

# COUNTY AID

## Enabling Laws

Act 208 of 2012  
A.C.A. §19-5-602

## History and Organization

Established by A.C.A. §19-5-602, the County Aid Fund consists of:

- General revenues provided under the Revenue Stabilization Law;
- Special revenues including:
  - Arkansas Highway Revenue Distribution Law - A.C.A. §27-70-201 et seq.
  - Special revenues specified in A.C.A. §19-6-301 subdivisions (74) and (117)
  - 34% of those special revenues as specified in subdivision (20) of A.C.A. §19-6-301
  - 25% of all severance taxes other than those imposed upon saw timber and timber products as set out in subdivision (18) of A.C.A. §19-6-301 of the Revenue Classification Law

All distributions of general and special revenues are to be made within ten (10) days after the close of each calendar month to the respective counties.

General revenue is distributed with seventy-five percent (75%) divided equally among the seventy-five (75) counties of the state and twenty-five percent (25%) distributed on the basis of population according to the most recent federal decennial or special census, with each county to receive the proportion that its population bears to the total population of the state. The funds are received by the County Treasurer and are to be credited to the County General Fund to be used for general county purposes, unless otherwise appropriated by the Quorum Court.

The biennial budget request for the County Aid Fund is prepared and submitted by the Director of the Arkansas Association of Counties.

## Agency Commentary

In order to assist counties with the ever-increasing costs of providing mandated services, the General Assembly created and funded a County

Aid Fund beginning with the 1953/54 biennium. Since that time turn back dollars have increased very gradually. But, the percentage of state general revenue the counties receive has declined sharply - while at the same time the costs of delivering state mandated services have risen dramatically.

Unlike highway revenue turnback, which has a built-in mechanism for revenue growth - general revenue aid to counties is an arbitrary appropriation. That appropriation, for all practical purposes, was flat for a quarter of a century - from 1981 through 2006. For example: If county government had received a simple 3% annual adjustment in their county aid appropriation since 1981 the appropriation for 2012 would have been \$45,923,356 instead of the current \$23,645,067 (\$19,645,067 from the state's General Revenue Fund and \$4,000,000 from the surplus of the Property Tax Relief Fund).

Another point of concern is the amount of per capita funding that county government receives. This can best be illustrated below:

**County General Revenue Aid**

• Annual Gross General Revenue Funding	\$19,645,067.00
• Annual Additional Funding / Property Tax Relief Fund	\$ 4,000,000.00
• Less Property Reappraisal Deduction	\$ 2,280,000.00
• Less Deputy Prosecutor Salary Deduction	<u>\$ 5,459,621.28</u>
• Net Available for Use by Counties	\$16,001,924.72
• Per Capita Funding (Net Available Divided by County Population = \$16,001,924.72 / 2,915,918 = \$5.48 per capita)	<b>\$5.48</b>

This per capita number has dropped over 50 cents per person following the 2010 census, with many more citizens accessing services from county government which are often largely state functions but administered at a local level. The Association of Arkansas Counties respectfully ask that the State of Arkansas provide adequate state funding to county government for these mandates that we work under.

A partial list of the mandates on county government for which the State of Arkansas should bear responsibility include: (1) the administration of justice through the court system; (2) court records management; (3) responsibility for a portion of Deputy Prosecutor salaries (which are a

deduction from the General County Aid); (4) funding of office operations for Deputy Prosecutors and to some degree Prosecutors; (5) funding of office operations for Public Defenders; (6) law enforcement as it relates to the court system; and (7) the cost of the General Election.

The Association of Arkansas Counties is therefore respectfully requesting that county aid be funded for the 2014/2015 biennium at present levels with an additional ten percent (10%) over and above present biennium funding provided in Category "B" of the Revenue Stabilization Act. This protects the state from funding additional money should revenue fall from present levels or stagnate, but in the event that surpluses exist would allow for additional funds to be released to counties in order to supplement county budgets in order that they might meet the maintenance, operation and infrastructure needs they continue to face.

Therefore, we respectfully submit our budget request of the following amounts - this includes the requested continuation of funds from the property tax relief fund:

<b>FY 2014</b>	<b>\$25,609,573</b>
<b>FY 2015</b>	<b>\$25,609,573</b>

In addition, the Arkansas Association of Counties is requesting \$422,228 in unfunded appropriation and Special Language for the Treasurer of State that will allow the Treasurer to distribute this fund balance in FY2014.

Finally, the county road turnback (special revenue) appropriation which is funded by receiving a 15% allocation of revenues through the highway distribution law should be increased by \$40 million to \$200 million if Amendment #1 is approved in the November 2012 election.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

COUNTY AID

FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

The Division of Legislative Audit does not perform an audit for this Agency.

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
073 General Revenue to Counties	13,770,482	0	19,645,067	0	19,645,067	0	19,645,067	0	22,031,801	0	22,067,295	0	19,645,067	0	21,609,573	0	21,645,067	0
074 Special Revenue to Counties	96,386,839	0	160,000,000	0	160,000,000	0	160,000,000	0	200,000,000	0	200,000,000	0	160,000,000	0	200,000,000	0	200,000,000	0
190 Mineral Lease	9,862,367	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0
738 Real Property Tax Reduction-Counties	218,502,772	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0
738A Property Tax Relief - Counties	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
<b>Total</b>	<b>342,522,460</b>	<b>0</b>	<b>453,645,067</b>	<b>0</b>	<b>453,645,067</b>	<b>0</b>	<b>453,645,067</b>	<b>0</b>	<b>496,031,801</b>	<b>0</b>	<b>496,067,295</b>	<b>0</b>	<b>453,645,067</b>	<b>0</b>	<b>495,609,573</b>	<b>0</b>	<b>495,645,067</b>	<b>0</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	422,228	0.1	422,228	0.1	422,228	0.1	422,228	0.1	422,228	0.1	422,228	0.1	0	0.0	0	0.0
General Revenue	4000010	13,770,482	4.0	19,645,067	4.3	19,645,067	4.3	21,609,573	4.4	21,645,067	4.4	19,645,067	4.3	21,609,573	4.4	21,645,067	4.4
Federal Revenue	4000020	9,862,367	2.9	20,000,000	4.4	20,000,000	4.4	20,000,000	4.0	20,000,000	4.0	20,000,000	4.4	20,000,000	4.0	20,000,000	4.1
Special Revenue	4000030	96,386,839	28.1	160,000,000	35.2	160,000,000	35.2	200,000,000	40.3	200,000,000	40.5	160,000,000	35.2	200,000,000	40.4	200,000,000	40.5
Trust Fund	4000050	222,502,772	64.9	254,000,000	55.9	254,000,000	55.9	254,000,000	51.2	252,000,000	51.0	254,000,000	55.9	254,000,000	51.3	252,000,000	51.0
<b>Total Funds</b>		<b>342,944,688</b>	<b>100.0</b>	<b>454,067,295</b>	<b>100.0</b>	<b>454,067,295</b>	<b>100.0</b>	<b>496,031,801</b>	<b>100.0</b>	<b>494,067,295</b>	<b>100.0</b>	<b>454,067,295</b>	<b>100.0</b>	<b>495,609,573</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(422,228)		(422,228)		(422,228)		0		2,000,000		(422,228)		0		2,000,000	
<b>Grand Total</b>		<b>342,522,460</b>		<b>453,645,067</b>		<b>453,645,067</b>		<b>496,031,801</b>		<b>496,067,295</b>		<b>453,645,067</b>		<b>495,609,573</b>		<b>495,645,067</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 073 - General Revenue to Counties

**Funding Sources:** MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute general revenues designated for the counties.

The Base Level for General Revenue to Counties (073) is \$19,645,067 each year of the biennium.

The Association of Arkansas Counties is requesting a \$1,964,506 increase for its general revenue appropriation and funding each year of the biennium from Category "B" of the Revenue Stabilization Act.

The Association of Arkansas Counties is also requesting unfunded appropriation of \$422,228 and Special Language for the Treasurer of State that will allow the Treasurer to disburse this fund balance in FY2014.

The Executive Recommendation provides for \$2,422,228 in appropriation and \$2,000,000 in additional general revenue funding.

## Appropriation Summary

**Appropriation:** 073 - General Revenue to Counties

**Funding Sources:** MLC - County Aid Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	13,770,482	19,645,067	19,645,067	19,645,067	22,031,801	22,067,295	19,645,067	21,609,573	21,645,067
Total		13,770,482	19,645,067	19,645,067	19,645,067	22,031,801	22,067,295	19,645,067	21,609,573	21,645,067
Funding Sources										
Fund Balance	4000005	422,228	422,228		422,228	422,228	422,228	422,228	0	0
General Revenue	4000010	13,770,482	19,645,067		19,645,067	21,609,573	21,645,067	19,645,067	21,609,573	21,645,067
Total Funding		14,192,710	20,067,295		20,067,295	22,031,801	22,067,295	20,067,295	21,609,573	21,645,067
Excess Appropriation/(Funding)		(422,228)	(422,228)		(422,228)	0	0	(422,228)	0	0
Grand Total		13,770,482	19,645,067		19,645,067	22,031,801	22,067,295	19,645,067	21,609,573	21,645,067

Special Language provides for carry forward of funding. For FY13, the carry forward funding amount was \$726,651. The Association of Arkansas Counties is requesting unfunded appropriation and Special Language for the Treasurer of State that will allow the Treasurer to distribute this fund balance in FY2014.

## Change Level by Appropriation

**Appropriation:** 073 - General Revenue to Counties  
**Funding Sources:** MLC - County Aid Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,645,067</b>	<b>0</b>	<b>19,645,067</b>	<b>100.0</b>	<b>19,645,067</b>	<b>0</b>	<b>19,645,067</b>	<b>100.0</b>
C01	Existing Program	1,964,506	0	21,609,573	110.0	1,964,506	0	21,609,573	110.0
C05	Unfunded Appropriation	422,228	0	22,031,801	112.1	0	0	21,609,573	110.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,645,067</b>	<b>0</b>	<b>19,645,067</b>	<b>100.0</b>	<b>19,645,067</b>	<b>0</b>	<b>19,645,067</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	21,645,067	110.2	2,000,000	0	21,645,067	110.2
C05	Unfunded Appropriation	422,228	0	22,067,295	112.3	0	0	21,645,067	110.2

### Justification

C01	In order to assist counties with the ever-increasing costs of providing mandated services, the General Assembly created and funded a County Aid Fund beginning with the 1953/54 biennium. Since that time turn back dollars have increased very gradually. But, the percentage of state general revenue the counties receive has declined sharply - while at the same time the costs of delivering state mandated services have risen dramatically. The Association of Arkansas Counties is therefore respectfully requesting that county aid be funded for the 2014/2015 biennium at present levels with an additional ten percent (10%) over and above present biennium funding provided in Category "B" of the Revenue Stabilization Act. This protects the state from funding additional money should revenue fall from present levels or stagnate, but in the event that surpluses exist would allow for additional funds to be released to counties in order to supplement county budgets in order that they might meet the maintenance, operation and infrastructure needs they continue to face.
C05	Special Language provides for carry forward of funding. For FY13, the carry forward funding amount was \$422,228. The Association of Arkansas Counties is requesting unfunded appropriation and Special Language for the Treasurer of State that will allow the Treasurer to distribute this fund balance in FY2014.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2012 TO FISCAL YEAR 2013**

Agency: County Aid, Treasurer of State

Program: General Revenue to Counties

Act #: 322 Section(s) #: 3 & 12

Estimated Carry Forward Amount \$ 422,228.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0074 Funds Center: 073 Fund: MLC Functional Area: CNST

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Fund balance is a result of General Revenue receipts exceeding authorized distributions.

**Actual Funding Carry Forward Amount** \$ 422,228.00

**Current status of carry forward funding:**

The Association of Arkansas Counties is requesting unfunded appropriation and Special Language for the Treasurer of State that will allow the Treasurer to distribute this fund balance in FY2014.

Chris Villines

Director

08-27-2012

Date

## **Analysis of Budget Request**

**Appropriation:** 074 - Special Revenue to Counties

**Funding Sources:** MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute special revenues designated for the counties.

The Base Level for Special Revenue to Counties (074) is \$160,000,000 each year of the biennium.

The Association of Arkansas Counties is requesting a \$40,000,000 increase for its special revenue appropriation each year of the biennium.

The Executive Recommendation provides for the Association of Arkansas Counties request.

## Appropriation Summary

**Appropriation:** 074 - Special Revenue to Counties

**Funding Sources:** MLC - County Aid Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	96,386,839	160,000,000	160,000,000	160,000,000	200,000,000	200,000,000	160,000,000	200,000,000	200,000,000
Total		96,386,839	160,000,000	160,000,000	160,000,000	200,000,000	200,000,000	160,000,000	200,000,000	200,000,000
<b>Funding Sources</b>										
Special Revenue	4000030	96,386,839	160,000,000		160,000,000	200,000,000	200,000,000	160,000,000	200,000,000	200,000,000
Total Funding		96,386,839	160,000,000		160,000,000	200,000,000	200,000,000	160,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		96,386,839	160,000,000		160,000,000	200,000,000	200,000,000	160,000,000	200,000,000	200,000,000

## Change Level by Appropriation

**Appropriation:** 074 - Special Revenue to Counties  
**Funding Sources:** MLC - County Aid Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>160,000,000</b>	<b>0</b>	<b>160,000,000</b>	<b>100.0</b>	<b>160,000,000</b>	<b>0</b>	<b>160,000,000</b>	<b>100.0</b>
C01	Existing Program	40,000,000	0	200,000,000	125.0	40,000,000	0	200,000,000	125.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>160,000,000</b>	<b>0</b>	<b>160,000,000</b>	<b>100.0</b>	<b>160,000,000</b>	<b>0</b>	<b>160,000,000</b>	<b>100.0</b>
C01	Existing Program	40,000,000	0	200,000,000	125.0	40,000,000	0	200,000,000	125.0

### Justification

C01	The street turnback (special revenue) appropriation which is funded by receiving a 15% allocation of revenues through the highway distribution law should be increased by \$40 million to \$200 million if Amendment #I is approved in the November 2012 election.
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## **Analysis of Budget Request**

**Appropriation:** 190 - Mineral Lease

**Funding Sources:** MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute monies received from the federal government to those counties to which such monies are allocated by law.

The Association of Arkansas Counties requests Base Level for the 2013-2015 biennium.

The Executive Recommendation provides for the Association of Arkansas Counties request.

# Appropriation Summary

**Appropriation:** 190 - Mineral Lease  
**Funding Sources:** MLC - County Aid Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	9,862,367	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total		9,862,367	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	9,862,367	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding		9,862,367	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		9,862,367	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

## **Analysis of Budget Request**

**Appropriation:** 738 - Real Property Tax Reduction-Counties

**Funding Sources:** TPR - Property Tax Relief Trust

Amendment 79 to the Arkansas Constitution proposed limiting the increase in the assessed value of a taxpayer's real property after a countywide reappraisal and a required property tax credit of at least three hundred dollars (\$300) on homestead property. This amendment was adopted at the November 2000 general election and became effective January 1, 2001.

This appropriation provides spending authority for the Treasurer's Office to distribute special revenue to counties based upon a property tax reduction.

The Association of Arkansas Counties requests Base Level for the 2013-2015 biennium.

The Executive Recommendation provides for the Association of Arkansas Counties request.

## Appropriation Summary

**Appropriation:** 738 - Real Property Tax Reduction-Counties

**Funding Sources:** TPR - Property Tax Relief Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	218,502,772	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
<b>Total</b>	<b>218,502,772</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	218,502,772	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
<b>Total Funding</b>	<b>218,502,772</b>	<b>250,000,000</b>		<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>218,502,772</b>	<b>250,000,000</b>		<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 738A - Property Tax Relief - Counties

**Funding Sources:** TPR - Property Tax Relief Trust Fund

Amendment 79 to the Arkansas Constitution proposed limiting the increase in the assessed value of a taxpayer's real property after a countywide reappraisal and a required property tax credit of at least three hundred dollars (\$300) on homestead property. This amendment was adopted at the November 2000 general election and became effective January 1, 2001.

Beginning with Act 1268 of 2007, this appropriation provides additional spending authority for the Treasurer's Office to distribute surplus property tax reduction special revenue to counties, contingent upon available funding.

The Association of Arkansas Counties requests Base Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request for appropriation with \$2,000,000 in funding from the Property Tax Relief Trust Fund. Use of this appropriation is contingent on availability of funding.

# Appropriation Summary

**Appropriation:** 738A - Property Tax Relief - Counties

**Funding Sources:** TPR - Property Tax Relief Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
<b>Total</b>	<b>4,000,000</b>								
<b>Funding Sources</b>									
Trust Fund 4000050	4,000,000	4,000,000		4,000,000	4,000,000	2,000,000	4,000,000	4,000,000	2,000,000
<b>Total Funding</b>	<b>4,000,000</b>	<b>4,000,000</b>		<b>4,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	2,000,000	0	0	2,000,000
<b>Grand Total</b>	<b>4,000,000</b>	<b>4,000,000</b>		<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>