Overview and Trends of Hot Spring County Finances 1999-2015
How can Hot Spring 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 Hot Spring County increased 11% from 30,200 in 1999 to 33,400 in 2016.

Data Source: Population Estimates, U.S. Census Bureau
Population Change, 1999-2016

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

Data Source: Population Estimates, U.S. Census Bureau
Employment in Hot Spring County increased from 11,000 in 1999 to 12,500 in 2016 or 13%.

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

Hot Spring County
Total revenue received by Hot Spring County increased 25% between 1999 and 2015, from $9.9 million to $12.4 million.

Expenditures fluctuated but increased 4% overall, from $8.2 million to $8.5 million.

Spending spiked to a high of $13.9 million in 2008.

County revenue exceeded expenditures in 13 of 17 years.

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
**Hot Spring County**

**Per Capita Revenue & Expenditures, 1999-2015**

- 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 $370 in 2015, $117 more than per capita expenditures ($253).

*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, 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

Hot Spring County
Hot Spring County Revenue Sources as a Percent of Total Revenue, 1999 and 2015

- The share of total revenue from intergovernmental transfers decreased from 27% in 1999 to 21% in 2015.
- Hot Spring County property tax revenue as a share of total revenue was 23% in 1999, and slightly more in 2015 (25%).
- The share of total revenue from sales tax grew from only from 17% in 1999 to 28% in 2015.
- Minor sources of revenue accounted for 33% of total revenue in 1999 and 25% in 2015.

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in the county (28%) was higher than the statewide average (24%).

The share of total revenue from property tax was 25% in the county in 2015, 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 Hot Spring County between 1999 and 2015, from $1.7 million to $3.4 million, or 100%.

Property tax revenue grew 35%, from $2.3 million in 1999 to $3.1 million in 2015.

Hot Spring County's intergovernmental revenue fluctuated widely, from a low of $2.3 million to a high of $4.2 million.

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.

Sales tax revenue per capita was $102 in Hot Spring County in 2015, more than per capita property tax ($93) and intergovernmental ($80) 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
Per Capita Property Tax Revenue, 2015

Data Sources: Population Estimates, U.S. Census Bureau; Revenue and Expenditure Statements, Arkansas Legislative Audit
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
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 Hot Spring County (151%), from $416,100 in 1999 to $1 million in 2015, and spiked to a high of $1.2 million in 2004.

Commissions and taxes apportioned fluctuated from a low of $486,900 to a high of $1.1 million.

Fines, forfeitures and franchise taxes declined 20%, from $754,400 in 1999 to $605,500 in 2015.

Other revenue fluctuated widely, from a low of $528,400 to a high of $2.2 million.

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 Hot Spring County were $31 in 2015, more than commissions & taxes apportioned ($23), other revenue ($23), and fines, forfeitures and franchise taxes ($18).

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

Hot Spring County
Law enforcement & public safety was the largest share of Hot Spring County government spending in 1999 and 2015, and increased slightly during the study period, from 35% to 36%.

The share of total spending for highways & streets grew significantly, from 22% in 1999 to 34% in 2015.

The share of total spending for general & other expenditures decreased slightly, from 26% in 1999 to 24% in 2015.

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
Hot Spring County's share of expenditures from law enforcement and public safety (36%) was less than the statewide share (39%) in 2015.

The share of total county expenditures for highways and streets was 34%, greater than the statewide average (24%).

The share of total county expenditures for general and other expenditures was 24%, slightly less than the statewide average (26%).

Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
Law enforcement and public safety expenditures in Hot Spring County increased 3%, from $2.9 million in 1999 to $3 million in 2015, and spiked to a high of $5.8 million in 2008.

Highways and streets spending increased 61%, from $1.8 million in 1999 to $2.9 million in 2015, and spiked to $3.1 million in 2001.

General and other expenditures grew from $2.1 million in 1999 to $5.9 million in 2007, then decreased to $2.1 million in 2015.

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.

Law enforcement & public safety per capita spending in Hot Spring County was $91 in 2015, more than highways & streets ($87) and general & other ($62) expenditures.

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 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 Hot Spring County were less than the statewide average in 14 of 17 years between 1999 and 2015.

During the same period, road expenditures per county road mile increased 60% in the county compared to growth of 52% statewide.

In 2015, road expenditures per county road mile in the county were $4,000, about $200 more than the statewide average ($3,800).

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; Road & Street Report, Arkansas Highway and Transportation Department
• Health & social services expenditures in Hot Spring County decreased 44%, from $175,800 in 1999 to $98,600 in 2015.
• Recreation & culture spending in the county decreased 22%, from $454,600 to $353,100, while rising to a high of $849,800 in 2002.
• Capital outlay expenditures decreased from a high of $629,700 in 1999 to $0 in 2001.
• Debt service spending in Hot Spring County decreased 100%, from $162,829 to $0.

Data Sources: Revenue and Expenditure Statements, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics
### Hot Spring County
Per Capita Minor Category Expenditures 1999-2015

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<thead>
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<th>Year</th>
<th>Health &amp; Social Services</th>
<th>Recreation &amp; Culture</th>
<th>Capital Outlay</th>
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- Trends in minor expenditures per capita were similar to the overall trends on the previous slide. However, population growth in Hot Spring 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 $11 in 2015, more than health & social service ($3) 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

Hot Spring County
Property assessments in Hot Spring County increased 38%, from $305.7 million in 1999 to $421.4 million in 2015.

Data Sources: Assessed Values, Arkansas Assessment Coordination Department; South Urban CPI, Bureau of Labor Statistics
Hot Spring County
Per Capita Property Assessments, 1999-2015

- Per capita property assessments in the county were below the statewide average every year 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 $12,600 in 2015, about $3,300 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 Hot Spring County increased 16%, from $218.8 million in 1972 to $254.2 million in 2012.

Retail sales were least in 1987 at $170.7 million.

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 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 $7,600 in 2012, about $4,900 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 Hot Spring 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:

Rachel Bearden, CEA - Agriculture
1415 Smith St.
Malvern, AR 72104
Tel: 501-332-5267, Fax: 501-332-4858

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