



**City of Branson
Quarterly Financial Analysis
1st Quarter-FY2014**

Data as of March 31, 2014

Financial Condition:

The recent sales tax reports for the first quarter 2014 are down by .7% in comparison to prior year. Revenues for ***all governmental*** funds ended the first quarter at 26.7% of the annual budgeted revenues. Expenditures for ***all governmental*** funds ended the first quarter at 12.8% of annual budgeted expenditures. Revenues for ***all proprietary*** funds were 16.8% of the annual budgeted revenues. Expenditures for ***all proprietary*** funds finished the first quarter at 19.4% of annual budgeted expenditures. Overall, our expenditures are tracking below our budgeted expenditures for the first quarter. As of the first quarter our benchmark is to be at 25%, however, we realize this is a tourism destination and there are going to be seasonal fluctuations in the budget levels. Below are some fluctuations in both revenues and expenditures that are worth discussion.

Economic Update:

The Economic Development department tracks several key indicators of the health of the local economy.

- Permitted Building Activity: The value of permitted new construction ended 2013 at \$51,898,339. The first quarter of 2014 totaled \$13,601,624.
- Local Unemployment Rate: The March 2014 unemployment rate for Missouri is 6.7%, which is an increase of .1% from March 2013. This rate of 6.7% is the same as the current national unemployment rate. However, on the national level, this is a decrease from 7.5 % in March 2013 and 8.2% in March 2012. The Springfield Metropolitan unemployment rate is showing a decrease from 6.2% to 6.1% from February 2013 to 2014. These decreases in unemployment are very encouraging.

Based on strong Citizen and Stakeholder input, the City of Branson has been working on several fronts to promote economic development and investment in Branson. This includes the following initiatives:

- Highway 76 Complete Streets Project: This was a primary result of input gathered during the Community Plan 2030 process. The project is currently in the concept and information-gathering phase, and is intended to reinvest up to \$80 million in the pedestrian and street infrastructure on Branson's famous Highway 76. This project seeks to improve pedestrian activity, vehicle movement, and landscaping, adjacent building design and to explore public transportation options.
- Historic Downtown Branson Streetscape Project: This is a similar project which will benefit the core historic areas in Downtown Branson. This project is already in the phase of preparing bid specifications to begin the first phase of construction in early 2014.
- Open for Business: This is a collaborative program of business assistance between many City of Branson departments with responsibility for oversight of the construction and permitting of new business or business expansion. "Open for Business" offers a one-stop location to answer development questions and speed up the permitting process.

There are currently other exciting projects in the works for the City that we hope to see develop in the months to come. With over 200 new business licenses in the first quarter and the expansion of Cox Health Systems, this brings possibility for new jobs and growth to our City. The outlook is very positive and encouraging for the City's future.



GOVERNMENTAL FUNDS

General Fund

General Fund Revenues:

General Fund Sales Tax represents 58% of the City's total general fund revenues and is generated from the 1% sales tax. Because of the size of sales tax revenues it is important that sales tax be analyzed closely. Sales taxes are received in a cyclical manner rather than received evenly throughout the year. This can limit the usefulness of comparing actual revenues received each month to the budgeted amount. Often, comparisons to the previous year are a better barometer of where sales tax receipts are for the year. General fund sales tax receipts for the first quarter of FY2014 are \$15,633 less than the first quarter of FY2013, and \$13,484 greater than FY2012. This is a decrease of .7% from FY2013 and .6% increase from FY2012. A 2.5% increase in sales tax revenues was budgeted in FY2014.

Property Taxes are the second largest component of the taxes and franchise fees. Property taxes represent 16% of the City's total general fund budgeted revenues. Property taxes for the first quarter are 80% of budget and an actual decrease of \$94,793 over the first quarter of FY2013. The majority of the property taxes usually come in January and February.

Franchise Fees make up a smaller portion of the overall budgeted revenue. The electric fees come in monthly, the natural gas fees come in quarterly and the cable fees only come in once a year (February). The electric fees were up 27% from FY2013 and up 21% to FY2012.

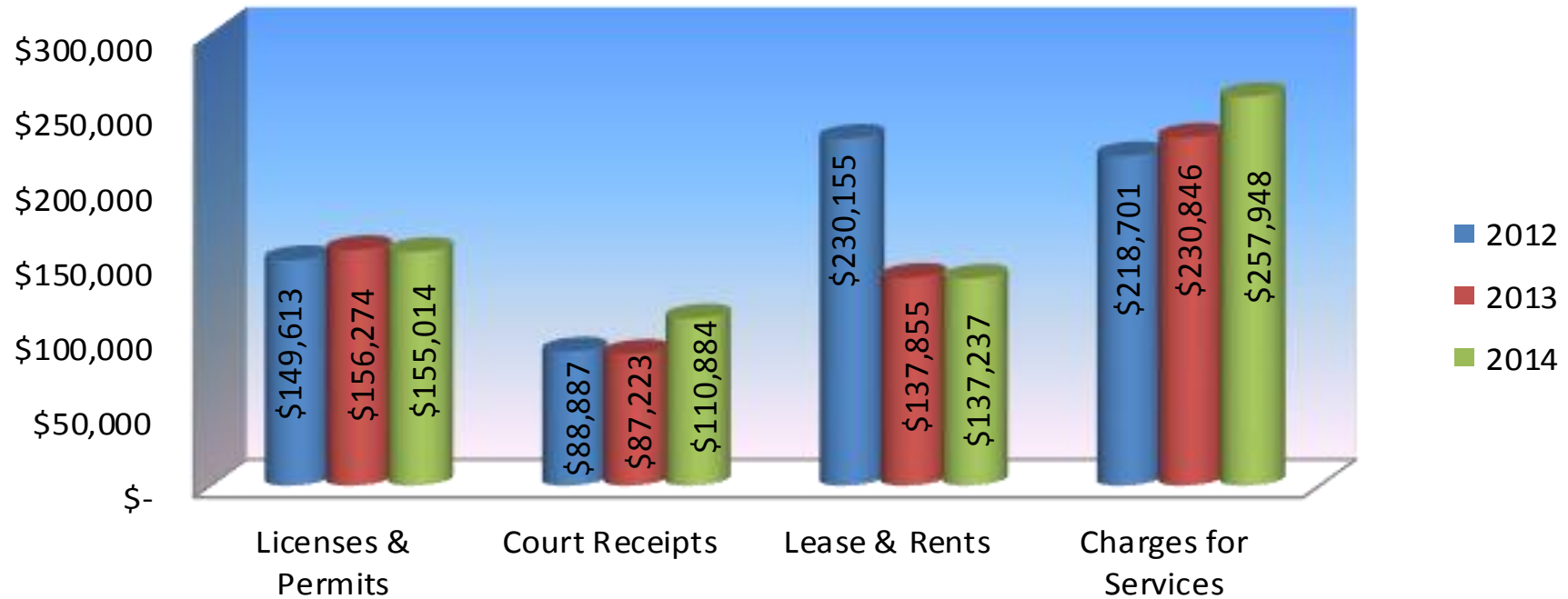
License and Permits are 4.2% of budgeted revenues. The actual receipts received as of the first quarter FY2014 are \$1,260 less than the receipts for FY2013 and \$5,401 greater than FY2012. Business licenses make up a big portion of this category. As of the end of the first quarter for FY2014, 1% of all business licenses were renewed. The deadline for renewals is April 30. As of March 31, there were 238 new licenses issued. Keep in mind that a change in ownership also creates a new license.

Court Fines and Fees are budgeted at 2.3% of the total budgeted general fund revenue. For the first quarter of FY2014, the actual receipts are 26% of the budgeted amount, which is an increase from FY2013.

Lease and Rents make up 5.8% of the overall general fund revenue. The majority of this is West 76 Property lease revenue and is calculated as a percentage of business sales. Revenue for first quarter FY2014 are flat compared to FY2013 and down 68% compared to FY2012.

Charges for Services is budgeted at 5.5% of the total budgeted revenues. The Administrative fees for administering other funds such as tourism, water & sewer, streets and Branson Hills make up a majority of this category. The revenue received for FY2014 is at 25.3% of the budgeted amount, which is slightly up from last year at this time.

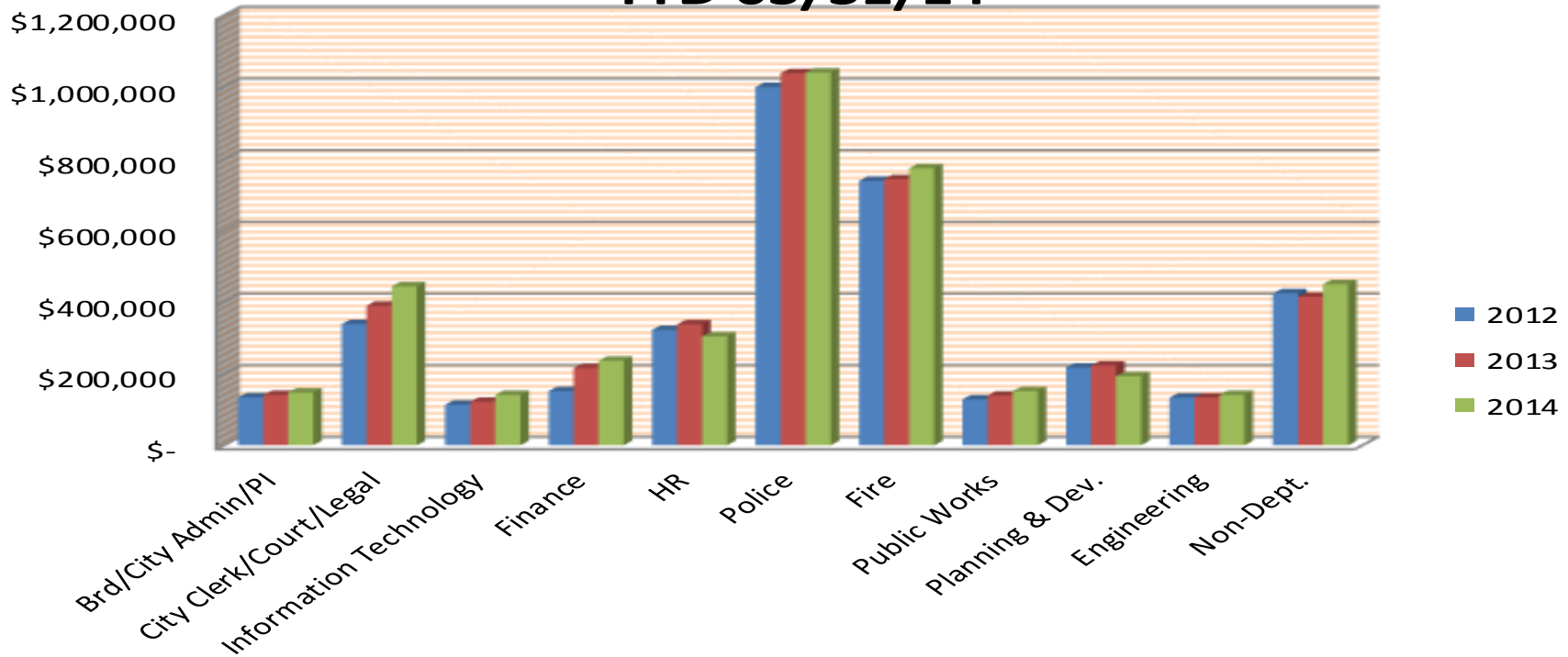
General Fund Revenues by Category



General Fund Expenditures:

According to the expected budget amount, the departments should be around 25% of the budget for the first quarter of FY2014. Overall, the departments are at 24.2%. For the first quarter of FY2013, expenditures were at 24.5%.

**General Fund Expenditures by Dept.
(excludes transfers in/out)
YTD 03/31/14**



Tourism Sales Tax Fund

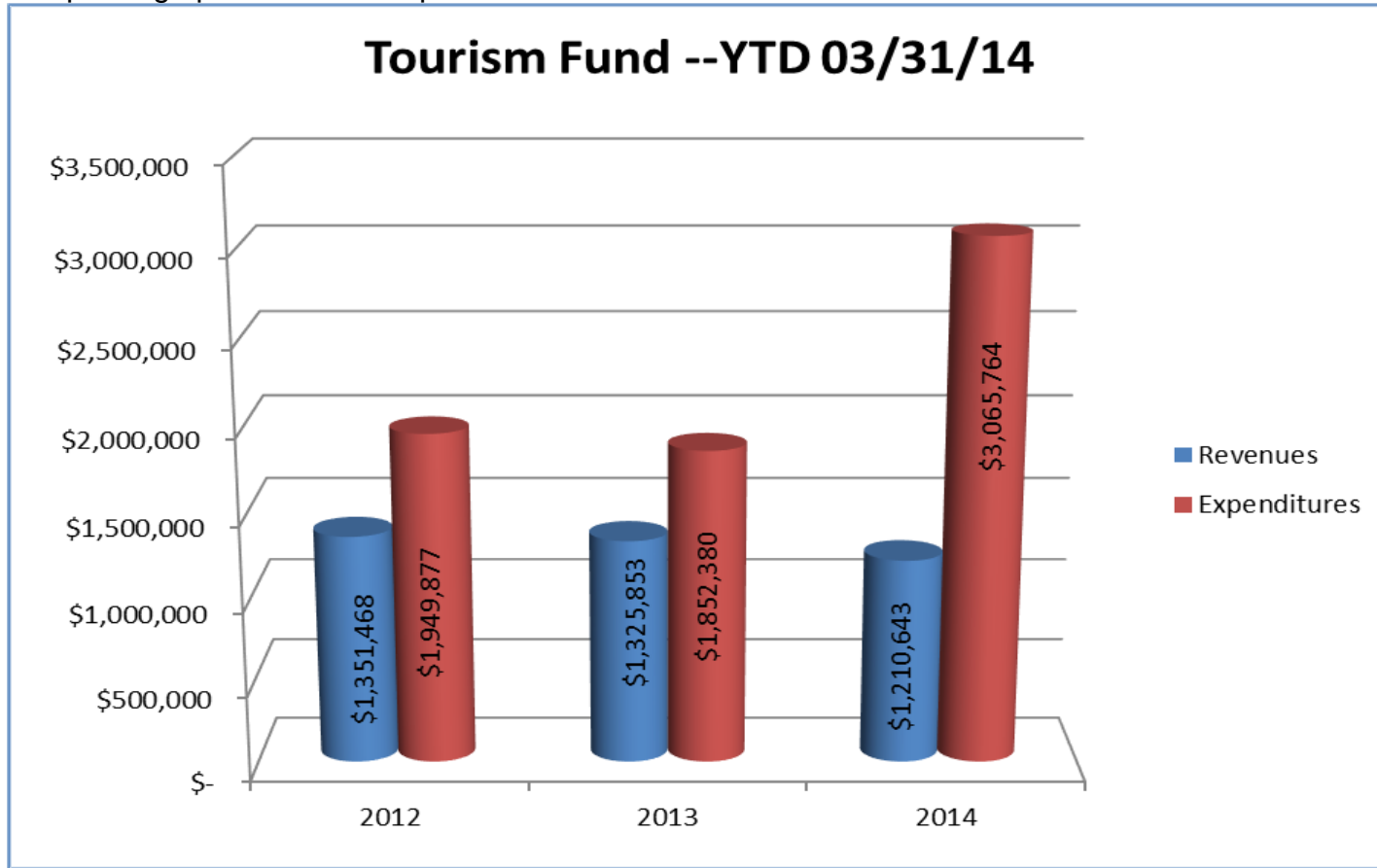
Tourism Sales Tax Revenue:

Tourism Sales Tax represents a 4% sales tax on accommodations and entertainment. This category attributes to 24% of all governmental budgeted revenues in FY2014. Tourism sales tax receipts for the first quarter are down 5.6% from FY2013.

Tourism Sales Tax Expenditures:

Marketing Expenditures make up 25% of the revenue in that fiscal year from tourism revenue. Expenditures are submitted for reimbursement from the CVB and Branson Convention Center at various times throughout the year; therefore, using the expected budgeted percentage for these expenditures is not an accurate way to determine the status of this line item.

Capital Expenditures make up 75% of the revenue in that fiscal year from tourism revenue. This funds the major capital projects for the City of Branson as well as Water/Sewer projects. In FY2014, expenditures for the Hwy 76 Project and the Downtown projects will make up a large portion of the expenditures.



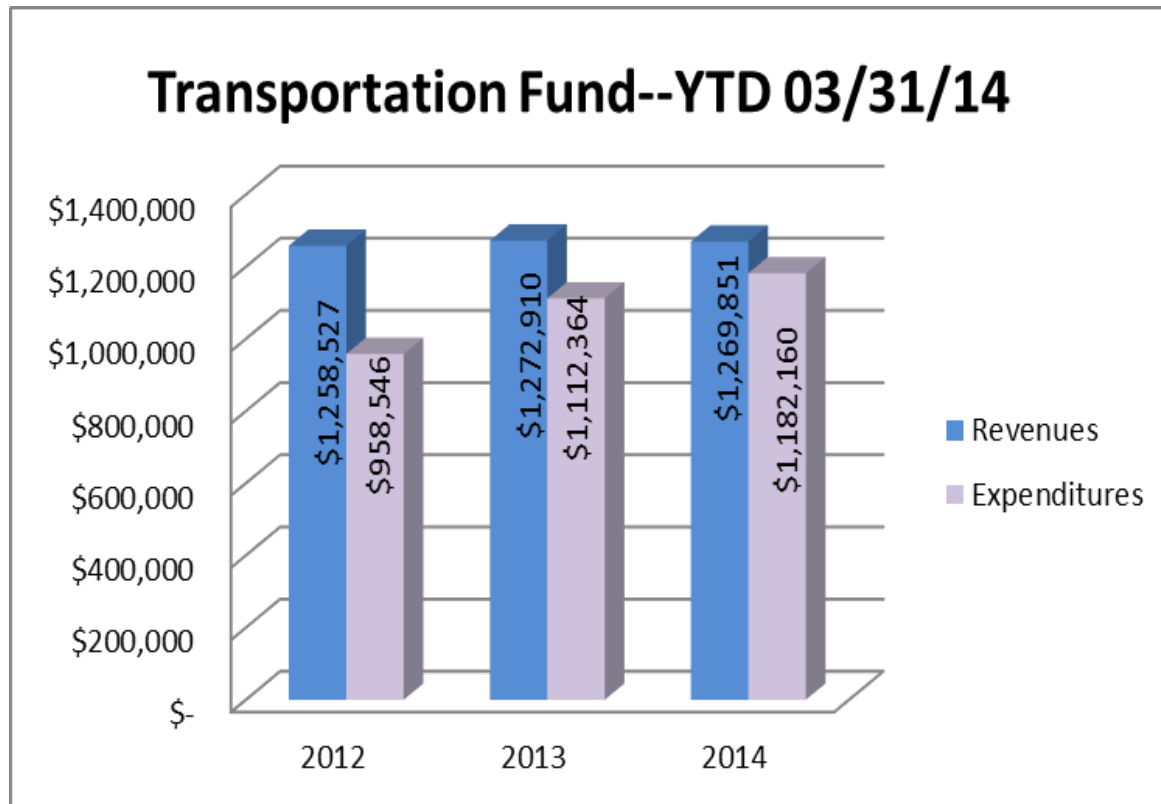
Transportation Sales Tax Fund

Transportation Sales Tax Revenue:

1/2 Cent Transportation Sales Tax represents 11% of the City's total budgeted governmental revenues. Transportation sales tax receipts for the first quarter are at \$1,175,345 which is a .7% decrease from FY2013.

Transportation Sales Tax Expenditures:

Public Works Expenditures are currently at 15.6% of the budget. Garage expenditures have increased 19% from FY2013, the Streets expenditures have increased by 12% due to the timing of the street projects.



Capital Projects Fund

Capital Projects Revenue:

The revenue for this fund is special designated revenue that will either come in as a transfer from the tourism, transportation, or general fund for specific capital projects or from special grants received for capital.

Capital Projects Expenditures:

The expenditures for this fund make up expenses from the capital projects. As of the first quarter, expenditures were 5.2% of budget. Many of the projects are seasonal, which will reflect an increase in the next few quarters.

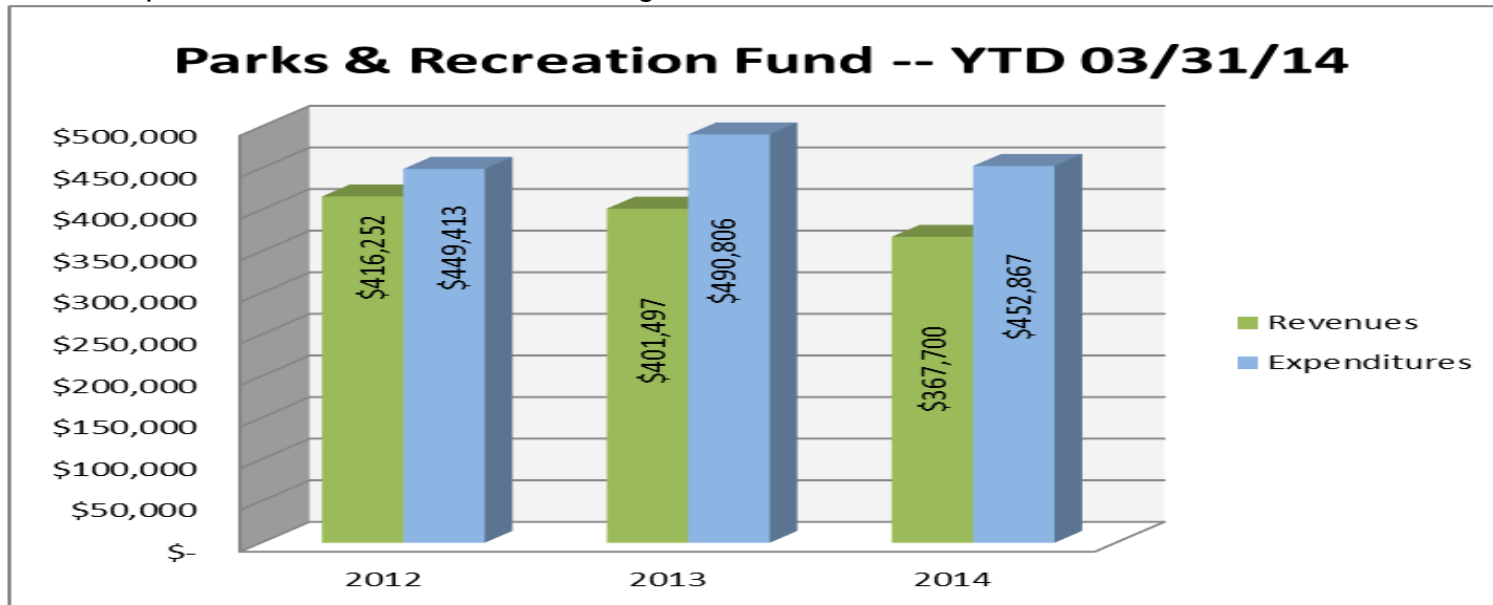
Parks & Recreation Fund

Parks & Recreation Fund Revenues:

Total revenues are at 15% of the budgeted amount. This is an increase of 3.6% from FY2013 and an increase of 5.4% from FY2012.

Parks & Recreation Fund Expenditures:

Overall expenditures are at 20.5% of the budgeted amount, which is a decrease of \$37,939 from FY2013.



PROPRIETARY FUNDS

Water & Sewer Fund

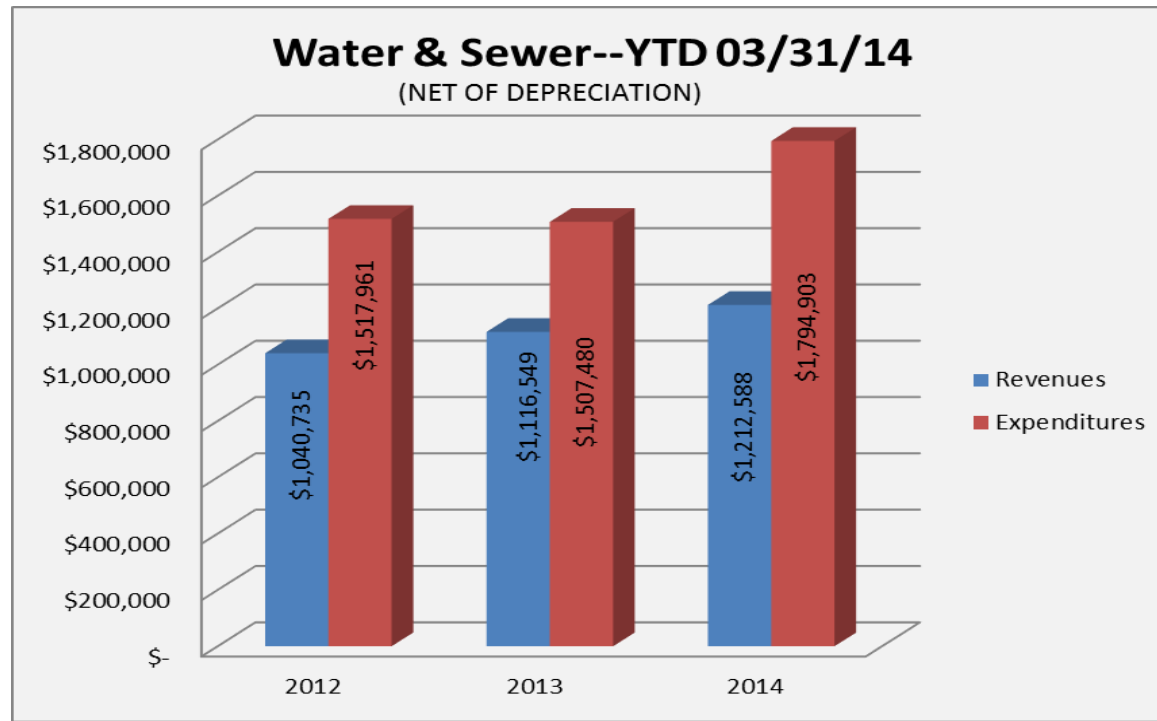
Water & Sewer Fund Revenues:

Water Revenues are at 15.8% of budget, which is up from FY2013 by \$39,198. This increase is due to the 3% rate increase in January 2014.

Sewer Revenues are at 17.8% of budget, which is up from FY2013 by \$50,988, this increase is due to an increase in consumption.

Water & Sewer Fund Expenditures:

Expenditures are at 22.7% of budget. Due to the seasonal nature of Branson, expenditures net of depreciation are higher than revenues. We anticipate this turning around in the 2nd and 3rd quarters.



Overall Summary

Overall, the first quarter of FY2014 sales activity is down. We believe this is due to the early cold winter and bad weather we sustained. We began the year with a surplus in our fund balance from the projected 21% to a beginning fund balance of 23%. This increase is an encouraging start to the new year. The City budgeted a 2.5% growth in sales tax revenues for FY2014 which we still believe is obtainable. We will continue to closely analyze our budget on a monthly basis as we begin to implement our Priority Based Budgeting process in order to make the best financial decisions for the City of Branson.

