

# COUNTY AID

## Enabling Laws

Act 265 of 2014  
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 2014 would have been \$48,720,088 instead of the current \$25,645,067 (\$21,645,067 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:

<b><u>County General Revenue Aid</u></b>	
• Annual Gross General Revenue Funding	\$ 21,645,067.00
• 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	\$ 17,905,445.72
• Per Capita Funding (Net Available Divided by County Population = \$17,905,445.72 / 2,915,918 = \$6.14 per capita)	<b>\$6.14</b>

This per capita number has dropped 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

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 2015/2016 biennium at present levels with an additional request as follows: Act 1044 of 1999 began a shift of deputy prosecutor salaries from county government to the state. However, at present the county general turnback is reduced by \$5,459,621.28 per year, reducing the net turnback received by our counties by over 25%. Within act 1044 it is stated that 'it is the intent of the General Assembly, in the transition to a state-funded deputy prosecuting attorney system, to provide an appropriate and adequate level of legal representation through deputy prosecuting attorneys in all areas of the state'. We therefore will respectfully request that the state continue the transition to a state-funded deputy prosecuting attorney system through state funding, in full, of the deputy prosecutor salaries.

Also, there was \$4,000,000 approved in the last budget cycle for reimbursement to counties out of the surplus in the Property Tax Relief Fund. However, this was funded at only \$2,000,000. We request that the funding for this be restored to the \$4,000,000 if property tax relief funds exist to support this increase.

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 2016</b>	<b>\$25,645,067</b>
<b>FY 2017</b>	<b>\$25,645,067</b>

Finally, the county road turnback (special revenue) appropriation is funded by receiving a 15% allocation of revenues through the highway distribution law. We request that this base level budget of \$200,000,000 remain the same for both years.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
COUNTY AID

Findings

Recommendations

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

## State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

## Publications

### **A.C.A. 25-1-201 et seq.**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	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	16,569,221	0	21,645,067	0	21,645,067	0	21,645,067	0	21,645,067	0	21,645,067	0	21,645,067	0	21,645,067	0	21,645,067	0
074 Special Revenue to Counties	129,931,960	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
190 Mineral Lease	7,732,590	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	231,930,975	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	2,000,000	0	2,000,000	0	4,000,000	0	2,000,000	0	4,000,000	0	2,000,000	0	2,000,000	0	4,000,000	0	2,000,000	0
<b>Total</b>	<b>388,164,746</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>	<b>493,645,067</b>	<b>0</b>

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	16,569,221	4.3	21,645,067	4.4	21,645,067	4.4	21,645,067	4.4	21,645,067	4.4	21,645,067	4.4	21,645,067	4.4	21,645,067	4.4	
Federal Revenue	4000020	7,732,590	2.0	20,000,000	4.1	20,000,000	4.1	20,000,000	4.0	20,000,000	4.1	20,000,000	4.1	20,000,000	4.0	20,000,000	4.1	
Special Revenue	4000030	129,931,960	33.5	200,000,000	40.5	200,000,000	40.5	200,000,000	40.4	200,000,000	40.5	200,000,000	40.5	200,000,000	40.4	200,000,000	40.5	
Trust Fund	4000050	233,930,975	60.3	252,000,000	51.0	252,000,000	51.0	254,000,000	51.2	252,000,000	51.0	252,000,000	51.0	254,000,000	51.2	252,000,000	51.0	
<b>Total Funds</b>		<b>388,164,746</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	<b>493,645,067</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		0		0		0		0		0		0		0		0		
<b>Grand Total</b>		<b>388,164,746</b>		<b>493,645,067</b>		<b>493,645,067</b>		<b>493,645,067</b>		<b>493,645,067</b>		<b>493,645,067</b>		<b>493,645,067</b>		<b>493,645,067</b>		

## Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 \$21,645,067 for each year of the biennium.

The Association requests Base Level.

The Executive Recommendation provides for the Association's request.

## 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	16,569,221	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067
Total		16,569,221	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067
<b>Funding Sources</b>										
General Revenue	4000010	16,569,221	21,645,067		21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067
Total Funding		16,569,221	21,645,067		21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		16,569,221	21,645,067		21,645,067	21,645,067	21,645,067	21,645,067	21,645,067	21,645,067



**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2014 TO FISCAL YEAR 2015**

Agency: County Aid, Treasurer of State

Program: General Revenue to Counties

Act #: 927 Section(s) #: 3 & 12

Estimated Carry Forward Amount \$ 0.00 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:**

No Carry Forward.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward funding:**

All funding was spent in FY2014.

Chris Villines

Director

08-19-2014

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 \$200,000,000 each year of the biennium.

The Association requests Base Level.

The Executive Recommendation provides for the Association's 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	129,931,960	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total		129,931,960	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
<b>Funding Sources</b>										
Special Revenue	4000030	129,931,960	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding		129,931,960	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		129,931,960	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

## **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 requests Base Level of \$20,000,000 for each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Association's request.

## Appropriation Summary

**Appropriation:** 190 - Mineral Lease

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	7,732,590	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		7,732,590	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	7,732,590	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding		7,732,590	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		7,732,590	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 requests Base Level of \$250,000,000 for each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Association's 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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	231,930,975	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>	231,930,975	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>Funding Sources</b>									
Trust Fund 4000050	231,930,975	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>	231,930,975	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	231,930,975	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000

## **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.

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

Base Level for this appropriation is \$2,000,000 for each year of the biennium.

The Association requests \$4,000,000 in appropriation and funding for each year of the 2015-2017 Biennium.

The Executive Recommendation provides for Base Level.



# 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	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	2,000,000	2,000,000	4,000,000	2,000,000	4,000,000	2,000,000	2,000,000	4,000,000	2,000,000
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	2,000,000	2,000,000		2,000,000	4,000,000	2,000,000	2,000,000	4,000,000	2,000,000
<b>Total Funding</b>	<b>2,000,000</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,000,000</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>

## Change Level by Appropriation

**Appropriation:** 738A - Property Tax Relief - Counties  
**Funding Sources:** TPR - Property Tax Relief Trust Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	4,000,000	200.0	2,000,000	0	4,000,000	200.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>
C01	Existing Program	0	0	2,000,000	100.0	0	0	2,000,000	100.0