Overview and Trends of Faulkner County Finances 1999-2015
How can Faulkner 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 Faulkner County increased 44% from 84,600 in 1999 to 122,200 in 2016.

Data Source: Population Estimates, U.S. Census Bureau
Population Change, 2010-2016

Data Source: Population Estimates, U.S. Census Bureau
Employment in Faulkner County increased from 43,300 in 1999 to 58,700 in 2016 or 35%.

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

Data Source: Employment Estimates, Regional Economic Accounts, Bureau of Economic Analysis
Employment Change, 1999-2016

Data Source: Employment Estimates, Regional Economic Accounts, Bureau of Economic Analysis
Employment Change, 2010–2016

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

Faulkner County
Faulkner County
Total Revenue & Expenditures, 1999-2015

- Total revenue received by Faulkner County increased 143% between 1999 and 2015, from $14.9 million to $36.2 million.
- Expenditures increased from $14 million in 1999 to $42.2 million in 2015 or 201%.
- County revenue exceeded expenditures in 14 of 17 years.

*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, 1999-2015

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Change in Total Expenditures, 1999-2015

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
While per capita revenue and expenditures followed similar trends to the overall measures discussed previously, the per person measures increased at a slower rate than the overall measures.

Per capita revenue was $298 in 2015, $49 less than per capita expenditures ($347).

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, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Per Capita Total Expenditures, 2015

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

Faulkner County
The share of total revenue from intergovernmental transfers decreased slightly, from 23% in 1999 to 21% in 2015.

Faulkner County property tax revenue as a share of total revenue was 38% in 1999, and less in 2015 (33%).

The share of total revenue from sales tax grew from 0% in 1999 to 24% in 2015.

Minor sources of revenue accounted for 38% of total revenue in 1999 and 22% in 2015.

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in Faulkner County was 24%, about the same as the statewide average in 2015.

The share of total revenue from property tax was 33% in the county, considerably more than the statewide average of 23%.

The share of total revenue from intergovernmental transfers in the county was 21% in 2015, less than the statewide average (22%).

*Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit*
There was a large increase in sales tax revenue in Faulkner County between 1999 and 2015, from $0 to $8.5 million.

Property tax revenue grew 114%, from $5.6 million in 1999 to $12 million in 2015.

Faulkner County's total intergovernmental revenue fluctuated but increased overall, from $3.4 million in 1999 to $7.6 million in 2015, or 124%.

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 growth caused the per capita measures to increase at a slower rate/decrease at a faster rate than the overall measures.

Property revenue per capita was $99 in Faulkner County in 2015, more than per capita sales tax ($70) and intergovernmental ($63) 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 Total Intergovernmental Revenue, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Total Intergovernmental Revenue, 1999-2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Change in per Capita Property Tax Revenue, 1999-2015

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, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Sales Tax Revenue, 1999-2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Officers, Jail and 911 Fees increased greatly in Faulkner County (80%), from $1.5 million in 1999 to $2.7 million in 2015, and reached a high of $4.5 million in 2009.

Commissions and taxes apportioned grew from $1.3 million to $2.1 million (62%).

Fines, forfeitures and franchise taxes decreased 24%, from $1.7 million in 1999 to $1.3 million in 2015.

Other revenue increased 50%, from $1.4 million in 1999 and $2.1 million in 2015, while spiking to a high of $3.6 million in 2010.

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 growth, the per capita measures increased more slowly/decreased more rapidly than the overall measures.

Officers, jail & 911 fees per capita in Faulkner County were $22 in 2015, more than other revenue ($17), commissions & taxes apportioned ($17), and fines, forfeitures and franchise taxes ($10).

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

Faulkner County
The share of total spending for law enforcement and public safety in Faulkner County decreased from 40% in 1999 to 31% in 2015.

The share of total spending for highways & streets grew significantly, from 23% in 1999 to 43% in 2015.

The share of total spending for general & other expenditures decreased from 22% in 1999 to 19% in 2015.

*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
Faulkner County Expenditure Shares Compared to State Expenditure Shares 2015

- Faulkner County's share of expenditures from law enforcement and public safety (31%) was less than the statewide share (39%) in 2015.
- The share of total county expenditures for highways and streets was 43%, significantly greater than the statewide average (24%).
- The share of total county expenditures for general and other expenditures was 19%, less than the statewide average (26%).

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
Law enforcement & public safety expenditures in Faulkner County increased 138%, from $5.6 million in 1999 to $13.3 million in 2015, and spiked to $21.1 million in 2013.

Highways & streets spending grew from $3.3 million in 1999 to $8.8 million in 2009 before decreasing to $5 million in 2014. A spike in spending to $18 million occurred in 2015.

General & other spending grew considerably, from $3 million in 1999 to $7.9 million in 2015 or 163% while reaching a high of $10.6 million in 2014.

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 growth caused the per capita measures to decrease at a slower rate/increase at a faster rate than the overall measures.

Highways & streets per capita spending in Faulkner County was $148 in 2015, more than law enforcement & public safety ($109) and general & other ($65) expenditures.

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
Per Capita Public Safety Expenditures, 2015

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

Public Safety Expenditures per Capita, 2015:
- $74 to $133
- $133 to $160
- $160 to $268
- $268 to $500

Community & Economic Development
University of Arkansas System
Strengthening Arkansas Communities
Change in per Capita Public Safety Expenditures, 1999-2015

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, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
Change in per Capita Road Expenditures, 1999-2015

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 Faulkner County were more than the statewide average in every year between 1999 and 2015.

During the same period, road expenditures per county road mile increased 448% in the county compared to growth of 52% statewide.

In 2015, road expenditures per county road mile in the county were $15,900, about $12,100 more than the statewide average ($3,800).

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; Road & Street Report, Arkansas Highway and Transportation Department
Faulkner County
Minor Category Expenditures, 1999-2015

- Health & social services expenditures in Faulkner County increased 112%, from $97,100 in 1999 to $205,400 in 2015.
- Recreation & culture spending in the county increased significantly (48%), from $1.1 million to $1.6 million.
- Capital outlay expenditures decreased from a high of $2 million in 2001 to $0 in 2002.
- Debt service spending fluctuated between $0 and $374,000 from 1999 to 2013, then spiked to $1.2 million by 2015.

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 growth in Faulkner County cause the per capita measure to grow at a slower rate/decrease at a faster rate than the overall measures.

Recreation & culture per capita expenditures were $13 in 2015, more than debt services ($10), health & social services ($2), 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

Faulkner County
Property assessments in Faulkner County increased 112%, from $887 million in 1999 to $1.9 billion in 2015.

Data Sources: Assessed Values, Arkansas Assessment Coordination Department; South Urban CPI, Bureau of Labor Statistics
Per capita property assessments in the county exceeded the statewide average in 1 of 17 years between 1999 and 2015.
Trends in per capita property assessments were similar to the overall trends discussed on the previous slide, but population growth caused the per capita measures to increase at a slower rate/decrease at a quicker rate than the overall measures.
Per capita property assessments in the county were $15,500 in 2015, about $400 less than the statewide average ($15,900).

Data Sources: Assessed Values, Arkansas Assessment Coordination Department; South Urban CPI, Bureau of Labor Statistics; Population Estimates, U.S. Census Bureau
Retail sales in Faulkner County increased 339%, from $326.8 million in 1972 to $1.4 billion 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
Per capita retail sales in the county exceeded the statewide average in 1 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 growth caused the per capita measures to increase at a slower rate/decrease at a quicker rate than the overall measures. Per capita retail sales in the county were $12,100 in 2012, about $400 less than the statewide average ($12,500).

Data Sources: Census of Retail Sales, U.S. Census Bureau; South Urban CPI, Bureau of Labor Statistics; Population Estimates, U.S. Census Bureau
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, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Property Assessments and Millage Rates, the Arkansas Assessment Coordination Department
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
Options for Providing Services to Faulkner 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:

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