

2012 ECONOMIC REPORT FOR MOUNTAIN HOME AND BAXTER COUNTY

2012 SUMMARY

The 2010 census indicated the population of Baxter County at 41,513, an 8% increase from the 2000 census; and Mountain Home's population was 12,448, a 13.4% increase over 2000. Baxter County is now ranked 12th in population in the state, and a recent study done by the Robert Wood Johnson Foundation ranked Baxter County the 12th "Healthiest" county out of 75 in Arkansas. Outdoor Life Magazine rated Baxter County the 7th best "Outdoor Activity Area" in the nation. Field and Stream ranked Mountain Home the 2nd "Best Fishing Town in America". Baxter County is primarily thought of as a retirement community, but with only 48.2% of its residents over the age of 65, it is becoming a destination for people of all ages wanting to find a quieter way of life. Yet, the Twin Lakes area still has many of the amenities found in larger areas. Baxter County welcomed 98 new businesses to the area in 2012. It is North Central Arkansas's shopping hub with people from a 7 county area coming here to shop. With over 844,000 people visiting the Twin Lakes area annually, it is also a tourist destination.

The assessed value of property in Baxter County decreased 1% in 2012.

Real estate sales in 2012 (according to the Multiple Listing Service) increased 1.13% from sales in 2011.

In 2012, motor vehicle registration in Baxter County was at 59,165 vehicles. This is an increase of 207 over 2011.

In December 2012, Baxter County had an unemployment rate of 7.4% with an average rate of 8.6% for the year. The Arkansas unemployment rate for 2012 was at 7.3%, while the national rate ended the year at 8.1%.

Local tax receipts generated by tourism in Baxter County are currently \$3.53 million.

NATIONAL ECONOMY

Set forth below are actual, estimated, and forecasted data with respect to inflation, gross domestic product, and unemployment for the nation:

(Insert tables)
Inflation

2009 2.6% - 2010 1.50% - 2011 3.2% - 2012 1.59% - 2013 1.7%(projected)

Gross Domestic Product

2009 -2.4% 2010 3.2% - 2011 1.7% - 2012 3.1% - 2013 2%(projected)

Unemployment Rate

2009 10% - 2010 9.1% - 2011 8.9 – 2012 8.1 – 2013 7.4 (projected)

MOUNTAIN HOME AND BAXTER COUNTY ECONOMY

Mountain Home is located in Baxter County, which is in north central Arkansas in the Ozark Mountains. The city is located 150 miles north of Little Rock, Arkansas, and 110 miles southeast of Springfield, Missouri.

The following table sets forth the population trends for the city and county since 1990.

| <u>Year</u> | <u>City</u> | <u>County</u> |
|-------------|-------------|---------------|
| 1990 | 9,027 | 31,186 |
| 1995 | 10,010 | 35,666 |
| 1997 | 10,150 | 36,578 |
| 2000 | 11,012 | 38,386 |
| 2010 | 12,448 | 41,513 |

Mountain Home is served by U.S. Highway 62/412 and Arkansas State Highways 5 and 201. The city is served by Baxter County Airport, which sits on 338 acres on State Highway 126 near Midway. It features a paved, lighted 5,000-foot runway and a 6,800- square-foot terminal. The airport has 46 hangers. The local Chapter of the Civil Air Patrol has 50 volunteers and one on-site aircraft. It provides training for cadets and emergency assistance throughout northern Arkansas.

The city operates under the mayor-city council form of government. The Mayor serves a four-year term, while members of the City Council serve two-year terms. The City Council consists of eight aldermen whose current terms will expire December 31, 2014. Mayor David Osmon’s term will expire December 31, 2014. The current city budget is \$25.3 million.

Baxter County is served by Baxter Regional Medical Center. The hospital has a total of 268 beds and serves patients from 14 counties. The hospital has a staff of over 100 physicians representing 33 specialties, 9 dentists, approximately 1400 employees and more than 500 active volunteers. It provides services ranging from Home Health to Open Heart Surgery. Baxter Regional Medical Center also has four community houses; the Peitz Cancer Support House; the

Schliemans Center for Women's Health Education; Mruk Family Center on Aging; and the Reppell Diabetes Learning Center. All of these houses provide outreach programs to the surrounding community with over 95% of the services provided for free.

Baxter County is served by three school districts: Cotter, Norfolk and Mountain Home schools.

The Cotter School District covers thirty-five square miles in Western Baxter County, including the cities of Cotter, Gassville and the outlying area. Cotter Schools provide a comprehensive academic educational program for students in grades kindergarten through twelve that complies with the Standards for Accreditation as established by the Arkansas State Board of Education. The enrollment for Cotter School District is approximately 648 students, 70% of which are eligible for free or reduced priced meals. An additional 40 students are enrolled in the ABC and Head Start pre-school programs at Cotter. Cotter Schools employs 59 certified staff, 42 support staff, and runs 8 bus routes. Student test scores have continued to improve over recent years, specifically in elementary math, elementary science, Jr. High math, algebra, and career and technical education. Results of the Arkansas Benchmark Examination of the 2011-2012 school year showed Cotter students to be at or above the state average in all but one math and literacy exams, and above the state average on all but one science exam. Students who are not proficient on benchmark exams are provided remedial instruction. Cotter Public Schools offers an opportunity for a strong academic education with Advanced Placement offerings in all four of the core academic disciplines. The graduating seniors of 2012 were eligible for approximately \$1.2 million in academic scholarships for post-secondary education programs. The junior high school Governor's Academic Quiz Bowl Competition team from Cotter finished first in the region for the 2011-2012 school year. The schools also offer a variety of extra-curricular and athletic programs that help develop well-rounded students. The district's FBLA and FFA chapters are very competitive in district and state competitions each year. The Amanda Gist Elementary School has been recognized as a "Break the Mold" school due to the high academic performance of its students on state benchmark exams, and the district's facilities have been deemed to be well-maintained and in overall good condition by the Arkansas Division of School Facilities and Transportation.

Cotter Schools are leaders in North Central Arkansas in the field of technology. Cotter High School is the first school in the Twin Lakes Region to provide each student with his/her own technology device. Beginning with the 2012-13 school year all students in grades 7-12 were provided with an iPad 2 and all buildings within the district are equipped with WIFI capabilities. The elementary school currently has approximately one iPad for every three students and that number is increasing each year.

The Norfolk school district is located in southern Baxter County and serves Norfolk and the outlying areas. The Norfolk School is North Central Accredited.

The Mountain Home School District Mission Statement is "Committed to Excellence in

Education, Every Student-Every Time”. The Mountain Home School District is the largest in the area and is fully accredited by North Central Association. In December 2011, the district became accredited by AdvancED. Schools must apply and meet rigorous standards to become a member of this association. There are seven campuses in the district, including a separate kindergarten building, a high school, junior high, middle school, two elementary sites, and the Guy Berry College and Career Academy, an alternative learning environment. The Mountain Home High School Career Academies’ learning model is built around rigorous and relevant curriculum that effectively prepares students for college and careers. The model focuses on collaboration among school, business, and community. The high school received national attention when all three academies were designated model academies by the National Career Academy Coalition. The district maintains the highest educational goals for the children of the community. Mountain Home students are in the upper 20% of academic achievement in the State of Arkansas

Arkansas State University-Mountain Home Campus continues to experience growth in scholarship distributions, budget, and number of full-time employees. The school’s budget for 2012-2013 is \$10,353,000. The fall enrollment for 2012 was 1,413 students, which is virtually the same as the fall of 2011. Through their affiliation with the main campus in Jonesboro, it is possible to earn a bachelor and master’s degree at ASU Mountain Home. There are 227 students enrolled in the Jonesboro program attending classes at the Mountain Home Campus.

The Mountain Home area enjoys a well-balanced economy consisting of six main components:

- A diverse base of employers, including manufacturing
- A strong retail market attracting customers from seven surrounding counties
- A nationally known tourism market
- A stable, relatively affluent retiree/senior population
- A regional provider of healthcare services
- A progressive network of telecommunication and transportation services

The major employers within Baxter County are set forth below:

| <u>Employer</u> | <u>Employees</u> |
|---|-------------------------|
| Tourism industry | 2,084 |
| Baxter Regional Medical Center | 1,450 |
| Baxter Healthcare Corp. | 870 |
| Long Term Health Care / Assisted living | 604 |
| Mountain Home Public Schools | 510 |
| Wal-Mart | 408 |
| Eaton/Aeroquip | 370 |
| Banking Industry | 260 |
| Baxter County | 225 |
| ASU Mountain Home | 190 |
| City of Mountain Home | 172 |
| Lowe's | 150 |

There are currently eleven banks with offices in Mountain Home. They are: First Security Bank; First Federal Bank; Integrity First Bank; Liberty Bank; Arvest Bank; Bank of America; US Bank; Bank of the Ozarks; First Community National Bank; First National Banking Company, and Twin Lakes Community Bank. These banks had the following combined deposits in Baxter County for the following years.

| <u>Year</u> | <u>Total Deposits</u> | <u>Number of banks</u> |
|-------------|-----------------------|------------------------|
| 2008 | \$915,204,000 | 11 |
| 2009 | \$965,543,000 | 11 |
| 2010 | \$956,543,000 | 11 |
| 2011 | \$938,570,000 | 11 |
| 2012 | \$932,965,000 | 11 |

Baxter County has a civilian labor force of 16,825. Of that population, 85.9% are high school graduates and 17.7% are college graduates. The most recent per capita personal income is \$20,372 with the median Family income currently at \$40,257, Baxter County ranks 28th in the state. In 2012 Mountain Home issued 1,013 business licenses. In 2012 Baxter County’s 1% sales tax brought in \$5,741,318.

Listed below are the number of parcels and the value of real estate sold through the MLS in Baxter County area for the last three year:

| <u>Year</u> | <u>Number of Parcels</u> | <u>Value</u> |
|-------------|--------------------------|--------------|
| 2010 | 626 | 76,879,710 |
| 2011 | 618 | 76,792,973 |
| 2012 | 741 | 86,071,964 |

The City of Mountain Home issued the following number of building permits in the last five years: (These figures do not include structures other than buildings. Additions, remodeling projects, garages and carports are not included)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------------------------------|-------------|--------------|-------------|-------------|-------------|
| <u>Single-Family Residences</u> | 10 | 11 | 6 | 0 | 5 |
| <u>Multi-Family Units</u> | 0 | 0 | 1 | 0 | 0 |
| <u>Non-Residential Building</u> | 11 | 9 | 11 | 4 | 3 |
| <u>Totals</u> | 21 | 20 | 18 | 4 | 8 |
| <u>Value of All Building Permits</u> | \$8,873,623 | \$34,935,951 | \$9,784,593 | \$1,969,620 | \$4,199,475 |

The assessed valuation of real and personal taxable property in Baxter County for the last five years:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2008 | \$617,930,171 |
| 2009 | \$645,201,078 |
| 2010 | \$705,561,324 |
| 2011 | \$776,521,292 |
| 2012 | \$726,114,340 |

Sales and use tax distributions breakdown for Baxter County's 1% tax for the last five years:

| <u>Year</u> | <u>MH share</u> | <u>Other cities</u> | <u>Baxter Co</u> | <u>Total</u> |
|-------------|-----------------|---------------------|------------------|--------------|
| 2008 | 1,755,982 | 742,287 | 3,622,790 | 6,121,063 |
| 2009 | 1,750,520 | 739,977 | 3,611,521 | 6,102,022 |
| 2010 | 1,687,803 | 713,466 | 3,482,128 | 5,883,401 |
| 2011 | 1,741,065 | 713,782 | 3,371,777 | 5,826,624 |
| 2012 | 1,721,580 | 703,953 | 3,315,785 | 5,741,318 |

Sales tax generated by the 1% Mountain Home sales tax for the last five years:

| <u>Year</u> | <u>Mountain Home</u> |
|-------------|----------------------|
| 2008 | 4,341,603 |
| 2009 | 4,356,882 |
| 2010 | 4,097,768 |
| 2011 | 4,108,743 |
| 2012 | 4,200,079 |

Unemployment percentage rates for Baxter County since 2007, based on fourth quarter figures:

| <u>Year</u> | <u>Rate</u> |
|-------------|-------------|
| 2008 | 5.7 |
| 2009 | 8.3 |
| 2010 | 8.8 |
| 2011 | 9.9 |
| 2012 | 7.4 |

Motor vehicle registrations in Baxter County for the past three years:

| <u>Year</u> | <u>Vehicles Registered</u> |
|-------------|----------------------------|
| 2010 | 58,119 |
| 2011 | 58,958 |

2012

59,165

Tourist travel expenditures in Baxter County for the past five years:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2008 | \$191,865,672 |
| 2009 | \$195,518,855 |
| 2010 | \$194,061,740 |
| 2011 | \$191,011,598 |
| 2012 | \$191,079,852 |

Travel generated local tax receipts in Baxter County from 2008 through 2012:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2008 | \$3,539,212 |
| 2009 | \$3,602,309 |
| 2010 | \$3,578,099 |
| 2011 | \$3,525,536 |
| 2012 | \$3,528,935 |

The number of tourists that visited Baxter County from 2008 through 2012:

| <u>Year</u> | <u>Number of Visitors</u> |
|-------------|-------------------------------|
| 2008 | 896,214 |
| 2009 | 907,407 |
| 2010 | 886,449 |
| 2011 | 844,894 |
| 2012 | 828,093 |

Jobs generated by tourism in Baxter County from 2008 through 2012:

| <u>Year</u> | <u>Number of Jobs</u> |
|-------------|---------------------------|
| 2008 | 2,170 |
| 2009 | 2,180 |
| 2010 | 2,155 |
| 2011 | 2,105 |
| 2012 | 2,084 |