Overview and Trends of Sebastian County Finances 1999-2017
How can Sebastian 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 Sebastian County increased 13% from 113,300 in 1999 to 128,100 in 2018.

From 2019 to 2031, the county's population is projected to increase an additional 5% to 136,400.

**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 Sebastian County decreased slightly, from 88,300 in 1999 to 85,900 in 2017, or 3%.

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

Community & Economic Development
University of Arkansas System

Strengthening Arkansas Communities
Employment Change, 2010-2017

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

Sebastian County
Total revenue received by Sebastian County increased 40% between 1999 and 2017, from $30.9 million to $43.4 million.

Expenditures increased from $29 million in 1999 to $36.5 million in 2017, a total change of about 26%.

*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
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 $339 in 2017, $54 more than per capita expenditures ($285).

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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
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

Sebastian County
The share of total revenue from intergovernmental transfers increased slightly, from 11% in 1999 to 13% in 2017.

Sebastian County property tax revenue as a share of total revenue was 32% in 1999 and slightly less in 2017 (30%).

The share of total revenue from sales tax grew from 11% to 23%.

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Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
The share of total revenue from sales tax in Sebastian County in 2017 was 23%, slightly lower than the statewide average (25%).

The share of total revenue from property tax was 30% in the county in 2017, more than the statewide average of 24%.

The share of total revenue from intergovernmental transfers in the county was 13% in 2017, less than the statewide average (22%).

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**Data Source:** Revenue and Expenditure Statements, Arkansas Legislative Audit
Sales tax revenue in Sebastian County increased 200% between 1999 and 2017, from $3.3 million to $9.9 million.

Property tax revenue grew 30%, from $9.9 million in 1999 to $12.9 million in 2017.

Sebastian County's total intergovernmental revenue increased significantly, from $3.5 million in 1999 to $5.6 million in 2017, or 60%, and peaked at a high of $7.9 million in 2008.

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 or decrease at a faster rate than the overall measures.

Property revenue per capita was $100 in Sebastian County in 2017, more than per capita sales tax ($77) and intergovernmental ($44) revenue.
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 greatly in Sebastian County (46%), from $4.6 million in 1999 to $6.7 million in 2017.

Commissions and taxes apportioned grew from $3.3 million to $3.5 million or 6%.

Fines, forfeitures and franchise taxes declined 14%, from $2.1 million in 1999 to $1.8 million in 2017.

Other revenue was $4.3 million in 1999 and $3.1 million in 2017, a decline of 28%, reaching a high of $6.3 million in 2006.
Sebastian County Per Capita Minor Sources of Revenue, 1999-2017

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 Sebastian County were $52 in 2017, more than commissions & taxes apportioned ($28), other revenue ($24), and fines, forfeitures and franchise taxes ($14).

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

Sebastian County
Law enforcement & public safety was the largest share of Sebastian County government spending in 1999 and 2017, and increased significantly during the study period, from 41% to 52%.

The share of total spending for highways & streets grew slightly from 14% in 1999 to 15% in 2017.

The share of total spending for general & other expenditures decreased from 26% in 1999 to 21% in 2017.

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Data Source: Revenue and Expenditure Statements, Arkansas Legislative Audit
Sebastian County’s share of expenditures for law enforcement and public safety (52%) was far more than the statewide share (38%) in 2017.

The share of total county expenditures for highways and streets was 15%, below 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
Law enforcement and public safety expenditures in Sebastian County increased 61%, from $11.9 million in 1999 to $19.1 million in 2017.

Highways and streets spending increased 44%, from $3.9 million in 1999 to $5.6 million in 2017.

General and other spending grew from $7.5 million in 1999 to $7.7 million in 2017 or 3%.

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.

Law enforcement & public safety per capita spending in Sebastian County was $149 in 2017, more than general & other ($60) and highways & streets ($44) 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 Sebastian County were more than the statewide average in every year between 1999 and 2017.

During the same period, road expenditures per county road mile increased 43% in the county compared to growth of 45% statewide.

In 2017, road expenditures per county road mile in the county were $7,300, about $3,550 more 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 Sebastian County increased 118%, from $1.1 million in 1999 to $2.4 million in 2017.

Recreation & culture spending was about $1.6 million in 1999 and 2017, but spiked to a high of $5.3 million in 2014.

Capital outlay expenditures decreased from a high of $9.1 million in 2007 to $0 in 2010.

Debt service spending in Sebastian County decreased 83%, from $195,100 in 1999 to $32,500 in 2017.

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 Sebastian 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 $19 in 2017, more than recreation & culture ($13), debt service ($0.3), 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

Sebastian County
• Property assessments in Sebastian County increased 36%, from $1.5 billion in 1999 to $2.1 billion 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 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 $16,400 in 2017, about $100 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 Sebastian County increased 57%, from $1.2 billion in 1972 to $1.9 billion in 2012. Retail sales reached a high of $2 billion prior to the Great Recession in 2007.

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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 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 $15,300 in 2012, about $2,800 more than the statewide average ($12,500).

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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 Sebastian 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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