



MIDWAY MESSENGER

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Latest News and Updates

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From the Mayor's Desk:

To continue our series on "How Cities Work," this month, we will examine typical city expenditures. This content comes from the January 2025 issue of *The Texas Municipal League* magazine, titled "Texas Town and Cities". (www.tml.org).

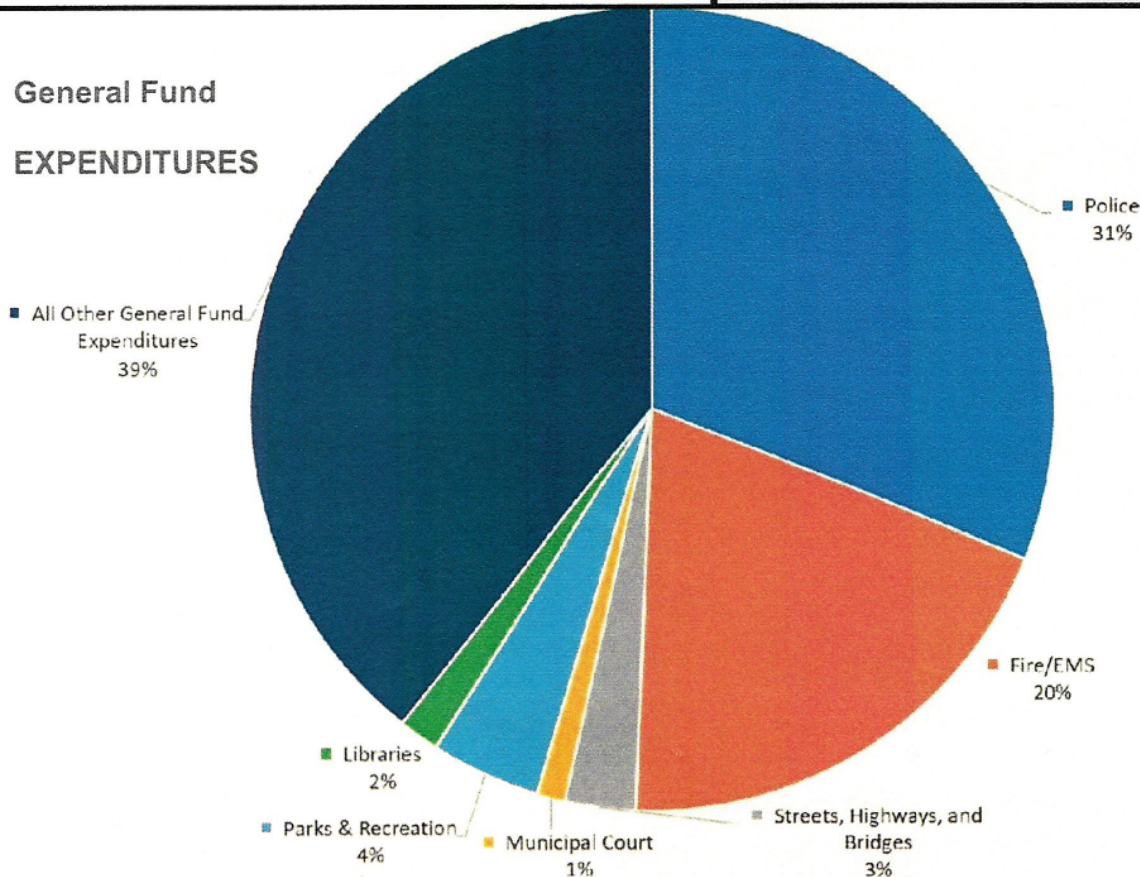
Below is a pie chart, similar to last month's, showing the sources of city revenue. This chart will show **expenses** that eat up those revenues.



For God so loved the world, that he gave his only begotten Son, that whosoever believeth in him should not perish, but have everlasting life.

—John 3:16 (KJV)

General Fund EXPENDITURES



From TML

PUTTING LOCAL DEBT IN CONTEXT

The story about debt coming out of certain Austin think tanks goes something like this: the state has its fiscal house in order, but local governments are greedy, profligate spenders running up the taxpayers' credit card. It's a powerful narrative, **but it isn't true.**

A recent report issued by the Texas Bond Review Board shows total outstanding state and local debt for the past few years. From 2019-2023, total outstanding local debt increased from \$240.66 billion to \$309.77 billion, a 28.7 percent increase

From TML

Expenditures

In a survey conducted by TML, core city services like police, fire, and EMS account for the majority of expenditures. In addition, cities spend revenue on streets, municipal courts, parks, and libraries. "Other Expenditures" in the survey include primarily administrative and personnel costs.

Meanwhile, total outstanding city debt increased from roughly \$77 billion to \$96 billion, a 24.6 percent increase during the same time frame. For the same period total outstanding state debt increased from \$59.9 billion to \$70.9 billion, an 18.4 percent increase. In other words, local debt (and city debt) is increasing at a similar pace as state debt in recent years.

At \$309.77 billion, the amount of total local debt is certainly significant. However, only a small portion of that—\$43 billion—is tax-supported city debt. Another \$52 billion is city debt supported by the revenues of city utilities and not property taxes. *Cont.. on pg2*

Putting Local Debt in Context

Cont...

The largest portion is tax-supported school district debt at \$119 billion.

School funding is a constitutional obligation of state government. The state has chosen to discharge that obligation by creating local school districts that levy the needed taxes. The \$119 billion of school district debt ought to be thought of as state debt because that's how the state has chosen to fund schools. Shift that \$119 billion over to the state debt column and a vastly different picture about which governments may be falling dangerously into debt emerges. In any event, the numbers clearly show that it isn't Texas cities.

The recent focus on local debt (even though state debt is growing faster) likely relates to the reality that Texas state government, for better or worse, has gotten out of the business of building new state infrastructure with state dollars. Instead, locals are expected pick up the slack for things like roads and reservoirs.

Consider the water funding proposition that passed in November 2014—it ultimately spends zero state dollars. Instead, through the use of a revolving fund, it **encourages cities to take on debt** to build our state's important reservoirs and other water projects. This is a perfect example of the state essentially forcing locals to take on debt to do the state's work, then blaming the same locals for having taken on the debt in the first place.

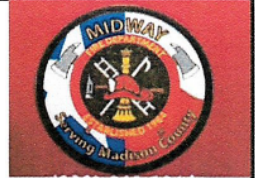
Texas cities are willing to partner with state government to build infrastructure in our great State but should not be considered scapegoats in that partnership.

Did You Know:

After reading about the Madisonville Fire Department in the Meteor, I recently sat down with Midways VFD Chief Ed Faw, and he brought to light the cost of equipment and the challenges in recruiting firefighters. Of course, you need equipment to extinguish fires, and to do it efficiently, there is a cost in both equipment and personnel. The costs of a fire truck can range from several hundred dollars to millions of dollars. With recruiting being the most challenging, purchasing new, technologically advanced equipment is desired. This helps address a manpower shortage with better equipment.

Midway VFD has one of the largest tankers in the county. Its newest firefighting equipment is a UTV Ranger. It's capable of going off-road to areas that grass trucks can't reach—equipped with a spray rig that holds 100 gallons of water and 6 gallons of foam. It also carries a Stokes Basket. For any Wrangler or any off-road warrior that an ambulance can't reach, the UTV Ranger will be able to assist.

Ed Faw has been a member of the MVD for 30 years and has served as Fire Chief for the last 10 years. He has just completed his tenth year this past June. Matthew Faw is the Assistant Fire Chief. Midway VFD has 15 members, including the Fire Chief, firefighters, and board members. Their geographical area is eastern Madisonville County, extending from east of I-45 to the Trinity River.



Visit the city website for additional information.

<https://midway.municipalimpact.com/>

Now that we have looked at City Revenue and Expenditures let's compare The City of Midway with our TML examples.

<u>TML Example City</u>	<u>Midway</u>
<u>REVENUE</u>	
Sales Tax	Yes
Franchise Fee's Telephone, Cable, Electric, Other	Yes
All Permits or Other Fees	Yes
Courts Fines	N/A
Federal and/or State Grants	Yes
All Other Sources	N/A
Property Taxes	N/A

General Fund Expenditures

<u>TML Example City</u>	<u>Midway</u>
<u>EXPENSES</u>	
All Other General Fund Expenditures	Yes
Police	N/A
Fire/EMS	Volunteer
Streets & Highways	N/A
Municipal Court	N/A
Parks & Recreation	N/A
Libraries	Free