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# How Alabama City Finances Compare

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## INTRODUCTION

Since 1989, the Public Affairs Research Council of Alabama (PARCA) has periodically compiled financial comparisons for Alabama's largest cities.

This report, the ninth in that series, provides basic information on municipal revenues, expenditures, and general fund balances. The comparisons are in per capita amounts (dollars divided by resident population) so that cities of differing populations can be compared easily with one another. We believe the information can be valuable for city officials to use in benchmarking with their peers and for citizens to see how their municipality ranks financially among comparable cities within the state. Data and interactive visualizations for this report are available at <http://tinyurl.com/parcacities2014>.

PARCA seeks to obtain information from the largest cities in the state, generally those over 20,000 in population, in sufficient detail to allow an "apples-to-apples" comparison. Providing this information requires considerable effort on the part of city financial administrators, and we are grateful for their continuing cooperation. This edition of the report includes data on 22 cities. The comparisons include data on revenues, expenditures, long-term debt outstanding at year-end, and year-end fund balances for the fiscal year ending September 30, 2014.\* A summary table is included as Appendix A, and notes regarding the data are included in Appendix B.

### THE CITIES

Anniston	Dothan	Hoover	Phenix City
Athens	Enterprise	Madison	Prattville
Auburn	Florence	Mobile	Tuscaloosa
Bessemer	Gadsden	Montgomery	Vestavia Hills
Birmingham	Huntsville	Mountain Brook	
Decatur	Homewood	Opelika	

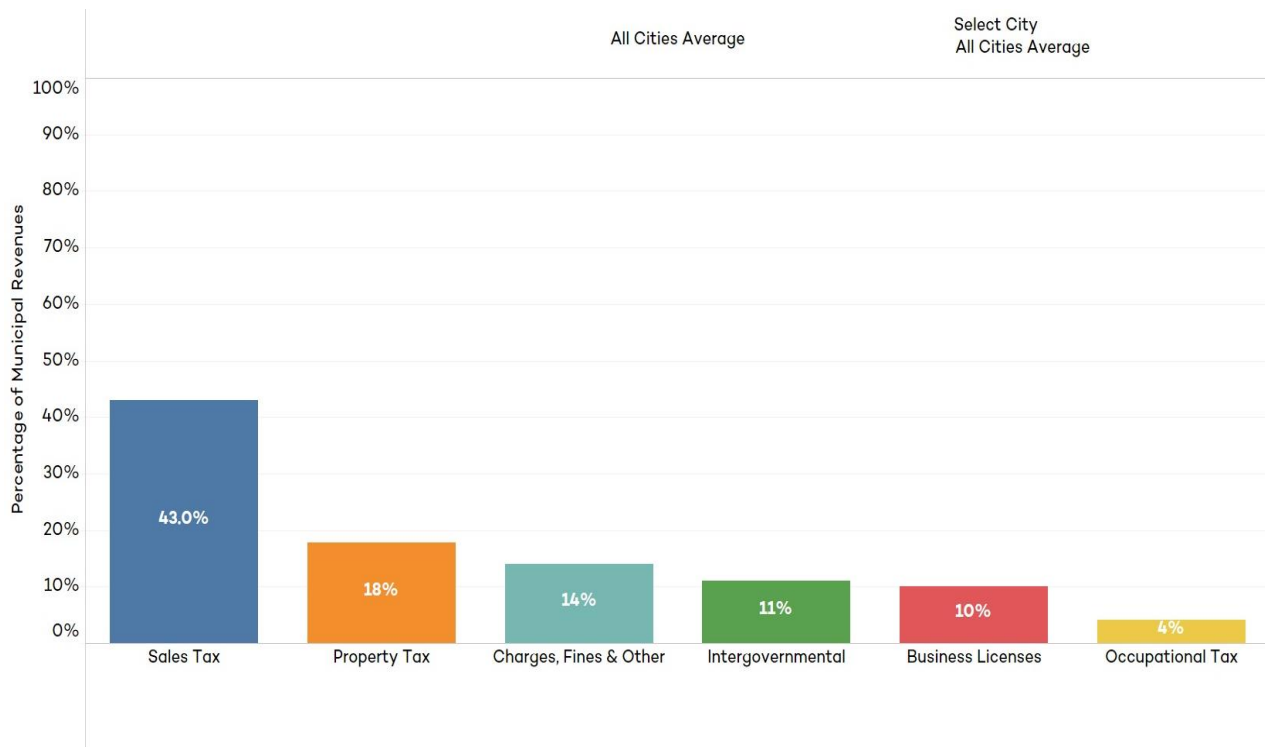
\*September 30, 2014, was the most recent year all financial reports were available for all 22 cities.

# Revenue Comparisons

## REVENUE COMPARISONS

Chart 1 provides a description of the revenue sources of the 22 cities in the study. The revenues measured are governmental and include only transfers from proprietary sources, as explained in Appendix B. The general pattern has been very stable over time, though the Great Recession took a bite out of municipal finances, which was noted in our [2012 report](#). For this reason, we benchmark some indicators with their 2008 levels, prior to the impact of the Great Recession, as shown in our [2010 report](#).

*Chart 1. Percent of Revenue by Source*



Sales taxes were the largest source of revenue, at \$676 per capita, for these cities. Sales taxes were 40% of 2008 revenues for these cities, a slight rebound after a sharp drop from 45% in 2000 to 40% in 2008. Generally, such a pattern reflects the cyclical nature of sales tax revenues that rise and fall with business activity.

## REVENUE COMPARISONS

Property taxes ranked second, at \$280 per capita and 18% of 2014 revenues, up from 16% in 2008, followed closely by revenues from fees, fines, and other sources and by intergovernmental revenues. Occupational taxes on salaries and wages were a major revenue source in six cities, but are not levied by the other cities.

*Chart 2. Revenue Mix*

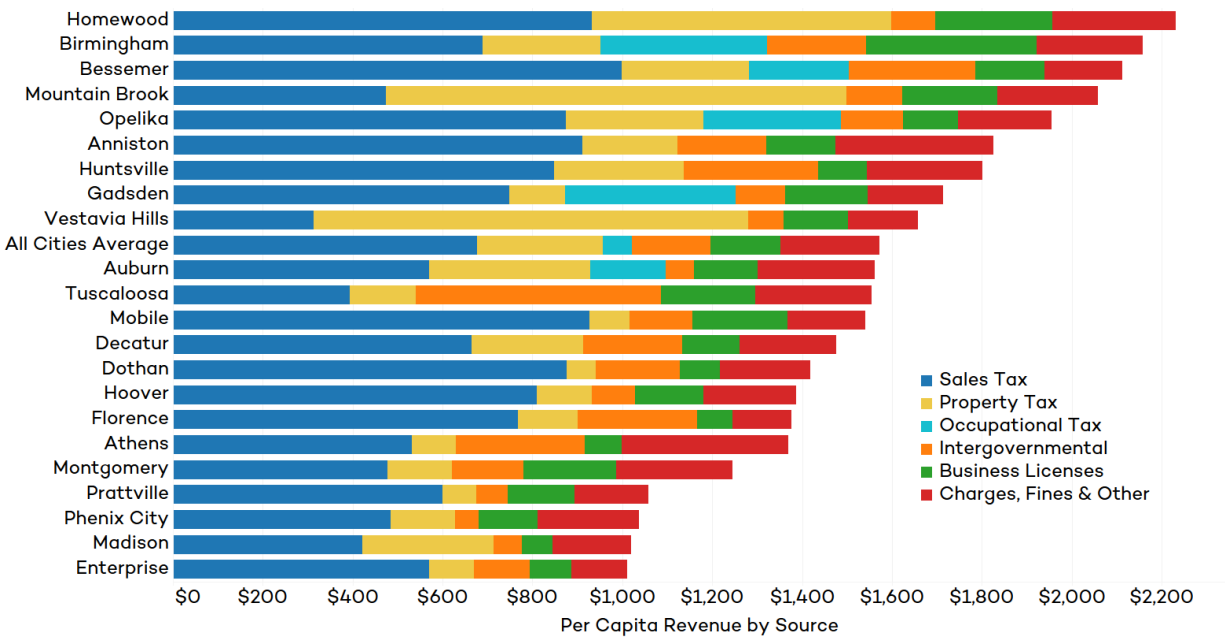


Chart 2 shows the revenue sources for each of the 22 cities, ranked from highest to lowest by total revenues. Sales taxes predominate in most of the cities. However, there are a few exceptions to the pattern of sales tax dominance. Four Birmingham-area cities collect substantial property tax revenues: Homewood, Mountain Brook, Vestavia Hills, and Hoover. Four cities levy occupational taxes that allow a more balanced revenue structure: Birmingham, Opelika, Gadsden, and Auburn. While Tuscaloosa continues to have an exceptionally large percentage of intergovernmental revenues due to a shared sales tax, Huntsville, at \$298 per capita, now surpasses Athens, at \$287 per capita. Bessemer and Florence follow close behind at \$282 and \$265, respectively.

## REVENUE COMPARISONS

Table 1 shows the relative ranking of every city by revenue source, providing a more complete explanation of the differences shown in Chart 2. A rank of "1" denotes the highest revenues per capita in each category, and a rank of "22" denotes the lowest. The cities are arranged according to their per capita ranking on total revenues.

**TABLE 1** **Rank in Per Capita Taxes**

<b>City</b>	<b>All Revenues</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Business Licenses</b>	<b>Occupational Tax</b>	<b>Fee, Fines &amp; Other</b>	<b>Intergovernmental</b>
<b>Homewood</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>		<b>3</b>	<b>16</b>
<b>Birmingham</b>	<b>2</b>	<b>11</b>	<b>9</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>6</b>
<b>Bessemer</b>	<b>3</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>17</b>	<b>4</b>
<b>Mt. Brook</b>	<b>4</b>	<b>19</b>	<b>1</b>	<b>3</b>		<b>10</b>	<b>14</b>
<b>Opelika</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>16</b>	<b>3</b>	<b>12</b>	<b>12</b>
<b>Anniston</b>	<b>6</b>	<b>4</b>	<b>11</b>	<b>9</b>		<b>2</b>	<b>8</b>
<b>Huntsville</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>17</b>		<b>6</b>	<b>2</b>
<b>Gadsden</b>	<b>8</b>	<b>10</b>	<b>16</b>	<b>7</b>	<b>1</b>	<b>18</b>	<b>15</b>
<b>Vestavia Hills</b>	<b>9</b>	<b>22</b>	<b>2</b>	<b>12</b>		<b>20</b>	<b>18</b>
<b>Auburn</b>	<b>10</b>	<b>15</b>	<b>4</b>	<b>13</b>	<b>5</b>	<b>4</b>	<b>21</b>
<b>Tuscaloosa</b>	<b>11</b>	<b>21</b>	<b>12</b>	<b>5</b>		<b>5</b>	<b>1</b>
<b>Mobile</b>	<b>12</b>	<b>3</b>	<b>20</b>	<b>4</b>		<b>16</b>	<b>11</b>
<b>Decatur</b>	<b>13</b>	<b>12</b>	<b>10</b>	<b>15</b>		<b>11</b>	<b>7</b>
<b>Dothan</b>	<b>14</b>	<b>5</b>	<b>22</b>	<b>19</b>		<b>14</b>	<b>9</b>
<b>Hoover</b>	<b>15</b>	<b>8</b>	<b>17</b>	<b>10</b>		<b>13</b>	<b>17</b>
<b>Florence</b>	<b>16</b>	<b>9</b>	<b>15</b>	<b>21</b>		<b>21</b>	<b>5</b>
<b>Athens</b>	<b>17</b>	<b>16</b>	<b>19</b>	<b>20</b>		<b>1</b>	<b>3</b>
<b>Montgomery</b>	<b>18</b>	<b>18</b>	<b>13</b>	<b>6</b>		<b>7</b>	<b>10</b>
<b>Prattville</b>	<b>19</b>	<b>13</b>	<b>21</b>	<b>11</b>		<b>19</b>	<b>19</b>
<b>Phenix City</b>	<b>20</b>	<b>17</b>	<b>14</b>	<b>14</b>		<b>9</b>	<b>22</b>
<b>Madison</b>	<b>21</b>	<b>20</b>	<b>6</b>	<b>22</b>		<b>15</b>	<b>20</b>
<b>Enterprise</b>	<b>22</b>	<b>14</b>	<b>18</b>	<b>18</b>		<b>22</b>	<b>13</b>

The cities at the top of the table are high in property tax ranking. Except for the "over-the-mountain" suburbs of Birmingham, they also are high in the sales tax ranking. Cities with occupational taxes also tend to be at the top of the table. The cities in the middle of the table tend to rank high in one or two categories but low in other revenue sources. For example, Athens ranks high in intergovernmental and fee-fine-other revenues but low in other areas. Tuscaloosa is high in intergovernmental revenues and business license revenues but low in other areas. The cities at the bottom of the table, with a few exceptions, tend to rank low across the board.

Tables 2-6 break down each of the major revenue sources to show the amount of money raised, the percentage of revenue obtained from that source (the "reliance" on that source), the tax rate, and the size of the tax base, defined here as revenue divided by tax rate. These tables

## REVENUE COMPARISONS

indicate the various ways in which the 22 cities achieve their revenue rankings, which stem in part from the tax rate and in part from the tax base. They also provide information on the overall diversification of the cities' revenue sources.

### SALES TAX

Table 2 compares city sales taxes. The figures exclude revenues from taxes on particular kinds of transactions, such as rental/lease taxes. The cities are arranged according to the per capita amount of revenue raised by the general sales tax, shown in the first column of data.

#### General Sales Tax Points of Interest:

- The most common sales tax rate was 4%, up from 3% in 2008.
- Ten cities had a sales tax rate of 4%, up from 5 cities in 2008.
- Two cities had a tax rate below 2%, down from 5% in 2008.
- The top three cities raised more than twice as much revenue per capita as the bottom three.
- Somewhat surprisingly, Bessemer surpassed Homewood in sales tax revenue per capita.
- The median per capita yield was \$677, up from \$600 in 2010 and \$535 in 2008.
- Dothan, Mobile, Alabaster, and Enterprise raised over half of all revenues from sales tax.
- Dothan, at 62%, continued to rely on general sales tax revenue more than any other city.
- Six cities raised 33% or less of total revenue from sales tax, with Vestavia Hills lowest at 18%.
- The median for sales tax reliance was 45% of revenues in 2014, up from 43% in 2008.

City	2014 Tax Revenue Per Capita	Percent of 2014 Revenue	Tax Rate 2014	2014 Revenue Per Percent Per Capita
Bessemer	\$ 998	47%	4.00%	\$ 249
Homewood	931	42%	2.00%	310
Mobile	927	60%	4.00%	232
Anniston	911	50%	4.00%	228
Dothan	876	62%	4.00%	219
Opelika	875	45%	4.00%	219
Huntsville	849	47%	3.50%	243
Hoover	809	58%	3.00%	270
Florence	768	56%	3.50%	219
Gadsden	749	44%	4.00%	187
Birmingham	689	32%	4.00%	172
Decatur	664	45%	4.00%	166
Prattville	600	57%	4.00%	171
Enterprise	570	56%	4.00%	163
Auburn	569	36%	4.00%	142
Athens	531	39%	3.00%	266
Phenix City	485	47%	3.75%	129
Montgomery	477	38%	3.50%	136
Mt. Brook	473	23%	3.00%	158
Madison	422	41%	3.50%	121
Tuscaloosa	393	25%	2.00%	197
Vestavia Hls.	313	19%	3.50%	104

## REVENUE COMPARISONS

- The median yield per capita of each percent of tax was \$192, up from \$172 in 2008.
- Homewood retained the largest sales tax base but raised less per capita for each percent of tax rate at \$310, down from \$332 in 2008.
- Vestavia Hills had the lowest sales tax yield per capita at \$104.

### PROPERTY TAX

Table 3 compares property tax revenue per capita for the 22 cities.

The data include all city millages used to support municipal operations; they also include city mills that were earmarked for school purposes in the 15 cities that have such levies, indicated in the table by asterisks.<sup>1</sup>

These figures do not include state, county, or separate school system millages.

Cities are arranged by the amount of property tax revenue raised, shown in the first column.

#### Property Tax Points of Interest:

- The median tax rate was 19.5 mills, up from 18.8 in 2010 and 17.5 2008
- Only 10 cities had tax rates over 20 mills.
- The median for property tax reliance is 14%.

**Table 3**

		PROPERTY TAX REVENUE		
City	2014 Tax Revenue Per Capita	Percent of 2014 Revenue	Tax Mills 2014	2014 Revenue Per Mill Per Capita
Mt. Brook*	\$ 1,026	50%	36.70	\$ 27.95
Vestavia Hls.*	966	58%	49.30	19.60
Homewood*	666	30%	31.50	21.15
Auburn*	359	23%	26.00	13.82
Opelika*	306	16%	26.00	11.76
Madison*	291	29%	24.00	12.14
Huntsville*	288	16%	19.50	14.78
Bessemer*	283	13%	40.50	6.99
Birmingham*	263	12%	21.50	12.24
Decatur*	249	17%	18.60	13.39
Anniston*	211	12%	30.00	7.05
Tuscaloosa	147	9%	13.50	10.86
Montgomery	144	12%	12.50	11.54
Phenix City*	142	14%	19.00	7.49
Florence*	133	10%	14.00	9.53
Gadsden*	125	7%	15.00	8.33
Hoover*	123	9%	20.50	5.99
Enterprise	99	10%	17.50	5.68
Athens	99	7%	10.00	9.87
Mobile	88	6%	8.00	11.00
Prattville	76	7%	7.00	10.88
Dothan	65	5%	5.00	13.01

<sup>1</sup> Alabama's local school systems have no independent taxing authority; taxes are levied for them by a city or county government. State law allows property taxes for schools to be levied in one of two ways: (1) as city or county taxes that are earmarked for schools and passed through to the school system; or (2) as school taxes, which are distributed directly to the school system. In some cases, city taxes earmarked for school purposes (type 1 above) are embedded in a city's financial report, and in other cases, not. To be consistent, we have included all city tax millages earmarked for schools in Table 3, adding them into the data when required. No direct school taxes (type 2 above) are included in the table, because the purpose of this table is to compare city finances, not school system finances in these cities.

## REVENUE COMPARISONS

- Only five cities rely on the property tax for more than 20% of revenues.
- Most of the cities raised less than \$300 per capita from property taxes.
- Mountain Brook and Vestavia Hills raise far more revenue per capita from property taxes.
- The median per capita revenue per mill was \$11.63.
- Mountain Brook generated \$27.95 per capita for each mill, up \$0.50 from 2008.

### OCCUPATIONAL TAX

Table 4 shows the four cities that utilize occupational taxes as a revenue source. These are license taxes levied on employers and passed through to their employees working in that city. Cities are arranged in the table by the amount of revenue per capita from the occupational tax.

TABLE 4		OCCUPATIONAL TAX REVENUE			
City	2014 Tax Revenue Per Capita	Percent of 2014 Revenue	Tax Rate 2014	2014 Revenue Per Percent Per Capita	
Gadsden	\$ 378	22%	2.0%	\$ 189	
Birmingham	371	17%	1.0%	371	
Opelika	306	16%	1.5%	204	
Bessemer	223	11%	1.0%	223	
Auburn	168	11%	1.0%	168	

#### Occupational Tax Points of Interest:

- Gadsden levied the highest tax rate, 2%, and collected the most revenue per capita, at \$378.
- Gadsden, Birmingham, and Opelika each raise about 22% of their revenues from this source.
- Birmingham has the largest tax base on a per capita basis, at \$371 for each 1% of tax.

Table 5 compares the intergovernmental revenue flowing into the 22 cities. These funds come mainly from federal and state grants, shared state and local taxes, and transfers from city-operated utility enterprises. The cities are listed in the table according to the amount of revenue per capita from derived intergovernmental sources.

Tuscaloosa, Huntsville, Athens, Bessemer, and Florence were the top five cities for intergovernmental revenues, with utility transfers the major source for all but Tuscaloosa.

## REVENUE COMPARISONS

### INTERGOVERNMENTAL REVENUE

Tuscaloosa showed the largest amount of intergovernmental revenue, at \$546 per capita, down from \$563 per capita in 2008. The sources include a countywide sales tax shared by formula among governmental units in Tuscaloosa County, payments from the city school system for debt service on school improvements, and federal grants. These sources supplied 35% of the city's revenue, which was down from 38% in 2008.

**TABLE 5** INTERGOVERNMENTAL REVENUE

City	2014 Revenue Per Capita	Percent of 2014 Revenue
Tuscaloosa	\$ 546	35%
Huntsville	298	17%
Athens	287	21%
Bessemer	282	13%
Florence	265	19%
Birmingham	221	10%
Decatur	219	15%
Anniston	198	11%
Dothan	187	13%
Montgomery	159	13%
Mobile	141	9%
Opelika	138	7%
Enterprise	126	12%
Mt. Brook	123	6%
Gadsden	111	6%
Homewood	98	4%
Hoover	97	7%
Vestavia Hls.	79	5%
Prattville	70	7%
Madison	64	6%
Auburn	62	4%
Phenix City	54	5%

### BUSINESS LICENSES

Table 6 provides information on the utilization of business licenses as a city revenue source. The amounts shown exclude specific occupational licenses and permits charged for various purposes such as inspections. Those rates vary from one type of business to another.

The median for business licenses was \$143 per capita. Birmingham raised by far the largest amount per capita from this source, at \$380. Homewood, Mountain Brook, Mobile, and Tuscaloosa also raised substantial revenues from business licenses, all exceeding \$200 per capita.

Birmingham and Montgomery showed the heaviest reliance on business licenses, at 18% and 16%, respectively. The median for business license reliance in 2014 was 9% of revenues, and more than half of the cities in the table derived less than 10% of their revenues from this source.

**TABLE 6** GENERAL BUSINESS LICENSES

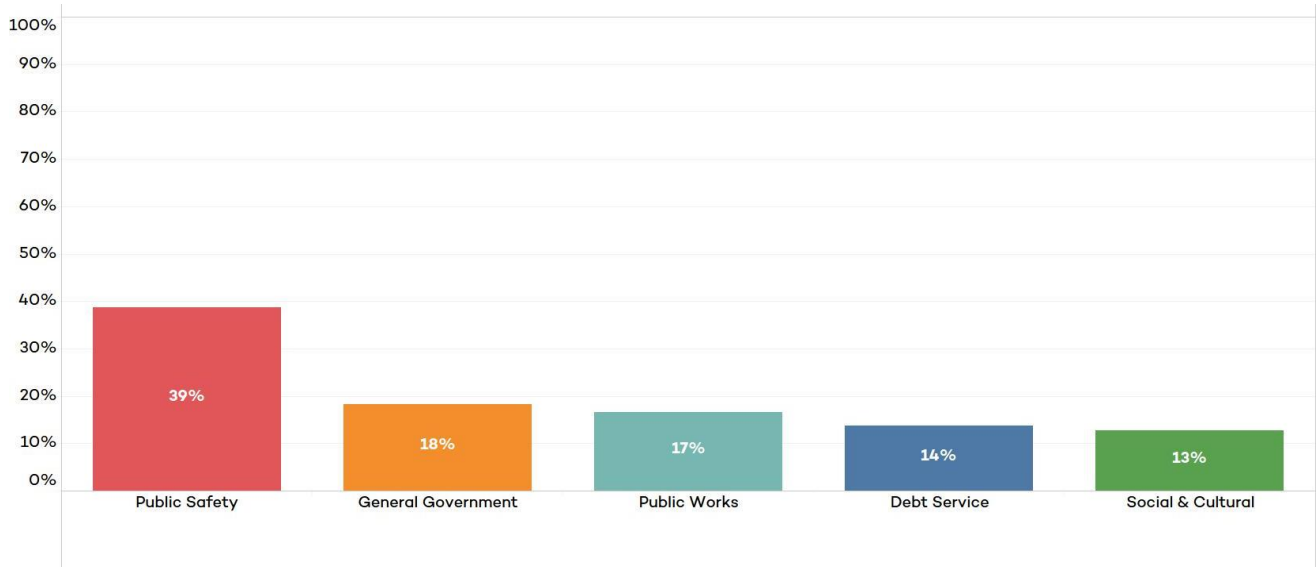
City	2014 Revenue Per Capita	Percent of 2014 Revenue
Birmingham	\$ 380	18%
Homewood	261	12%
Mt. Brook	212	10%
Mobile	212	14%
Tuscaloosa	210	13%
Montgomery	205	16%
Gadsden	183	11%
Bessemer	153	7%
Anniston	153	8%
Hoover	152	11%
Prattville	148	14%
Vestavia Hls.	143	9%
Auburn	143	9%
Phenix City	130	13%
Decatur	129	9%
Opelika	122	6%
Huntsville	108	6%
Enterprise	92	9%
Dothan	89	6%
Athens	82	6%
Florence	79	6%
Madison	67	7%

# Expenditure Comparisons

## EXPENDITURE COMPARISONS

Chart 3 displays the operating expenditures of the 22 cities included in the study. This comparison looks strictly at city spending on municipal operations and excludes transfers for schools and capital expenditures from the revenue base. As with revenues, the pattern of expenditures is relatively stable over time. The largest outlay, at \$503 per capita, was for police, fire protection, and other public safety purposes. This was 39% of the \$1,299 in municipal operating expenditures per capita, slightly higher than in 2008 at 37%.

*Chart 3: Spending by Category*

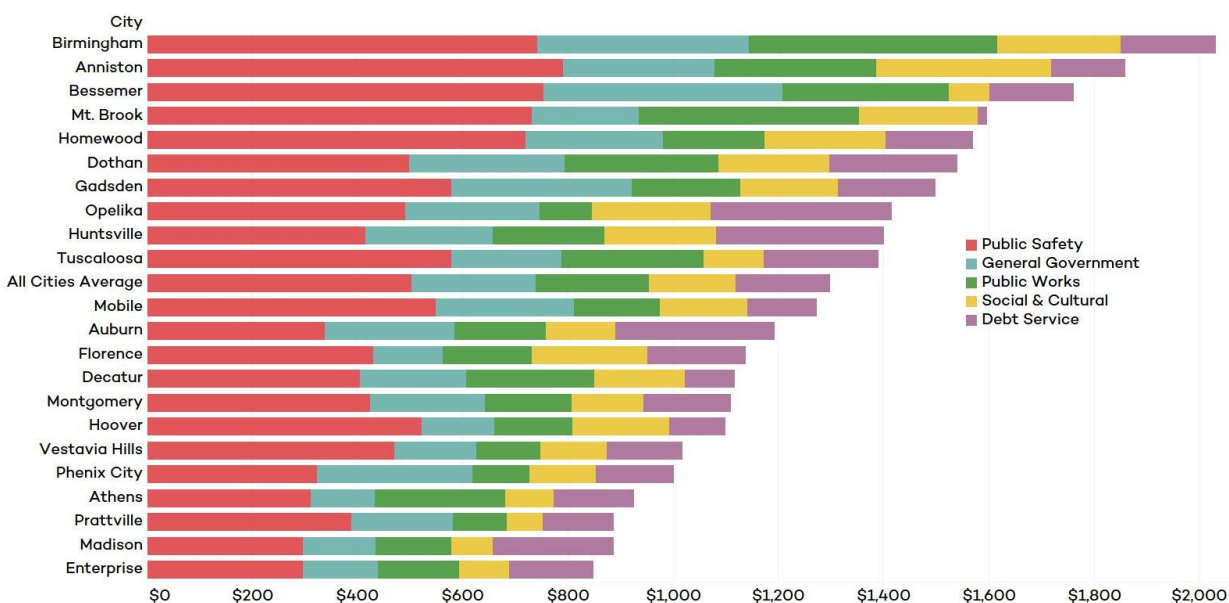


Another 17% went toward public works activities, such as street maintenance and solid waste disposal in 2014. That is down from 20% in 2008, with a loss in purchasing power, as well as nominal dollars. Together, public safety and public works accounted for well over half of all municipal operating expenditures. Smaller amounts went for general government (18%); parks, recreation, and other cultural programs (13%); and debt service (14%). City allocations for school support and capital outlays accounted for the remainder of total spending.

Chart 4 shows the per capita amounts expended by the 22 cities for municipal operations in 2014, excluding municipal support for schools and capital expenditures. These cities are ranked from highest to lowest, with bar segments representing the five operating expenditure categories.

## EXPENDITURE COMPARISONS

Chart 4. Spending Mix in Municipal Operations



Birmingham led all the cities in municipal operating expenditures, at \$2,031 per capita. This was double the amount spent by Enterprise, the lowest-ranking city. The median city (Mobile and Auburn averaged) spent \$1,234 per capita on municipal operations. The chart also makes clear the predominance of public safety spending in city budgets. Every city in the study except Prattville spent more on public safety than any other municipal function.

Table 7 shows the ranking of every city by type of municipal operating expenditure, providing a more systematic explanation of the differences shown in Chart 4. A rank of "1" denotes the highest expenditure per capita in each category while a rank of "22" denotes the lowest. The cities are ranked from high to low in terms of overall spending for municipal operations (total expenditures less capital outlay and school support) as shown in the last column. Cities at the top of the table tend also to rank

TABLE 7 PER CAPITA EXPENDITURE RANKINGS, 2014

City	Public Safety	Public Works	Social & Cultural	General Govt.	Debt Service	Municipal Operations
Homewood	5	11	3	8	10	5
Huntsville	15	9	7	11	2	9
Birmingham	3	1	2	2	9	1
Opelika	11	22	4	9	1	8
Anniston	1	4	1	6	17	2
Mt. Brook	4	2	5	14	22	4
Bessemer	2	3	21	1	13	3
Vestavia Hills	12	19	15	17	16	17
Gadsden	6	10	9	3	8	7
Tuscaloosa	7	6	17	13	6	10
Auburn	18	12	14	10	3	12
Dothan	10	5	8	5	4	6
Florence	13	13	6	21	7	13
Decatur	16	8	11	15	21	14
Mobile	8	15	12	7	19	11
Athens	20	7	19	22	14	19
Hoover	9	17	10	19	20	16
Montgomery	14	14	13	12	11	15
Phenix City	19	20	16	4	15	18
Enterprise	22	16	18	18	12	22
Madison	21	18	20	20	5	21
Prattville	17	21	22	16	18	20

## EXPENDITURE COMPARISONS

high in public safety, public works, social/cultural, and general government spending, as well. All rankings earned by the first five cities in these spending categories were at or above the median rank of 12. Debt service rankings among the top cities, however, vary widely.

Tables 8-12 break down each of the major spending categories to show the amount of dollars expended and the percentage of municipal operating expenditures devoted to that function.

### PUBLIC SAFETY SPENDING PER CAPITA

The public safety category includes police and fire protection, E911, emergency management, building inspections, and related functions. All 22 cities in the study spent more money per capita on public safety than on any other category of expenditure. Table 8 compares the cities on the amounts and percentages of operating expenditures for public safety. The median public safety expenditure per capita in 2014 was \$481. Anniston spent more on public safety per resident than any of the other cities in the study, at \$791.

Bessemer, Birmingham, Mountain Brook, and Homewood also exceeded \$700 per capita. Five cities allocated 40% or more of municipal operating expenditures to public safety, compared to a median of 32%.

City	2014 Exp. Per Capita	Percent of Operating Expenditures
Anniston	\$ 791	41%
Bessemer	754	42%
Birmingham	743	37%
Mt. Brook	732	38%
Homewood	721	33%
Gadsden	579	38%
Tuscaloosa	578	38%
Mobile	550	43%
Hoover	522	46%
Dothan	499	31%
Opelika	491	25%
Vestavia Hls.	471	30%
Florence	431	31%
Montgomery	424	38%
Huntsville	415	28%
Decatur	405	28%
Prattville	389	44%
Auburn	338	23%
Phenix City	324	31%
Athens	311	28%
Madison	297	31%
Enterprise	297	30%

Spending per capita is not always a measure of program quality in public safety or other municipal functions. Through innovation, cities may create cost-effective services that economize taxpayer resources. For example, an award-winning Student Public Safety Program in Auburn utilizes trained college students as firefighters, E911 dispatchers, and public safety specialists, enabling that city to provide high-quality public safety services while controlling costs. The program is described on the city's website ([www.auburnalabama.org](http://www.auburnalabama.org)). Another example of public safety innovation is the city-county jail in Mobile County.

## EXPENDITURE COMPARISONS

### PUBLIC WORKS SPENDING PER CAPITA

Public works ranks as the second- or third-highest spending allocation for most of the cities in the study.

Table 9 shows the amounts and percentages of spending for this category, which includes streets, sanitation, engineering, parking, transit, community development, and related functions.

Median spending among these cities for public works was \$200 per capita, 15% of municipal operating expenditures. Birmingham topped the cities on both measures, at \$473 per capita and 23% of spending. Fewer cities spent over \$400 per capita on public works than in 2008. In 2008, seven cities spent more than 23% on public works, with three exceeding 30%.

**TABLE 9** PUBLIC WORKS

City	2014 Exp. Per Capita	Percent of Operating Expenditures
Birmingham	\$ 473	23%
Mt. Brook	419	22%
Bessemer	316	18%
Anniston	308	16%
Dothan	293	18%
Tuscaloosa	270	18%
Athens	247	22%
Decatur	242	16%
Huntsville	213	14%
Gadsden	207	14%
Homewood	193	9%
Auburn	175	12%
Florence	169	12%
Montgomery	166	15%
Mobile	164	13%
Enterprise	153	16%
Hoover	148	13%
Madison	144	15%
Vestavia Hls.	122	8%
Phenix City	108	10%
Prattville	102	11%
Opelika	100	5%

### SOCIAL AND CULTURAL SPENDING PER CAPITA

Social and cultural spending often ranks fourth or fifth among the five broad functions compared in this study. The category includes parks and recreation, museums, cemeteries, civic centers, libraries, health and mental health services, animal shelters, and senior citizen and youth services. Table 10 compares the 22 cities on the amount of social/cultural spending.

The social/cultural medians are \$178 per capita and 12% of municipal spending. As in years past, Anniston continues to spend the most on social and cultural activities, at \$332 per capita and 17% of total operating expenditures, followed by Birmingham at \$234 and 12% of expenditures. In 2008, Montgomery was a relatively close second to Anniston but has since fallen to near the median.

**TABLE 10** SOCIAL/CULTURAL

City	2014 Exp. Per Capita	Percent of Operating Expenditures
Anniston	\$ 332	17%
Birmingham	234	12%
Homewood	229	11%
Opelika	225	12%
Mt. Brook	225	12%
Florence	220	16%
Huntsville	211	14%
Dothan	211	13%
Gadsden	185	12%
Hoover	185	16%
Decatur	172	12%
Mobile	167	13%
Montgomery	136	12%
Auburn	132	9%
Vestavia Hls.	126	8%
Phenix City	125	12%
Tuscaloosa	114	7%
Enterprise	95	10%
Athens	92	8%
Madison	80	8%
Bessemer	77	4%
Prattville	68	8%

## EXPENDITURE COMPARISONS

Six cities fall below \$100 per capita, but the percentage of expenditures for social and cultural activities are more than double in Enterprise than in Bessemer. Tuscaloosa benefits from a Parks and Recreation Authority that receives support from the county.

### GENERAL GOVERNMENT SPENDING PER CAPITA

General government activities include the mayoral and council offices, courts, finance, economic development, administrative support, city garage, and related functions. Table 11 shows the spending data for each city. The median expenditure level was \$230 per capita, and the top cities spent over \$300 on this function. The median city spending percentage was about 15%, with seven cities exceeding 20%, compared to only two exceeding 20% in 2008, and none below 10% on general government activities.

**TABLE 11** GENERAL GOVT.

City	2014 Exp. Per Capita	Percent of Operating Expenditures
Bessemer	\$ 455	26%
Birmingham	401	20%
Gadsden	343	22%
Phenix City	296	28%
Dothan	295	18%
Anniston	287	15%
Mobile	262	21%
Homewood	261	12%
Opelika	256	13%
Auburn	246	17%
Huntsville	242	16%
Montgomery	218	20%
Tuscaloosa	211	14%
Mt. Brook	203	11%
Decatur	202	14%
Prattville	194	22%
Vestavia Hls.	156	10%
Enterprise	143	15%
Hoover	139	12%
Madison	137	14%
Florence	132	10%
Athens	123	11%

### DEBT SERVICE SPENDING PER CAPITA

Table 12 shows the amounts allocated by the 22 cities for the payment of principal and interest on long-term debt. The medians for debt service were \$129 per capita and 13% of spending. Two cities spent less than \$100 per capita on debt service, while seven allocated less than 10% of expenditures to this function.

Opelika ranked first in the per-capita amount of debt service, at \$344, but Madison ranked first in the share of operating expenditures devoted to debt service payments, at 24%. Huntsville, Auburn, and Madison were the only other cities with over 20% of spending allocated to debt service.

**TABLE 12** DEBT SERVICE

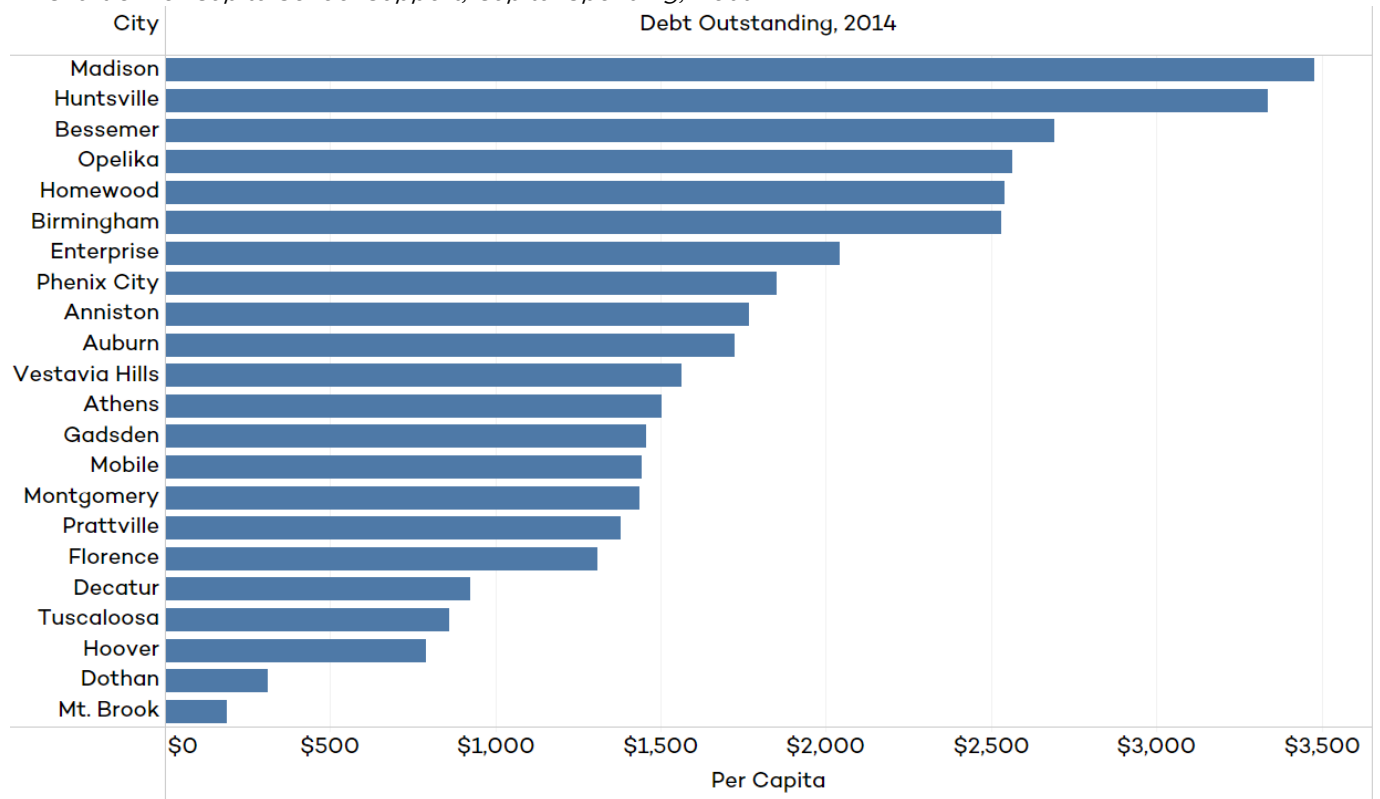
City	2014 Exp. Per Capita	Percent of Operating Expenditures
Opelika	\$ 344	18%
Huntsville	319	21%
Auburn	303	21%
Dothan	243	15%
Madison	229	24%
Tuscaloosa	218	14%
Florence	188	14%
Gadsden	186	12%
Birmingham	181	9%
Homewood	167	8%
Montgomery	167	15%
Enterprise	161	16%
Bessemer	160	9%
Athens	153	14%
Phenix City	149	14%
Vestavia Hls.	144	9%
Anniston	141	7%
Prattville	136	15%
Mobile	132	10%
Hoover	107	10%
Decatur	95	6%
Mt. Brook	17	1%

# Long-Term Debt Comparisons

## LONG-TERM DEBT COMPARISONS

Chart 5 compares the 22 cities in terms of the per capita amount of general long-term debt outstanding at fiscal year-end 2014. The figures exclude any "advance refunding" that effectively reduced the debt to be paid from tax sources, and any debt of enterprises or authorities that have a separate accounting basis. The revenue from issuance of this debt is used to finance all or part of major capital projects, such as streets, libraries, and parks, as well as construction of schools in some cities. Madison, Huntsville, and Bessemer ranked highest in terms of general long-term debt, at more than \$3,000 per capita. Dothan and Mountain Brook were lowest, at less than \$400 per capita.

*Chart 5. Per Capita School Support, Capital Spending, Debt*

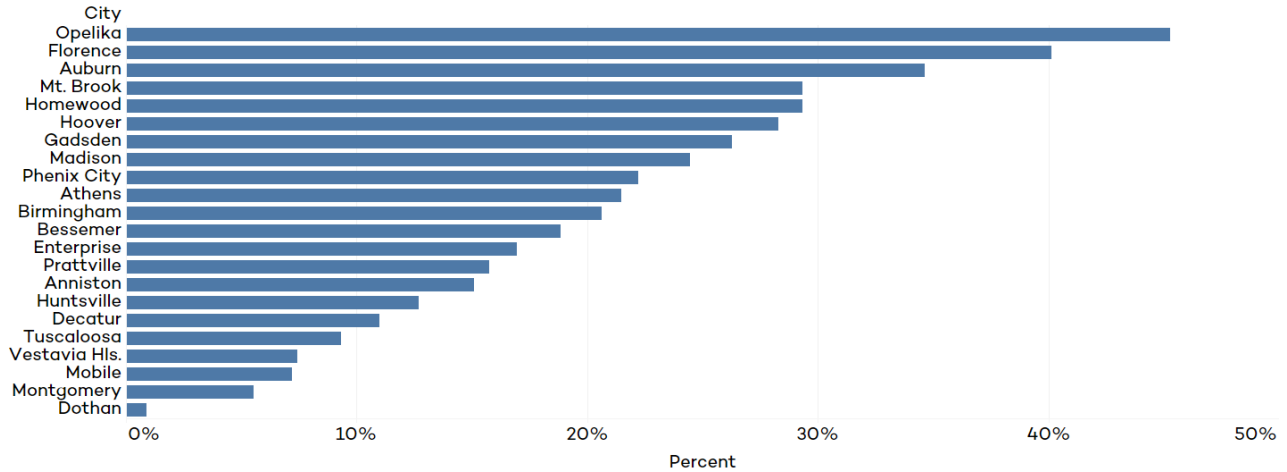


# Year-End Balance Comparisons

## YEAR-END BALANCE COMPARISON

Chart 6 displays the unreserved, unobligated balance in the general fund of the 22 cities at year-end in 2014, expressed as a percentage of general fund expenditures for the year.

*Chart 6. Unreserved Fund Balances as Percent of Expenditures*



A general goal for cities is to maintain a sufficient balance on hand for cash flow and unforeseen requirements. This is often expressed in terms of a percentage of the spending level. A one-month balance is equivalent to 8.3% of annual expenditures.

In 2008, all cities exceeded the 8.3% benchmark except for Huntsville, Mobile, and Prattville. By 2014, four cities were below 8.3%: Vestavia Hills, Mobile, Montgomery, and Dothan. Prattville is now at 16%. At 9%, Tuscaloosa is the lowest of the cities above the one-month threshold. Meanwhile, Opelika holds a fund balance of 45% of expenditures, followed by Florence at 40%.

# Appendix A: The Data

## APPENDIX A: THE DATA

**Table 13**

**PER CAPITA FINANCES OF ALABAMA'S LARGEST CITIES, FY 2014**

	ANNISTON	ATHENS	AUBURN	BESSEMER	BIRMINGHAM	DECATUR	DOTHAN	ENTERPRISE	FLORENCE	GADSDEN	HOMEWOOD
Population	22,020	24,522	60,258	26,949	212,247	55,532	68,049	27,772	40,215	36,295	23,079
<b>REVENUES</b>	1,825	1,369	1,562	2,112	2,158	1,476	1,418	1,010	1,376	1,714	2,232
<b>TAXES</b>	1,276	712	1,239	1,657	1,702	1,042	1,030	761	980	1,435	1,858
Sales	911	531	569	998	689	664	876	570	768	749	931
Property	211	99	359	283	263	249	65	99	133	125	666
Occupational	0	0	168	223	371	0	0	0	0	378	0
Gen. Business	153	82	143	153	380	129	89	92	79	183	261
<b>FEES, FINES &amp; OTHER</b>	352	370	260	173	235	215	202	123	131	169	275
<b>INTERGOVERNMENTAL</b>	198	287	62	282	221	219	187	126	265	111	98
Utility	25	138	2	38	0	111	118	22	161	0	
Other	173	149	60	244	221	108	69	104	104	111	98
<b>EXPENDITURES</b>	2,043	1,317	1,621	1,853	2,279	1,472	1,599	1,051	1,578	1,779	2,653
<b>MUNICIPAL OPERATIONS</b>	1,859	926	1,194	1,762	2,031	1,117	1,540	849	1,139	1,499	1,571
Public Safety	791	311	338	754	743	405	499	297	431	579	721
Public Works & Community Dev.	308	247	175	316	473	242	293	153	169	207	193
General Government	287	123	246	455	401	202	295	143	132	343	261
Social & Cultural	332	92	132	77	234	172	211	95	220	185	229
Debt Service	141	153	303	160	181	95	243	161	188	186	167
<b>DIRECT SCHOOL SUPPORT</b>	58	182	272	17	9	355	59	134	238	30	600
<b>CAPITAL PROJECTS</b>	126	209	156	74	239	0	0	68	202	251	482
<b>TAX RATES &amp; YIELDS</b>											
Sales Tax Rate	4.0%	2.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%	4.0%	3.0%
Revenue per Percent	228	266	142	249	172	166	219	163	219	187	310
Property Tax											
Rate (Mills)	30.0	10.0	26.0	40.5	21.5	18.6	5.0	17.5	14.0	15.0	31.5
Revenue per Mill	7	10	14	7	12	13	13	6	10	8	21
Occupational Tax Rate			1.0%	1.0%	1.0%					2.0%	
Revenue per Percent			168	223	371					189	
<b>DEBT OUTSTANDING</b>	1,768	1,504	1,725	2,692	2,531	924	310	2,041	1,309	1,455	2,540

**NOTE:** Details may not add to totals due to rounding. Expenditures may exceed revenues because of the use of prior-year balances, borrowed capital, or other financing sources not included in the table. These figures should not be compared as if they were complete financial statements for the cities show. They are intended for comparing various categories of city revenues, expenditures, and debt.

## APPENDIX A: THE DATA

**Table 13**

PER CAPITA FINANCES OF ALABAMA'S LARGEST CITIES, FY 2014 (CONT.)

	HOOVER	HUNTSVILLE	MADISON	MOBILE	MONTGOMERY	MOUNTAIN BROOK	OPELIKA	PHENIX CITY	PRATTVILLE	TUSCALOOSA	VESTAVIA HILLS
Population	84,353	188,226	46,450	194,675	200,841	20,734	29,171	37,540	35,317	96,122	34,124
<b>REVENUES</b>	1,387	1,802	1,020	1,541	1,244	2,059	1,955	1,038	1,058	1,555	1,659
<b>TAXES</b>	1,084	1,246	780	1,227	826	1,711	1,609	757	823	750	1,422
Sales	809	849	422	927	477	473	875	485	600	393	313
Property	123	288	291	88	144	1,026	306	142	76	147	966
Occupational	0	0	0	0	0	0	306	0	0	0	0
Gen. Business	152	108	67	212	205	212	122	130	148	210	143
<b>FEES, FINES &amp; OTHER</b>	206	259	175	173	259	224	208	227	165	259	157
<b>INTERGOVERNMENTAL</b>	97	298	64	141	159	123	138	54	70	546	79
Utility	0	102	30	0	15	0	0	15	13	51	0
Other	97	196	34	141	145	123	138	39	57	494	79
<b>EXPENDITURES</b>	1,279	2,493	1,036	1,397	1,138	1,921	2,140	1,133	913	1,727	1,801
<b>MUNICIPAL OPERATIONS</b>	1,101	1,401	887	1,274	1,110	1,597	1,416	1,002	887	1,390	1,018
Public Safety	522	415	297	550	424	732	491	324	389	578	471
Public Works & Community Dev.	148	213	144	164	166	419	100	108	102	270	122
General Government	139	242	137	262	218	203	256	296	194	211	156
Social & Cultural	185	211	80	167	136	225	225	125	68	114	126
Debt Service	107	319	229	132	167	17	344	149	136	218	144
<b>DIRECT SCHOOL SUPPORT</b>	24	108	60	0	0	324	535	56	0	146	569
<b>CAPITAL PROJECTS</b>	154	984	89	123	28	0	188	75	25	192	214
<b>TAX RATES &amp; YIELDS</b>											
Sales Tax Rate	3.0%	3.5%	3.5%	4.0%	3.5%	3.0%	4.0%	4.0%	3.5%	2.0%	3.0%
Revenue per Percent	270	243	121	232	136	158	219	129	171	197	104
Property Tax											
Rate (Mills)	20.5	19.5	24.0	8.0	12.5	36.7	26.0	19.0	7.0	13.5	49.3
Revenue per Mill	6	15	12	11	12	28	12	7.49	10.88	11	19.60
Occupational Tax Rate							1.5%				
Revenue per Percent							204				
<b>DEBT OUTSTANDING</b>	792	3,337	3,478	1,443	1,436	187	2,566	1,851	1,378	859	1,562

**NOTE:** Details may not add to totals due to rounding. Expenditures may exceed revenues because of the use of prior-year balances, borrowed capital, or other financing sources not included in the table. These figures should not be compared as if they were complete financial statements for the cities show. They are intended for comparing various categories of city revenues, expenditures, and debt.

# Appendix B: About The Data

## APPENDIX B: ABOUT THE DATA

Comparisons of data in this report to previous PARCA publications may be inaccurate due to changes in accounting procedures by the cities or by the Governmental Accounting Standards Board, or from errors in annual Census Bureau population estimates. In particular, Statement No. 34 of the Governmental Accounting Standards Board, effective June 1999, revised the formatting of local government financial statements.

In general, data in the report are limited to "governmental funds," which include general, special revenue, debt service, and capital projects funds. Proprietary funds are generally excluded, except for any transfers between the city's governmental funds and these funds. To improve data comparability, the report includes solid waste collection but excludes landfills and sewage treatment plants for all cities, regardless of the fund structure.

Revenue and expenditure data in the report are unduplicated sums of revenues received and expenditures made from the governmental funds, plus any transfers to and from proprietary funds.

Revenues are grouped for descriptive purposes. Municipal taxes are divided into four general categories: sales taxes (general sales and use, lease and rental, lodging, cigarette, and gasoline levies); property taxes (general ad valorem and personal property); occupational taxes on payroll income; and business privilege licenses. Business licenses are grouped with tax sources because they generally make up a substantial portion of a city's total revenues.

Intergovernmental revenues include federal, state, and interlocal governmental transfers, such as federal Community Development Block Grants, state gasoline and beer tax transfers, shared county sales taxes, and transfers from city-owned utilities and enterprise operations. Other revenues include interest, fees, fines, permits and licenses other than for business privilege, and miscellaneous sources. Bond proceeds are excluded from revenues.

Expenditures are grouped for descriptive purposes into three broad categories: municipal operations, support for local schools, and capital projects.

Municipal operating expenditures include departmental capital outlay from general or special revenue funds for equipment purchases, but exclude construction

expenditures. Operating expenditures are divided into five functional categories: public safety (police, fire, E911, civil defense, inspections, and related functions); public works (streets, sanitation, engineering, parking, transit, Community Development Block Grants—unless allocated to another function in the financial report—and related activities); general government (mayoral and council offices, courts, finance, support functions, economic development, city garage, and related functions); social and cultural activities (parks, museums, cemeteries, civic auditoriums, libraries, health services, mental health services, animal shelters, welfare, juvenile courts, senior citizen and youth activities, and related expenditures); and debt service (principal, interest, and related charges for long-term debt repayment). Any separately reported fringe benefits, and contributions to external entities, such as nonprofit organizations, are allocated to operating expenditure categories. Resources appropriated directly to local public school systems are categorized as support for local schools.

Capital project expenditures include capital additions financed through the capital project fund(s), as well as any departmental construction expenditures found in general and special revenue funds.

Fund balances shown in the report are unreserved, undesignated general fund balances for the end of the fiscal year, expressed as a percent of general fund expenditures. Some cities may have sizeable balances in other funds, but the transfer of these funds is usually restricted by law, grant terms, and/or city ordinance.

Data on outstanding city debt include only long-term bonded debt outstanding as of September 30, 2014. The figures are net of any advance refunding that reduces debt repayment from tax sources. Debt attributable to enterprises, short-term borrowing, obligations for capital leases, or employee fringe benefits is excluded.

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