



**City of Branson
Quarterly Financial Analysis
Third Quarter-FY2013**

Data as of September 30, 2013

Financial Condition:

The recent sales tax reports are encouraging looking into the final quarter of FY2013. Revenues for **all governmental** funds finished 74.9% of the annual budgeted revenues. Expenditures for **all governmental** funds finished the third quarter at 67.8% of annual budgeted expenditures. Revenues for **all proprietary** funds finished 74.8% of the annual budgeted revenues. Expenditures for **all proprietary** funds finished the third quarter at 65.1% of annual budgeted expenditures. Overall, our expenditures are tracking below and our revenues are right in line with budget expectations. As of the third quarter our benchmark is to be at 75%, however, we realize this is a tourism destination and there are going to be seasonal fluctuations in the budget levels. We still have our holiday seasons ahead and hope to finish the year strong. 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 has been much higher in 2012 (\$69.8 million) and through the first three quarters of 2013 (\$43.0 million), after two years in the \$26-27 million range in 2010 and 2011. The demolition, repair and replacement of buildings damaged in the February 2012 tornado has accounted for \$17.1 million of these permits over the past two years.
- Local Unemployment Rate: The summer and fall unemployment rate for 2012 (7 straight months) was lower than the national average for the first time in several years. As we begin those same months in 2013, the rate is almost equal to the US average. The January and February unemployment figures, which have typically exceeded 20%, were in the 17% range in early 2013.

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, 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.
- Sports Market Study: The City recently concluded a study which analyzed the feasibility of the expansion of the group sports market in Branson. The study found that the community is in a strong position for growth based on the existing tourism infrastructure of lodging and dining options, and the appeal and awareness of the entertainment and tourism base of the local economy.
- Branson Commerce Park: The City worked with owners of the park to receive designation at Missouri's 17th Certified Site. This state program will help with the marketing of the site for investment. The Park is a 200+ acre mixed use commercial/industrial park with over 200 single-single family home sites nearby. To date, the commercial/industrial portion remains undeveloped, while the residential home sites are developing.



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 third quarter of FY2013 are \$183,473 greater than the third quarter of FY2012, and \$242,826 greater than FY2011. This is an increase of 2.5% from FY2012 and 3.3% increase from FY2011. A 2% increase in sales tax revenues was budgeted in FY2013 so we are trending above budget for the third quarter.

Property Taxes are the second largest component of the taxes and franchise fees. Property taxes represent 16.5% of the City's total general fund budgeted revenues. Property taxes for the third quarter are 86% of budget and an actual decrease of \$5,316 over the third quarter of FY2012. The majority of the property taxes usually come in January and February.

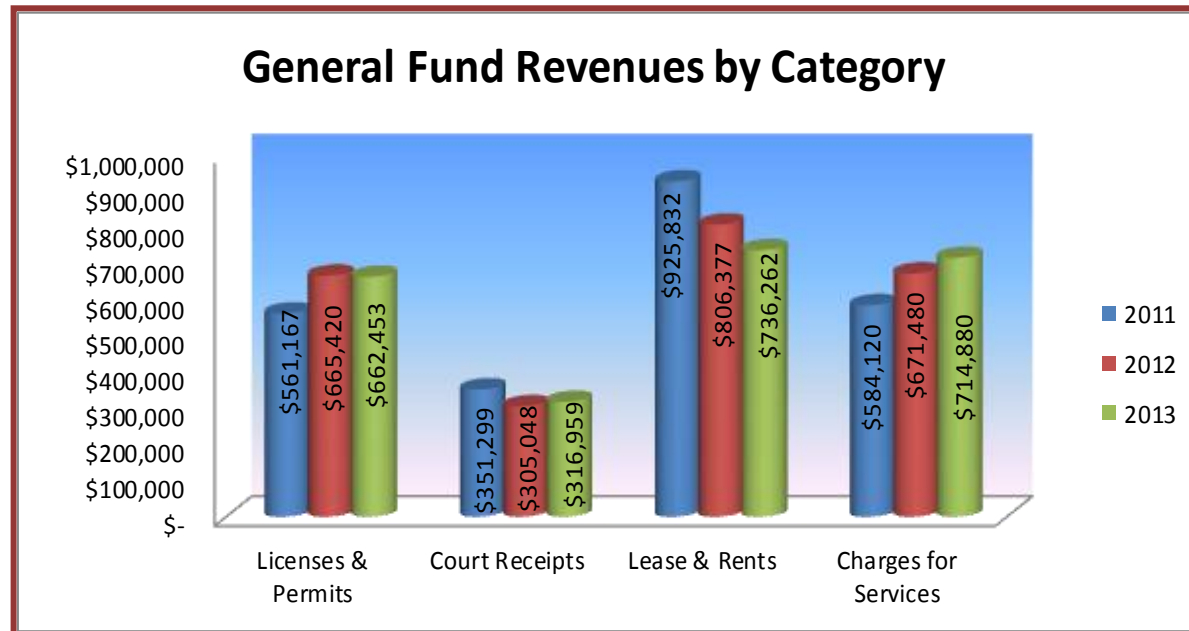
Franchise Fees make up a smaller portion of the overall budgeted revenue. The electric fees come in monthly, the natural gas fees come in quarterly and the cable fees only come in once a year (February). The electric fees were up less than 1% from FY2012 and down 3% to FY2011.

License and Permits are 3.4% of budgeted revenues. The actual receipts received as of the third quarter for FY2013 are \$2,967 less than the receipts for FY2012 and \$101,286 greater than FY2011. Business licenses make up a big portion of this category. As of the end of the third quarter for FY2013, approximately 100% of all business licenses were renewed with 215 of those being new licenses. Keep in mind that a change in ownership also creates a new license.

Court Fines and Fees are budgeted at 2.4% of the total budgeted general fund revenue. For the third quarter of FY2013, the actual receipts are 72% of the budgeted amount, which is an increase from FY2012.

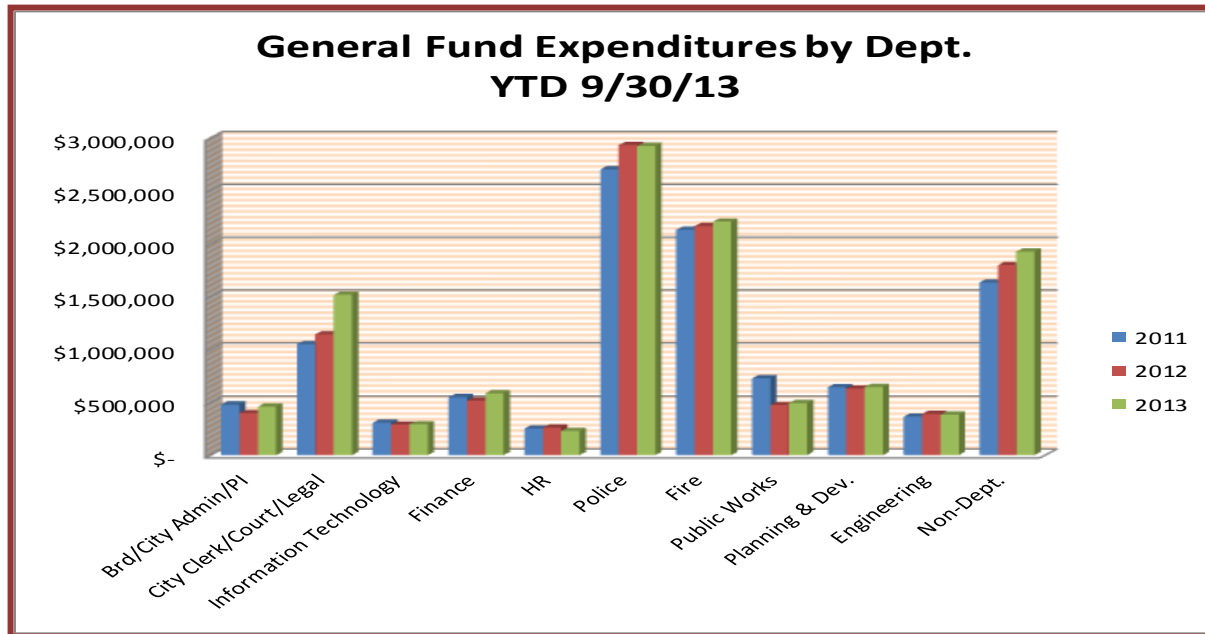
Lease and Rents make up 6.3% of the overall general fund revenue. The majority of this is West 76 Property lease revenue and is calculated as a percentage of business sales. Due to some businesses opening later than usual, sales for third quarter FY2013 are down 9.5% compared to FY2012 and down 25.7% compared to FY2011. Keep in mind when comparing to FY2011, the Red Roof Mall lease payments were included.

Charges for Services is budgeted at 4.7% 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 FY2013 is at 82.2% of the budgeted amount, which is slightly up from last year at this time.



General Fund Expenditures:

According to the expected budget amount, the departments should be around 75% of the budget for the third quarter of FY2013. Overall, the departments are at 77.2%. For the third quarter of FY2012, expenditures were at 74%. Although the expenditures appear comparable to the third quarter of FY2012, we received additional legal invoices that surpassed the annual legal budget and inflated the total overall expenditures.



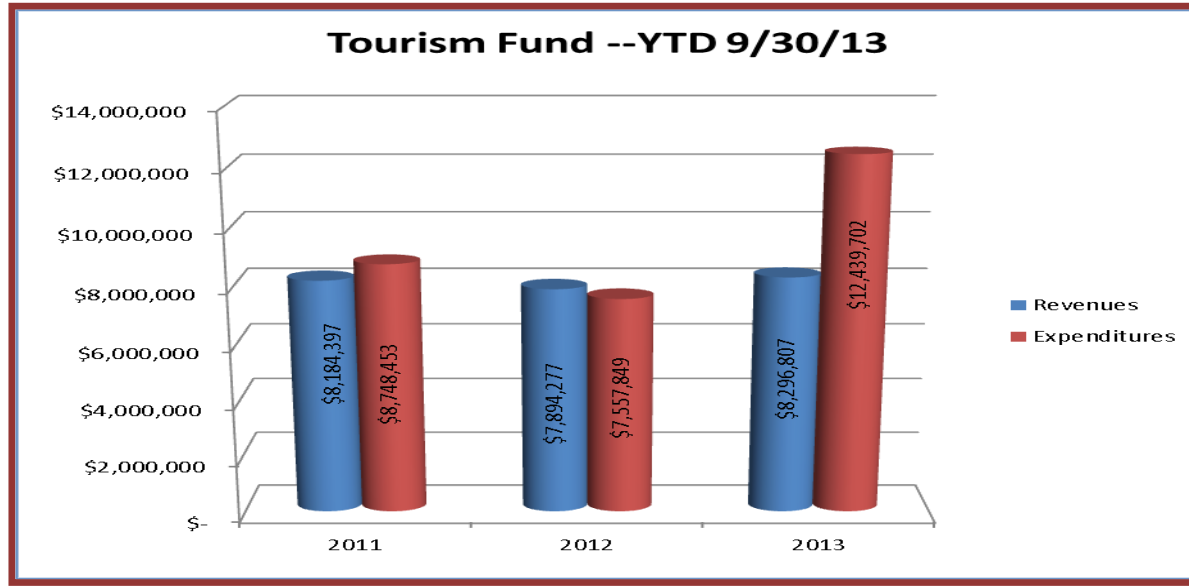
Tourism Sales Tax Revenue:

Tourism Sales Tax represents a 4% sales tax on accommodations and entertainment. This category attributes to 22% of all governmental budgeted revenues in FY2013. Tourism sales tax receipts for the third quarter are up 6.8% from FY2012.

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 FY2013, expenditures for the Hwy 76 Project and the Downtown projects make up a large portion of the expenditure increase. MoDOT reimbursed \$1.2 million for the Hwy 248/65 interchange that was applied as an additional debt service payment in FY2013, reducing the length of the loan.



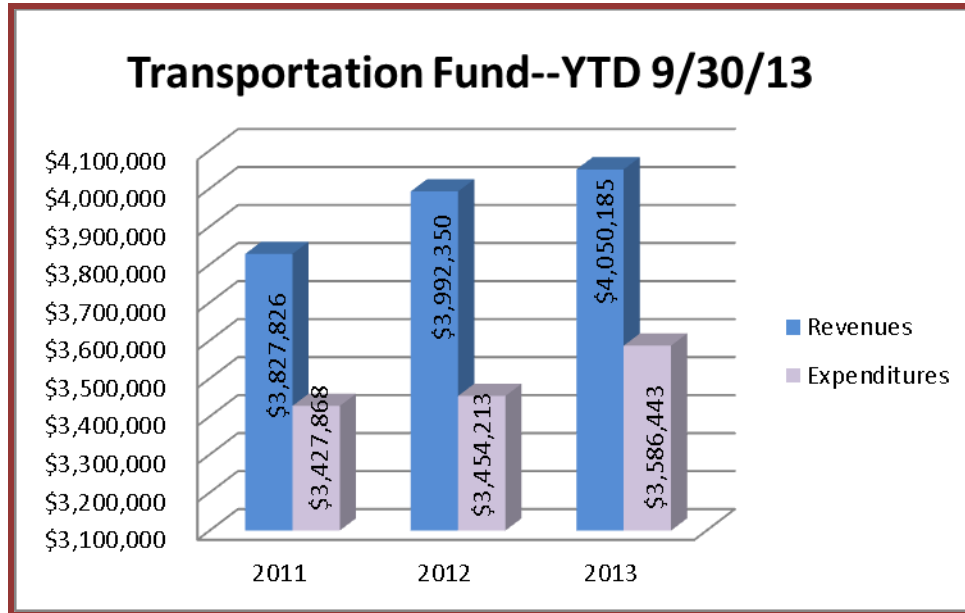
Transportation Sales Tax Fund

Transportation Sales Tax Revenue:

1/2 Cent Transportation Sales Tax represents 10% of the City's total budgeted governmental revenues. Transportation sales tax receipts for the third quarter are at \$3,763,516 which is a 2.3% increase from FY2012.

Transportation Sales Tax Expenditures:

Public Works Expenditures are currently at 62.6% of the budget. Garage expenditures have increased 17% from FY2012 while the Streets expenditures have decreased by 1.5% 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 third quarter, expenditures were 67.4% of budget. Many of the projects are seasonal, which will reflect an increase in the next quarter.

Convention Center Fund

Convention Center Revenue:

The Convention Center revenues came in at 73% for the third quarter. We expect to see these revenues increase throughout the next couple of months.

Convention Center Expenditures:

The Convention Center expenditures are at 67% for the third quarter FY2013. Total expenditures reflect an increase of \$636,171 in comparison to the third quarter FY2012. Again, these expenditures are cyclical, so comparing actual to previous years is usually the best indicator of the status. However, due to the Leap Day tornado in FY2012 the Convention Center sustained heavy damage, so this isn't an appropriate comparison to use. In comparing FY2013 to FY2011 expenditures have decreased by \$35,675.

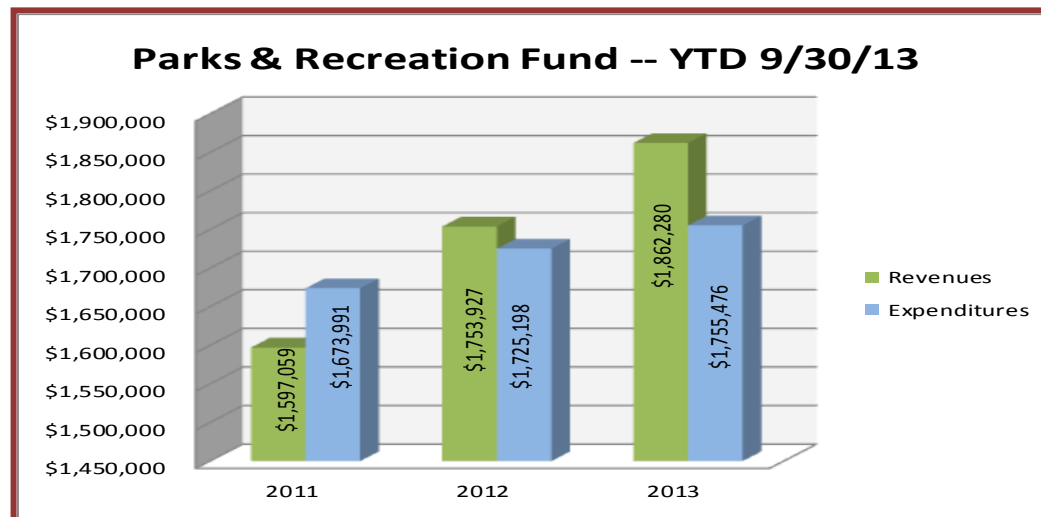
Parks & Recreation Fund

Parks & Recreation Fund Revenues:

Total revenues are at 84.5% of the budgeted amount. This is an increase of 12% from FY2012 and an increase of 10.8% from FY2011.

Parks & Recreation Fund Expenditures:

Overall expenditures are at 76.7% of the budgeted amount, which is an increase of \$30,278 from FY2012. A portion of this increase is due to necessary capital expenditures being purchased in FY2013.



PROPRIETARY FUNDS

Water & Sewer Fund

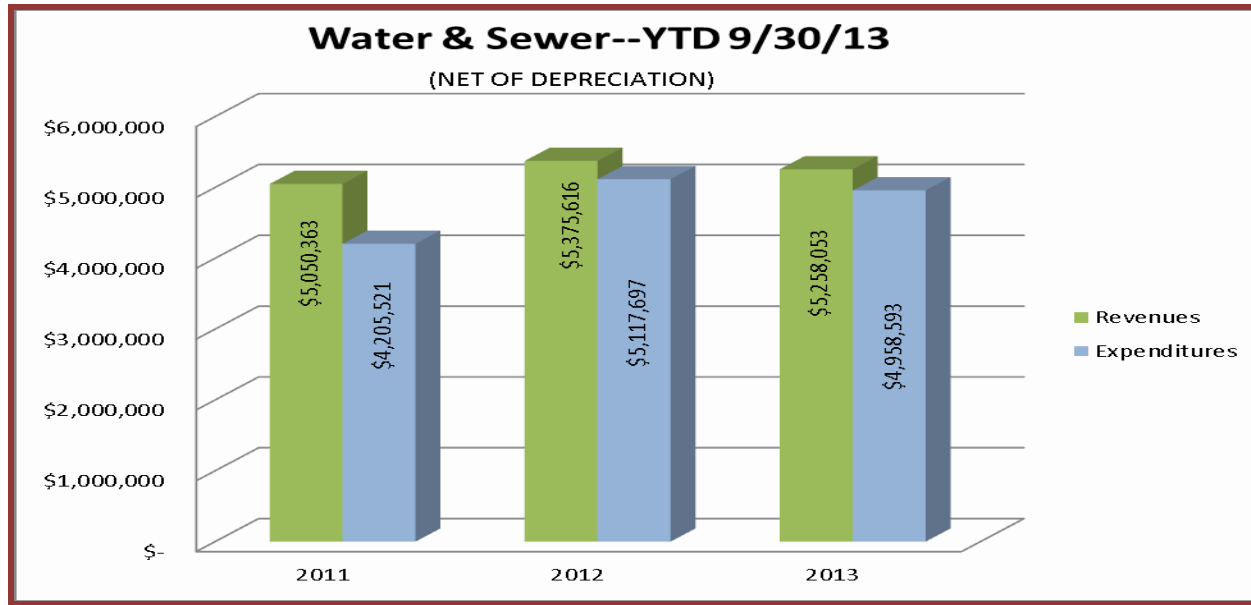
Water & Sewer Fund Revenues:

Water Revenues are at 75.6% of budget, which is down from FY2012. This decrease is a result of decreased consumption through the third quarter of FY2013.

Sewer Revenues are at 73.7% of budget, which is down from FY2012.

Water & Sewer Fund Expenditures:

Expenditures are at 71.8% of budget. Expenditures net of depreciation are lower than the revenues, therefore as of the third quarter, the operational expenditures and operational capital is sustainable through the current revenues.



Overall Summary

Overall, the financial situation for the City of Branson for the third quarter of FY2013 still remains a concern. We began the year with a shortfall in our fund balance as a result of unanticipated decrease in sales tax and an increase in legal fees. The City budgeted a 2% growth in sales tax revenues for FY2013, and we are currently at a 2.5% growth. While these results are positive we still have some challenging factors to overcome. We will continue to research alternate funding options and expenditure reductions as we closely analyze our budget on a monthly basis in order to make the best financial decisions for the City of Branson.

