Overview and Trends of Desha County Finances 1999-2017
How can Desha County continue to provide services for its citizens?

• What factors and trends are impacting county services and funding sources?

• Which of these can the county control or influence
  – In the short-run?
  – In the long-run?

• What are anticipated changes that might affect the county’s fiscal health?

• What might the county do to eliminate or minimize the impact of anticipated changes?
The population of Desha County decreased 23% from 15,400 in 1999 to 11,800 in 2018. From 2019 to 2031, the county's population is projected to decrease an additional 10% to 10,400.

Data Source: Population Estimates, U.S. Census Bureau; Population Projections, Woods & Poole
Population Change, 1999-2017

Data Source: Population Estimates, U.S. Census Bureau
Population Change, 2010-2017

Data Source: Population Estimates, U.S. Census Bureau
Employment in Desha County decreased from 7,700 in 1999 to 6,500 in 2017 or 16%.

How will future employment levels impact the county's fiscal situation?

Data Source: Employment Estimates, Regional Economic Accounts, Bureau of Economic Analysis
Employment Change, 1999-2017

Data Source: Employment Estimates, Regional Economic Accounts, Bureau of Economic Analysis
Revenue & Expenditures

Desha County
Desha County's total revenue fluctuated between 1999 and 2017, but was about $6.1 million in both years.

Expenditures increased 4%, from $4.9 million in 1999 to $5.1 million in 2017, while reaching a high of $8.5 million in 2003.

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Change in Total Revenue, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Change in Total Expenditures, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Desha County
Per Capita Revenue & Expenditures, 1999-2017

- Population decline led total revenue per capita to grow significantly despite the overall measure remaining relatively flat.
- While trends in per capita total spending were similar to trends in the total numbers, total spending per capita increased at a faster rate than previously discussed.
- Per capita revenue was $517 in 2017, $84 more than per capita expenditures ($433).

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Total Revenue, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Per Capita Total Expenditures, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Revenue

Desha County
The share of total revenue from intergovernmental transfers increased from 27% in 1999 to 34% in 2017.

Desha County property tax revenue as a share of total revenue was 25% in 1999 and slightly more in 2017 (26%).

The share of total revenue from sales tax declined from 26% to 21%.

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in Desha County in 2017 was 21%, lower than the statewide average (25%).

The share of total revenue from property tax was 26% in the county in 2017, more than the statewide average of 24%.

The share of total revenue from intergovernmental transfers in the county was 34% in 2017, far more than the statewide average (22%).

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Sales tax revenue in Desha County decreased 19% between 1999 and 2017, from $1.6 million to $1.3 million, and reached a high of $2.6 million in 2005.

Property tax revenue fluctuated but grew 7% overall, from $1.5 million in 1999 to $1.6 million in 2017.

Desha County's total intergovernmental revenue increased from $1.6 million in 1999 to $2.1 million in 2017, or 31%, and spiked to a high of $2.5 million in 2012.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Trends in per capita major revenue sources were similar to the overall trends discussed in the previous slide. However, population decline caused the per capita measures to increase at a faster rate or decrease at a slower rate than the overall measures.

Intergovernmental revenue per capita was $175 in Desha County in 2017, more than property tax ($136) and sales tax ($108) per capita revenue.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Intergovernmental Revenue, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Intergovernmental Revenue, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Property Tax Revenue, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Property Tax Revenue, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Sales Tax Revenue, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Sales Tax Revenue, 1999-2017

Note: Crawford County had sales tax revenue in only the 4th quarter of 1999, because this skews the percent change value for Crawford County is treated as 0 for this map.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Desha County
Minor Sources of Revenue, 1999-2017

- Officers, Jail and 911 Fees increased 63% in Desha County, from $188,800 in 1999 to $307,900 in 2017.
- Commissions and taxes apportioned declined from $586,400 to $514,000 or 12%.
- Fines, forfeitures and franchise taxes declined 36%, from $252,600 in 1999 to $162,300 in 2017.
- Other revenue was $348,300 in 1999 and $170,000 in 2017, a decline of 51%.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Trends in per capita minor revenue sources were similar to the overall trends discussed on the previous slide. However, as a result of population decline, the per capita measures increased at a faster rate or decreased at a slower rate than the overall measures.

Commissions & taxes apportioned per capita in Desha County were $44 in 2017, more than officers, jail & 911 fees ($26), other revenue ($14), and fines, forfeitures and franchise taxes ($14).

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Expenditures

Desha County
The share of total spending for law enforcement and public safety in Desha County decreased from 23% in 1999 to 19% in 2017.

The share of total spending for highways & streets grew slightly from 26% in 1999 to 26% in 2017.

General & other expenditures were the largest share of county government spending in 1999 and 2017, and rose significantly during the study period, from 32% to 47%.

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Desha County's share of expenditures for law enforcement and public safety (19%) was far less than the statewide share (38%) in 2017.

The share of total county expenditures for highways and streets was 26%, a little greater than the statewide average (23%).

The share of total county expenditures for general and other expenditures was 47%, far greater than the statewide average (26%).

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.*

**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Desha County
Major Category Expenditures, 1999-2017

- Law enforcement and public safety expenditures in Desha County 16%, from $1.1 million in 1999 to $967,800 in 2017.
- Highways and streets expenditures in the county fluctuated from a low of $1.1 million and a high of $2.4 million during the same period, but remained unchanged overall.
- General and other spending grew considerably, from $1.6 million in 1999 to $2.4 million in 2017 or 50%, and spiked to a high of $4.7 million in 2005.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Trends in per capita major category expenditures were similar to the overall trends discussed on the previous slide. However, population decline caused the per capita measures to grow at a faster rate or decrease at a slower rate than the overall measures.

General & other per capita spending in Desha County was $202 in 2017, more than highways & streets ($113) and law enforcement & public safety ($82) expenditures.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Public Safety Expenditures, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Road Expenditures, 2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Road Expenditures, 1999-2017

Note: 2017 data for Benton, Faulkner and Perry counties was not available at the time of publication. For these counties, 2016 values were used in place of the missing data.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Road expenditures per county road mile in Desha County were less than the statewide average every year between 1999 and 2017.

During the same period, road expenditures per county road mile fluctuated 0% in the county compared to growth of 45% statewide.

In 2017, road expenditures per county road mile in the county were $1,500, about $2,250 less than the statewide average ($3,750).

**Data Sources:** Revenue and Expenditure Statements, Arkansas Legislative Audit; Road & Street Report, Arkansas Highway and Transportation Department
Health & social services expenditures in Desha County increased 180%, from $89,000 in 1999 to $249,400 in 2017, spiking to a high of $1.3 million in 2007.

Recreation & culture spending in the county decreased slightly (1%), from $181,756 to $180,000.

Capital outlay expenditures decreased from a high of $1.8 million in 2003 to $0 in 2004.

Debt service spending in Desha County decreased 100%, from $212,700 in 1999 to $0 in 2017, reaching a high of $1.2 million in 2003.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Trends in minor expenditures per capita were similar to the overall trends on the previous slide. However, population decline in Desha County caused the per capita measure to grow at a faster rate or decrease at a slower rate than the overall measures.

Health & social service per capita expenditures were $21 in 2017, more than recreation & culture ($15) and debt service and capital outlays ($0).

**Data Sources:** Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Tax Base

Desha County
Property assessments in Desha County decreased 9%, from $240 million in 1999 to $217.9 million in 2017.

Data Sources: Assessed Values, Arkansas Assessment Coordination Department; South Urban CPI, Bureau of Labor Statistics
Desha County
Per Capita Property Assessments, 1999-2017

- Per capita property assessments in the county exceeded the statewide average every year between 1999 and 2017.
- Trends in per capita property assessments were similar to the overall trends discussed on the previous slide, but population decline caused the per capita measures to increase at a faster rate or decrease at a slower rate than the overall measures.
- Per capita property assessments in the county were $18,500 in 2017, about $2,200 more than the statewide average ($16,300).

Data Sources: Assessed Values, Arkansas Assessment Coordination Department; South Urban CPI, Bureau of Labor Statistics; Population Estimates, U.S. Census Bureau
Retail sales in Desha County decreased 40%, from $256.6 million in 1972 to $153.6 million in 2012.

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

Data Sources: Census of Retail Sales, U.S. Census Bureau; South Urban CPI, Bureau of Labor Statistics
Desha County
Per Capita Retail Sales, 1972-2012

*Due to rounding, bars may appear slightly higher or lower than the values stated on this slide.

Data Sources: Census of Retail Sales, U.S. Census Bureau; South Urban CPI, Bureau of Labor Statistics; Population Estimates, U.S. Census Bureau

- Per capita retail sales in the county exceeded the statewide average in 3 of 9 years between 1972 and 2012.
- Trends in per capita retail sales were similar to the overall trends discussed on the previous slide, but population decline caused the per capita measures to increase at a quicker rate or decrease at a slower rate than the overall measures.
- Per capita retail sales in the county were $12,200 in 2012, about $300 less than the statewide average ($12,500).
Capacity and Effort

Capacity:
– The maximum amount that can be produced when all the resources in an economy are employed as fully as possible.
– Capacity constraints can be caused by lack of investment and skills shortages.
– Spare capacity can be caused by lack of demand.

Effort:
– The amount to which a county utilizes its ability to generate revenue through taxation.
Property Tax Capacity and Effort

Capacity:
• High capacity = County’s per capita property assessments were above the state average.
• Low capacity = County’s per capita property assessments were below the state average.

Effort:
• High effort = County’s millage rate was above the average of Arkansas counties.
• Low effort = County’s millage rate was below the average of Arkansas counties.
Property Tax Capacity & Effort, 2017

Data Sources: Population Estimates, U.S. Census Bureau; Property Assessments and Millage Rates, the Arkansas Assessment Coordination Department

DIVISION OF AGRICULTURE
RESEARCH & EXTENSION
University of Arkansas System

Community & Economic Development
Strengthening Arkansas Communities
Sales Tax Capacity and Effort

Capacity:
- High capacity = County’s per capita retail sales were above the state average.
- Low capacity = County’s per capita retail sales were below the state average.

Effort:
- High effort = County’s sales tax rate was above the average of Arkansas counties.
- Low effort = County’s sales tax rate was below the average of Arkansas counties.
Sales Tax Capacity & Effort, 2012

Data Sources: Census of Retail Sales and Population Estimates, U.S. Census Bureau; South Urban CPI, Bureau of Labor Statistics; Sales Tax Rates, Arkansas Department of Finance and Administration

Sales Tax Capacity & Effort, 2012
- Low Capacity & Low Effort (24)
- Low Capacity & High Effort (15)
- High Capacity & Low Effort (22)
- High Capacity & High Effort (14)
Options for Providing Services to Desha County Residents

• Increase cost effectiveness
  – Improve management and productivity
  – Explore possibility of privatizing services
  – Consider intergovernmental agreements to offer shared services

• Increase revenue
  – Alternative (new) revenue sources
    • User charges,
    • Shift tax burden to non-residents
  – Expand the tax base
  – Increase tax rates

• Reduce Services
Contact

For more information and assistance on county government finance options, contact:

Heather Reed, CEA - Staff Chair
310 West Oak St.
Mc Gehee, AR 71654
Tel: 870-222-3972, Fax: 870-222-6858

Visit Our Website:
https://uaex.edu/localgov

The University of Arkansas System Division of Agriculture offers all its Extension and Research programs and services without regard to race, color, sex, gender identity, sexual orientation, national origin, religion, age, disability, marital or veteran status, genetic information, or any other legally protected status, and is an Affirmative Action/Equal Opportunity Employer.