

WILLIAMSBURG TOURISM COUNCIL MEETING

Williamsburg, Virginia

April 13, 2021

Finance Meeting Minutes

A meeting was convened at 11:30 a.m. on April 13, 2021, in-person and via Zoom/conference call.

Tourism Council Members Present:

CHAIR Ruth Larson, James City County Board of Supervisors

TREASURER Doug Pons, Mayor, City of Williamsburg

Staff Members Present:

Victoria Cimino, CEO

David Turner, Finance Director

Joey Pierce, Content Manager

I. Updates

- David Turner stated the UHY audit report was issued on March 12 and will be presented to the Board of Directors on May 18
- QuickBooks and medical benefits/retirement separation is complete
- Victoria Cimino indicated that the next audit will be separate from the Greater Williamsburg Chamber and Tourism Alliance, as legal counsel has been consulted and stated, "By Official Opinion dated August 16, 2019, the Attorney General of the Commonwealth of Virginia concluded that the Williamsburg Tourism Council is a public body and observed that the Council "is a separate entity" from the Greater Williamsburg Chamber and Tourism Alliance (the Alliance). As a public body, the financial records of the Williamsburg Tourism Council should be reported on a fiscal year basis annually for the period July 1 through the following June 30. We understand that the financial records of the Williamsburg Tourism Council initially were consolidated with the Alliance but submit that those records must be reported separately. We encourage the Williamsburg Tourism Council to work with its auditors to prepare financial statements for the fiscal years July 1 through June 30 for each year of the Council's existence to the extent it is practicable to do so but definitely on a going-forward basis."

II. February Activity

- Total February 2021 revenues were \$1.2M – over budget by \$16K
 - February sales tax receipts (58.1-603.2) totaled \$1.1M, over budget by \$162K
 - Transient Tax receipts totaled \$63K, under budget by \$20K

- Maintenance of Effort (MOE) revenue was \$0, under budget by \$120K
 - Budgeted at \$120K / per month from January 2021 to spread the \$725K over 6 months (1/2 of the \$1.45M annual MOE receipt) – future budgets will be based on payment history
- February expenses were under budget by \$717K
 - Destination Marketing expenses were \$719K under budget due to the timing of invoices
 - Sales activities are over budget by \$7K from increased registration for sales events and association membership fees
 - Staffing costs were \$10K below budget due to delays in staff hires
 - Other administrative expenses were \$6K over budget due to an increase in legal and accounting services

III. Fiscal Year-to-Date Activity

- 2021 Fiscal YTD revenues were \$9.1M, over budget by \$2.7M
 - YTD sales tax receipts (58.1-603.2) totaled \$7.4M, over budget by \$2.0M
 - YTD Transient Tax receipts totaled \$521K, under budget by \$191K
 - YTD MOE revenues were \$1.2M, over budget by \$912K
 - Reminder: MOE balance activity was removed from the budget in CY20 at the Board's request
 - Pons requested clarification on a revenue line titled "Other"
 - Turner stated this is primarily earned interest
- 2021 Fiscal YTD expenses were \$9.8M, under budget by \$1.6M
 - Destination Marketing expenses were \$8.7M, under budget by \$1.2M
 - Sales activities were \$181K, under budget by \$155K due to reduced sales events and canceled tradeshow
 - Staff costs were \$733K, under budget by \$235K due to changes in hiring plans and other cost reductions
 - FY2021 budget was intended to utilize the carry-over savings from FY2020 – YTD Net Position is positive by \$4.4M

IV. Cash on Hand

- The Tourism Council has \$13.1 million in the bank; \$9.9M for operations and \$3.2M reserved for product development
 - Cimino noted that a board member requested that "operations" be changed to "marketing," however marketing is the core operation of the organization
 - Pons recommended keeping the item as operating cash
- Cash on Hand for Operations is over budget by \$6.1M as of the month of February
 - Outstanding payments totaled \$2.2M (checks mailed to vendor but not yet cashed) at the end of February, resulting in Available Cash for Operations of \$7.6M
- Cash on Hand for Product Development is over budget by \$1.2M

V. Tax Revenue

- Sales Tax (58.1-603.2)
 - January sales tax increased \$39K or 5.2% year-over-year
 - \$783K in 2021 versus \$745K in 2020
 - The 3-month moving average decreased 2.8% versus the same period in 2019/2020

- Transient Tax
 - January decreased \$15K or 19.2% year-over-year
 - \$64K in 2021 versus \$79K in 2020
 - The 3-month moving average decreased 36.4% versus the same period in 2019/2020

VI. FY22 Budget

- Cimino stated the WTC is working on the FY22 budget
 - Turner stated that due to the economic instability of 2020, the WTC has used pre-pandemic data to project a 3% sales tax improvement over FY21
 - The 3-month moving average decreased 2.8% versus the same period in 2019/2020
 - Pons stated the City of Williamsburg is budgeting a 6% increase
 - Cimino stated the Federal Reserve estimates GDP will grow 6.5%
 - Due to the slower return of group, business, and international travel, a conservative 3% revenue increase will be budgeted
 - Pons agreed the projection appears sound and asked when this information will be ready to share
 - Cimino explained the budget will be shared with the chair and treasurer prior to the May finance meeting, reviewed in-full during the May finance meeting, and presented for approval at the May board meeting

VII. Contracts

- Cimino indicated contracts for the WTC's advertising agency, public relations agency, and research firm will be up for renewal
 - Pons asked if there was any reason not to renew and if renewal required a board approval
 - Cimino stated there was no reason not to renew and board approval was not necessary
 - Cimino stated there is an option for four one-year renewals

- Cimino stated the WTC is seeking clarification around the Commonwealth's lease requirements and process

- Turner confirmed the state's Department of General Services is currently reviewing requirements and process