

ANNUAL OPERATING BUDGET
FINANCIAL EXIGENCY

CEA
(LEGAL)

Definition Financial exigency means the financial position of the District as a whole is such that the financial resources of the District are insufficient to support existing academic programs or the District is unable to finance the full compensation of staff for the current or succeeding fiscal year.

Declaring a Financial Exigency The Board may adopt a resolution declaring a financial exigency for the District under one or more of the following conditions:

1. A decrease of more than 20 percent in unassigned General Fund balance per student in weighted average daily attendance over the past two years or a projected reduction of 20 percent compared to the current year;
2. A decline in enrollment by more than ten percent over the past five years;
3. A reduction of more than ten percent in total General Fund total funding per student in weighted average daily attendance or a projected reduction of ten percent compared to the current year;
4. An unforeseen natural disaster requiring significant expenditures for repair or remediation in excess of 15 percent of the current year General Fund budget;
5. An unanticipated major expense, including significant repair costs; litigation expenses, excluding lawsuits against the state; or tax refunds in excess of 15 percent of the current year General Fund budget; or
6. Any other circumstances approved in writing by the Commissioner.

Expiration and Continuation of Declaration The declaration expires at the end of the fiscal year during which the declaration is made unless the Board adopts a resolution before the end of the fiscal year declaring continuation of the financial exigency for the following fiscal year. The Board is not limited in the number of times the Board may adopt a resolution declaring continuation of the financial exigency.

Termination of Declaration The Board may terminate a financial exigency declaration at any time if the Board considers it appropriate.

Notice to the Commissioner Each time the Board adopts a resolution under Education Code 44.011, the Board must notify the Commissioner within 20 calendar days of the adoption. The notice must include the date the resolution was adopted and the reason(s) for the declaration of financial exigency. The notice must be signed by the Board President and

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submitted to the Texas Education Agency division responsible for
financial audits.

Education Code 44.011; 19 TAC 109.2001

[See DFF]