Overview and Trends of Polk County Finances 1999-2017
How can Polk 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 Polk County increased slightly (0.2%), from 20,100 in 1999 to 20,100 in 2018.

From 2019 to 2031, the county's population is projected to increase an additional 2% to 20,600.

Data Source: Population Estimates, U.S. Census Bureau; Population Projections, Woods & Poole
Population Change, 2010-2017

Data Source: Population Estimates, U.S. Census Bureau
Employment in Polk County decreased from 10,600 in 1999 to 9,400 in 2017 or 11%.

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

Polk County
Total revenue received by Polk County increased 48% between 1999 and 2017, from $6.1 million to $9 million.

Expenditures increased from $5.9 million in 1999 to $8.2 million in 2017, a total change of about 39%.

*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
Polk 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 slower rate than previously discussed.
- Per capita revenue was $446 in 2017, $40 more than per capita expenditures ($406).

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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

Polk County
The share of total revenue from intergovernmental transfers decreased slightly, from 36% in 1999 to 34% in 2017.

Polk County property tax revenue as a share of total revenue was 10% in 1999 and slightly more in 2017 (10%).

The share of total revenue from sales tax grew from 22% to 33%.

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Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in Polk County in 2017 was 33%, higher than the statewide average (25%).

The share of total revenue from property tax was 10% in the county in 2017, considerably less 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%).
Sales tax revenue in Polk County increased 107% between 1999 and 2017, from $1.4 million to $2.9 million.

Property tax revenue grew 55%, from $608,100 in 1999 to $940,800 in 2017.

Polk County's total intergovernmental revenue increased significantly, from $2.2 million in 1999 to $3.1 million in 2017, or 41%, peaking at a high of $4.7 million in 2003.
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 or decrease at a faster rate than the overall measures.

Intergovernmental revenue per capita was $152 in Polk County in 2017, more than sales tax ($146) and property tax ($47) 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
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
• Officers, Jail and 911 Fees increased slightly in Polk County (14%), from $555,500 in 1999 to $634,800 in 2017.
• Commissions and taxes apportioned grew significantly, from $530,400 to $625,200 or 18%.
• Fines, forfeitures and franchise taxes declined 29%, from $376,400 in 1999 to $265,700 in 2017.
• Other revenue was $465,300 in 1999 and $511,300 in 2017, an increase of 10%.

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 at a slower rate or decreased at a faster rate than the overall measures.

Officers, jail & 911 fees per capita in Polk County were $32 in 2017, more than commissions & taxes apportioned ($31), other revenue ($25), and fines, forfeitures and franchise taxes ($13).

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

Polk County
The share of total spending for law enforcement and public safety in Polk County decreased slightly from 33% in 1999 to 31% in 2017.

Highways & streets was the largest share of county government spending in 1999 and 2017, and grew during the study period, from 36% to 45%.

The share of total spending for general & other expenditures decreased from 24% in 1999 to 21% in 2017.

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Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
Polk County’s share of expenditures for law enforcement and public safety (31%) was less than the statewide share (38%) in 2017.

The share of total county expenditures for highways and streets was 45%, significantly greater than the statewide average (23%).

The share of total county expenditures for general and other expenditures was 21%, less than the statewide average (26%).

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

- Law enforcement and public safety expenditures in Polk County increased 32%, from $1.9 million in 1999 to $2.5 million in 2017.
- Highways and streets spending increased 76%, from $2.1 million in 1999 to $3.7 million in 2017, peaking at a high of $4.7 million in 2014.
- General and other spending grew considerably, from $1.4 million in 1999 to $1.7 million in 2017 or 21%.

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 or increase at a faster rate than the overall measures.

Highways & streets per capita spending in Polk County was $183 in 2017, more than law enforcement & public safety ($124) and general & other ($87) 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
Road expenditures per county road mile in Polk 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 80% in the county compared to growth of 45% statewide.

In 2017, road expenditures per county road mile in the county were $3,600, about $150 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 Polk County increased 174%, from $57,300 in 1999 to $157,100 in 2017.

Recreation & culture spending in the county decreased slightly (3%), from $83,385 to $81,200.

Capital outlay expenditures decreased from a high of $2.3 million in 2003 to $0 in 2004.

Debt service spending fluctuated between a low of $0 and a high of $456,600.

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 Polk County caused the per capita measure to grow at a slower rate or decrease at a faster rate than the overall measures.
• Health & social service per capita expenditures were $8 in 2017, more than recreation & culture ($4) 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

Polk County
Property assessments in Polk County increased 24%, from $194.9 million in 1999 to $242.5 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 growth caused the per capita measures to increase at a slower rate or decrease at a faster rate than the overall measures.

Per capita property assessments in the county were $12,100 in 2017, about $4,200 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 Polk County increased 44%, from $133.9 million in 1972 to $193.5 million in 2012.

Retail sales reached a high of $197.1 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
Polk County
Per Capita Retail Sales, 1972-2012

- 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 measure to increase at a slower rate than the overall measure.
- Per capita retail sales in the county were $9,500 in 2012, about $3,000 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.
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 Polk 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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