Overview and Trends of Hempstead County Finances 1999-2017
How can Hempstead 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 Hempstead County decreased 7% from 23,500 in 1999 to 21,900 in 2018. From 2019 to 2031, the county's population is projected to decrease an additional 1% to 21,800.

**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 Hempstead County decreased from 12,500 in 1999 to 10,500 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
Employment Change, 2010-2017

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

Hempstead County
Total revenue received by Hempstead County increased 55% between 1999 and 2017, from $8.8 million to $13.6 million.

Expenditures increased from $8.4 million in 1999 to $14.4 million in 2017, a total change of about 71%.

Spending spiked to a high of $22.4 million in 2001.

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
Hempstead County
Per Capita Revenue & Expenditures, 1999-2017

● Although trends in per capita total revenue and spending were similar to trends in the total numbers, the per capita measures increased at a faster rate than previously discussed.
● Per capita revenue was $624 in 2017, $32 less than per capita expenditures ($656).

*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

Hempstead County
The share of total revenue from intergovernmental transfers increased significantly, from 19% in 1999 to 30% in 2017.

Hempstead County property tax revenue as a share of total revenue was 9% in 1999 and more in 2017 (16%).

The share of total revenue from sales tax declined from 40% to 32%.

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Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in the county (32%) was higher than the statewide average (25%).

The share of total revenue from property tax was 16% in the county in 2017, less than the statewide average of 24%.

The share of total revenue from intergovernmental transfers in the county was 30% in 2017, 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 Hempstead County increased 26% between 1999 and 2017, from $3.5 million to $4.4 million.

Property tax revenue grew 183%, from $767,400 in 1999 to $2.2 million in 2017.

Hempstead County's total intergovernmental revenue increased 147%, from $1.7 million in 1999 to $4.2 million in 2017, and spiked to a high of $5.5 million in 2008.

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

- 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.
- Sales tax revenue per capita was $202 in Hempstead County in 2017, more than intergovernmental ($190) and property tax ($100) revenue per capita.

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
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

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.
Hempstead County
Minor Sources of Revenue, 1999-2017

- Officers, Jail and 911 Fees decreased slightly in Hempstead County (3%), from $647,600 in 1999 to $628,600 in 2017.
- Commissions and taxes apportioned grew significantly, from $571,700 to $679,100 or 19%.
- Fines, forfeitures and franchise taxes declined 31%, from $929,100 in 1999 to $636,700 in 2017.
- Other revenue was $703,000 in 1999 and $942,900 in 2017, an increase of 34%, and spiked to a high of $2.3 million in 2016.

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.

Other revenue per capita in Hempstead County was $43 in 2017, more than commissions & taxes apportioned ($31), fines, forfeitures and franchise taxes ($29), and officers, jail & 911 fees ($29).

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

Hempstead County
The share of total spending for law enforcement and public safety in Hempstead County decreased from 32% in 1999 to 27% in 2017.

The share of total spending for highways & streets grew from 22% in 1999 to 25% in 2017.

The share of total spending for general & other expenditures rose significantly from 26% in 1999 to 39% in 2017.

*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
Hempstead County's share of expenditures for law enforcement and public safety (27%) was far less than the statewide share (38%) in 2017.

The share of total county expenditures for highways and streets was 25%, a little greater than the statewide average (23%).

The share of total county expenditures for general and other expenditures was 39%, 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
Hempstead County
Major Category Expenditures, 1999-2017

- Law enforcement and public safety expenditures in Hempstead County increased 44%, from $2.7 million in 1999 to $3.9 million in 2017.
- Highways and streets spending increased 106%, from $1.8 million in 1999 to $3.7 million in 2017, and spiked to a high of $16.2 million in 2001.
- General and other spending grew considerably, from $2.2 million in 1999 to $5.7 million in 2017 or 159%.

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

- 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 Hempstead County was $259 in 2017, more than law enforcement & public safety ($176) and highways & streets ($167) 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, 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 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
Hempstead County Road Expenditures Per County Road Mile, 1999-2017

- Road expenditures per county road mile in Hempstead County were less than the statewide average in 17 of 19 years between 1999 and 2017.
- During the same period, road expenditures per county road mile increased 95% in the county compared to growth of 45% statewide.
- In 2017, road expenditures per county road mile in the county were $3,900, about $150 more than the statewide average ($3,750).

**Data Sources:** Revenue and Expenditure Statements, Arkansas Legislative Audit; Road & Street Report, Arkansas Highway and Transportation Department
Hempstead County Minor Category Expenditures, 1999-2017

- Health & social services expenditures in Hempstead County decreased 26%, from $187,600 in 1999 to $138,300 in 2017.
- Recreation & culture spending in the county increased significantly (685%), from $121,000 to $949,200, peaking at a high of $4.9 million in 2011.
- Capital outlay expenditures decreased from a high of $559,500 in 2000 to $0 in 2002.
- Debt service spending in Hempstead County decreased 91%, from $997,500 in 1999 to $89,200 in 2017, but fluctuated between $2.4 million and $3.2 million from 2009 to 2013.

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 Hempstead County caused the per capita measure to grow at a faster rate or decrease at a slower rate than the overall measures.

Recreation & culture per capita expenditures were $43 in 2017, more than health & social service ($6), debt service ($4), 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

Hempstead County
Property assessments in Hempstead County increased 82%, from $228.6 million in 1999 to $416.7 million in 2017.

**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 6 of 19 years 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 $19,100 in 2017, about $2,800 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 Hempstead County increased 13%, from $174.7 million in 1972 to $197.6 million in 2012.

Retail sales reached a high of $227.8 million prior to the Great Recession in 2007.

*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 were below the statewide average every year 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 $8,800 in 2012, about $3,700 less than the statewide average ($12,500).

*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
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
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 Hempstead 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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