

City of Laredo – Long Range Financial Management Policy Resolution

Preamble

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A FORMAL POLICY FOR BUDGET DEVELOPMENT AND LONG-TERM FINANCIAL PLANNING TO PROMOTE FISCAL RESPONSIBILITY, STRUCTURAL BALANCE, AND STRATEGIC ALIGNMENT WITH COMMUNITY PRIORITIES, CITY CHARTER AND ADOPTED ORDINANCES.

WHEREAS, all provisions of this Section shall be implemented in a manner consistent with Article IV, Section 6 of the City of Laredo Charter.

Section 1 - Purpose and Scope

This resolution outlines the principles and expectations governing the development of the City's annual operating and capital budgets and long-term financial forecasts. It is intended to promote transparency, financial discipline, and informed decision-making.

Section 2 - Structurally Balanced Budgets

1. The City's General Fund budget shall be structurally balanced each fiscal year, wherein recurring revenues equals recurring expenditures.
2. Recurring revenues shall refer to revenues reasonably expected to continue year-over-year, such as property tax, sales tax, user fees, and franchise revenue. Structurally balanced refers to a budget where recurring revenues are equal to or greater than recurring expenditures.
3. Use of fund balance to balance the General Fund budget shall be prohibited.
4. Midyear budget amendments shall preserve structural balance unless offset by new recurring revenues, reallocation of existing recurring funds, or Council-authorized use of fund balance in accordance with policy.

Section 3 - Long-Term Financial Forecasting

1. The Budget Office shall maintain a rolling five-year financial forecast for all major funds.
2. Forecasts shall be updated annually and include baseline, optimistic, and pessimistic scenarios where appropriate.

- 3. The City Council shall review and consider the long-term financial forecast annually prior to adoption of the proposed budget and may use it to establish budget priorities or financial guardrails.
- 4. City Council may adopt fiscal guidance annually based on the long-term financial forecast to inform departmental budget development.

Section 4 - Capital and Strategic Plan Integration

The annual operating and capital budgets shall align with the City’s adopted Capital Improvement Plan (CIP), Viva Laredo Comprehensive Plan, departmental master plans, and Council-adopted strategic priorities.

Section 5 - Transparency and Public Engagement

- 1. The City shall publish a Proposed Budget and Adopted Budget annually in formats accessible to the public.
- 2. Budget development shall incorporate public input through hearings, outreach efforts, and digital access to key documents.

Section 6 - Policy Integration and Effective Date

- 1. This resolution is part of the City’s consolidated Financial Management Policy Framework and shall be interpreted in conjunction with the City’s adopted Fund Balance Policy, Debt Management Resolution, and Cost Recovery Resolution.
- 2. This policy shall take effect immediately and apply to all budgets beginning in FY 2026.

PASSED AND APPROVED THIS ____ DAY OF _____, 2025.

ATTEST: _____, City Secretary

APPROVED: _____, Mayor, City of Laredo