



City of Branson

FY2019 Financial Analysis

Data as of December 31, 2019

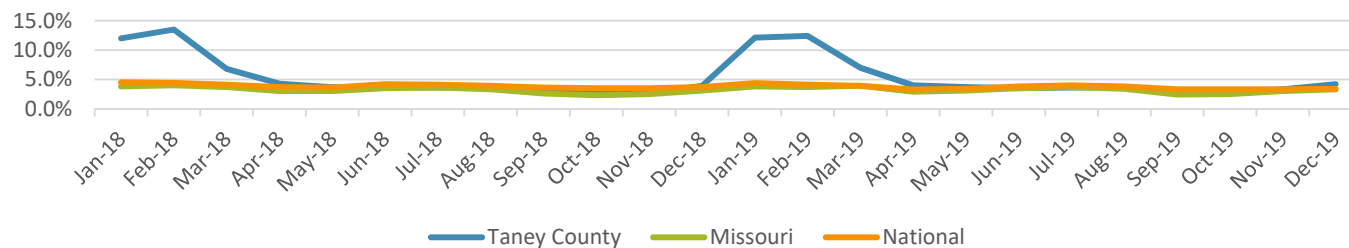
Financial Condition

The general revenue sales tax for December 31, 2019 YTD is down 2% in comparison to prior year. Revenues for **all governmental** funds ended the 4th Qtr. at 101.6% of the annual budgeted revenues. Expenditures for **all governmental** funds ended the 4th Qtr. at 93.3% of annual budgeted expenditures. Revenues for **all proprietary** funds were 100.3% of the annual budgeted revenues. Expenditures for **all proprietary** funds end the 4th Qtr. at 74.1% of budgeted expenditures. Overall, our expenditures are tracking below our budgeted expenditures for the fiscal year. Below are some highlights of the financial condition of the City as of the year end for FY2019.

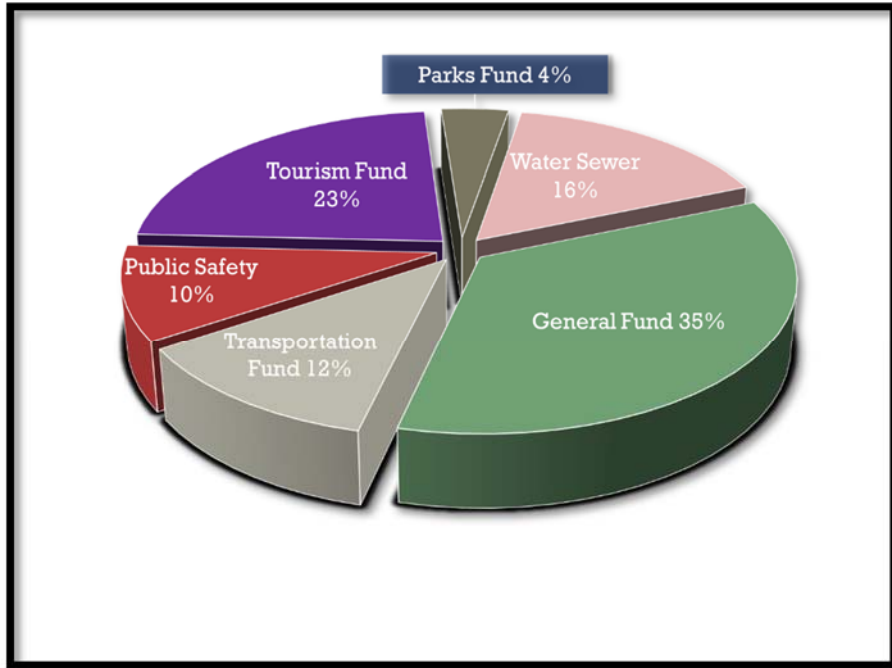
Key indicators of the Economic Health of the local and national Economy:

- **Permitted Building Activity:** As of the end of 4th Qtr. 2019 the year-to-date value of permitted construction was at \$122.1 million, in comparison to the 4th Qtr. of 2018 at \$52.5 million and 2017 at \$53.9 million. Permitted projects included the new Aquarium at the Boardwalk for \$27.4 million; Westgate Branson Woods Waterpark for \$15.5 million; WonderWorks for \$13.0 million; CoxHealth Utility Plant for \$11.9 million; and Majestic Quarters for \$2.0 millionⁱ.
- **US Economy:** The United States Dept. of Labor reported that unemployment remains steady at 3.6%. As of February, Kiplinger reported expected economic growth of 1.9% in 2020. Consumer spending growth is expected to stabilize, after a 4th quarter slump in 2019, and low mortgage rates are expected to make 2020 a good year for housingⁱⁱ. The Fed kept interest rates steady at the first meeting in 2020, citing moderate economic growth and a strong labor market. The Fed will monitor global economic conditions, including possible effects of the spread of the novel Coronavirus in 2020ⁱⁱⁱ.
- **Regional Economy:** As of December 2019, the unemployment rate for Missouri was 3.3%. Beginning on January 1, 2020, the state minimum wage rose from \$8.60 per hour to \$9.45. The unemployment rate for the Springfield Metro Area was 2.9% (seasonally adjusted) as of December 2019^{iv}. The Branson Micropolitan Area unemployment rate was 4.4% for December 2019.

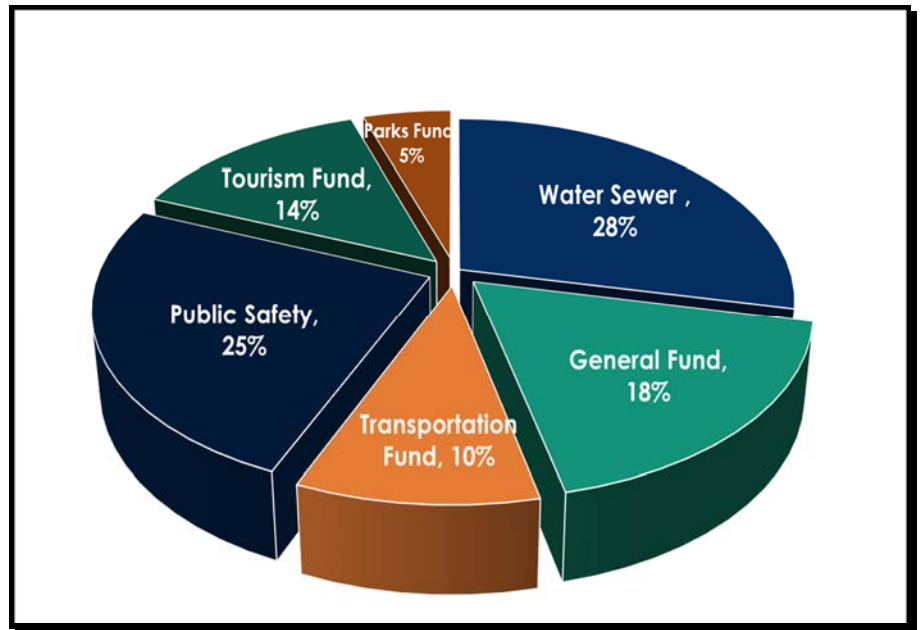
Two-Year Unemployment Rate History



CITY OF BRANSON REVENUE SOURCES



CITY OF BRANSON EXPENDITURES



GOVERNMENTAL FUNDS FINANCIAL POSITION:

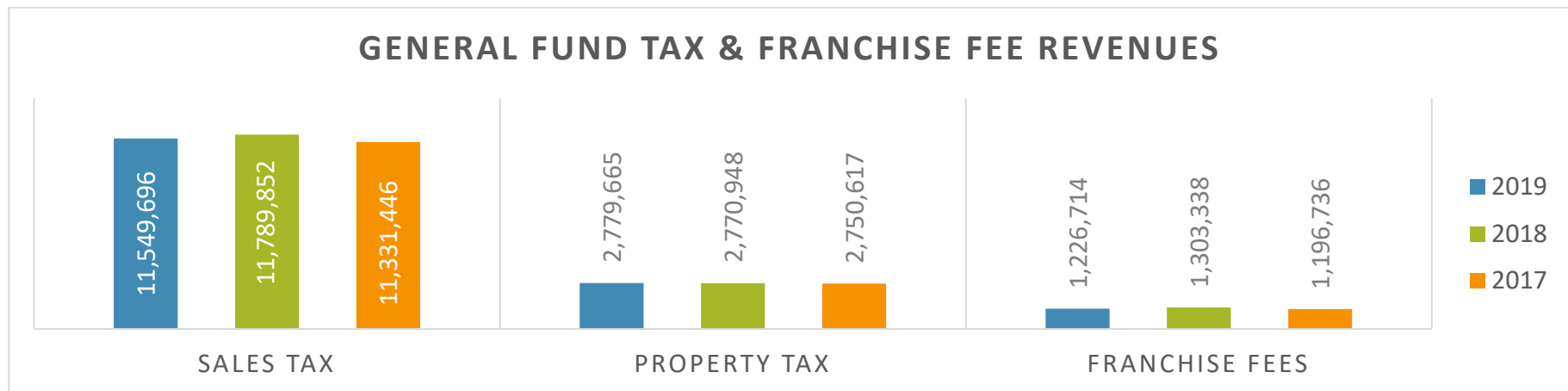
General Fund

General Fund Revenues:

General Fund Sales Tax represents a 1% sales tax on general revenue sales and equates to 52.8% of the City's total general fund revenues. The general sales tax is revenue that is unrestricted in nature but funds parks, all governance departments, public safety subsidy, social service agencies, convention center subsidy, and some capital projects. Based upon 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 indicator of where sales tax receipts are for the year. General fund sales tax receipts based upon the sales activity through FY2019 year-end are \$240,156 less than FY2018, and \$218,250 greater than FY2017. This is a decrease of 2% from FY2018 and 1.9% increase from FY2017.

Property Taxes are the second largest component of the taxes and franchise fees. Property taxes represent 13.4% of the City's total general fund revenues. Property taxes including Penalties/Interest for FY2019 are up \$117,131 or 2.9% over FY2018. The majority of the property taxes are usually received in January and February.

Franchise Fees make up a smaller portion of the overall budgeted revenue at 5.9% of revenues. Electric fees and telecommunications come in monthly, and natural gas and cable fees come in quarterly. Electric fees make up 72% of this category and were down \$76,624 or 6% from FY2018 and up \$29,978 or 3.9% to FY2017.



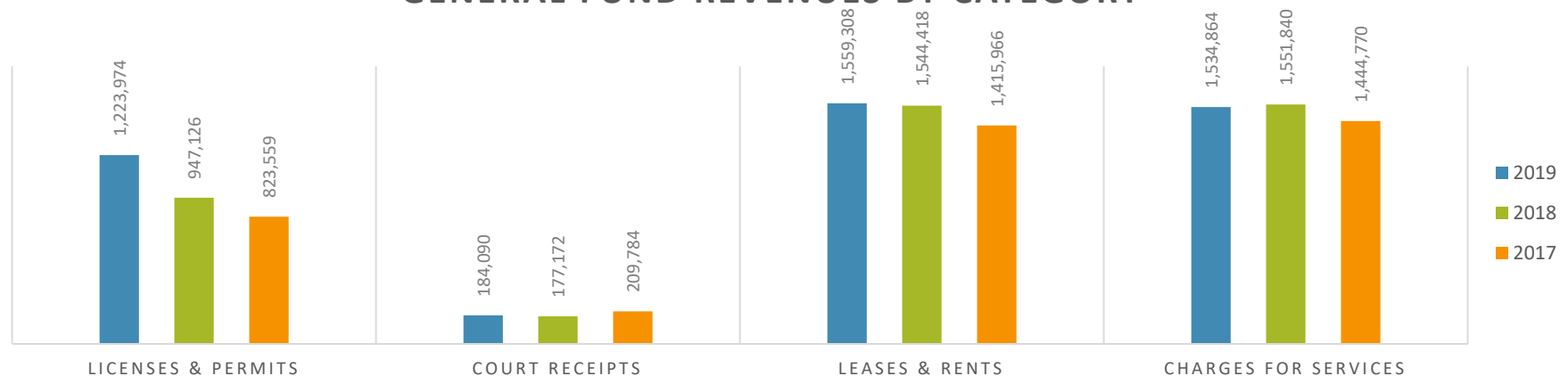
License and Permits are 5.5% of YTD 2019 revenues. The actual receipts received for FY2019 are \$276,847.72 more than the receipts for FY2018 and \$400,415 greater than 2017. Building Permits make up 68.8% of the revenue for this category and Business licenses make up 28.3%. The increases in 2019 are mostly due to the increase fees received for building permits. Fees in this category have adjusted for Police and Fire fees, including alarm fines, inspections and permits that are now included in the Public Safety Fund revenues. Additionally, a new technology fee was implemented in 2019 for the Planning & Development Department services for costs associated with the implementation and operation of the new Citizen Serve software this new fee brought in approximately \$11,310.

Court Fines and Fees are 0.8% of the total general fund revenue. For the FY2019, the actual receipts are up \$6,918 from 2018 and down \$25,694 as compared to 2017. FY2019 receipts total \$184,090.27 and expenditures total \$345,527. As of the end of the FY2019, the general fund subsidized the court in the amount of \$160,533. This doesn't include indirect cost associated with other departments.

Lease and Rents make up 6.8% 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 in addition to a base rent. Revenue for FY2019 is up slightly \$14,889 which is a 1% increase compared to 2018 and up by \$143,340 or 10% increase compared to 2017.

Charges for Services are budgeted at 7.5% of the total budgeted revenues. The Administrative fees for administering other funds such as Tourism, Water & Sewer, Streets, Biosolids and Branson Hills make up a majority of this category. The revenue received through for FY2019 is 1.0% greater than receipts through 4th Qtr. 2018.

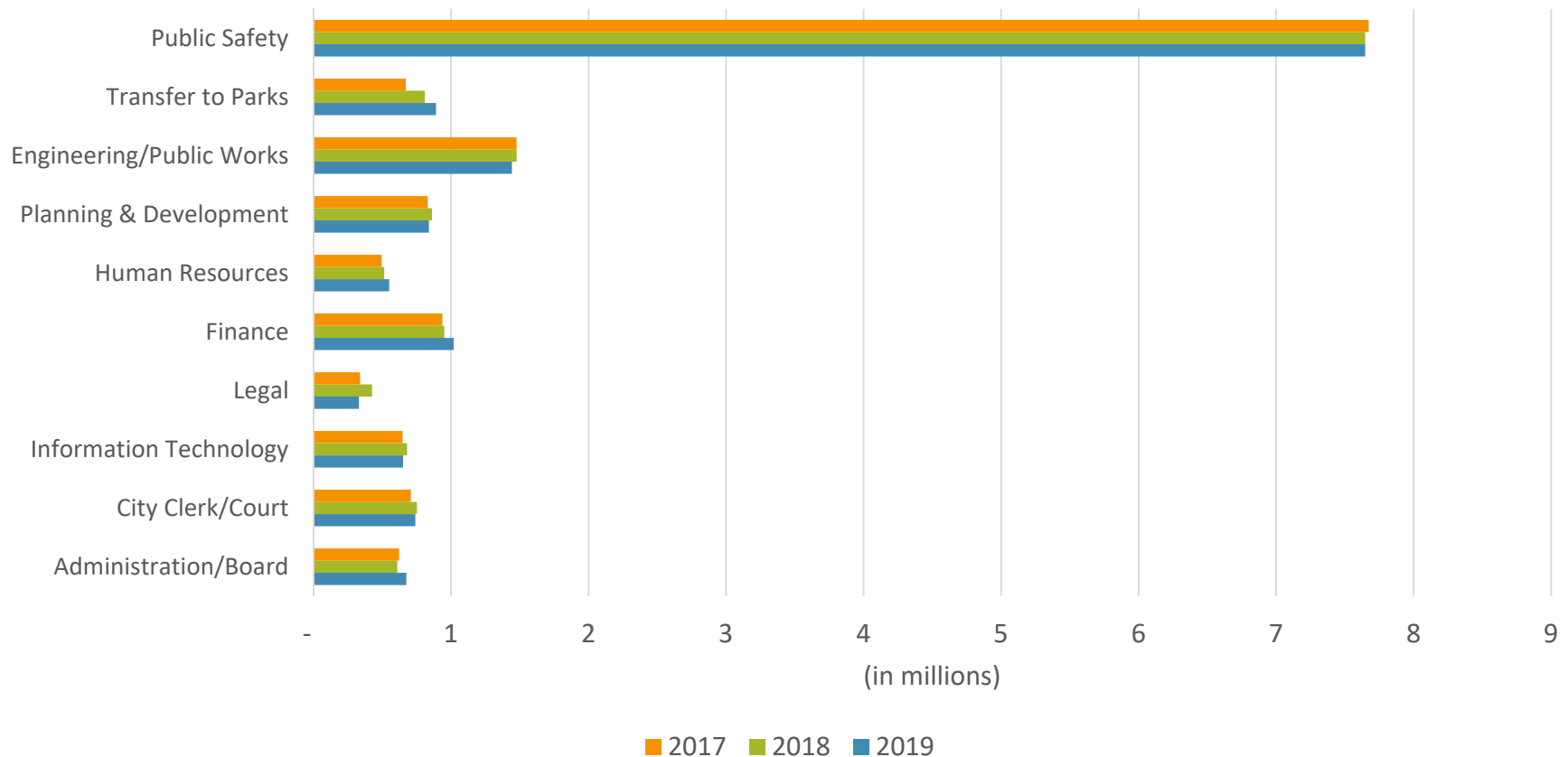
GENERAL FUND REVENUES BY CATEGORY



General Fund Expenditures:

Overall, general fund expenditures are at 89% of the projected budget. Expenditures are down \$278,584, a 3.3% decrease over FY2018. Expenditures are down by a 51% decrease from FY2017. The significant decrease from FY2017 is primarily due to Police and Fire expenditures moving to the newly-established Public Safety Fund in 2018. The General Fund now subsidizes the public safety fund in the amount of \$7,647,777. For FY2019, a 2% cost of living adjustment was given to all full-time employees beginning January 1. In addition, a maximum raise of 3% merit pay increase was given to employees on their anniversary date and is based on performance.

General Fund Expenditures by Department



Tourism Sales Tax Fund

Tourism Sales Tax Revenue:

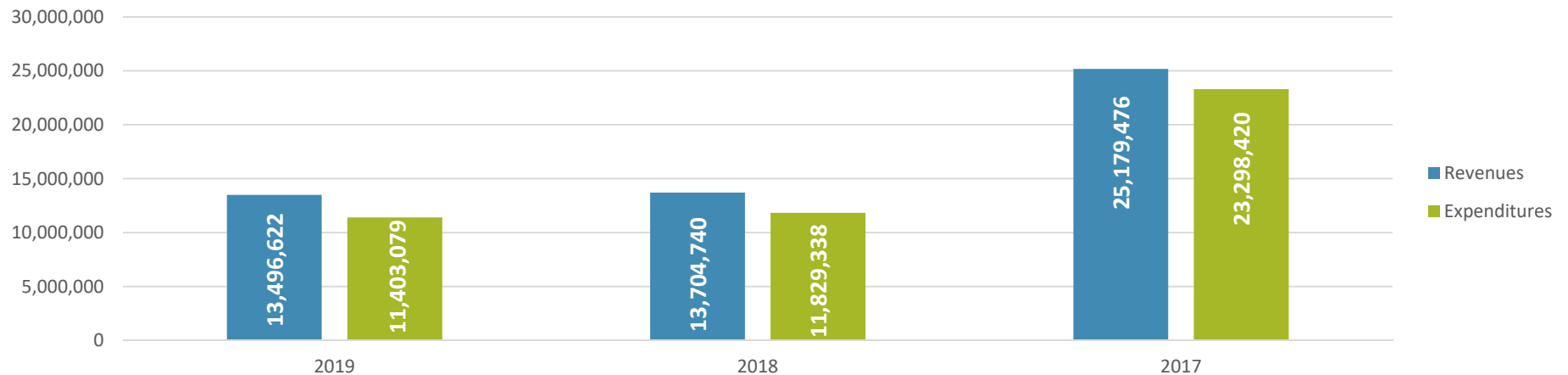
Tourism Sales Tax represents a 4% sales tax on accommodations and entertainment and .5% on restaurant sales. The tourism tax is restricted for the funding of 25% marketing and 75% public infrastructure. This category equates to 21% of all budgeted governmental revenues for FY2019. Based upon the activity as of December 31, 2019 the Tourism tax was down 2.6% in comparison to FY2018 and up .1% to FY2017.

Tourism Sales Tax Expenditures:

Marketing Expenditures make up 25% of the tourism tax revenue. Expenditures are submitted for reimbursement from the CVB and Branson Convention Center at various times throughout the year based from the approved budget and how the tourism tax is coming in. The city's marketing contract with the CVB is valid through December 31, 2020.

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. Capital Outlay for FY2019 was approximately \$4.4M.

Tourism Fund (including transfers)
as of 12/31/2019



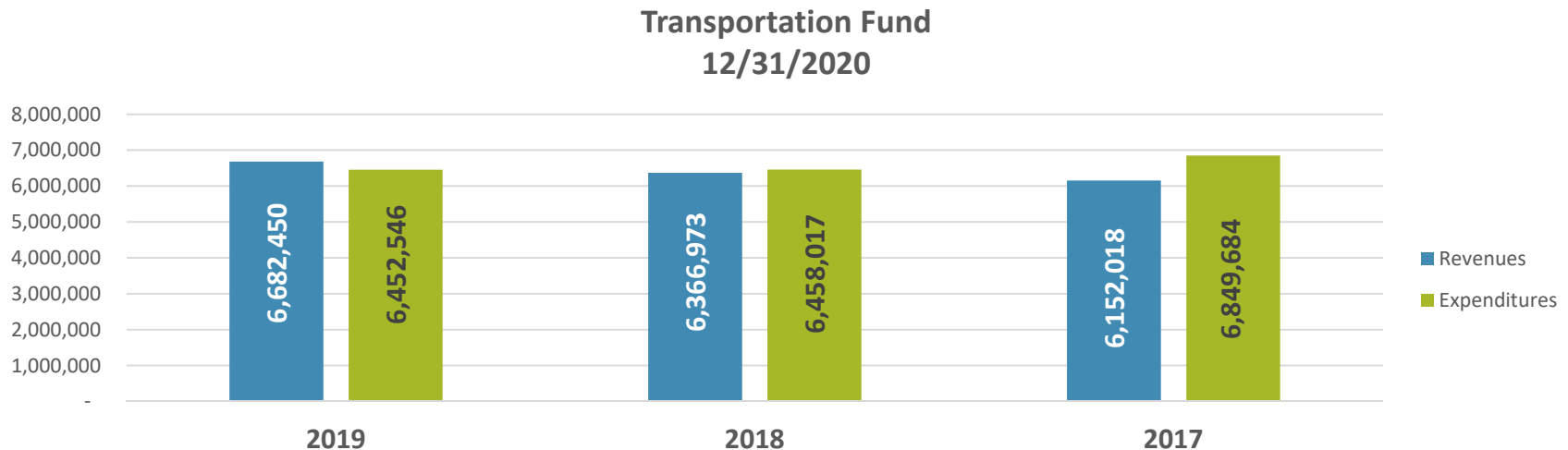
Transportation Sales Tax Fund

Transportation Sales Tax Revenue:

1/2 Cent Transportation Sales Tax represents a 1/2% sales tax on general revenue sales for the restricted purpose of funding construction and maintenance of infrastructure improvements, to include sidewalks, streets, highways, roads, waterworks, and wastewater including distribution and collection systems. This tax represents 9% of the City's total budgeted governmental revenues. Based upon the sales activity as of December 31, 2019 the Transportation tax is down 2% in comparison to FY2018 and up 1.8% to FY2017.

Transportation Sales Tax Expenditures:

Public Works Expenditures are currently at 82.2% of the budget. Street expenditures make up 80% of this category. Street expenditures have decreased 10% from FY2018. The Garage budget makes up 18% of this category. The Public Works Garage expenditures have decreased 9% from FY2018 this is in part due to a contract to outsource some annual or regular maintenance jobs.



Public Safety Sales Tax Fund

Public Safety Sales Tax Revenue:

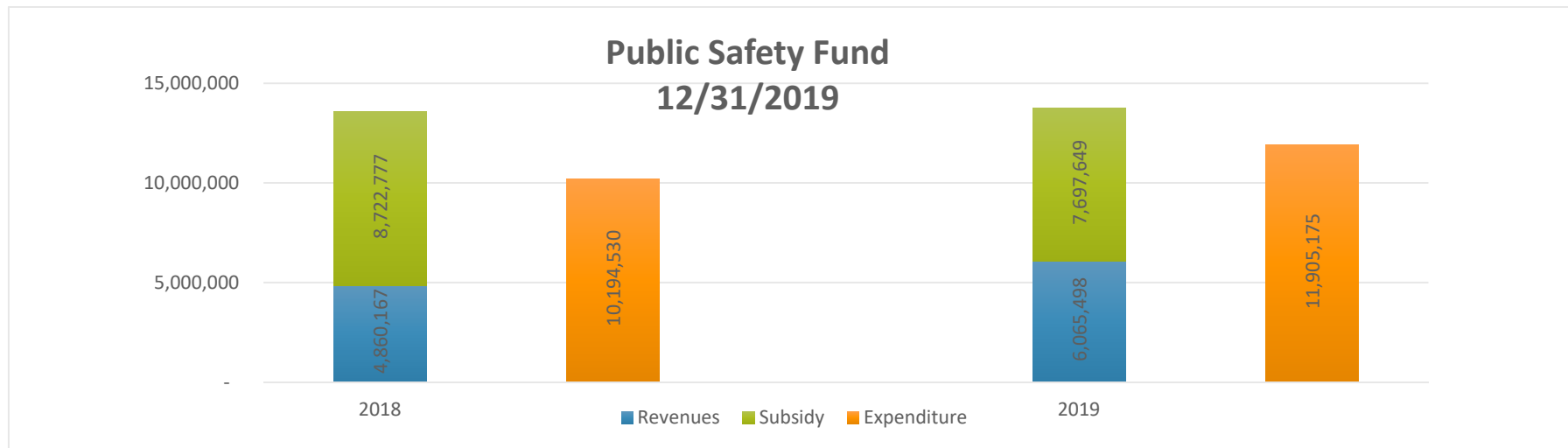
1/2 Cent Public Safety Sales Tax represents a ½% sales tax on general revenue sales for the restricted purpose of funding the needs of our public safety. This tax represents 9% of the City's total budgeted governmental revenues. Based upon the sales activity as of December 31, 2019 the Public Safety sales tax is down approximately 2% in comparison to the prior year. Public Safety sales tax receipts for FY2019 are \$5,770,775. FY2019 was the first full year of receipts of the tax that went into effect April 1, 2018.

Public Safety Subsidy:

As part of the passage of the public safety tax by voters, the city pledged to maintain General Fund budgeted dollars allocated to Police and Fire services at the FY2017 operating budget levels. The subsidy from the general fund equates to \$7.6M annually.

Public Safety Sales Tax Expenditures:

Public Safety Expenditures are currently at 73% of the budget. For FY2019 police expenditures make up 53% and fire are 47% of this category. Public Safety expenditures have increased 51% from FY2018. This is partially due to additional staffing as well as additional capital purchases.



Capital Projects Fund

Capital Projects Revenue:

The revenue for this fund is a special designated revenue that will either come in from various approved funds for specific capital projects or from special grants received for capital. The amount of revenue that is transferred is based from the approved Capital budget and long range plan.

Capital Projects Expenditures:

The expenditures for this fund make up expenses from the capital projects. As of the end of FY2019, expenditures were at 75.7% of budget and a total of \$777,371. Many of these projects are ongoing and often times cross budget years. The projects completed or in progress in FY2019 include:

EN1201--DOWNTOWN RECONSTRUCTION/LANDSCAPING
EN1203--COMPTON FUEL/TANK REPLACEMENT
EN1206 -- OLD SCHOOL RENOVATION (ALSO IN 141 FUND)
EN1301 - HWY 76 REVITALIZATION
CC1501 - HWY 76 REVITALIZATION - LEGAL
CC1601 - HWY 76 REVITALIZATION - CID - LEGAL
EN1902 -- HWY 76 POWER LINES
PR1506 -- PARK TRAIL CONNECTIONS
PR1604 -- PARKS TRAIL IMPROVEMENTS
EN1705 -- STORMWATER IMPROVEMENTS
PK1801 -- PARKS POOL SANDBLASTING
EN1901 -- ORTHOPHOTOGRAPHY
EN1903 -- POLICE STORAGE/REMODEL SIGN SHOP
EN1906 -- CARPET REPLACEMENT/CITY HALL
EN19IN -- FLAGPOLE AT ROUNDABOUT/INSURANCE CLAIM
EN1801 -- TRAFFIC SIGNAL IMPROVEMENTS
GR1809 -- TRAFFIC SIGNAL UPGRADES
PK1901 -- REFINISH GYM FLOOR
PK1902 -- REPLEX WALKING PATH RESEALS
VW1905 -- CAMPGROUND MILL AND OVERLAY
PS1901 -- PUBLIC SAFETY FACILITIES DESIGN

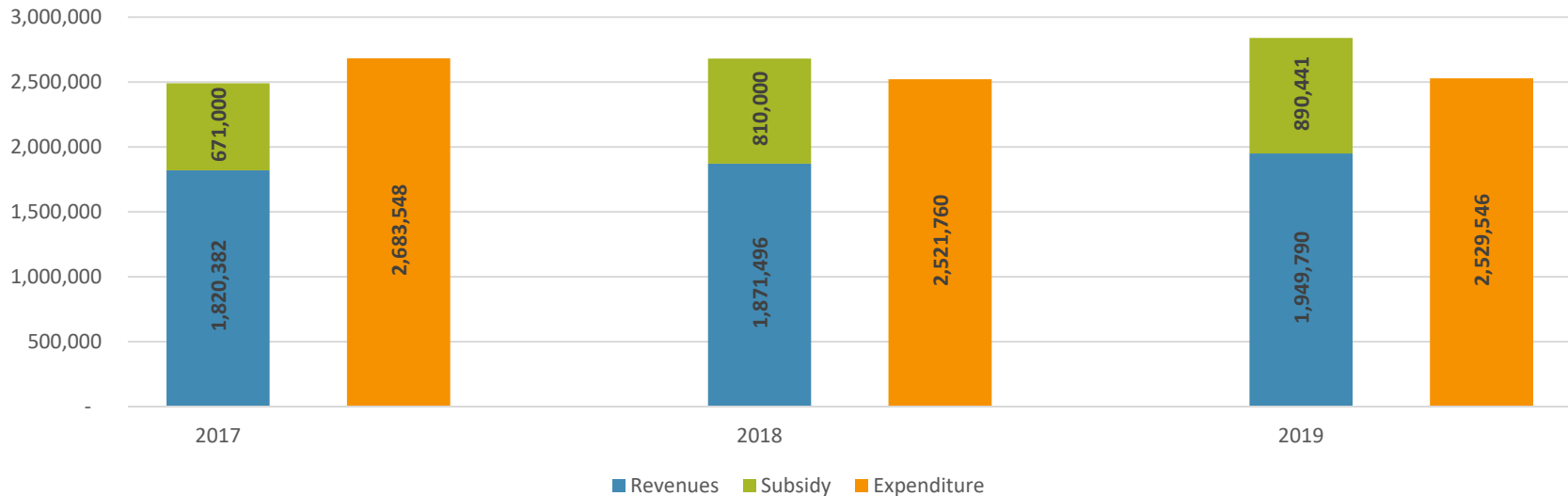
Parks & Recreation Fund

Parks & Recreation Fund Revenues:

The Parks and Recreation fund is funded in part by the cigarette tax and the fees taken in from the many events offered to our community. The rest of the income is derived from a subsidy of the General Fund. For FY2019, the subsidy equated to 31% while the fees and tax were 69% of the total revenues. The total fees and tax revenues for FY2019 were \$1,949,790. This is an increase of \$78,294 from 2018 and an increase of \$129,408 from 2017. A majority of the revenue categories came in well above the anticipated budget.

Parks & Recreation Fund Expenditures: Year-End expenditures were \$2,529,546, which is an increase of \$7,786 from 2018 and a decrease of \$154,002 from 2017. Expenditures in 2017 were elevated mainly due to the additional expenses related to spring flooding.

Parks & Recreation Fund
12/31/2020



PROPRIETARY FUNDS

Water & Sewer Fund

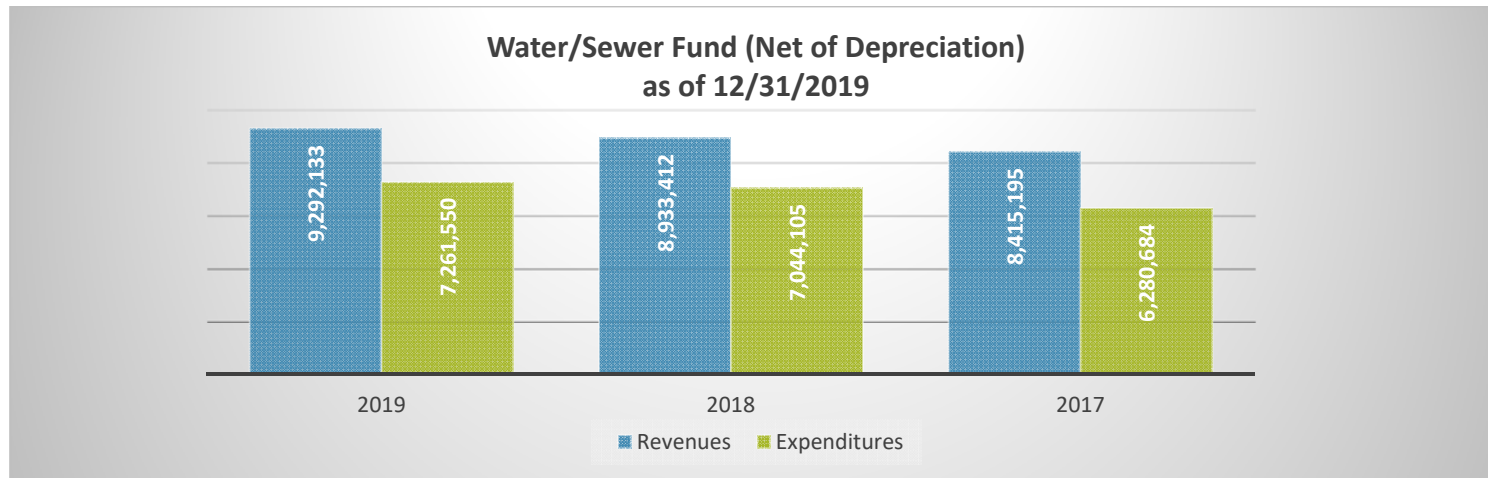
Water & Sewer Fund Revenues:

Water Revenues: For FY2019, the revenues are 3.7% above the projected budget which is represented by \$146,278. Although we had an increase in revenues, actual consumption for water is down. The decrease in usage can be linked to the abnormally large amount of rainfall we got in 2019. The increase in revenue is being attributed to the rate increase and the fact that Commercial consumption makes up a larger percentage of the consumption.

Sewer Revenues: For FY2019, the sewer revenues ended about flat with budget. Revenues only topped projections by 0.2% or \$7,112. Sewer consumption was slightly down only 4%, so the revenue increase is credited to the approved increase in rates.

Water & Sewer Fund Expenditures:

Year-end expenditures are at 88.6% of budget which equates to about \$255,760 more than FY2018. For FY2019 a 2% cost of living adjustment was given to all full-time employees beginning January 1. In addition, a maximum raise of 3% merit pay increase was given to employees on their anniversary date and is based on performance.



Cash Analysis

Since pausing the projects in 2017, cash balances are slowly working their way back up. Before the projects depleted our cash funds, the Tourism fund had \$8 million in the reserves (investments) and had maintained a \$4 million balance in the operating account. During the 76 & Downtown projects, cash reduced to a negative amount in operating (subsidized by the Savings account) and the investments for tourism dropped down to \$2 million. Over the last couple of years the Tourism fund is now maintaining a \$2 million operating account and our reserves have increased back up to \$6 million. The Savings account is our main operating account for most our funds including the General Fund and Utilities Fund. When the Savings account had been subsidizing the Tourism operating account, the operating account dropped to \$1 million from \$3 million and the reserves decreased from \$20 million to \$13 million. Now that the Tourism is retaining a positive balance, the Savings has been able to sustain a \$1.5 million operating account and \$22 million investment (reserve) balance. The Public Safety fund, started in 2018, has been maintaining about \$1 million in their operating account and has built up a reserve account to be \$3.5 million. Interest income on investments has more than doubled giving the funds a larger than anticipated cash flow. While we are optimistic regarding our increasing balances, markets are very volatile right now and investment bankers are warning about what changes this will have to all revenues and not just effects to our interest.



Overall Summary

Although current year financials show that the city is still in a good financial position, it is future years that the city must exercise caution regarding spending and closely monitor revenues. There are many economic development projects slated for 2020 which indicate that the local economy will expand. However, national and global conditions will have a significant impact on how much growth the city may see. For example, immediate global market concerns center around sluggish economies in other regions as well as concerns with the novel Coronavirus. Economists continue to express concern that the inverted yield curve currently seen in bond markets often indicate an economic slowdown, or potentially a recession. Additionally, the economy in presidential election years can become more volatile under political uncertainty. Although the Sales and Tourism activity has shown a decrease over FY2018, FY2019 is still trending for our third largest year this City has had. In 2019, we have seen an increase in business activity and a growth in new development as we move forward into FY2020 we will maintain a positive yet conservative outlook.

Endnotes

ⁱ <http://bransonmo.gov/DocumentCenter/View/12110/Quarterly-Status-Report---4Q19-PDF>

ⁱⁱ <https://www.kiplinger.com/article/business/T019-C000-S010-gdp-growth-rate-and-forecast.html>

ⁱⁱⁱ <https://www.bing.com/videos/search?q=fed+rates&docid=608029779301826947&mid=132727F639FCA8C2F75F132727F639FCA8C2F75F&view=detail&FORM=VIRE>

^{iv} <https://labor.mo.gov/data>

