



CITY OF JERSEY VILLAGE, TEXAS

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The Truth about Budget Problems

We have been hearing or reading recently about many governmental entities facing budget problems. The City of Houston is \$100 million in the red; their mayor is proposing a 25% budget cut for all city departments except police and fire which have been asked to cut 5% of their budget. Texas, California and Louisiana are all facing \$20+ billion budget deficits and the President is proposing a federal budget with a \$1.6 trillion deficit; raising the debt total to \$13 trillion. It must be good to be able to print money. Can you even fathom what a trillion dollars is?

Closer to home, Cy-Fair ISD has a major problem as the state plans cuts in education funding. We are still waiting to find out how that will affect our schools.

All these entities have more plans to spend money than they have money to spend. How did they get into this problem? The reason is very simple: tax revenues are lower, expenses are higher and deferred payments are coming due. To exacerbate the problem, the unfunded mandates are directed from higher authorities who add bureaucratic costs of the lower entities. Some cities and states will be going bankrupt before the year has ended.

What does this mean in Jersey Village? Is our city in the same shape as seemingly every other governmental entity?

Not hardly. Our income – derived primarily from property taxes and sales tax -- is indeed slightly lower than in previous years. Income from property taxes is down due to the decrease in property values and sales tax income has been affected by the slowdown in the general economy. In contrast to other governments, Jersey Village has been very conservative about living within its means. Through prudent and careful spending, our city has chosen to live within its means and we have been able to set aside a reserve to allow for a slowdown in revenue.

This not easy to do and, indeed, most governments have not been able to live within their revenues. Constituents at all levels can be very demanding, and there is always a growing list of wants in a state or city -- new roads, new or improved parks, a new city hall, recreational amenities and the list goes on. In Jersey Village, we have been slow to approve expenditures in those areas. City Council has, however, taken care of the “needs” of the citizens: police and fire protection, reliable sewer and water lines, garbage pickup, drainage and flooding issues, emergency management funds for hurricanes and ice storms.

Because of this prudent use of our money, you will NOT be reading about Jersey Village having a budget problem, being bailed out by the federal government, stopping city services or laying off needed employees. Even with slightly lower revenues for a short period of time, we are fiscally sound and have adequate reserves for the foreseeable future.

Once again, you should be thankful that you live in Jersey Village.