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Rachel Laurie Riddle
Chief Examiner

May 6, 2026

Honorable Mayor Carletta Davis
City of Prichard
216 E. Prichard Ave
Prichard, AL 36610

Dear Mayor Davis:

In response to the City of Prichard's request for assistance, the Department noted certain activities that were occurring at the City of Prichard ("City") during the period of October 1, 2024 through September 30, 2025. During this time, additional matters were identified that required further review of certain transactions and activities occurring after September 30, 2025. Based on these observations, the Department notes the following items of concern and offers the following recommendations:

Council Minutes

The Open Meetings Act, contained in Section 36-25A-1, et seq., *Ala. Code* 1975, requires the deliberative process of governmental bodies to be open to the public during meetings. "A governmental body shall maintain accurate records of its meetings, excluding executive sessions, setting forth the date, time, place, members present or absent, and action taken at each meeting. Except as otherwise provided by law, the records of each meeting shall become a public record and be made available to the public as soon as practicable after approval." Section 36-25A-4, *Ala. Code* 1975. Minutes of the council's meetings were requested for the period October 1, 2024, through September 30, 2025. The following issues were noted:

- Council meeting minutes obtained for the January 30, 2025 meeting were identical to those approved for the February 6, 2025 meeting;
- Two separate versions of council meeting minutes were provided for the February 6, 2025 meeting with conflicting information; and
- Certain council meeting minutes were not readily available and were only produced after repeated request and an on-site visit.

The City should ensure that accurate and complete council meeting minutes are prepared, approved, and maintained for all council meetings. Council meeting minutes should be readily available for review within a reasonable time following approval and should be retained in an organized and consistent manner. This is of utmost importance for documentation and public record of actions taken by the body. Minutes are the official record of activities of the council.

Public Works Law

The Public Works Law, codified in Section 39-2-1, et seq., *Ala. Code* 1975, is a set of competitive bid provisions for public works contracts that exceed \$100,000. These contracts are required to be competitively bid and awarded to the lowest responsive and responsible bidder. Section 39-2-6(a), *Ala. Code* 1975. Section 39-2-1(6), *Ala. Code* 1975, defines “public works” as:

“the construction, installation, repair, renovation, or maintenance of public buildings, structures, sewers, waterworks, roads, curbs, gutters, side walls, bridges, docks, underpasses, and viaducts as well as any other improvement to be constructed, installed, repaired, renovated, or maintained on public property and to be paid, in whole or in part, with public funds or with financing to be retired with public funds in the form of lease payments or otherwise.”

The Public Works Law also sets forth certain bonding, advertising, and awarding requirements for persons bidding on or contracting for public works. Sections 39-1-1 and 39-2-2(a), *Ala. Code* 1975. Section 39-2-2(a)(5), et seq., *Ala. Code* 1975, states: “no public work involving a sum in excess of one hundred thousand dollars (\$100,000) shall be split into parts involving sums of one hundred thousand dollars (\$100,000) or less for the purpose of evading” the bid requirements of the public works law.”

The City received a legislature appropriation through the Alabama Department of Economic and Community Affairs for up to \$250,000 to be used for the Mitchell Library. Work performed at the Mitchell Library during the review period was divided into separate contracts with the same vendor for similar services. The first contract totaled \$20,920 and the second totaled \$90,000, for a combined total of \$110,920. There was no reason or rationale provided as to why the services could not have been combined into a single contract and thus should have followed the Public Works Law.

The City should ensure compliance with the Public Works Law, Section 39-2-1, et seq., *Ala. Code* 1975. Projects exceeding the statutory threshold must be properly bid and projects should not be divided for the purpose of circumventing the bid requirements. The City should also maintain complete and accessible records of all public works projects.

Competitive Bid Law

The competitive bid law applicable to municipalities is set forth in Section 41-16-50, et seq., *Ala. Code* 1975. Generally, the competitive bid law requires all expenditures for labor, services, work, or the purchase or lease of materials, equipment, supplies or other personal property involving \$30,000 or more to be made through free and open competitive bidding, on sealed bids, to the lowest responsive and responsive bidder.

The Department requested a list of bids let during the review period, but the City was unable to provide that information. Therefore, the Department reviewed the City’s expenditures, including the total amounts paid to vendors during the review period. The following issues were noted:

- Payments for mobility vans in the amount of \$354,451.00 were paid during the review period which exceeded the bid threshold. No documentation was available to demonstrate that this was awarded through a competitive bid process or that a bid exemption was applicable;
- The City had a contract for landfill services and paid \$363,779.42 during the review period which exceeded the bid threshold. No documentation was available to demonstrate that this was awarded through a competitive bid process or that a bid exemption was applicable; and
- Payments for leased trash trucks in the amount of \$129,749.14 were paid during the review period which exceeded the bid threshold. No documentation was available to demonstrate that this was awarded through a competitive bid process or that a bid exemption was applicable.

The City should ensure compliance with the competitive bid law, Section 41-16-50, et seq., *Ala. Code* 1975. All applicable purchases exceeding the threshold must be properly bid unless a valid exemption applies. The City should maintain complete and organized bid documents, ensure council approval of awards and retain records for review. Bidding such applicable purchase is paramount to being stewards of tax-payers money.

Contracts

According to Section 11-47-5, *Ala. Code* 1975, municipal contracts “shall be in writing, signed and executed in the name of the city or town by the officers authorized to make the same and by the party contracting. In cases not otherwise directed by law or ordinance, such contracts shall be entered into and executed by the mayor in the name of the city or town and all obligations for the payment of money by the municipality, except for bonds and interest coupons, shall be attested by the clerk...” Upon reviewing the City’s contracts, the following issues were noted:

- On or about August 18, 2025, a contract was executed between a council member and an independent contractor for roofing at the Mitchel Library for \$20,920.00. Services were performed for the benefit of the City, and payment was made by the City pursuant to this agreement;
- At the September 25, 2025 council meeting, approval was granted for the council member to move forward with the renovations to the Mitchell Library with funds that have already been secured. However, this approval did not authorize the council member to execute contracts on behalf of the city or to select the vendor;
- Subsequently on January 12, 2026, a second agreement was executed between Prichard Library and the same independent contractor for interior remodeling at the Mitchell Library. This agreement was also executed by the same council member on behalf of the City; and
- The City paid for mobility vans and leased trash trucks without maintaining written contracts on file or was unable to provide copies of such contracts for review.

The City should ensure that all contracts are executed in accordance with Section 11-47-5, *Ala. Code* 1975. Contracts should be entered into in the name of the City and executed only by authorized officials. The City should ensure that all contract approvals are clearly documented in

the council meeting minutes and that supporting documentation is properly maintained and readily available for review. It is important the city has contracts with clear approvals in the council minutes stating what is taking place.

Financial Policies and Procedures

A financial policies and procedures manual is a critical component of a strong internal control environment. A manual should establish clear expectations for financial operations, define roles and responsibilities, and outline standardized processes for handling public funds.

During this process, the Department made multiple requests for the City to produce copies of its policies and procedure manual to determine whether formal written policies and procedures existed and were being followed. However, no documentation was provided. In the absence of a formal written policies and procedures manual, the Department was only able to inquire about and observe certain financial processes in place at the City. The Department notes the following areas where strengthened controls and formalized procedures would be beneficial:

- Financial reports should be prepared and made available to City leadership, including the council, on a timely basis. Supporting documentation for financial activity, including invoices, receipts and reconciliations, should be organized and maintained in a manner that allows for efficient review; and
- Funds received through federal or state grants should be monitored to ensure compliance with applicable grant requirements, including uniform guidance procedures. All related contracts should be formally approved by the council and properly recorded in the official minutes.

The City should develop and implement formal, written financial policies and procedures. Establishing and adhering to written policies and procedures will promote consistency, strengthen internal controls, and reduce the risk of errors, misuse of funds, or noncompliance with applicable requirements.

Purchasing Card Controls

The review identified weaknesses in the City's oversight of purchasing card activity. Purchases made using purchasing cards were not tracked by employee, and transactions lacked evidence of approval. The City does not currently maintain a formal process to document authorization, usage, and review of purchasing card transactions. Upon review of purchasing card transactions the Department noted numerous expenditures that may have been unallowable due to lack of process and supporting documentation, the Department could not determine the allowability of such purchases.

The City should establish written procedures governing the issuance, use, and monitoring of purchasing cards. These procedures should clearly outline authorization requirements, documentation standards, supervisory approval expectations, and controls to prevent shared or unauthorized use of card information. Strengthening these procedures will enhance financial accountability and promote consistent, transparent purchasing practices.

Business License Administration and Controls

City Ordinance No.1967, adopted November 23, 2009, establishes requirements for the City's issuance of business licenses, requires that business licenses shall be renewed annually on or before January 31, and provides for the waiver of penalties only upon a showing of reasonable cause. "Reasonable cause" is defined as "serious personal hardship, business disruption, or reliance on incorrect official advice." Additionally, City Resolution No. 2290-26 authorized a temporary business license amnesty program from March 1, 2026 through March 30, 2026 to waive all penalties and accrued interest associated with delinquent business license accounts.

Business licenses paid after the conclusion of the amnesty period were reviewed to determine whether applicable late fees were properly assessed. The following issues were noted:

- The City's business license office does not maintain formal, written standard operating procedures governing its daily operations, employee responsibilities, segregation of duties, or required documentation for account maintenance.
- A business remitted payment for its business license on April 1, 2026; however, no late fees were assessed. Documentation provided indicates this action was taken at the direction of official in upper management.
- Business license accounts were deleted from the system rather than being properly closed. In some instances, employees deleted their own business license accounts, which presents a significant internal control weakness.

The City should ensure that fines and penalties are assessed in accordance with Ordinance No. 1967. Additionally, the City should develop and implement formal written policies and procedures governing business license operations. These policies should include clearly defined roles and responsibilities, segregation of duties, documentation requirements, and proper procedures for closing accounts. System access controls should also be strengthened to prevent unauthorized or inappropriate account modifications.

Capital Improvement Funds

According to Section 11-66-6, *Ala. Code* 1975, capital improvement funds shall be expended solely for capital improvements and the renovation of capital improvements determined by the municipal government body. On November 20, 2024, the City transferred \$40,000.00 from the capital improvement fund to the general fund to cover payroll expenses.

The City should ensure that capital improvement funds are only expended for allowable purposes in accordance with Section 11-66-6, *Ala. Code* 1975. Transfer or expenditures for operating expenses, including payroll, are not permissible uses of these funds and should be replaced.

Gasoline Tax Funds

According to Section 40-17-359(j)(3), *Ala. Code* 1975, when gasoline tax proceeds are distributed to a municipality, they shall be used for "transportation planning, the construction, reconstruction, maintenance, widening, alteration and improvement of public roads, bridges, streets and other

public ways, including payment of the principal of and interest on any securities at any time issued by the municipality pursuant to law for the payment of which any part of the net tax proceeds were or may be lawfully pledged; provided, that no part of the net tax proceeds...shall be expended contrary to the provisions of the Constitution.” Additionally, Attorney General Opinion 2003-068 provides: the seven-cent gasoline tax may not be used to build sidewalks. The Department notes the following:

- During fiscal year 2025, the City expended \$37,038.11 of seven-cent gasoline tax funds on sidewalk repairs;
- The City expended funds for the removal of a light pole at the Water Works building; and
- The City was unable to provide supporting documentation for transfers from the gasoline tax fund totaling \$2,904.40 to the General Fund.

The City should ensure that seven-cent gasoline tax funds are expended only for allowable purposes in accordance with Section 40-17-359(j)(3), *Ala. Code* 1975, and applicable legal guidance. Adequate supporting documentation should be maintained to support all expenditures and transfers.

Please note these are issues the Department noted as they became apparent. This was not a comprehensive review of the City of Prichard and its organization. If you have any questions, please do not hesitate to call us.

Sincerely,



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Chief Examiner

RLR/lm

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