Overview and Trends of Lee County Finances 1999-2017
How can Lee 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 Lee County decreased 28% from 12,700 in 1999 to 9,200 in 2018.

From 2019 to 2031, the county's population is projected to decrease an additional 13% to 7,800.

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

Data Source: Population Estimates, U.S. Census Bureau

Community & Economic Development
Strengthening Arkansas Communities
Population Change, 2010-2017

Data Source: Population Estimates, U.S. Census Bureau
Employment in Lee County decreased from 3,900 in 1999 to 3,400 in 2017 or 12%.

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

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

Lee County
Total revenue received by Lee County increased 14% between 1999 and 2017, from $3.5 million to $4 million.

Expenditures increased from $3.4 million in 1999 to $3.6 million in 2017, a total change of about 6%.

*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
Lee 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 $435 in 2017, $39 more than per capita expenditures ($396).

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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

Lee County
The share of total revenue from intergovernmental transfers decreased slightly, from 43% in 1999 to 41% in 2017.

Lee County property tax revenue as a share of total revenue was 14% in 1999 and more in 2017 (23%).

The share of total revenue from sales tax declined slightly, from 10% to 9%.

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**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in Lee County in 2017 was 9%, much lower than the statewide average (25%).

The share of total revenue from property tax was 23% in the county in 2017, less than the statewide average of 24%.

The share of total revenue from intergovernmental transfers in the county was 41% in 2017, far more than the statewide average (22%).

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**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Lee County

Major Sources of Revenue, 1999-2017

- Sales tax revenue in Lee County increased 5% between 1999 and 2017, from $348,200 to $365,300.
- Property tax revenue grew 77%, from $511,900 in 1999 to $907,100 in 2017.
- Lee County's total intergovernmental revenue increased 7%, from $1.5 million in 1999 to $1.6 million in 2017, spiking to $2.7 million and $3.5 million in 2009 and 2011, respectively.

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 $177 in Lee County in 2017, more than property tax ($99) and sales tax ($40) 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
Lee County
Minor Sources of Revenue, 1999-2017

- Officers, Jail and 911 Fees decreased 40% in Lee County, from $306,000 in 1999 to $182,800 in 2017, while peaking at a high of $377,000 in 2009.
- Commissions and taxes apportioned grew significantly, from $312,700 to $420,100 or 34%, and spiked to a high of $443,000 in 2001.
- Fines, forfeitures and franchise taxes declined 31%, from $233,000 in 1999 to $161,200 in 2017, but was as high as $372,300 in 2011.
- Other revenue was $315,000 in 1999 and $336,500 in 2017, an increase of 7%.

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 Lee County were $46 in 2017, more than other revenue ($37), officers, jail & 911 fees ($20), 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

Lee County
The share of total spending for law enforcement and public safety in Lee County decreased slightly from 28% in 1999 to 26% in 2017.

The share of total spending for highways & streets grew from 30% in 1999 to 34% in 2017.

The share of total spending for general & other expenditures rose slightly from 34% in 1999 to 34% 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
Lee County's share of expenditures for law enforcement and public safety (26%) was far less than the statewide share (38%) in 2017.

The share of total county expenditures for highways and streets was 34%, greater than the statewide average (23%).

The share of total county expenditures for general and other expenditures was 34%, greater than the statewide average (26%).

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**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Law enforcement and public safety expenditures in Lee County decreased 1%, from $958,100 in 1999 to $950,600 in 2017.

Highways and streets spending increased 20%, from $1 million in 1999 to $1.2 million in 2017, and spiked to a high of $2.8 million in 2012.

Despite fluctuating between 1999 and 2017, general and other expenditures were $1.2 million in 1999 and 2017.

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 Lee County was $136 in 2017, more than highways & streets ($136) and law enforcement & public safety ($104) 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
Lee County Road Expenditures Per County Road Mile, 1999-2017

- Road expenditures per county road mile in Lee County were less than the statewide average every year between 1999 and 2017.
- During the same period, road expenditures per county road mile increased 25% 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 Lee County increased 20%, from $90,900 in 1999 to $108,600 in 2017.

Recreation & culture spending in the county decreased slightly (1%), from $48,750 to $48,400.

Capital outlay expenditures decreased from a high of $149,200 in 1999 to $0 in 2001.

Debt service spending fluctuated between a low of $0 and a high of $140,100.

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 Lee 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 $12 in 2017, more than recreation & culture ($5), 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

Lee County
• Property assessments in Lee County increased 27%, from $109.9 million in 1999 to $139.5 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 were below 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 $15,200 in 2017, about $1,100 less 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 Lee County decreased 58%, from $104.8 million in 1972 to $43.8 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
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 decrease at a slower rate than the overall measures.
Per capita retail sales in the county were $4,300 in 2012, about $8,200 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 Lee 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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