

EDITION 2022

HOW ALABAMA CITIES COMPARE

An examination of revenue and expenditure data for municipalities to provide insight and drive informed choices.

Birmingham
Huntsville
Montgomery
Mobile
Tuscaloosa
Hannibal
Fitzhugh
Auburn
Jacksonville
Leeds
Florence
Phenix City
Prattville
Gadsden
Gardendale
Ozark
Alexander City
Fort Payne
Irondale
Jasper
Moody
Gulf Shores
Jacksonville
Leeds
Sylacauga
Eufaula
Pike Road
Saks

Vestavia Hills
Alabaster
Opelika
Athens
Enterprise
Daphne
Bessemer
Northport
Homewood
Pelham
Fairhope
Trussville
Foley
Albertville
Prichard
Oxford
Anniston
Helena
Mountain Brook
Troy
Tillmans Corner
Cullman
Selma
Millbrook
Center Point
Calera
Talladega
Chelsea
Hueytown
Muscle Shoals
Sarsaland
Hartselle
Scottsboro
Pell City
Fairfield
Clay
Russellville
Boaz
Spanish Fort
Rainbow City
Pleasant Grove
Bay Minette
Meadowbrook
Fultondale
Atmore
Clanton
Southside
Valley
Forestdale
Sheffield
Guntersville
Andalusia
Tuscumbia
Arab
Wetumpka
Tuskegee
Greenville
Brook Highland
Robertsdale
Meridianville
Pinson
Montevallo
Lincoln
Moore's Mill

**Public Affairs
Research Council
of Alabama**

How Alabama Cities Compare, 2022 Edition

This report was made possible by support from the
Community Foundation of Greater Birmingham

Published by the Public Affairs Research Council of Alabama
Birmingham, Alabama
www.parcalabama.org

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How Alabama Cities Compare, 2022 Edition

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**Public Affairs
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Executive Summary

Understanding a city's revenues and expenditures in comparison to other cities is a fundamental tool for effective management.

By benchmarking against neighbors, a city may discover it is spending more than necessary. Alternatively, city leaders may conclude that a higher level of investment puts the city at a competitive advantage, providing a higher level of service and better quality of life for residents.

Unfortunately, making such comparisons is difficult in Alabama. Unlike other states, cities in Alabama are neither required nor encouraged to use a uniform chart of accounts, a standard system for coding revenues and expenditures.

Nor does Alabama have an effective system for publishing and sharing the kind of comparable data that could be produced with a uniform chart of accounts. For instance, North Carolina, Georgia, and Florida have a statewide reporting system that makes city and county financial information available online in a downloadable format that allows for detailed comparisons between peer cities or counties.

If Alabama wants to gather this data and equip its cities with a tool for comparison, the U.S. Census Bureau's Annual Survey of State and Local Finances provides an existing base of information already submitted by city governments.

In terms of tax collections, an analysis of the most recent data from the Census survey finds:

1. Alabama cities heavily depend on sales tax, with almost 60% of revenue coming from that source.
2. Of cities with populations more than 20,000, per capita tax collections range from \$2,674 in Homewood to \$402 in Prichard.
3. Oxford has the highest per capita sales tax revenue at \$1,502 per resident.
4. Mountain Brook is the only city in Alabama to collect more in property taxes than in sales, with 46% of municipally collected revenue coming from the property tax.
5. Birmingham leads the cities in occupational and business licenses taxes per capita, with that revenue contributing 42% of city tax revenue.

Meanwhile, on the expenditure side, the survey reveals:

1. The governments in North Alabama spend more than governments in the rest of the state because they operate public utilities, including municipal electricity providers.
2. Excluding utilities, Birmingham and Bessemer, both cities that receive an influx of commuters, spend more per capita on the broad range of municipal services. That includes topping the list for per capita spending on police and fire.
3. Oxford tops the list in per capita spending on parks and recreation. Smaller cities that report the operation of municipal sports, arts, and recreation facilities rank high in this category.
4. The data offers the potential to track spending on municipal courts, jails, solid waste disposal, and other categories of spending, but currently, cities appear to diverge widely in how they report that information in the survey.

Working with state officials and with assistance from the U.S. Census Bureau, Alabama local governments could develop a more streamlined system for generating and reporting this data. With closer agreement on how to categorize particular revenues and expenditures, the survey could provide clearer, more actionable comparable data. The survey includes questions on debt. Better reporting of this data can provide more transparency to the public. A more robust system could also provide better accountability and oversight, potentially avoiding bankruptcy and scandal.

However, it will take leadership, likely by state officials, to gather consensus and execute a system cities, counties, and other local entities are motivated to participate in.

Introduction

Since 1989, PARCA has produced reports comparing the finances of Alabama's largest cities, those with populations of 20,000 or more. This report is the latest installment of that series.

PARCA has traditionally prepared its *How Alabama Cities Compare* report based on data gathered from the individual cities as reported in audits, budgets, and other financial statements, and through interviews with local officials. Because Alabama does not require cities to track or report their finances uniformly, creating apples-to-apples statistical comparisons between cities is difficult. The process requires extensive historical knowledge of cities' unique accounting practices and significant restructuring of cities' financial reports. Moreover, the reports were much delayed.

Our 2022 edition of *How Alabama Cities Compare* introduces a new methodology, highlights the challenges of comparing municipal finances, and proposes a better way to collect the information in a standardized way that should produce comparable data more quickly. After building consensus and adjusting existing practices, such a system would save cities time and provide the data they need to manage their affairs.

Obstacles to Comparison

Unlike other states, cities in Alabama are neither required nor encouraged to use a uniform chart of accounts, a standardized system for coding revenues and expenditures.

A uniform chart of accounts is not a foreign concept in Alabama. All Alabama public schools must keep their financial data in a uniform chart of accounts. Likewise, the Alabama Department of Examiners of Public Accounts (DEPA) provides a chart of accounts for Alabama counties to follow.

Nor does Alabama have an effective system for publishing and sharing city (or county) finance data. In all states surrounding Alabama and in most states throughout the country, a statewide body or agency recommends or requires a uniform chart of accounts. A uniform chart of accounts does not prevent a city from adding local variations that conform with existing practices or adding new codes or categories as circumstances arise. However, agreeing to a general scheme of coding transactions makes comparable financial reports easier to produce.

And it allows for greater transparency and public oversight.

Cities are required by Alabama law (Ala. Code § 11-43-85) to conduct an audit once a year, and that audit, by law (Act 94-414), is to be sent to DEPA, which serves as the repository and provider to the public of those reports.

However, compliance with these statutes is uneven. DEPA does not post city audits on its website, though they are available by request. A search of the catalog of filed reports makes it clear that many cities do not submit their audits regularly. And no authority checks to see if cities are even producing audits or any form of year-end financial statement.

Data and Methodology

The data for the comparisons in this report are drawn from the U.S. Census Bureau's Annual Survey of State and Local Finances. Included are the responses from Alabama cities with populations over 20,000. Cities answer a questionnaire in response to this survey, and the Census publishes those responses. When data are missing, the Census Bureau attempts to obtain and sometimes estimate those figures. Because data from Daphne and Northport are identified as having been imputed by the Bureau rather than reported, those cities are not included in the analysis.

This data, published in 2021, is drawn from the fiscal year 2019. However, because Alabama fiscal years typically run from October to October, many cities will have used audited 2018 fiscal year data to answer this survey. If the State of Alabama and its cities collaborated on an information gathering system, these results could be produced in a more timely fashion. PARCA will update this dataset later this year when the Census publishes updated data.

Using Census data allows a more timely report and one that can be tested and verified by others.

The Census has worked with other states to streamline and digitize information production and submission, involving the state and localities. The cities and the state can then utilize the information rather than just submitting it to the Bureau. For the Bureau, it increases the likelihood that the surveys are completed and submitted.

The comparative picture the data paints is similar to findings in previous PARCA reports based on data collected from published reports and financial records.

However, Census data does suffer from similar limitations as other methods of comparing city finances, including PARCA's previous methods.

Most notably, while the Census surveys ensure that data are reported in a standard format, the Census does not *define* what data should be reported. This is most clearly seen in how sales tax revenues are reported. Some Alabama cities report all sales taxes collected by the city, regardless of the revenue's purpose. In contrast, other cities only report the sales tax collected and expended by the city. Sales taxes collected by the city and transferred to the local school system, a common practice, is not reported. Similar variances occur with occupational taxes, transfers of revenue between governments, and other revenue and expense sources. The report notes some identified shortcomings and examples of situations where cities interpreted instructions differently and took differing approaches to submitting data.

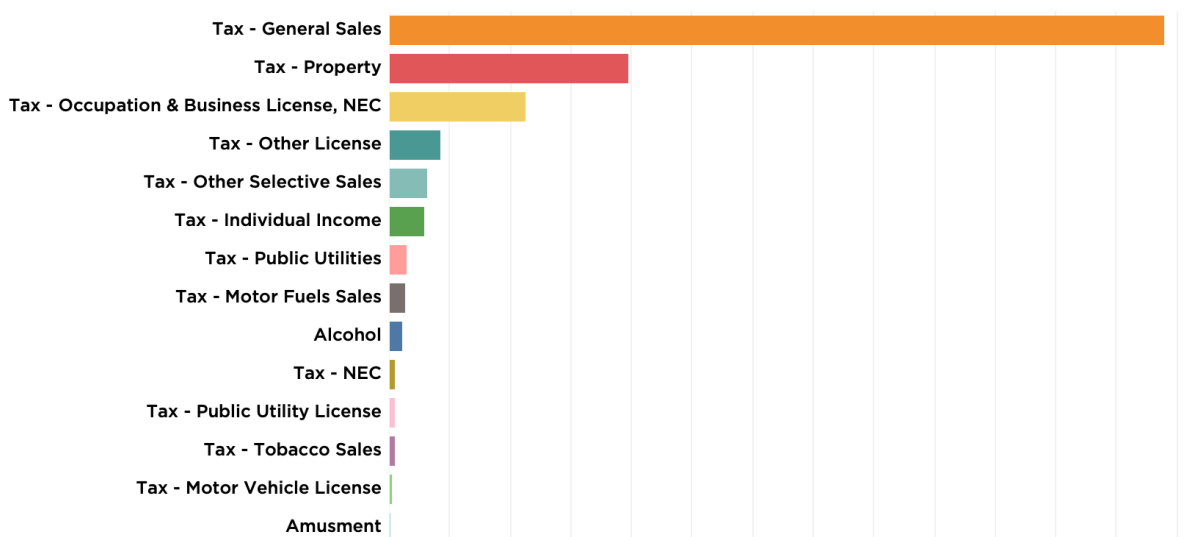
Tax Revenues

Alabama cities heavily depend on the sales tax for revenue. In most states, the property tax is the primary source of revenue for a city. In Alabama, property taxes are hard to raise, and their ability to produce revenue is limited thanks to constitutional limits on tax rates and how properties are valued.

In contrast, Alabama has a relatively low state sales tax, and cities are free to enact a sales tax. Figure 1 depicts the total revenue from each tax source generated by all reporting Alabama municipalities. The total amount is not meaningful, but the comparison between the sources of the tax is. In the aggregate, Alabama cities collect three times more from sales taxes than from property taxes.

Figure 1. Total revenue generated by municipal taxes in Alabama, by type

Total Revenues by Type



The revenue from sales taxes dwarfs the tax revenue from any other source. Property taxes come in second, with occupational and business licenses coming in third.

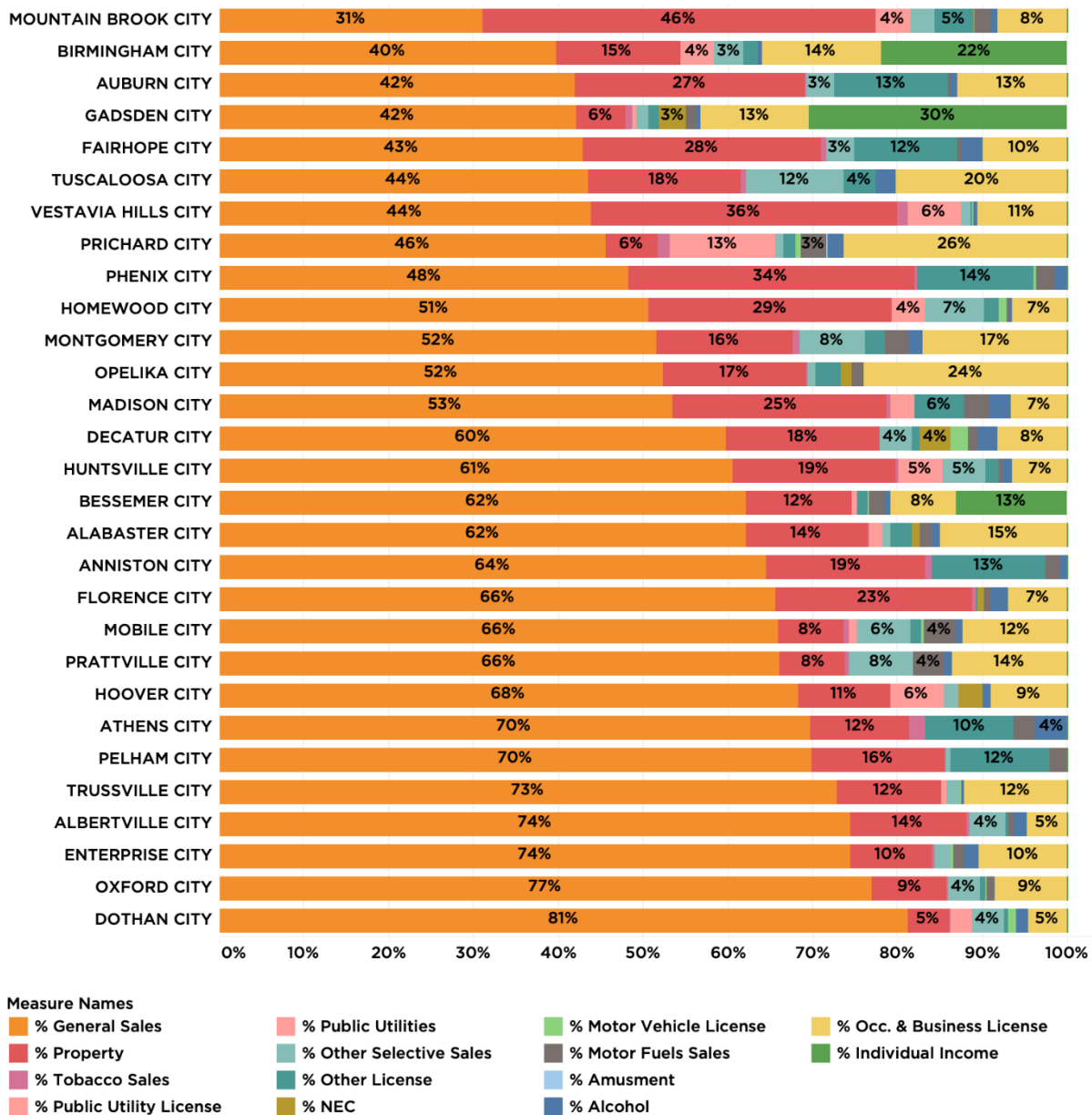
Tax Revenue Mix

Figure 2 presents the tax revenue mix of the Alabama cities that participated in the Census survey and were over 20,000 in population. The cities are ranked in descending order by the percentage of tax revenue from sales tax. Most cities in Alabama get more than half their revenue from the sales tax.

The city with the lowest percentage of tax revenue from the sales tax is Mountain Brook. Mountain Brook is the only city in Alabama where property tax is a larger source of revenue than the sales tax.

However, the city passes almost half of that property tax revenue (44%) to its city schools. Other Alabama cities also dedicate some portion of property tax revenues that they raise to their schools. Reviewing the data from the Census survey, it appears that some municipalities choose to report their total municipal property tax amount raised while others report only the municipal property revenue raised that is used for city purposes. Many cities also chose to send some proceeds from the sales tax to the school system, either by formula or annual appropriation.

Figure 2. Tax mix, percentage of tax revenue, by type



The cities at the bottom of the list, where sales taxes make up a very high percentage of the tax revenue raised, tend to be regional trade hubs where the city in question draws shoppers from surrounding areas. These are cities where the number of retail and restaurant establishments is disproportionately large compared to the number of city residents. Consequently, they are more likely to see revenue losses from the Simplified Sellers Use Tax formula.

Cities with a dark green portion of the bar, like Birmingham and Gadsden, have income-based occupational taxes. Other cities with occupational taxes, like Opelika, report that revenue as part of the occupational and business license tax (yellow portion of the bar). This is another example of how the data would be more informative if cities agreed on how to report that revenue.

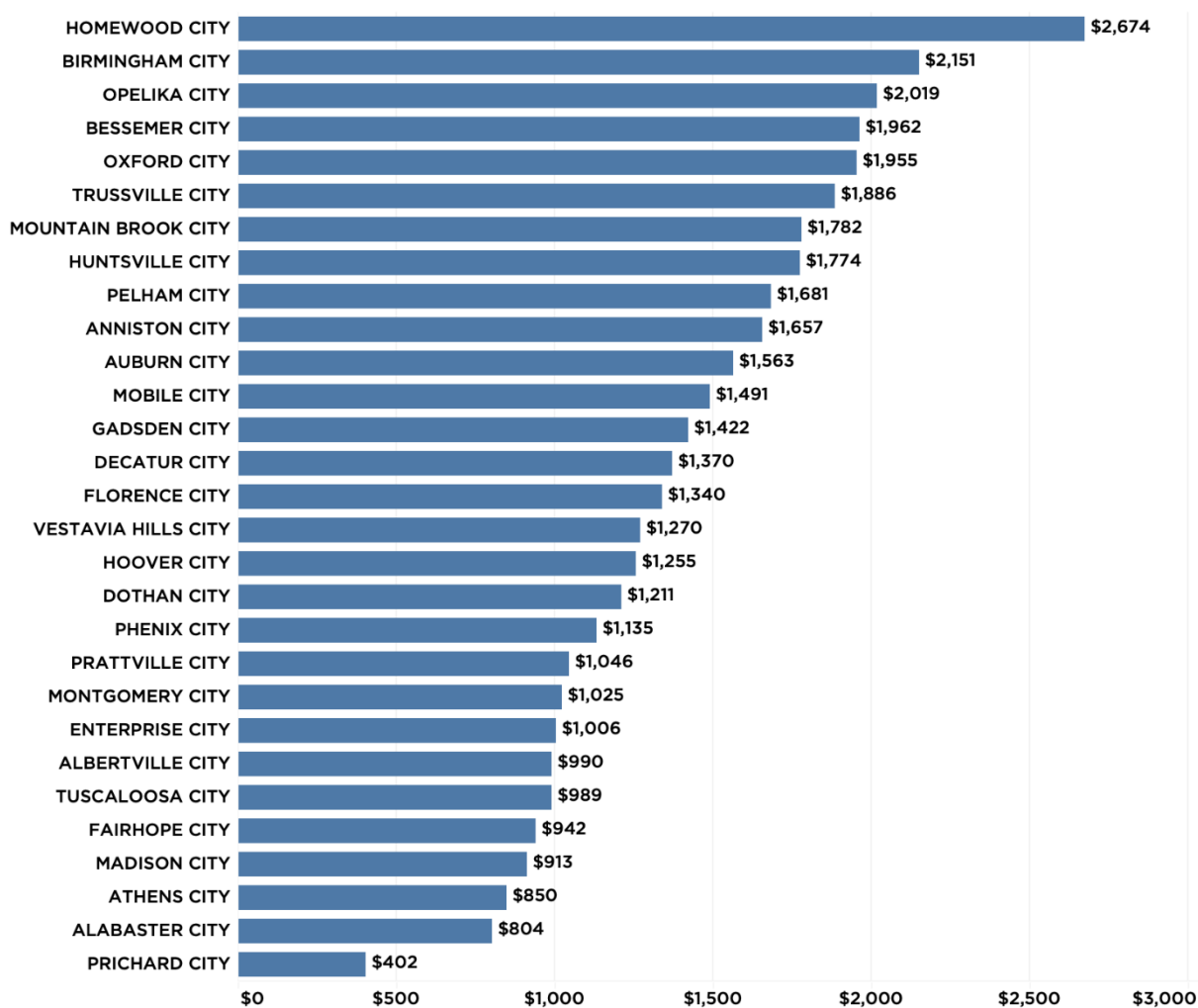
Tax Revenues Per Capita

The amount of tax revenue a city generates is based on the city's tax rate and its tax base. Obviously, higher tax rates bring in more revenue. However, the value of a city's tax base is also important. In Alabama, a city's mix of land uses and the value of the real estate in the city strongly influences how much the property tax yields.

Cities with a higher share of residential property compared to commercial property have a harder time generating tax revenue. Residential property is taxed at 10% of its value, compared to a rate of 20% for business property and 30% for utility property.

Cities with a higher proportion of commercial property generate more from both property and sales tax. Figure 3 compares Alabama cities and adjusts the comparison for the city's relative population.

Figure 3. Total tax revenue per capita



Homewood generates more total tax revenue than any other Alabama city per capita.

The Birmingham suburb has an unusually high ratio of commercial property to residential property. That commercial property includes properties that generate significant revenue through retail sales. Both its commercial and residential properties are valuable. Homewood's tax rates are relatively high for Alabama. Valuable property, relatively high tax rates, and a relatively low population mean high per capita tax revenues for Homewood.

However, Homewood's high per capita collections do not all go to city government. Like in Mountain Brook, a portion of Homewood's municipal property tax is earmarked for its city schools (\$9 million in 2019). The city also sent \$9 million of its sales tax to schools.

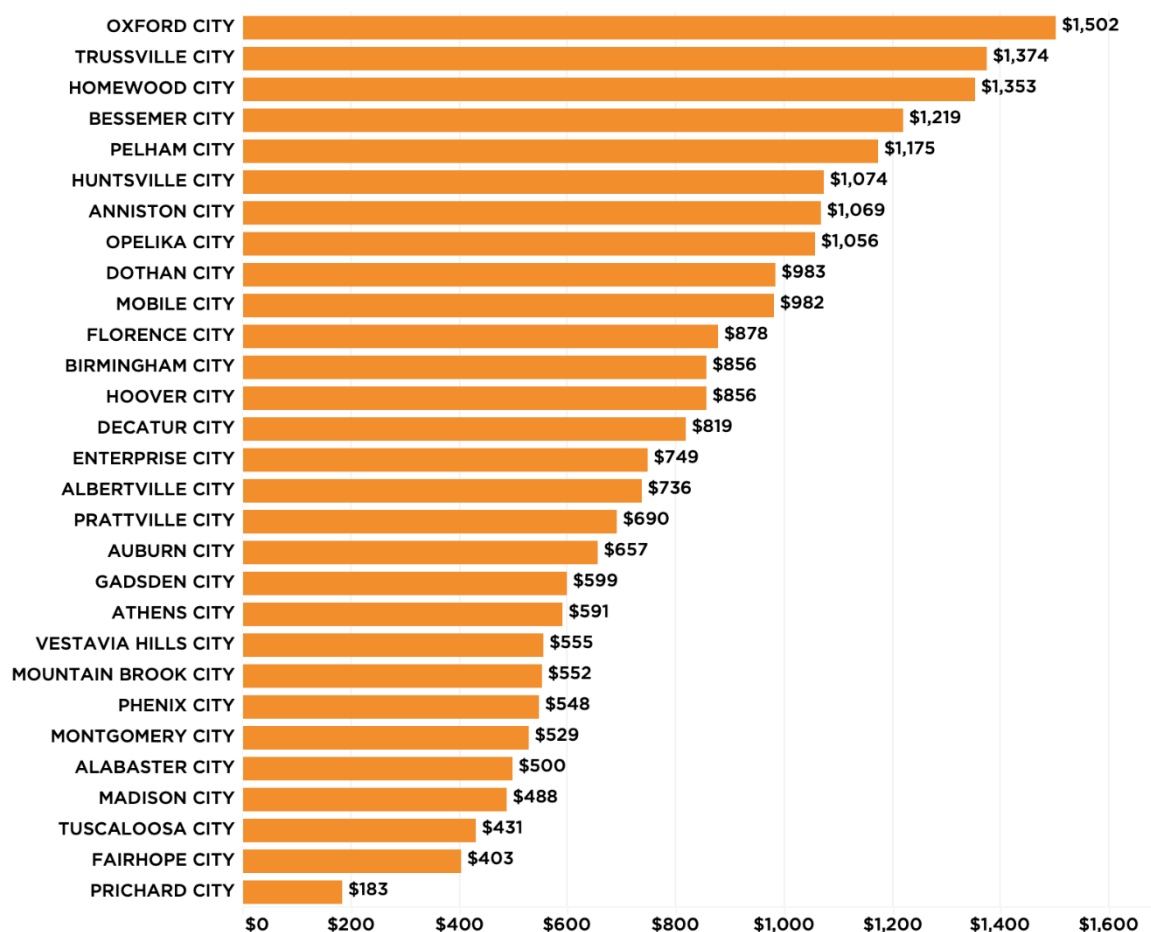
Sales Tax Revenue

Data drawn from the Census survey produces some expected results and others that are surprising, at least on the surface. The surprises are the product of the way cities collect and allocate their taxes.

For example, topping the list in per capita sales taxes is Oxford. Oxford's total combined sales tax rate is 10%, with 5% of that 10% going directly to the city. Oxford is a smaller city, just over 20,000 in population, but it has a major cluster of retail, hotels, and shopping just off Interstate 20. That produces a large volume of sales tax activity in comparison to its population, pushing up the city's per capita collections. As a consequence, Oxford has a strong tax base compared to its population and is able to support extensive city services as well as providing support to the city school system through the sales tax base.

On the other hand, Tuscaloosa's ranks near the bottom in Figure 4's comparison of per capita sales tax collections. That doesn't seem accurate, considering the revenue-generating potential of the University of Alabama. Currently, consumers in Tuscaloosa also pay 10% on purchases.

Figure 4. Sales tax collections per capita



The quirk lies in the way sales taxes are collected in Tuscaloosa. Tuscaloosa County collects 3% of that 10% sales tax and then redistributes much of it to the cities.

Tuscaloosa reports its share of the county sales tax as an intergovernmental transfer, not a tax. Thus, Tuscaloosa's city government derives more from the local sales tax than is indicated by the sales taxes per capita measure.

On this Census survey, Tuscaloosa only reported proceeds from the 2% sales tax in place in 2018. When the transfer from the county is added back in, Tuscaloosa's per capita revenue jumps to No. 15, just trailing Mobile and Auburn. Tuscaloosa has since raised its direct city sales tax to 3%.

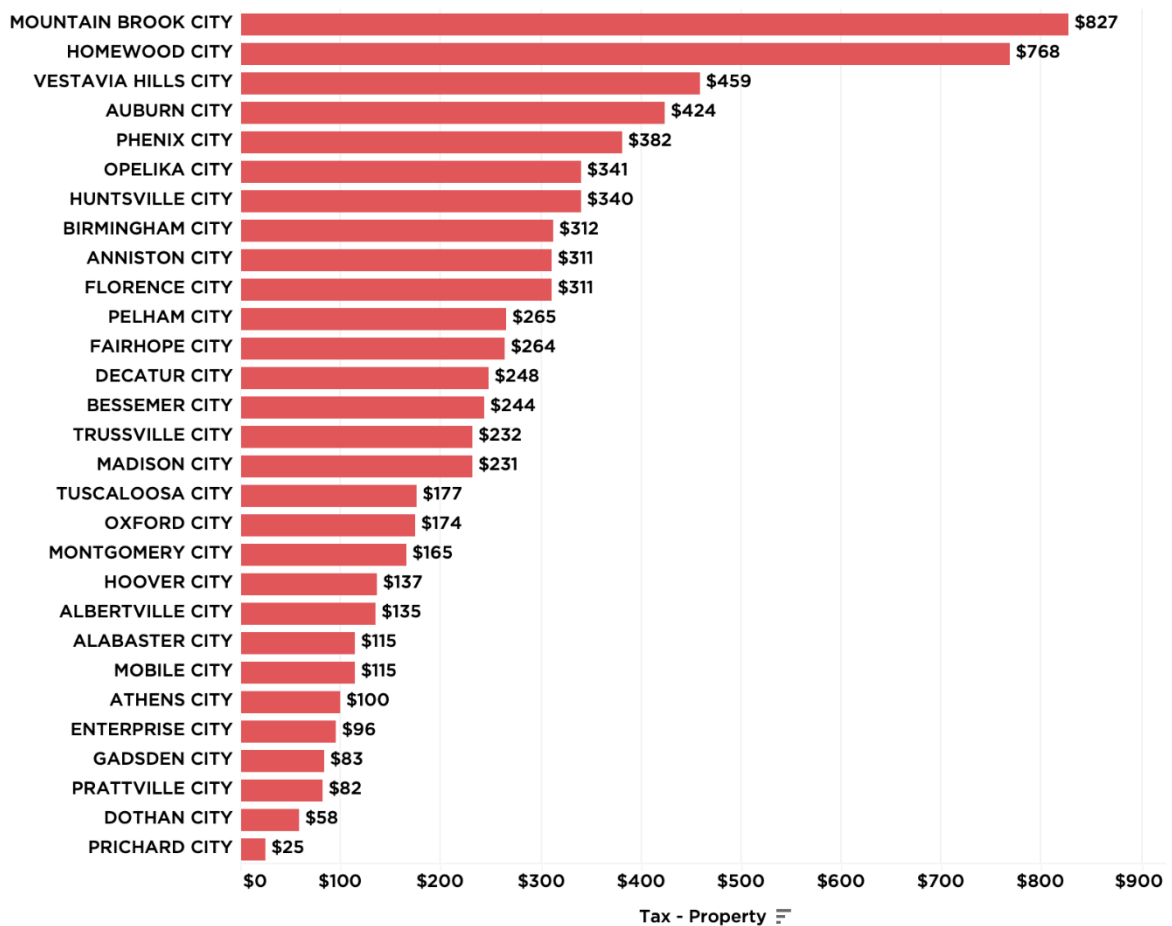
Cities lower on the per capita sales tax list tend to be primarily residential, have a lower city tax rate, or are limited in commercial activity. Often, the cities with a lower rate are located in a county that levies a higher sales tax rate, like Baldwin or Montgomery.

For example, Fairhope has a relatively valuable base of economic activity to tax but applies a lower rate, 2%, than most major cities. Fairhope's rate is low, in part, because Baldwin County imposes a 3% countywide sales tax.

Property Tax Revenue

Alabama raises less state and local property taxes per capita than any state in the U.S. In most of the country, the property tax is the primary tax for funding local governments. In Alabama, property taxes are hard to raise, and state constitutional provisions control rates and valuations. Figure 5 displays per capita property taxes.

Figure 5. Property tax collections per capita



As with other measures, the Census survey provides some basis for comparison between cities but also shows differences in the ways cities report some of the numbers.

Mountain Brook and Homewood both report municipal property tax millages collected by the city but distributed to the school systems. Vestavia Hills also collects property taxes that it distributes to the schools. However, when Vestavia answers the Census survey, it only reports the amount collected for municipal purposes. If Vestavia were to report the millage it collects on behalf of schools, its per capita property tax revenue would be more than twice the \$459 per capita depicted above. If Homewood and Mountain Brook excluded that municipal millage for schools, their per capita collections would be 44% lower.

At the other end of the spectrum, Dothan and Prichard simply have low municipal property tax rates, both at five mills. But Gadsden's low ranking is misleading. Gadsden collects 12 mills of property tax and sends six to the Gadsden City Schools. Like Vestavia Hills, Gadsden's response to the Census survey only reports the revenue from the mills that stay with the city. The city also receives three additional mills that are earmarked for fire protection. Since those three mills are not strictly city property taxes, they are not reported to the Census, but they do go to fund municipal operations.

Again, if the Census survey is to serve as a comparative tool, city finance officials will need to agree on how to handle situations such as these.

Occupational and Business License Tax Revenues

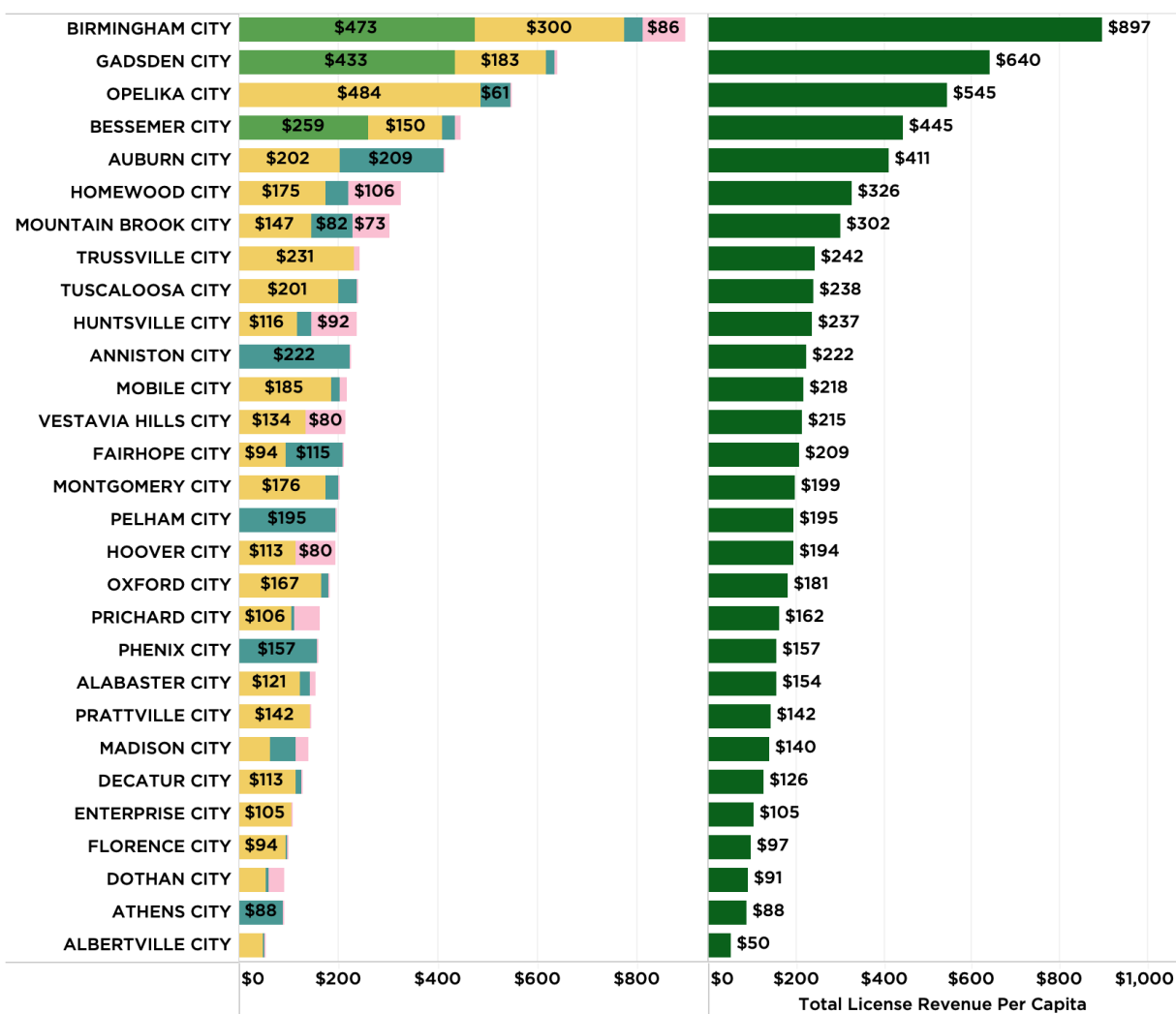
All major Alabama cities collect some revenue from business licenses, and 25 cities in Alabama collect an occupational license tax from anyone who works in that city. These occupational taxes are reported as income tax in some cities, including Birmingham, Gadsden, and Bessemer. On the other hand, Opelika lumps the revenue from its occupational tax in with other business license revenue.

Figure 6 compares per capita occupational taxes and business license revenue across Alabama cities with populations larger than 20,000. Also included in Figure 6 are other license revenues and public utility taxes or licenses. Not included are charges collected from operating public utilities. Some cities, especially in the Tennessee Valley Authority territory of North Alabama, operate public utilities: electricity, gas, water, and sewer. But the revenue from billing is accounted for elsewhere in the Census survey as charges.

The top five cities in Figure 6 have an occupational tax, even though they differ in how they report that revenue to the Census. Occupational taxes tend

to be adopted in cities with a concentration of employment and large numbers of workers commuting into the city to work. The city provides the infrastructure and services needed to support businesses and jobs, and thus seeks a way to capture tax support from the commuters.

Figure 6. Business and Occupational Taxes Per Capita



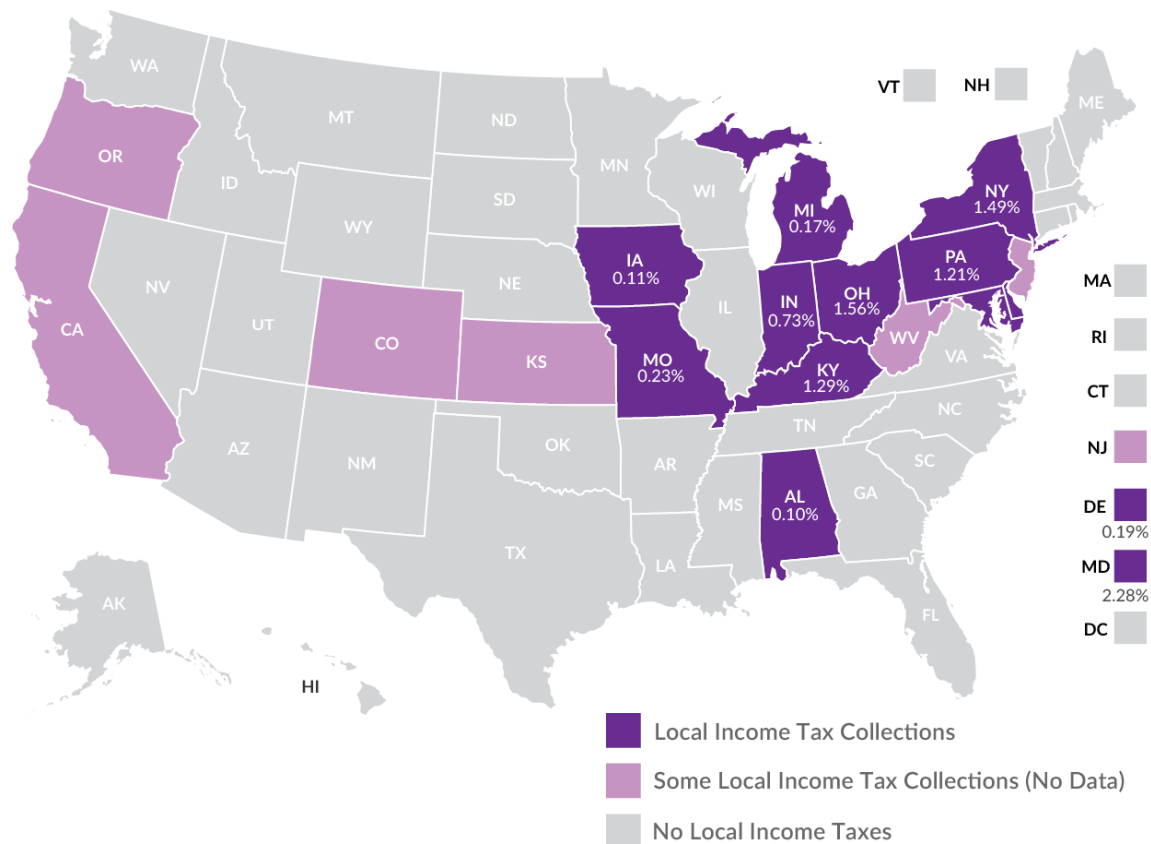
Measure Names

■ Total License Revenue Per Capita
■ Tax - Individual Income
■ Tax - Occupation & Business License, ...
■ Tax - Public Utilities Tax or License
■ Tax - Other License

Occupational taxes are more common in the industrial Midwest but are also found in the Mid-Atlantic states, the Plains, and the West Coast. The Tax Foundation tallied 3,816 municipalities and 190 counties across the U.S. that

assess local income taxes, as well as some school districts and other forms of special districts.¹

Figure 7. Tax Foundation map of states where local income taxes are collected. In states shaded dark purple, enough data was available to estimate local income taxes as a percentage of the state's adjusted gross income.



Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Tax Foundation calculations.

In Alabama, occupational taxes tend to be clustered:²

- Birmingham area: Birmingham, Bessemer, Fairfield, Midfield, and Leeds. Mountain Brook has an occupational tax on the books but reduced its rate to zero and does not collect it.
- Etowah County: Gadsden, Attalla, Glencoe, Rainbow City, and Southside.
- Auburn and Opelika

¹ "Local Income Taxes in 2019 | Local Income Tax | City & County Level," *Tax Foundation* (blog), July 30, 2019, <https://taxfoundation.org/local-income-taxes-2019/>.

² For a complete list of cities with and occupational tax see, Alabama League of Municipalities, <https://almonline.org/TaxRates.aspx#OccupationalTax>.

In Birmingham's case, the tax was adopted in the early 1970s as suburban flight led to an outflow of population from Birmingham. The occupational tax allowed Birmingham to maintain a base to support economic and infrastructure development, transit, and other cultural amenities.

The adoption of an occupational tax is included as a general power of municipalities under the Code of Ala. 1975, § 11-51-90(a)(1).

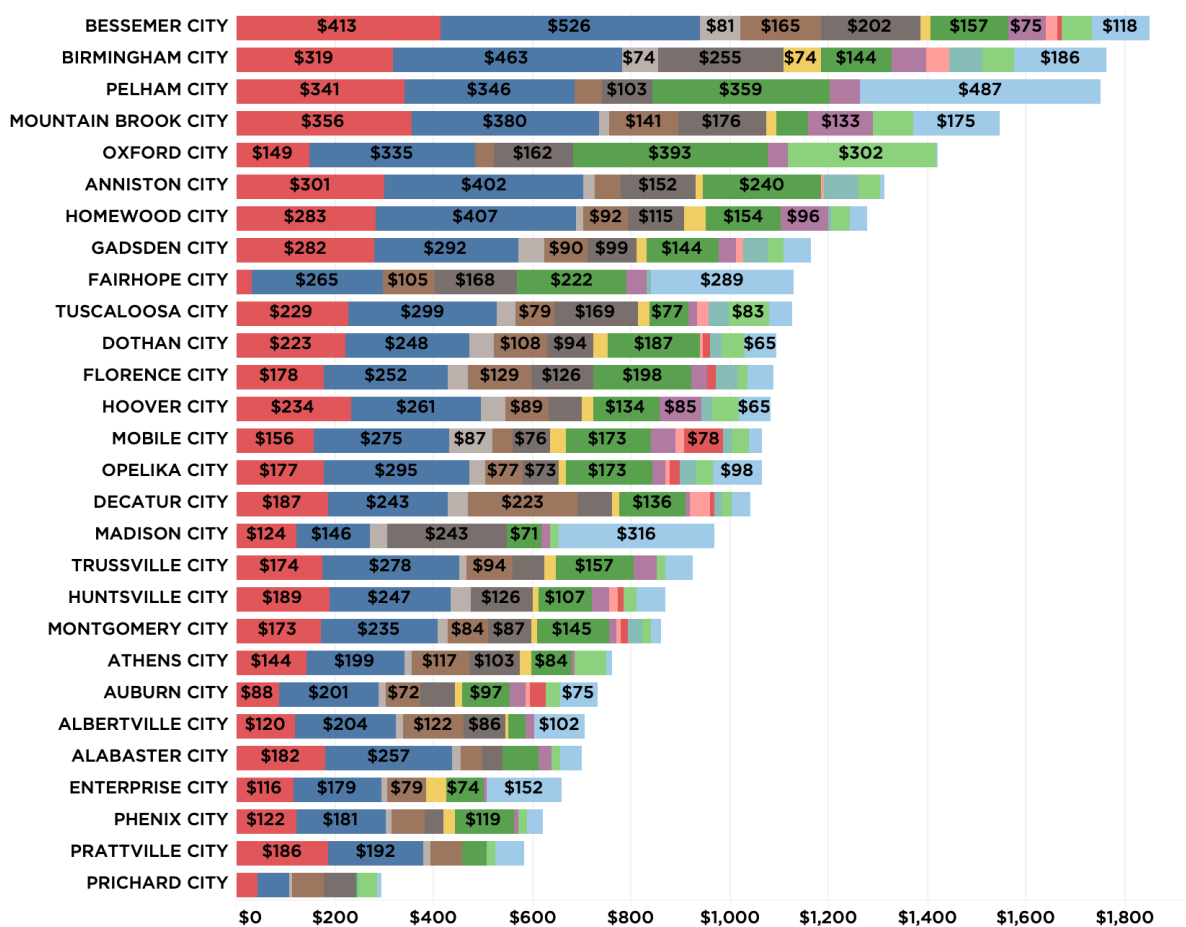
However, in 2020, the Legislature passed, and Gov. Kay Ivey signed Act 2020-14, which requires that the Legislature must approve any occupational tax passed by a city. This bill came in response to the City of Montgomery's passage of an occupational tax, and it nullified Montgomery's attempt. The legislative approval requirement makes it much less likely that another city will successfully adopt an occupational tax.

Expenditures

The Census Bureau's Annual Survey of State and Local Finances also includes information on expenditures. Figure 8 includes most general government categories of current operations spending. It does not include utilities or capital spending.

Cities should be interested in making comparisons of their spending on similar functions, like police and fire, the operation of courts and jails, solid waste collection, libraries, and parks and recreation operations.

Figure 8. Per Capita Spending on General Government Functions



Measure Names

- Per Capita Fire Protection
- Per Capita Police Protection
- Per Capita Judicial, Legal, Corrections
- Per Capita Solid Waste Management
- Per Capita Regular Highways
- Per Capita Protective Inspection
- Per Capita Parks & Rec, Natural Resources
- Per Capita Libraries
- Per Capita Community Development
- Per Capita Health Services - Other
- Per Capita General Public Buildings
- Per Capita Financial Administration
- Per Capita Central Staff Services

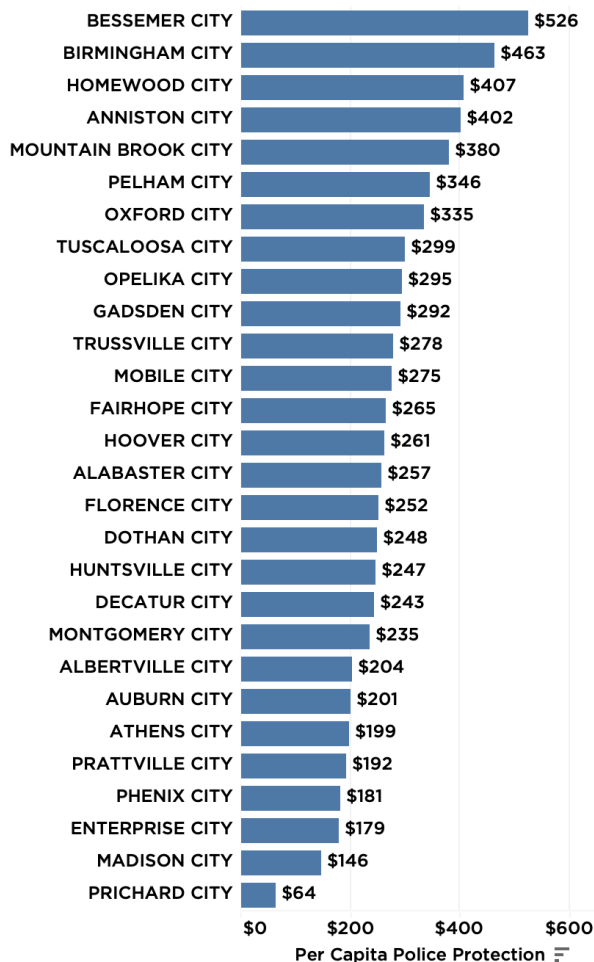
The survey data shows promise as an analytical tool. But it is also clear that the quality and comparability of the data would benefit from a common approach to categorizing and reporting data.

Seeing Birmingham and Bessemer atop the ranking in per capita spending on government is not surprising. Both cities collect occupational taxes from residents and non-residents. The Census Bureau estimates that 80% of Birmingham's workforce commutes into the city. In Bessemer, 91% of the workforce commutes in, according to the estimates. Both are at or near the top in per capita spending on police and fire, which are the costliest functions of municipal governments. But that's understandable, since the population they serve is almost double each city's resident population. However, this may also be affected by how cities report the data. It appears that neither Bessemer nor Birmingham separates out corrections spending like other cities do. That may account for higher total spending on police.

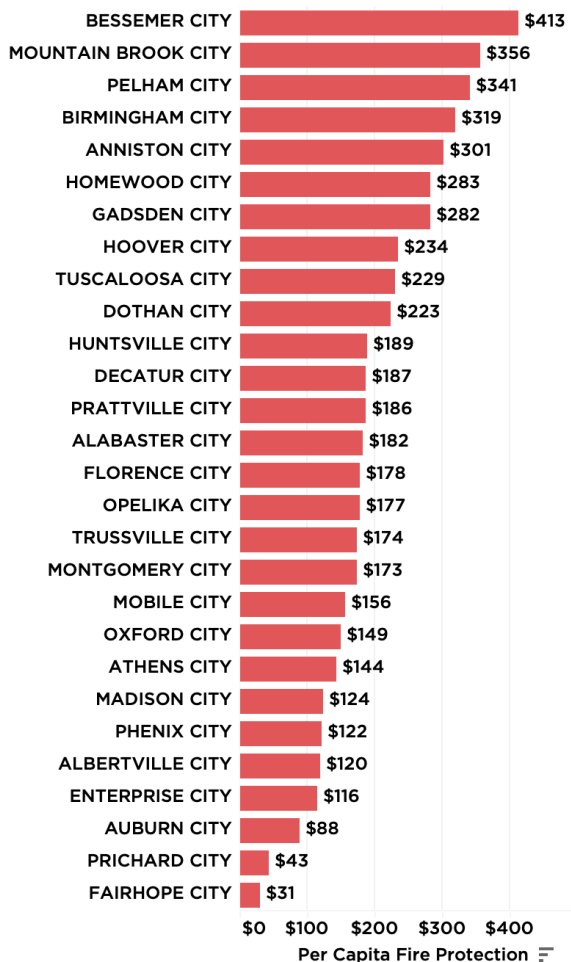
Police and Fire Spending

Figure 9. Per capita spending on first response services

Per Capita Spending on Police



Per Capita Spending on Fire



Meanwhile, low per capita spending can be partially explained by unusual approaches. Fairhope, for example, is served by a volunteer fire department. That department is supported by a 1.5 mill property tax collected by the county. Another unusual example is the City of Auburn's fire department. Along with its professional firefighters, Auburn supplements its workforce with student firefighters who receive pay, tuition reimbursement, and other benefits. The program saves the city money and provides valuable job experience to Auburn undergraduates.

Amenities

Referring to Figure 8, it is surprising to see Pelham, Oxford, and Anniston in the Top 10 in per capita spending.

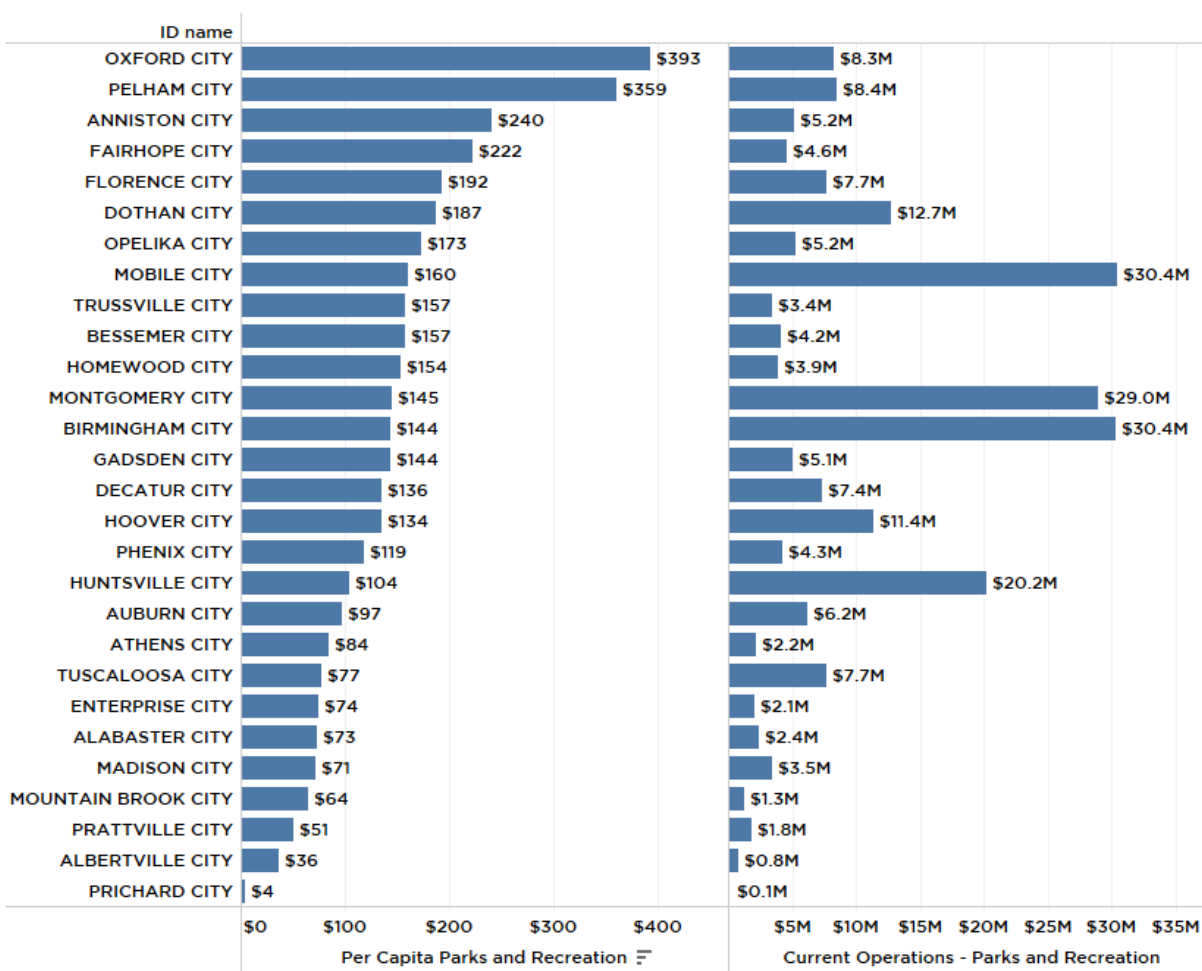
All three are relatively small cities, just over 20,000 in population. However, all three operate commercial-type enterprises under the umbrella of the city government.

Pelham and Oxford both have golf courses. Pelham operates an ice rink and civic complex. Oxford has a major performing arts center and a regional athletic field complex. Anniston has two museums. Fairhope has a municipal pier.

In all those cases, the city owns the venues, but the venues generate much of their own revenue through events, operations, or private support. The Census survey asks for those types of operations to be included: “Parks and recreation—playgrounds; golf courses; swimming pools; museums; marinas; community music, drama, festivals; zoos, and other cultural activities.”

Figure 10. Per capita and current operations spending on parks and recreation

Per Capita Spending on Parks and Recreation



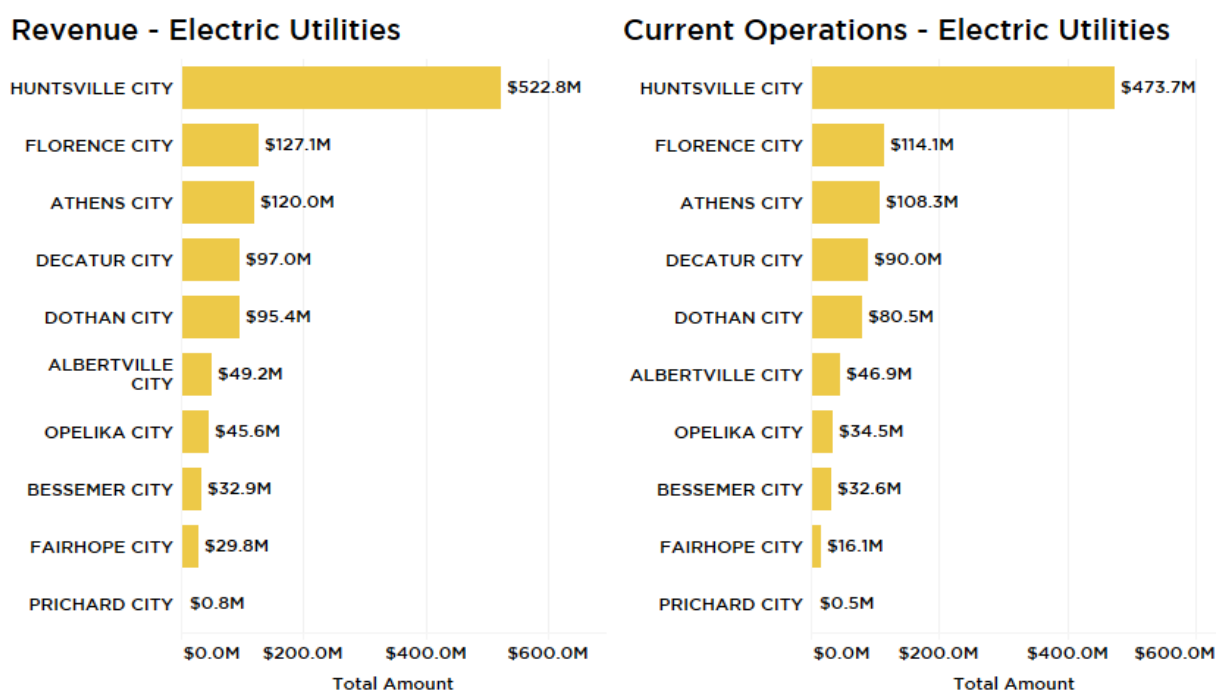
There are almost endless variations in how cities operate auxiliary functions, and it is hard to know which cities report which operations on the survey. This is another area in which cities, state associations, and state officials could come to a common understanding of reporting.

Even within common categories, the figures in the Census indicate that different cities' expenditures are reported differently. Relatively few cities, for instance, break out correctional expenses. There is also a wide variation in spending on judicial and legal services, as it is captured in the survey.

Utilities

Figure 8 excluded expenditures on utilities. Figures 9 and 10 provide a glimpse of figures reported in the survey for municipal electric and water utilities. These figures are not adjusted for the city population because the utilities often serve residents outside the city limits. Most municipal electric utilities are in the part of the state serviced by the Tennessee Valley Authority (TVA). TVA generates the power. The cities resell it to customers and maintain the local grid.

Figure 11. Total electric revenue and expenditures on operations



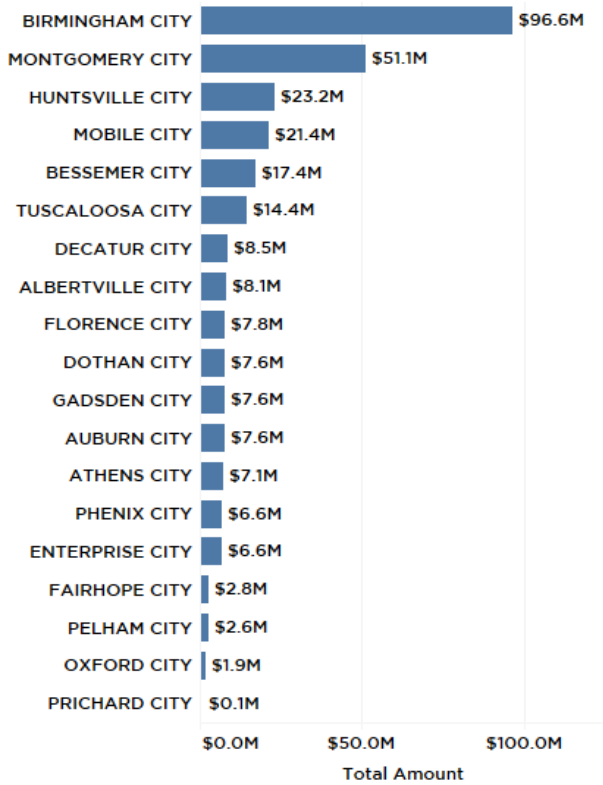
In some cities, additional information is provided on expenditures on utility construction and payment of interest on debt. The centrality of the services provided, and the scale of revenue and expenditures involved, is a reminder of the cornerstone role that government plays. It also underlines the need for reliable, comparable public information on their entire operations.

Figure 12. Water revenue and current operations spending

Revenue - Water Utilities



Current Operations - Water Utilities



Improving Municipal Reporting

Municipal finance data would be more timely and more reliable if the State of Alabama, working with cities, devised a standardized method for tracking and reporting financial data. That would entail:

- Creating a uniform chart of accounts, a standard system of codes for tracking revenues and expenditures.
- Devising a simplified reporting process through which cities could submit financial information to a shared database for reporting to the Census and the state.
- Task a state agency with monitoring financial reports in an attempt to head off financial problems before they're critical.

A standardized system would allow cities to provide comparable financial information. Public officials, auditors, and accountants could decode a municipality's revenues and expenses more quickly. Citizens could compare spending.

Most states require or recommend a uniform chart of accounts for cities. Alabama requires one for schools. The Examiners of Public Accounts recommends counties use a chart of accounts developed in a partnership between the Examiners and counties.

Similarly, the state could partner with cities to create an automated method for producing and submitting answers to the Census survey. That, in turn, could improve the quality of response to the Census's annual survey. The Census Bureau has cooperated with other states to create coordinated reporting procedures. In 27 states, a central agency gathers the data and transmits it to the Census Bureau. In several states, a cooperative arrangement and electronic portal, designed in cooperation with the Census Bureau, allows state and local officials to draw on the submitted data for comparison and analysis purposes.

Finally, Alabama needs a financial early warning system. Alabama has had eight municipal bankruptcies since 1988, more than any other state.

Alabama tends to restrict the power of local government but, at the same time, provides little to no oversight. Other states grant cities and counties more operational freedom but require detailed financial reporting. Those

submissions are reviewed. In some cases, the state can take control of cities in financial distress.

While Alabama cities likely enjoy their autonomy, they would also benefit from accessible, comparable data and a climate of stable, responsible, accountable government. The more frequent occurrence of municipal bankruptcies here likely increases borrowing costs across the state because of perceived risk.

Conclusion

Alabama has an inconsistent philosophy when it comes to local government. On the one hand, the state government places constraining bonds around local governments, controlling taxation and local government authorities.

Alabama counties lack home rule and can only exercise powers granted to them by the Alabama Constitution or the Legislature. Cities have more authority and police power. However, the state can and often does intervene in local matters.

Yet Alabama state government provides relatively little regular oversight of local government. While cities are required by state law to have an audit performed annually, no agency checks to see that an audit is performed.

State law requires cities to submit those audits to a repository maintained by the Department of Examiners of Public Accounts, but compliance with this requirement is spotty. And if the audits are submitted, no one is charged with reviewing them.

Unlike systems available in many states, including several neighbors, Alabama cities do not have available to them a common bank of data on how municipal governments tax and spend. And because each city is on its own to design a code system for organizing and categorizing its finances, cross-city comparison is difficult.

In subsequent research, PARCA intends to present options and examples drawn from other states for creating a common store of public record data on local government revenue and expenditures. It is hoped that this information will inspire a conversation between cities, counties, accounting firms, and state finance officials. Local governments already face a heavy accounting burden. With the recent inflow of federal funding, it is more important than ever that finances be carefully tracked and ultimately assessed for the effectiveness of their investment.



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State and community leaders make better-informed decisions when provided with unbiased, nonpartisan data and resources about the topics they care about the most.

HOW WE WORK

We conduct *nonpartisan research* on issues affecting the people of Alabama so state and community leaders, and others, can make better-informed decisions based on facts, not rhetoric.

We *independently evaluate* the efficacy of public programs and services.

We offer technical and research assistance for public and nonprofit partners to help them integrate the use of *accurate data* into their work.

We engage in *meaningful dialogue* with state and community leaders and others on the topics Alabamians care about the most.

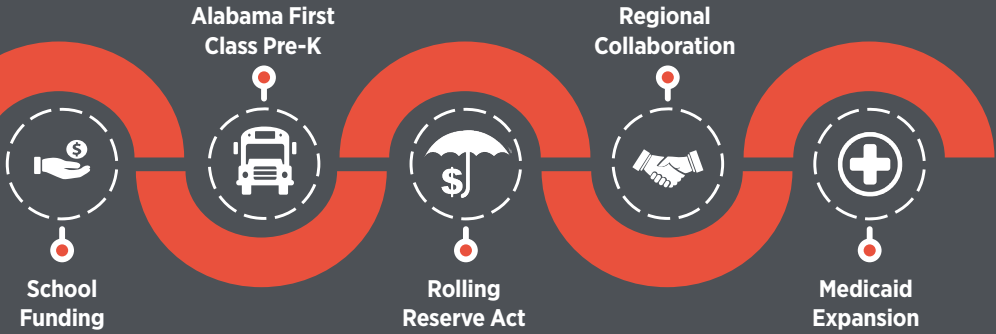


WHY WE MATTER

There are many groups and organizations vying for the attention of state and community leaders. It's often hard to identify what's real from alternative facts and partisan-leaning talking points. Our founders started the Public Affairs Research Council of Alabama more than three decades ago to counter the rising tide of misinformation. They recognized then, and it remains true today, that emotional appeals and fiery rhetoric often lead to indecision and false choices.

Major Projects

PARCA's research informs major policy debates of the day and is relied upon by policymakers and policy organizations across the spectrum.



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