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Most Special Districts Lag in the Transparency Department.

Special districts are all over, and according to one of the first nationwide reports on them, most aren't revealing even basic information online about how they're spending public money.

When citizens turn on their faucet, visit a library or fly out of an airport, there's a good chance they're being served by a special district. These entities frequently spend hundreds of millions in public funds a year, but information about how those dollars are used is often scarce.

A [report](#) published this week by U.S. PIRG, a public interest research group, is likely the first national review of online transparency practices for special districts. It found that most of them fail to meet basic transparency standards, and a slight majority of the special districts reviewed received failing grades.

Some of the more common special districts include water and sewer districts, airports and parking authorities. They've proliferated over the past several decades, with more than 38,000 nationwide as of 2012, according to Census of Governments data. States like Colorado, Illinois and Kansas have a particularly large number of special districts.

According to the U.S. PIRG report, just 38 percent of the special districts reviewed published their most recent budgets on their websites, while only 30 percent posted comprehensive annual financial reports. Eleven of the districts failed to post any financial information online at all.

The 42 districts slapped with failing grades in the report include housing authorities, large hospital districts and statewide utility authorities. According to U.S. PIRG, most of them provided only one financial document online, rather than both budgets and financial reports. Of the districts that did publish annual reports, many covered only the highlights of them.

Reporting requirements for special districts vary, but they're often not held to the same standards as cities, counties and other localities.

"We really didn't see the same level of transparency that we'd come to expect from general purpose governments," says U.S. PIRG's Michelle Surka, who co-authored the report. "The difference is really striking."

For the study, researchers assessed a sample of 79 larger special districts. They included entities with the 20 highest total expenditures nationally, the 20 highest expenditures for each government function type and others spending the most in each state.

Other reviews conducted by individual states have identified similar holes in transparency. A 2012 [report](#) by the Kentucky Auditor's Office, for instance, found that 40 percent of the state's special districts failed to submit budgets as required, while nearly half of larger districts had not performed audits on an annual basis. It concluded that current laws did not provide "sufficient consequences" for districts that failed to comply with reporting requirements and recommended stronger

incentives.

Districts earning the top scores in the U.S. PIRG report were the Port of Houston Authority, Chicago Transit Authority and Metropolitan Transit Authority of Harris County. All have established user-friendly websites with multiple datasets available for download.

If there's one common trait shared by the higher performing districts, it's that they're in states that have taken steps to bolster reporting practices.

Illinois, for example, passed a law in 2015 that led to creation of the [Greater Chicago Mass Transit Transparency and Accountability Portal](#), which posts regular spending, contacts and employee data. U.S. PIRG's Surka also cites Kentucky, which launched a central reporting agency for its districts, and Texas, where the state comptroller runs a Transparency Stars program that encourages disclosure.

Some special districts might not post financial information on their own websites but instead share data with state agencies that post it elsewhere online. U.S. PIRG gave these districts partial credit in its scoring.

In some cases, Surka actually suggests that states take the lead in publishing special districts' data. The U.S. PIRG report reviewed large special districts that manage big budgets, but there are also many smaller districts with volunteer boards that might not be able to fund and maintain comprehensive online checkbook sites.

While special districts' governing bodies are primarily responsible for making their financial information available, the report outlines several steps states and localities can take to improve reporting practices. These include establishing a central registry of all special districts, uniform reporting requirements and tasking a government agency with tracking districts' financial data.

"Improving budget and spending transparency will make special districts — which often exist in the shadows of our democracy — more accountable to governments that created them and the public they serve," the report states.

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BY MIKE MACIAG | APRIL 28, 2017

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