction of 22%	FY20 - reduction of 22.5%; FY21 - reduction of 29%	FY21 - reduction of 14%	FY20 - no impact (payments already received); FY21 - reduction of 20%	FY20 - extended due date for PP from May 31 until June 30; extended due date for RE from June 5 until June 30
100% Economic Development Fund: FY20 Reduction \$334,140 (Total FY20 Budget \$1,325,000); FY21 Reduction \$260,000 (Total FY21 Budget \$1,040,000)	40/60% General Fund / Tourism Fund: FY20 Reduction \$178,880 - \$70,400 GF, \$108,480 Tourism Fund; FY21 Reduction \$316,539; \$90,440 GF, \$226,099 Tourism Fund	FY20 \$169,220 Reduction; FY21 \$149,350 Reduction	FY20 limited \$55,244 delinquent including late fees; FY21 \$159,102	FY20 reductions anticipated in Penalty, Interest and Admin Fees, Motor Vehicle Licenses, Court and Clerk Fees (court closures); recreation fees - refunds processed for spring sports; false alarm and fingerprinting fees (Police), EMS transport fees, and RE Tax Impact (1.5% reduction); Personal Property Tax 3.5% reduction and interest revenues (rates down)
FY2020 - 22% annualized loss FY2021 - 21% below FY2020 adopted budget	FY2020 - 24% annualized loss FY2021 - 22% below FY2020 adopted budget	FY2020 - 15% below FY 2020 budgeted FY2021 - 6.8% below FY2020 adopted budget	FY2020 - 7% below budget; FY2021 - 10% below FY2020 adopted budget	
FY2020 - 40% decline Mar-Jun or 15% annualized loss; FY2021 - 18% below FY2020 adopted budget		FY2020 - 25% decline Mar-Jun; FY2021 - 1% below FY2020 adopted budget	FY2020 - 4% below budget; FY2021 - 30% below FY2020 adopted budget	TOT/Hotel Tax FY2020 - 75% decline Mar-Jun; FY2021 - 25% below FY2020 budget
FY 2020 Prior to March, collections were on target with budget. This projects March -June down 41%, or 15% annualized loss. FY 2021 Projects Q1 (Jul-Sep) down 15% (\$567,401), or 4% annualized loss.	FY 2020 Prior to March, collections were below budget by 2% (\$42,533). This projects March -June down 79%, or 29% annualized loss. FY 2021 Projects Q1 (Jul-Sep) down 38% (\$324,364), or 11% annualized loss.	FY 2020 Jul-Feb collections exceeded budget by 8% or \$815,235; projects Mar-Jun down 17% (\$921,807), or 0.7% annualized loss. FY 2021 Projects Q1 (Jul-Sep) down 15% (\$612,193), Q2 (Oct-Dec) down 3% (\$133,228), or 5% annualized loss.	FY 2020 Projects uncollectible increasing to 10%. Historically collection rates are above 100% due to conservative budgeting. FY 2021 Projects decrease in tax of 10% annualized. Historically collection rates are above 100% due to conservative budgeting and excellent collections staff.	
FY20: -17%; FY21: -40%	FY21: -50%	FY21: -25%	FY21: -50%	RE Tax due date extended to June 20th
FY 2020 Had been tracking 9% ahead of FY 2019 receipts. Q4 projected at	FY 2020 Had been tracking in line with FY 2019 receipts. Q4 projected at 20% of FY	FY 2020 Had been tracking 10% ahead of FY 2019 receipts. Q4	FY 2021 Assumes 8% annualized reduction.	Assumes decline in interest earnings

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30% of FY 2019 collection. FY 2021 Assumes decrease of 75% relative to original projection for Q1.	2019 collection. FY 2021 Assumes decrease of 70% relative to original projection for Q1 - Q2.	projected at 75% of FY 2019 collection. FY 2021 Assumes decrease of 20% relative to original projection for Q1.		
n/a	FY20 Trending ahead, now assuming 30% drop for Q4, or \$30k. FY21 Assume 50% drop to \$50k total for FY as largest facility is a conference and event center that is currently closed.	FY20 Assuming no larger impact as we have a substantial commuter population that is now shopping in County. FY21 Assumed 10% drop in sales tax or \$1 million.	FY21 Assumes 17% drop, from FY20 adopted.	Assumes decline in interest, community development activity, and Personal Property for FY21. FY21 included 3% drop in personal property or \$800k to FY20. FY 20 vehicle transactions are down in #, but not in higher value assets. In the two weeks after closure in March, vehicle transactions were down 63% but have begun to rebound and are down 12% in terms of the # of new filings. However, our dealers tell us there is an interesting dynamic that they are selling more out of state due to full closure of dealership in the buyer's state. So, we may see a small adjustment in business tax but not in PP.
25% decrease in March 2020; anticipate this to continue FY21	March 2020 - 2% decrease, estimate 10% decrease for rest of FY20 and FY21	Sales were up prior to closures, expect 10% decrease in FY20 and FY21	No loss in FY2020; do not anticipate any in FY21.	Parks & Recreation Programming and Day Care are at 100% loss in fees for March - mid-June 2020 (until we are able to reopen); anticipate 25% decrease for first half FY21
Meals tax was tracking 6.4% higher than projected prior to closures; estimate 4th qtr 2020 at 70% reduction and 1st qtr 2021 at 60% reduction	3rd qtr 2020 decreased 60%; estimate 4th qtr decrease of 90%; 1st quarter 2021 at 60%	Sales tax was up 5% prior to closures, expect 24% decrease for remainder of 2020 and 15% annualized decrease for FY2021.	No loss in FY2020: 15% reduction in FY2021	4th quarter parks & recreation are projected at 100% loss with 15% annualized loss for FY2021
FY 20 revenue revised down from \$187k to \$140k, a 25% cut. FY 21 revenue revised down to \$90k. We expect continued slow traffic in restaurants, and probably some medium-term closures.	FY 20 revenue revised down by 10%. FY 21 revised down by 60%. Our area has many wedding venues, which we worry will be cancelled or reduced in size.	FY 20 revenue revised down from \$42k to \$39k. FY 21 revenue revised down to \$34k.	FY 20 revised down from \$80k to \$75k. FY 21 revised down to \$65k. We expect reduced retail sales, some closures, and few new startups.	Police fines & fees very hard to predict courts will re-open with a large backlog. Aid for paying court clerks or sub. judges could be helpful.

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Meal tax collections were down 28.3% in March 2020 versus March 2019. April may be double this impact with May and June showing some improvement over April as business restrictions are lifted.	Lodging tax collections down 35.9% in March 2020 versus March 2019. April may be double this impact with May and June showing some improvement over April.	To date, increase in grocery and other sales have offset areas of decline.	Full fiscal year collections were due and collected prior to Pandemic impacts. Expect it to decline in FY21.	Several of our other fees will also be impacted such as our Parks and Recreation Fees, Fines, Coliseum and Convention Center Revenues, Interest Earnings, etc. Collection rates for property taxes may also be impacted as the pandemic impacts people's ability to pay those taxes.
Expected Rev 50% in Mar, 0% for Apr & May for tax-free holiday, 50% in Jun	n/a	25% reduction for 4 months (Mar- Jun)	No loss in FY20. Slight loss in FY21 as not all small businesses will be sustainable.	Other Rev: FY20 4Q and FY21 budget: Anticipate 25% reduction in development fees/permits and interest on bank accounts/investment earnings.
Meals Tax: Project Sharp decline for remainder of FY20 & 25% reduction in FY21. FY20: \$4,510,000 FY21 Projected: \$3,382,500 (\$1,127,500 decrease)	Lodging Tax: Project sharp decline for remainder of FY20 & 50% reduction in FY21. FY20: \$1,468,357; FY21 Projected: \$734,179 (\$734,178 decrease)	Sales Tax: Project flat through FY20 and 20% decline in FY21. FY20: \$11,370,597; FY21 Projected: \$9,096,475 (\$2,274,119 decrease)	BPOL: Projecting business gross receipts will decline in FY21 related to COVID-19. Reducing budget by 20%. FY20: \$6,775,000; FY21 Projected: \$5,420,000 (\$1,355,000 decrease)	Personal Property Tax: Projecting 5.25% decrease in FY21; FY20: \$33,765,000; FY21 Projected: \$31,991,250 (\$1,773,750 decrease)
Meals Tax: 20% annualized loss for FY20; 20% reduction in FY21	Lodging Tax: 20% annualized loss for FY20; 20% reduction in FY21	Sales Tax: 20% annualized loss for FY20; 20% reduction in FY21	BPOL Tax: 20% annualized loss for FY20; 20% reduction in FY21	Cigarette Taxes, Permits & Recreational Fees: 20% reduction in FY21

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Local governments reported the financial impacts to Capital Projects. Below is a chart of the responses.

<p>FY 20 - we put 2 projects on hold that had not begun yet (totaling \$170,000); all vehicles were already purchased, and most projects were already completed</p>	<p>FY21: General fund - original budget had \$1,423,919 in CIP, reduced to \$1,058,861 for alternate budget. \$1,000,000 is one project that will not go forward if we don't receive grant funding in FY21; the remainder of CIP pay-go/fund balance usage. Public utilities fund - original budget had \$2,705,070 in CIP, reduced to \$2,018,660 for alternate budget. This is for one large project in our WWTP for membrane replacement & SCADA system updates - all to be funded via debt issuance.</p>
<p>Our board voted to halt all work on our large courthouse project until more information is known about the pandemics effect on our revenues. This was a large project for us that would have required a large debt service for the county.</p>	
<p>Still under review. Considering only funding some bond funded projects only. Will update as info becomes available.</p>	
<p>Defer \$1.9 million of cash funded capital projects for FY20. Defer 0.9% of cash funded capital projects for the General Fund. Also deferring payments to the equipment replacement fund for a year. This is 36% of general fund projects in FY21.</p>	
<p>Issued \$35 mil bonds 3/10/20; going ahead with plans to construct \$15 m police station and \$5 mil WS infrastructure. Parking garage project in flux.</p>	<p>Bond payments funded by 3% meals tax. Town has cash reserve built up and will utilize bond premium for interest if necessary. Will also stretch out or delay future borrowing.</p>

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Resources:

School of Public and International Affairs Local Government COVID-19 resources.
<https://spia.vt.edu/leadership-development/localgovcovid19.html>

Adopting Financial Policies. <https://www.gfoa.org/adopting-financial-policies-0>

Fund Balance Guidelines for the General Fund. <https://www.gfoa.org/fund-balance-guidelines-general-fund>