Chapter 392-123 WAC
FINANCE—SCHOOL DISTRICT BUDGETING

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WAC

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

392-123-015 Fiscal year 1976-77 preliminary and final budgets required. [Order 8-76, § 392-123-015, filed 7/23/76; Order 7-75, § 392-123-015, filed 12/22/75. Formerly WAC 392-30-030.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-020 Petition to stipulate that fiscal year 1976-77 preliminary budget shall become final budget. [Order 8-76, § 392-123-020, filed 7/23/76; Order 7-75, § 392-123-020, filed 12/22/75. Formerly WAC 392-30-035.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-025 Fiscal year 1976-77 preliminary and final budget forms provided by the superintendent. [Order 8-76, § 392-123-025, filed 7/23/76; Order 7-75, § 392-123-025, filed 12/22/75. Formerly WAC 392-30-040.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-030 Fiscal year 1976-77 preliminary and final budget preparation. [Order 8-76, § 392-123-030, filed 7/23/76; Order 7-75, § 392-123-030, filed 12/22/75. Formerly WAC 392-30-050.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-035 Fiscal year 1976-77 budget required to be developed on accrual basis. [Order 8-76, § 392-123-035, filed 7/23/76; Order 7-75, § 392-123-035, filed 12/22/75. Formerly WAC 392-30-060.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-040 The time schedule for the fiscal year 1976-77 preliminary budget process—Adoption. [Order 8-76, § 392-123-040, filed 7/23/76; Order 7-75, § 392-123-040, filed 12/22/75. Formerly WAC 392-30-070 (part).] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-045 Time schedule for the fiscal year 1976-77 preliminary budget process—Post adoption. [Order 8-76, § 392-123-045, filed 7/23/76; Order 7-75, § 392-123-045, filed 12/22/75. Formerly WAC 392-30-070 (part).] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-050 Time schedule for the fiscal year 1976-77 final budget process. [Order 8-76, § 392-123-050, filed 7/23/76; Order 7-75, § 392-123-050, filed 12/22/75. Formerly WAC 392-30-080.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-051 Basis of budgeting and accounting. [Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-051, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-051, filed 5/13/80; Order 8-76, § 392-123-051, filed 7/23/76.] Repealed by WSR 82-19-048 (Order 82-13), filed 9/14/82. Statutory Authority: RCW 28A.65.465.

392-123-0511 July and August 1977 budget. [Order 8-76, § 392-123-0511, filed 7/23/76.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-052 Time schedule for July and August 1977 budget process. [Order 8-76, § 392-123-052, filed 7/23/76.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-075 Identification of a balanced budget for fiscal year 1976-77. [Order 8-76, § 392-123-075, filed 7/23/76; Order 7-75, § 392-123-075, filed 12/22/75. Formerly WAC 392-30-140.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-085 Meeting to review budget after determined unsound—Findings issued. [Order 8-76, § 392-123-085, filed 7/23/76; Order 7-75, § 392-123-085, filed 12/22/75. Formerly WAC 392-30-160.] Repealed by WSR 83-21-027 (Order 83-12), filed 10/10/83. Statutory Authority: RCW 28A.65.465.

392-123-090 Preliminary budget for fiscal year 1976-77 as noncompliant and unsound. [Order 8-76, § 392-123-090, filed 7/23/76; Order 7-75, § 392-123-090, filed 12/22/75. Formerly WAC 392-30-170.] Repealed by WSR 80-06-043 (Order 80-16), filed 5/13/80. Statutory Authority: RCW 28A.65.465.

392-123-130 Monthly cash and investment status report for funds other than the general fund. [Order 8-76, § 392-123-130, filed 7/23/76; Order 7-75, § 392-123-130, filed 12/22/75. Formerly WAC 392-30-250.] Repealed by WSR 81-20-007 (Order 81-18), filed 9/24/81. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465.

WAC 392-123-003 Authority. The authority for this chapter is RCW 28A.505.140 which authorizes the superintendent of public instruction to promulgate rules and regulations regarding budgetary procedures and practices by school districts. This chapter is further authorized under RCW 28A.710.040(5), which provides that public charter schools are subject to the supervision of the superintendent of public instruction to the same extent as other public schools.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-003, filed 8/28/15, effective 9/28/15. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-003, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-003, filed 10/10/83.]

WAC 392-123-005 Purposes. The purposes of this chapter are to implement chapter 28A.505 RCW and insure proper budgetary procedures and practices on the part of school districts and charter schools.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-005, filed 8/28/15, effective 9/28/15. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-005, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-005, filed 9/24/81; Order 8-76, § 392-123-005, filed 7/23/76; Order 7-75, § 392-123-005, filed 12/22/75. Formerly WAC 392-30-010.]

WAC 392-123-010 The accounting manual. The superintendent of public instruction and the office of the state auditor shall publish

and distribute to each school district and charter school an accounting manual which shall be referred to as *The Accounting Manual for Public School Districts of the State of Washington.* Such accounting manual, as now or hereafter amended, shall govern the accounting procedures of each school district and charter school and is hereby incorporated into this chapter by this reference. Prior to any revision thereof, the superintendent of public instruction shall publish notice of such proposed action and shall hold at least one public hearing.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-010, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-010, filed 9/24/81; Order 8-76, § 392-123-010, filed 7/23/76; Order 7-75, § 392-123-010, filed 12/22/75. Formerly WAC 392-30-020.]

WAC 392-123-011 School district and charter school fiscal year. The fiscal year for school districts and charter schools shall begin on September 1 and end on August 31.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-011, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-011, filed 5/13/80; Order 8-76, § 392-123-011, filed 7/23/76.]

WAC 392-123-046 Definitions—General fund, capital projects fund, debt service fund, associated student body fund, advanced refunding and advance refunded bond funds, transportation vehicle fund and insurance reserves. (1) A general fund shall be established for maintenance and operation of the school district to account for all financial operations of the school district, except those required to be accounted for in another fund, as authorized by RCW 28A.320.330, 28A.325.030, and 28A.160.130.

(2) A capital projects fund shall be established as authorized by RCW 28A.320.330 for major capital purposes. Any statutory references to a "building fund" shall mean the capital projects fund. Money to be deposited into the capital projects fund shall include, but not be limited to, bond proceeds, proceeds from excess levies, state apportionment proceeds, earnings from capital projects fund investments, rental and lease proceeds, and proceeds from the sale of real property.

Money deposited into the capital projects fund from other sources may be used for the purposes provided in WAC 392-123-180 and for the purposes of:

(a) Major renovation, including the replacement of facilities and systems where periodical repairs are no longer economical. Major renovation and replacement shall include, but shall not be limited to, roofing, heating and ventilating systems, floor covering, and electrical systems.

(b) Renovation and rehabilitation of playfields, athletic fields, and other district real property.

(c) The conduct of preliminary energy audits and energy audits of school district buildings. For the purpose of this section:

(i) "Preliminary energy audits" means a determination of the energy consumption characteristics of a building, including the size, type, rate of energy consumption, and major energy using systems of the building.

(ii) "Energy audit" means a survey of a building or complex which identifies the type, size, energy use level, and major energy using systems; which determines appropriate energy conservation maintenance or operating procedures and assesses any need for the acquisition and installation of energy conservation measures, including solar energy and renewable resource measures.

(iii) "Energy capital improvement" means the installation, or modification of the installation, of energy conservation measures in a building which measures are primarily intended to reduce energy consumption or allow the use of an alternative energy source.

(d) Those energy capital improvements which are identified as being cost-effective in the audits authorized by this section.

(e) Purchase or installation of additional major items of equipment and furniture: Provided, That vehicles shall not be purchased with capital projects fund money.

(3) A debt service fund shall be established to provide for tax proceeds, other revenues, and disbursements as authorized in chapter 39.44 RCW.

(4) An associated student body fund shall be established as authorized by RCW 28A.325.030.

(5) Advance refunding bond funds and refunded bond funds shall be established to provide for proceeds and disbursements as authorized in chapter 39.53 RCW.

(6) A transportation vehicle fund shall be established as authorized by RCW 28A.160.130.

(7) The board of directors of first-class school districts shall have power to create and maintain an insurance reserve account pursuant to RCW 28A.330.110 to be used to meet losses specified by the board of directors.

Funds required for maintenance of an insurance reserve account shall be budgeted and allowed as are other moneys required for the support of the school district.

The school district board of directors may, as an alternative or in addition to the establishment of a self-insurance reserve account or the purchasing of insurance, contract for or hire personnel to provide risk management services.

[Statutory Authority: RCW 28A.505.090. WSR 93-17-006 (Order 93-12), § 392-123-046, filed 8/5/93, effective 9/5/93. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-046, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-046, filed 10/10/83.]

WAC 392-123-047 Definitions—Revenue, accrual basis expenditures, cash basis expenditures, appropriation, and disbursements. As used in this chapter, the term:

(1) "Revenue" shall mean an addition to assets of a fund of a school district or charter school during a fiscal period that is available to finance the funds' expenditures during the fiscal period. Revenue does not accompany the increase of liabilities or represent refunds of previous disbursements. Revenue may be in the form of cash,

or in the form of noncash assets such as donated commodities. Revenue for accrual basis expenditure funds is limited to amounts received in cash or noncash donations, plus or minus adjustments for revenue accruals.

(2) "Cash basis revenue" shall mean the actual receipt of revenue not adjusted for revenue accruals.

(3) "Revenue accruals" shall mean those revenues which are (a) anticipated to be received in cash after the close of the fiscal period and (b) represent reimbursement for expenditures incurred by the end of the fiscal period. In order for revenue to be included in revenue accruals, it must meet the above tests.

Revenue accruals, if they meet both tests include: Reimbursements on categorical grants for which expenditures have been made but payment has not been received; payments from other school districts that are due, but are not collected by the end of the fiscal period; deferrals of apportionment payments by the state when a deferral occurs because of district request or state mandate, and the revenue is due to the district; and rental or lease payments that are currently due, and there is reasonable assurance of payment.

Revenue that cannot be accrued because it does not meet the above tests includes: Collection of excess levies not expected to be received until after the end of the fiscal period and PL 874 funds that are to be received in cash in the following fiscal period, i.e. the twenty-five percent payment that is received after the end of the fiscal period.

(4) "Expenditures" shall mean the decrease in assets with no corresponding decrease in liabilities, or the increase in liabilities with no corresponding increase in assets. Expenditures for activities prior to September 1, but within the school year as defined in WAC 392-121-031, are considered expenditures of the school year commencing September 1.

(5) "Expenditure refunds" shall mean the increase in assets with a corresponding decrease in expenditures.

(6) "Revenue refunds" shall mean the increase in liabilities with a corresponding decrease in revenues.

(7) "Liabilities" shall mean debt or other legal obligations arising out of transactions in the past which are payable but not necessarily due.

(8) "Accrual basis expenditures" shall mean expenditures incurred during a given fiscal period, whether paid or unpaid.

(9) "Cash basis expenditures" shall mean the disbursement of cash for expenditures during a given fiscal period regardless of when liabilities are incurred, and the disbursement of inventory.

(10) "Appropriation" shall mean the maximum authorization during a given fiscal period to incur expenditures.

(11) "Disbursements" shall mean payments in cash, including the issuance of warrants, and the disbursement of inventory.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-047, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.150.290(2) and 1999 c 309 § 503(7). WSR 99-20-021 (Order 98-07), § 392-123-047, filed 9/28/99, effective 9/29/99. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-047, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-047, filed 10/10/83; WSR 82-19-048 (Order 82-13), § 392-123-047, filed 9/14/82.]

WAC 392-123-049 Basis of budgeting and accounting. All school districts and charter schools must utilize the following methods of revenue and expenditure recognition in budgeting, accounting, and financial reporting:

(1) Recognize revenue as defined in WAC 392-123-047: Provided, That school districts that elect the cash basis of expenditure recognition as defined below shall recognize revenue on the cash basis.

(2) Recognition of expenditures for all funds shall be on the accrual basis: Provided, That school districts with under one thousand full time equivalent students for the preceding fiscal year may make a uniform election for all funds, except debt service funds, to be on the cash basis of expenditure recognition. Notification of such election shall be given to the state superintendent of public instruction in the budget of the school district and shall remain in effect for one full fiscal year.

(3) Charter schools may not elect to make a uniform election for any funds to be on the cash basis of expenditure recognition.

(4) School districts subject to binding restrictions may not elect to make a uniform election for any funds to be on the cash basis of expenditure recognition until the fiscal year following the district's release from binding restrictions by the superintendent of public instruction.

(5) Expenditures for activities prior to September 1st, but within the school year as defined in WAC 392-121-031, are considered expenditures of the school year commencing September 1st.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-049, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-049, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.150.290(2) and 1999 c 309 § 503(7). WSR 99-20-021 (Order 98-07), § 392-123-049, filed 9/28/99, effective 9/29/99. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-049, filed 10/10/83; WSR 82-19-048 (Order 82-13), § 392-123-049, filed 9/14/82.]

WAC 392-123-053 Budget contents. Each school district or charter school that anticipates being an operating district or charter school in the common school system of the state during the following fiscal year shall prepare a budget. For districts anticipating consolidation or annexation, separate budgets shall be prepared pending official consolidation or annexation proceedings.

Every school district and charter school budget shall be prepared, submitted and adopted in the format prescribed by the superintendent of public instruction. The budget classifications contained in said format shall be in accordance with the accounting manual for public school districts, published by the superintendent of public instruction and the state auditor. Budgets prepared and adopted in a format other than that prescribed by the superintendent of public instruction shall not be official and will have no legal effect.

All items on the budget form shall be completed correctly in accordance with instructions provided by the superintendent of public instruction before the budget is presented for hearing review and approval. Information pertaining to budget development which is not

available at the time of budget preparation shall be estimated using the most current and reliable information available.

The budget shall set forth the estimated revenues for the budgeted fiscal year, the estimated revenues for the fiscal year current at the time of budget preparation, the actual revenues for the last completed fiscal year, and the reserved and unreserved fund balances for each year. The estimated revenues from all sources for the ensuing fiscal year shall not include any revenue not anticipated to be available during that fiscal year: Provided, That school districts and charter schools, pursuant to WAC 392-123-060 can be granted permission by the superintendent of public instruction to include as revenues in their budgets, receivables collectible in future fiscal years.

Any budget or appropriation adopted by the school district board of directors or charter school board that contains estimated expenditures in excess of the total of estimated revenue for the budgeted fiscal year plus estimated fund balance at the beginning of the budgeted fiscal year less ending reserve fund balance for the budgeted year without written permission from the superintendent of public instruction shall be null and void and shall not be considered an appropriation.

The school district or charter school budget shall set forth by detailed items or classes the estimated expenditures for the budgeted fiscal year, the estimated expenditures for the fiscal year current at the time of budget preparation, and the actual expenditures for the last completed fiscal year. Total salary amounts, full-time equivalents and the high, low and average annual salaries shall be displayed by each job classification within each activity within each program. If individual salaries within each position title are not displayed, districts shall provide individual salaries together with the position title of the recipient and the total salary amounts budgeted for each program upon request. Salary schedules shall be displayed. In districts or, when applicable, charter schools where negotiations have not been completed, the district or charter school may budget the salaries at the current year's rate and restrict fund balance for the amount of anticipated increase in salaries, so long as an explanation shall be attached to the budget on such restriction of fund balance.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-053, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-053, filed 10/10/83; WSR 80-06-043 (Order 80-16), § 392-123-053, filed 5/13/80; Order 8-76, § 392-123-053, filed 7/23/76.]

WAC 392-123-054 Time schedule for budget. The time schedule for preparation, adoption and filing of the annual budget is as follows:

Final Date For Action	First-Class Districts	Second-Class Districts	Public Charter Schools
July 10	Final date for district to prepare annual budget. Upon completion of their budgets, every school district shall publish a notice stating that the district has completed the budget, placed it on file in the school district administration office, that a copy thereof will be furnished to any person who calls upon the district for it, and that the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year. Such notice shall designate the date, time, and place of said meeting. The notice shall also state that any person may appear thereat and be heard for or against any part of such budget. Said notice shall be published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or, if there be none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing.	Same as first-class.	Final date for charter school to prepare its proposed annual budget. Upon completion of their proposed budgets, every charter school shall publish a notice stating that the charter school has completed the budget, placed it on file in the charter school administration office, that a copy thereof will be furnished to any person who calls upon the school for it, and that the school board will meet for the purpose of fixing and adopting the budget of the charter school for the ensuing fiscal year. Such notice shall designate the date, time, and place of said meeting. The notice shall also state that any person may appear thereat and be heard for or against any part of such budget. Said notice shall be published at least once each week for two consecutive weeks in a newspaper of general circulation in the county or counties in which such school is a part. The last notice shall be published no later than seven days immediately prior to the hearing. Every charter school shall submit the proposed budget to the office of superintendent of public instruction and the charter school's authorizer, as defined in RCW 28A.710.010.
	Final date to have sufficient copies of budget to meet reasonable demands of public. Also, final date to submit the budget to the educational service district for review and comment. The July 10th date may be delayed by the superintendent of public instruction if the state's operating budget is not finally approved by the legislature until after June 1st.	Same as first-class	Final date to have sufficient copies of budget to meet reasonable demands of public. The July 10th date may be delayed by the superintendent of public instruction if the state's operating budget is not finally approved by the legislature until after June 1st.
August 1		Final date for board directors to meet in public hearing and fix and adopt said budget. Such hearing may be continued not to exceed a total of two days: Provided, That the budget must be adopted no later than August 1st.	

Final Date For Action	First-Class Districts	Second-Class Districts	Public Charter Schools
		Upon conclusion of the hearing the board of directors shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget and the appropriations as so finally determined, and enter the same in the official minutes of the board.	
August 3		Last date to forward the adopted budget to educational service district for review, alteration and approval.	
August 31	Final date for board of directors to meet in public hearing and fix and adopt said budget. Such hearing may be continued not to exceed a total of two days: Provided, That the budget must be adopted no later than August 31st. Upon conclusion of board of directors shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget and the appropriations as so finally determined, and enter the same in the official minutes of the board.	Final date for the budget review committee to fix and approve the amount of the appropriation from each fund of the budget. One copy of the approved budget will be retained by the educational service district and one copy will be retained by the superintendent of public instruction. No budget review committee shall knowingly approve any budget or appropriation that is in violation of state law or rules and regulations adopted by the superintendent of public instruction. Members of the budget review committee as referred to in this section shall consist of the educational service district superintendent or a representative thereof, a member of the local board of directors or a representative thereof and a representative of the superintendent of public instruction.	Final date for the charter school board to meet in public hearing and fix and adopt said budget. Such hearing may be continued not to exceed a total of two days: Provided, That the budget must be adopted no later than August 31st. The charter school board shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget and the appropriations as so finally determined, and enter the same in the official minutes of the board.
September 3	Final date for district to file the adopted budget with their educational service district.		Final date for the charter school to submit the adopted annual budget to the office of superintendent of public instruction and the charter school's authorizer, as defined in RCW 28A.710.010.
September 10	Final date for educational service district to file the adopted budgets with the superintendent of public instruction.	Final date for the superintendent of public instruction to return a copy of the approved budget to the local school district.	

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-054, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.505.040. WSR 96-08-058 (Order 96-06), § 392-123-054, filed 4/2/96, effective 5/3/96. Statutory Authority: RCW 28A.505.090. WSR 93-17-006 (Order 93-12), § 392-123-054, filed 8/5/93, effective 9/5/93. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-054, filed 1/7/92, effective

2/7/92. Statutory Authority: RCW 28A.65.465. WSR 87-15-067 (Order 87-7), § 392-123-054, filed 7/16/87. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-054, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 84-13-021 (Order 84-11), § 392-123-054, filed 6/13/84; WSR 83-21-027 (Order 83-12), § 392-123-054, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-054, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-054, filed 5/13/80; Order 8-76, § 392-123-054, filed 7/23/76.]

WAC 392-123-055 Identification of revenues to be included in the budget. Only revenues which can be reasonably anticipated to be available, as defined in WAC 392-123-047 in the fiscal period for which the budget is being prepared may be budgeted by a school district or charter school, except under the following condition: Receipt of written permission from the superintendent of public instruction to budget as revenue in a district's budget receivables collectible in future fiscal periods.

All available current information including current instructions contained in bulletins now or hereafter published by the superintendent of public instruction shall be used to determine the amount of budget revenues that can reasonably be expected to be available in the fiscal period. Proposed levies which have not been certified as approved by the voters shall not be included in the budget as adopted for operation of the district or charter school.

For charter schools authorized by a school district board of directors, allocations to a charter school that are included in RCW 84.52.0531 (3)(a) through (c) shall be included in the school district's budget in the same manner as other public schools in the district.

For levies submitted to voters after a charter school's start-up date, the charter school must be included in the school district's budget in the same manner as other public schools in the district.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-055, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-055, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-055, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-055, filed 5/13/80; Order 8-76, § 392-123-055, filed 7/23/76; Order 7-75, § 392-123-055, filed 12/22/75. Formerly WAC 392-30-080 and 392-30-090.]

WAC 392-123-060 Petition to budget receivables collectible in future fiscal periods. When a school district or charter school is unable to prepare a budget or a budget extension in which the estimated revenues for the budgeted fiscal period plus the estimated fund balance or actual fund balance in case of a budget extension, at the beginning of the budgeted fiscal period less the ending reserved fund balance for the budgeted fiscal year do not at least equal the estimated expenditures for the budgeted fiscal period, the school district board of directors or charter school board may deliver a petition in writing at least 20 days before the budget or budget extension is

scheduled for adoption to the superintendent of public instruction requesting permission to include receivables collectible in future periods beyond the fiscal period being budgeted in order to balance the budget or budget extension for the fiscal period being budgeted. Said petition shall include a resolution of the school board requesting permission to budget receivables collectible in future fiscal periods and other such information as the superintendent of public instruction shall deem as necessary.

If such permission is granted, it shall be in writing, and it shall contain conditions, binding on the district or charter school, designed to improve the district's or charter school's financial condition.

For the 2024-2025, 2025-2026, 2026-2027, and 2027-2028 budget periods, accepting binding conditions due to a negative fund balance position is not required for school districts or charter schools that have an interfund loan for more than the amount of the negative position in the receiving fund. This time-bound exception is provided in RCW 28A.505.130 so long as the transaction date on the loan occurs on or before June 30, 2024.

For districts already subject to binding conditions or subject to enhanced financial oversight, interfund loans may be used to balance the budget of the borrowing fund when the loan is consistent with the financial plan submitted by the district and approved by the superintendent or financial oversight committee.

Any second-class school district subject to binding conditions will be required to account for revenues and expenditures in the same manner as a first-class school district.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-060, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 24-22-049, s 392-123-060, filed 10/28/24, effective 11/28/24; WSR 15-18-078, § 392-123-060, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-060, filed 10/10/83; WSR 80-06-043 (Order 80-16), § 392-123-060, filed 5/13/80; Order 8-76, § 392-123-060, filed 7/23/76; Order 7-75, § 392-123-060, filed 12/22/75. Formerly WAC 392-30-100.]

WAC 392-123-065 Noncompliance with binding restrictions. If a school district fails to comply with any binding restrictions issued by the superintendent of public instruction pursuant to WAC 392-123-060, or if a public charter school's authorizer deems the charter school has failed to comply with the superintendent's binding restrictions, the allocation of state funds for support of the school district or charter school may be withheld, pending an investigation of the reason for such noncompliance by the superintendent of public instruction. Written notice of the intent to withhold state funds, with reasons stated for this action, shall be made to the school district or charter school by the superintendent of public instruction before any portion of the state allocation is withheld.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-065, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-065, filed

5/13/80; Order 8-76, § 392-123-065, filed 7/23/76; Order 7-75, § 392-123-065, filed 12/22/75. Formerly WAC 392-30-110.]

WAC 392-123-070 Overexpending and exceeding the budget. Total budgeted expenditures for each fund as adopted in the budget of a school district or charter school shall constitute the appropriations of the district or charter school for the budgeted fiscal year and the board of directors or charter school board shall be limited in the incurring of expenditures to the amount of each such appropriation. The board of directors shall incur no expenditures for any purpose in excess of the appropriation for each fund: Provided, That no board of directors or charter school board shall be prohibited from incurring expenditures for the payment of regular employees, for the necessary repairs and upkeep of the school plant, for the purchase of books and supplies, and for their participation in joint purchasing agencies authorized in RCW 28A.320.080 during the interim while the budget is being settled under WAC 392-123-080: Provided further, That transfers between budget classes may be made by the school district's chief administrative officer or finance officer, subject to such restrictions as may be imposed by the school district board of directors.

Directors, officers or employees of school districts who knowingly or negligently violate or participate in a violation of this section by the incurring of expenditures in excess of any appropriation(s) shall be held civilly liable, jointly and severally, for such expenditures in excess of such appropriation(s), including consequential damages following therefrom, for each such violation. If as a result of any civil or criminal action the violation is found to have been done knowingly, such director, officer, or employee who is found to have participated in such breach shall immediately forfeit his office or employment, and the judgment in any such action shall so provide.

Nothing in this section shall be construed to limit the duty of the attorney general to carry out the provisions of RCW 43.09.260, as now or hereafter amended.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-070, filed 8/28/15, effective 9/28/15. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-070, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-070, filed 10/10/83; Order 8-76, § 392-123-070, filed 7/23/76; Order 7-75, § 392-123-070, filed 12/22/75. Formerly WAC 392-30-130.]

WAC 392-123-071 Budget extensions—First-class school districts. Before incurring expenditures in excess of current budgeted appropriations, the board of directors in a first-class school district shall adopt a budget extension resolution by the vote of the majority of all board members:

(1) When the budget extension is needed in the event of an emergency:

(a) When no provisions have been made for such expenditures in the adopted appropriation, the board of directors shall state the facts constituting the emergency and the board of directors may make an appropriation therefor without notice or hearing.

(b) For the purpose of this section, an emergency is defined as events caused by fire, flood, explosion, storm, earthquake, epidemic, riot, insurrections, or for the restoration to a condition of usefulness of any school district property, the usefulness of which has been destroyed by accident.

(2) When a budget extension is needed, and the reason is not one of emergencies enumerated above:

(a) If it becomes necessary to increase the amount of the appropriation, the school district board of directors, before incurring expenditures in excess of expenditures therefor, shall adopt a resolution stating the facts and the estimated amount of appropriation to meet it.

(b) Such resolution shall be voted on at a public meeting, notice to be given in the manner provided in WAC 392-123-054. Its introduction and passage shall require the vote of a majority of all members of the school district board of directors.

(c) Any person may appear at the meeting at which the appropriation resolution is to be voted on and be heard for or against the adoption thereof.

Two copies of all adopted appropriation resolutions shall be filed with the educational service district, who shall forward one copy to the superintendent of public instruction. One copy shall be retained by the educational service district. The final date for adopting appropriation resolutions extending budgets shall be the close of business on August 31st or the last business day prior to August 31st if August 31st occurs on a nonbusiness day. Each copy of all appropriation resolutions filed shall have attached a copy of the school district's latest budget status report. The revised budget shall be in the format prescribed by the superintendent of public instruction and shall be prepared in accordance with instructions provided by the superintendent of public instruction.

Any appropriation resolution adopted after the date specified in this section shall be null and void. Any appropriation resolution adopted after the current appropriation level has been exceeded shall be null and void to the extent that the current appropriation level has been exceeded.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-071, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.505.090. WSR 93-17-006 (Order 93-12), § 392-123-071, filed 8/5/93, effective 9/5/93. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-071, filed 1/7/92, effective 2/7/92. Statutory Authority: RCW 28A.65.465. WSR 84-13-021 (Order 84-11), § 392-123-071, filed 6/13/84; WSR 83-21-027 (Order 83-12), § 392-123-071, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-071, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-071, filed 5/13/80; Order 8-76, § 392-123-071, filed 7/23/76.]

WAC 392-123-072 Budget extensions—Second-class school districts. If a second-class school district needs to increase the amount of the appropriation from any fund the school district board of directors before incurring expenditures in excess of appropriations

shall obtain approval from the superintendent of public instruction in the following manner: The school district board of directors shall adopt a resolution stating the specific reason(s) for extending the budget, the estimated amount of additional appropriation needed and the source(s) of funds.

Such resolution shall be voted on at a public meeting, notice to be given in the manner provided by WAC 392-123-054. Introduction and passage shall require the vote of a majority of all members of the school district board of directors.

Any person may appear at the meeting at which the appropriation resolution is to be voted on and be heard for or against the adoption thereof.

Upon passage of the appropriation resolution the school district shall petition the superintendent of public instruction for approval to increase the amount of its appropriations. Such petition to be made in the format prescribed by the superintendent of public instruction. The request for budget extension document shall be prepared in the format prescribed by the superintendent of public instruction and attached to each copy shall be a copy of the latest budget status report and a copy of the board resolution.

The request for budget extension shall be forwarded to the educational service district for approval by the educational service district superintendent.

If approved, the request for budget extension shall be forwarded by the educational service district to the superintendent of public instruction for final approval. The final date for receiving budget extension requests shall be the close of business on August 31st or the last business day prior to August 31st if August 31st occurs on a nonbusiness day.

Any request for budget extension shall not be approved by the educational service district or the superintendent of public instruction to the extent that the current appropriation has been exceeded prior to the request for budget extension.

Copies of all appropriation resolutions approved by the superintendent of public instruction shall be returned by the superintendent of public instruction to the educational service district. The educational service district shall retain one copy and shall return one copy to the school district.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-072, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.505.090. WSR 93-17-006 (Order 93-12), § 392-123-072, filed 8/5/93, effective 9/5/93. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-072, filed 1/7/92, effective 2/7/92. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-072, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 84-13-021 (Order 84-11), § 392-123-072, filed 6/13/84; WSR 83-21-027 (Order 83-12), § 392-123-072, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-072, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-072, filed 5/13/80; Order 8-76, § 392-123-072, filed 7/23/76.]

WAC 392-123-073 Budget extensions—Public charter schools. If in a public charter school it becomes necessary to increase the amount of the appropriation, the charter school board, before incurring expenditures in excess of expenditures therefor, shall adopt a resolution stating the facts and the estimated amount of appropriation to meet it.

Such resolution shall be voted on at a public meeting, notice to be given in the manner provided in WAC 392-123-054. Its introduction and passage shall require the vote of a majority of all members of the charter school board.

Any person may appear at the meeting at which the appropriation resolution is to be voted on and be heard for or against the adoption thereof.

One copy of all adopted appropriation resolutions shall be filed with the superintendent of public instruction. Another copy shall be filed with the charter school's authorizer, as defined in RCW 28A.710.010. The final date for adopting appropriation resolutions extending budgets shall be the close of business on August 31st or the last business day prior to August 31st if August 31st occurs on a non-business day. Each copy of all appropriation resolutions filed shall have attached a copy of the charter school's latest budget status report. The revised budget shall be in the format prescribed by the superintendent of public instruction and shall be prepared in accordance with instructions provided by the superintendent of public instruction. Any appropriation resolution adopted after the date specified in this section shall be null and void. Any appropriation resolution adopted after the current appropriation level has been exceeded shall be null and void to the extent that the current appropriation level has been exceeded.

The superintendent of public instruction's review of budget extensions shall consist of data entry and edit, review of revenues and reserved and unreserved fund balances for accuracy, appropriateness of expenditures, and determination of whether or not the budget extension is in compliance with this chapter, state statutory law, and budget instructions issued by the superintendent of public instruction.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-073, filed 8/28/15, effective 9/28/15.]

WAC 392-123-074 Effective date of appropriation resolutions. The effective date of appropriation resolutions are as follows:

	First-Class Districts	Second-Class Districts	Public Charter Schools
Resolutions adopted pursuant to WAC 392-123-054.	12:00 a.m. September 1.	12:00 a.m. September 1 or when approved by the budget review committee, whichever is later.	12:00 a.m. September 1.
Resolutions adopted pursuant to WAC 392-123-071, 392-123-072 and 392-123-073.	When adopted by the school district board of directors.	When approved by the superintendent of public instruction.	When adopted by the charter school board.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-074, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), §

392-123-074, filed 1/7/92, effective 2/7/92. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-074, filed 5/13/80.]

WAC 392-123-076 Identification of balanced budget. For each fund contained in the school district or charter school budget the estimated expenditures for the budgeted fiscal period must not be greater than the total of the estimated revenues for the budgeted fiscal period, plus the estimated fund balance at the beginning of the budgeted fiscal period, less the estimated nonspendable and restricted fund balance at the end of the budgeted fiscal period and, where appropriate, the projected revenue from receivables collectible in future periods as approved by the superintendent of public instruction for inclusion in the budget.

The proceeds of any loan must not be used to balance the budget of the borrowing fund.

When the prior year financial statements are submitted to the superintendent of public instruction, the school district must review their current year budget to determine if actual beginning fund balance amounts result in an unbalanced budget. In any case where the district has adopted a budget that does not have sufficient resources for the fiscal year due to a change in the beginning fund balance, the district must submit a budget extension with the procedures outlined in this chapter.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-076, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-076, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-076, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-076, filed 10/10/83; WSR 80-06-043 (Order 80-16), § 392-123-076, filed 5/13/80; Order 8-76, § 392-123-076, filed 7/23/76.]

WAC 392-123-077 Termination of appropriations. All appropriations shall lapse at the end of the school district or charter school fiscal year. At the expiration of said period all appropriations of said period shall become null and void and any claim presented thereafter against any such appropriation for the fiscal period just closed shall be provided for in the appropriations for the ensuing fiscal period.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-077, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-077, filed 5/13/80; Order 8-76, § 392-123-077, filed 7/23/76.]

WAC 392-123-078 Review of first-class school district budgets and budget revisions. Annual budgets of first-class school districts shall be reviewed by the educational service district prior to adoption by the school district board of directors.

The educational service district shall notify each of its first-class school districts of any problems noted during the review prior to adoption of the budget by the school district.

Budgets and budget revisions adopted by first-class school districts shall be reviewed by the educational service district prior to filing these documents with the superintendent of public instruction.

Said reviews shall include, but not be limited to, completion of data entry and edit, review of revenues and the classification of fund balances for accuracy, appropriateness of expenditures and determination of whether or not the budget or budget revision is in compliance with this chapter, state statutory law and budget instructions issued by the superintendent of public instruction.

The educational service district shall notify the district of all problems noted in the review and the due date for correction of the problems. Should the school district fail to meet the due date for correction, the educational service district shall notify the superintendent of public instruction. The superintendent of public instruction shall proceed in the manner prescribed in WAC 392-123-080 through 392-123-105.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-078, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.505.040. WSR 96-09-001 (Order 96-06), § 392-123-078, filed 4/3/96, effective 5/4/96. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-078, filed 1/7/92, effective 2/7/92. Statutory Authority: RCW 28A.65.465. WSR 87-15-067 (Order 87-7), § 392-123-078, filed 7/16/87. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-078, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-078, filed 10/10/83; WSR 80-06-043 (Order 80-16), § 392-123-078, filed 5/13/80.]

WAC 392-123-079 Review of second-class district budgets and budget revisions. Annual budgets of second-class school districts shall be reviewed by the educational service district prior to adoption by the school district board of directors.

Educational service districts shall notify each of its second-class school districts of any problems noted during the review prior to adoption of the budget by the board of directors.

Review of second-class school district adopted budgets shall be performed by the educational service districts. Said reviews shall include, but not be limited to, completion of data entry and edit, review of revenues and the classification of fund balances for accuracy, appropriateness of expenditures and determination of whether or not the budget is in compliance with this chapter, state statutory law, and budget instructions issued by the superintendent of public instruction.

The educational service district will notify the district of all problems noted during the review. The educational service district shall attempt to have the problems corrected prior to submission of the budget to the superintendent of public instruction.

The superintendent of public instruction shall conduct meetings with representatives of the educational service district and/or school district as deemed necessary to correct problems and to fix and ap-

prove the amount of appropriation from each fund of the budget as prescribed in RCW 28A.505.070 and WAC 392-123-054.

Review of budget revisions shall consist of data entry and edit, review of revenues and the classification of fund balances for accuracy, appropriateness of expenditures, and determination of whether or not the budget revision is in compliance with this chapter, state statutory law, and budget instructions issued by the superintendent of public instruction. Approval of budget revisions shall be in accordance with WAC 392-123-072.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-079, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.505.040. WSR 96-09-001 (Order 96-06), § 392-123-079, filed 4/3/96, effective 5/4/96. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-079, filed 1/7/92, effective 2/7/92. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-079, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-079, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-079, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-079, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-079, filed 5/13/80.]

WAC 392-123-0795 Review of public charter school budgets. The superintendent of public instruction shall review a charter school's adopted annual budget following the charter school board's submission of the budget to the superintendent of public instruction and the charter school's authorizer under WAC 392-123-054. The review shall include, but not be limited to, completion of data entry and edit, review of revenues and unreserved fund balances for accuracy, appropriateness of expenditures, and determination of whether or not the budget is in compliance with this chapter, state statutory law, and budget instructions issued by the superintendent of public instruction.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-0795, filed 8/28/15, effective 9/28/15.]

WAC 392-123-080 Budget determined to be unsound after superintendent's review. If the superintendent of public instruction determines that the budget of any school district to be unsound or does not comply with this chapter and/or the provisions of state statutory law applicable to school district budgets, the superintendent shall provide written notice of such determination to the board of directors of the district.

If the superintendent of public instruction determines that the budget of any charter school to be unsound or does not comply with this chapter and/or the provisions of state statutory law applicable to charter school budgets, the superintendent shall provide written notice of such determination to the charter school board and the charter school's authorizer.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-080, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-080, filed 8/28/15, effective 9/28/15. Order 8-76, § 392-123-080, filed 7/23/76; Order 7-75, § 392-123-080, filed 12/22/75. Formerly WAC 392-30-150.]

WAC 392-123-095 Budget as noncompliant and unsound. A school district shall submit a revised budget within 30 days following the date the superintendent of public instruction issues a written notice requiring the district to do so. The revised budget shall remedy the deficiencies identified by the superintendent of public instruction and shall comply with state statutory law and this chapter.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-095, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-095, filed 10/10/83; WSR 80-06-043 (Order 80-16), § 392-123-095, filed 5/13/80; Order 8-76, § 392-123-095, filed 7/23/76; Order 7-75, § 392-123-095, filed 12/22/75. Formerly WAC 392-30-180.]

WAC 392-123-100 Revised budget as not submitted or noncompliant. If a school district fails or refuses to submit a revised budget at the direction of the superintendent of public instruction which complies with state statutory law and this chapter, the superintendent of public instruction will consult with the educational service district where the district is located to determine whether it is necessary to convene a financial oversight committee in accordance with RCW 28A.315.211.

Written notification of the superintendent's intention to convene a financial oversight committee shall be made to the board of directors and administration of the school district and to the educational service district superintendent.

If a charter school fails or refuses to submit a revised budget at the direction of the superintendent of public instruction which complies with state statutory law and this chapter, the superintendent will provide written notice of the charter school's failure or refusal to the charter school's authorizer.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-100, filed 8/12/26, effective 9/12/26. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-100, filed 8/28/15, effective 9/28/15. Order 8-76, § 392-123-100, filed 7/23/76; Order 7-75, § 392-123-100, filed 12/22/75. Formerly WAC 392-30-190.]

WAC 392-123-105 Superintendent of public instruction action regarding missing or noncompliant budget. Pursuant to RCW 28A.505.090, budgets that are missing or noncompliant shall not be official and will have no legal effect.

During the interim while the budget is being settled, pursuant to RCW 28A.505.140, the board of directors shall not be prohibited from incurring expenditures for the payment of regular employees, for the necessary repairs and upkeep of the school plant, for the purchase of books and supplies, and for their participation in joint purchasing agencies authorized in RCW 28A.320.080.

Any other expenses are considered in excess of appropriations. In accordance with RCW 28A.505.150, directors, officers, or employees who knowingly or negligently violate or participate in the incurring of expenditures in excess of any appropriation(s) shall be held civilly liable, jointly and severally, for such expenditures in excess of such appropriation(s) and be subject to other consequences outlined in that and other statutes and this chapter.

The superintendent of public instruction shall convene a financial oversight committee to meet to adopt a financial plan to operate the district. The plan adopted by the financial oversight committee shall be in effect until a revised budget which complies with state statutory law and this chapter is adopted and submitted by the district.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-105, filed 8/12/26, effective 9/12/26; Order 8-76, § 392-123-105, filed 7/23/76; Order 7-75, § 392-123-105, filed 12/22/75. Formerly WAC 392-30-200.]

WAC 392-123-110 Monthly financial statements and reports prepared by school district administration. Monthly financial statements and reports shall be prepared by the administration of each school district or charter school on a monthly basis as required by this chapter. The reports shall contain the most current information available at the time of preparation. The purpose of these financial reports shall be to provide the board of directors of the district or charter school board with certain financial information necessary for the proper financial management of the district or charter school. All monthly reports shall be made available by the administration of a district or charter school to each member of the board of directors of the district or charter school board and to any person or organization upon request pursuant to the policies of the board of directors. A district or charter school shall provide the superintendent of public instruction with any of the required reports upon request.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-110, filed 8/28/15, effective 9/28/15. Order 8-76, § 392-123-110, filed 7/23/76; Order 7-75, § 392-123-110, filed 12/22/75. Formerly WAC 392-30-210.]

WAC 392-123-115 Monthly budget status reports. A monthly budget status report for each fund shall be prepared by the administration of each school district and charter school; and a copy of the most current budget status reports shall be provided to each member of the board of directors of the district or charter school board at the board's regular monthly meeting. The report shall contain the most current approved budget amounts by summary level accounts and the fund balance at the beginning and end of the period being analyzed. State

Form F-198, which is entitled "budget status report," is an example of the type and level of information necessary for this report. Also, as a part of the budget status report, the administration shall provide each member of the board of directors or charter school board with a brief written explanation of any significant deviations in revenue and/or expenditure projections that may affect the financial status of the district or charter school. If deemed necessary by the superintendent of public instruction, and upon written notice to the district or charter school by the superintendent of public instruction, (1) a school district shall file a monthly budget status report for one or more funds along with other financial information shall be filed with either the educational service district superintendent or the superintendent of public instruction or both for the period of time set forth in such notice, or (2) a charter school shall file a monthly budget status report for one or more funds along with other financial information with the superintendent of public instruction for the period of time set forth in such notice.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-115, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-115, filed 1/7/92, effective 2/7/92. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-115, filed 7/24/85. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-115, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-115, filed 9/24/81. Statutory Authority: RCW 28A.65.465. WSR 80-06-043 (Order 80-16), § 392-123-115, filed 5/13/80; Order 8-76, § 392-123-115, filed 7/23/76; Order 7-75, § 392-123-115, filed 12/22/75. Formerly WAC 392-30-220.]

WAC 392-123-120 Statement of financial condition—Financial position of the school district. The administration of each school district and charter school shall be required to provide the board of directors of the district or charter school board with a statement of financial condition monthly. The "statement of revenues, expenditures and changes in fund balance" in state Form F-196, is an example of the type of format and level of information necessary for this report.

Subject to timely reporting requirements in chapter 392-117 WAC, the district board of directors or charter school board shall be required to provide the superintendent of public instruction with an annual statement of financial condition in the format of state Form F-196. The data will be used by the superintendent to determine whether it is reasonably foreseeable and likely that the district will have to report a deficit general fund balance. Per RCW 28A.315.025, a deficit general fund balance is an indicator of financial insolvency and subjects the district or charter school to potential conditions which would become binding upon the district or charter school.

[Statutory Authority: RCW 28A.150.290, 28A.505.140, 28A.710.040, and 28A.710.220. WSR 25-03-078, s 392-123-120, filed 1/15/25, effective 2/15/25. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-120, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.505.140 and H.B. 1224. WSR 92-03-024 (Order 92-02), § 392-123-120, filed 1/7/92, effective 2/7/92. Statutory Authority:

RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-120, filed 10/10/83. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-120, filed 9/24/81; Order 8-76, § 392-123-120, filed 7/23/76; Order 7-75, § 392-123-120, filed 12/22/75. Formerly WAC 392-30-230.]

WAC 392-123-121 Financial condition determined to be unsound after superintendent's review. (1) At any time during the year, the superintendent of public instruction may require districts to submit monthly financial statements, budget status reports, and other financial information to determine if the adopted budget is in compliance with applicable laws and regulations. This includes, but is not limited to, assessment of:

(a) Whether the district budget is balanced after adjusting the estimated fund balance at the beginning of the budgeted fiscal year to the actual beginning fund balance;

(b) Whether the district budget is balanced after adjusting for actual enrollment; and

(c) Whether the district budget is balanced after adjusting for changes in contracts or other significant expenditure assumptions.

(2) If the superintendent of public instruction determines that the financial information provided by the district indicates that the district budget is not balanced and will either end in a negative position in any fund or will require budgeting receivables from a subsequent period to be in balance, the superintendent will provide written notice to the superintendent of the school district, the board president of the school district, and the superintendent of the appropriate educational service district. This notice will summarize:

(a) The condition identified in the assessment;

(b) The cause identified that led to the condition identified; and

(c) The date which the school board must submit a revised budget to the educational service district and the office of the superintendent of public instruction for review and approval; and

(d) The date which the school board must submit a two-year financial plan.

(3) If the district submits a revised budget for review that requires the use of receivables collectible in future years to balance the budget, the superintendent will only grant permission in writing with specific binding conditions designed to improve the district's financial health.

(4) If the district:

(a) Does not submit a revised budget; or

(b) The financial plan submitted by the district demonstrates that the district will not have an adequate fund balance at the end of the plan period or will be financially insolvent in accordance with RCW 28A.315.025.

The office of the superintendent of public instruction will consult with the educational service district where the district is located and convene a financial oversight committee in accordance with RCW 28A.315.221.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-121, filed 8/12/26, effective 9/12/26.]

WAC 392-123-125 Personnel budget status report. Each school district and charter school shall maintain the capability to prepare a monthly personnel status report according to the schedule set forth for monthly budget status reports in WAC 392-123-115. This report shall display the combined responsibilities of the district's or charter school's administrative staff for personnel management and budget control and shall indicate the status of expenditures and commitments for salaries and wages. The report shall also indicate the number of certificated and classified positions planned in the budget and the amount of funds budgeted for those positions, summarized by program and/or responsibility area. The number of positions actually filled and the amount of funds actually expended and encumbered in support of these positions shall also be displayed in a manner that can be compared with budget. Any significant variance between budgeted positions and actual should be explained. The personnel budget status report shall be provided to the superintendent of public instruction or the board of directors of the district or charter school board within ten days from the date of such request from either the superintendent or board. A district's board of directors or a charter school board may use the personnel status report in conjunction with a monthly budget status report and the statement of financial condition to manage the financial position of the district.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-125, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.41.170, 28A.65.465 and 28A.41.055. WSR 85-15-110 (Order 85-3), § 392-123-125, filed 7/24/85; WSR 81-20-007 (Order 81-18), § 392-123-125, filed 9/24/81; Order 8-76, § 392-123-125, filed 7/23/76; Order 7-75, § 392-123-125, filed 12/22/75. Formerly WAC 392-30-240.]

WAC 392-123-132 Reconciliation of monthly county treasurers' statements to district records. Every school district shall reconcile amounts reported by the county treasurer with the district records for all funds. Any differences shall be noted and adjustments to school district records shall be made if necessary.

[Statutory Authority: RCW 28A.150.290(2). WSR 12-09-005, § 392-123-132, filed 4/5/12, effective 5/6/12; Order 8-76, § 392-123-132, filed 7/23/76.]

WAC 392-123-135 Interfund loans—Definition. An interfund loan is considered to be a temporary loan of moneys between one school district fund and another. An interfund loan is not considered to be an investment pursuant to the provisions of RCW 28A.320.320.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-135, filed 8/28/15, effective 9/28/15. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-135, filed 7/19/90, effective 8/19/90; Order 8-76, § 392-123-135, filed 7/23/76; Order 7-75, § 392-123-135, filed 12/22/75. Formerly WAC 392-30-260.]

WAC 392-123-140 Interfund loans allowable. (1) Loans are allowable to the general fund, the transportation vehicle fund, the capital projects fund, and the debt service fund of school districts.

(2) Loans are allowable from the general fund and the capital projects fund. For school districts subject to official binding conditions by the superintendent of public instruction and facing financial insolvency, loans are allowable from the transportation vehicle fund to the general fund, the capital projects fund, and the debt service fund.

(a) WAC 392-123-135 through 392-123-160 also apply to loans from the transportation vehicle fund.

(b) Loans from the transportation vehicle fund are subject to final approval by the superintendent of public instruction. Districts must submit approved copies of board resolutions with all required information to the superintendent of public instruction five working days prior to the planned interfund loan.

(3) Loans shall not be made to the detriment of any function or project for which the fund was established.

[Statutory Authority: RCW 28A.150.290, 28A.710.220, and 28A.315.221. WSR 25-24-001, s 392-123-140, filed 11/19/25, effective 12/20/25. Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-140, filed 8/28/15, effective 9/28/15. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-140, filed 10/10/83; WSR 82-19-048 (Order 82-13), § 392-123-140, filed 9/14/82. Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-140, filed 9/24/81; Order 8-76, § 392-123-140, filed 7/23/76; Order 7-75, § 392-123-140, filed 12/22/75. Formerly WAC 392-30-270.]

WAC 392-123-141 Effective date. Amendatory sections WAC 392-123-005, 392-123-010, 392-123-051, 392-123-054, 392-123-055, 392-123-071, 392-123-072, 392-123-079, 392-123-115, 392-123-120, 392-123-125 and 392-123-140 shall become effective on September 1, 1981.

[Statutory Authority: RCW 28A.41.170, 28A.41.055 and 28A.65.465. WSR 81-20-007 (Order 81-18), § 392-123-141, filed 9/24/81.]

Reviser's note: The effective date referred to in this section applies to Emergency Order 81-6, filed July 22, 1981, as published in Washington State Register 81-15-086.

WAC 392-123-145 Interfund loans—Identification of temporary loans. A temporary loan is considered to be a loan which is completely liquidated in less than one year.

[Statutory Authority: RCW 28A.65.465. WSR 87-09-019 (Order 87-3), § 392-123-145, filed 4/6/87; Order 8-76, § 392-123-145, filed 7/23/76; Order 7-75, § 392-123-145, filed 12/22/75. Formerly WAC 392-30-280.]

WAC 392-123-150 Interfund loans—Payment of interest. (1) Interest shall be charged by the loaning fund to be paid by the borrowing fund. The rate of interest shall be not less than the current warrant interest rate prevailing in the county in which the school dis-

trict is considered to be located. The interest shall be credited to the loaning fund and shall not be transferred to any other fund.

(2) When a school district that is in binding conditions pursuant to RCW 28A.505.110 or under enhanced financial oversight pursuant to RCW 28A.315.221 takes a temporary interfund loan from its capital projects fund, the loaning capital projects fund may not charge interest on the amounts loaned.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-150, filed 8/12/26, effective 9/12/26; Order 8-76, § 392-123-150, filed 7/23/76; Order 7-75, § 392-123-150, filed 12/22/75. Formerly WAC 392-30-290.]

WAC 392-123-155 Interfund loans—Full disclosure on financial statements. Financial reports of each school district, including the monthly financial reports provided to the board of directors of the district, shall specify all outstanding interfund loans and all interest charges involved. The proceeds of any interfund loan shall not be used to balance the budget of the borrowing fund.

[Order 8-76, § 392-123-155, filed 7/23/76; Order 7-75, § 392-123-155, filed 12/22/75. Formerly WAC 392-30-300.]

WAC 392-123-160 Interfund loans—Board resolution adopted—Contents. The board of directors of a school district shall adopt a resolution before any interfund loan transaction may take place. The resolution shall contain the exact amount of the loan, the funds involved, the specific source of funds for repayment, the schedule for repayment, and the interest rate involved.

[Order 8-76, § 392-123-160, filed 7/23/76; Order 7-75, § 392-123-160, filed 12/22/75. Formerly WAC 392-30-310.]

WAC 392-123-165 Contractual liability extending beyond end of fiscal period. The board of directors of any school district may enter into contracts for their respective districts with public and private persons, organizations, and entities for the following purposes:

(1) To rent or lease building space and portable buildings for periods not exceeding ten years in duration; and

(2) To rent security systems, computers, and other equipment or have maintained and repaired security systems, computers and other equipment for periods not exceeding five years in duration.

The budget for each fund of each school district shall contain a schedule which identifies that portion of each contractual liability incurred pursuant to RCW 28A.335.170 which extends beyond the fiscal period being budgeted. Said schedule shall list for each such contractual liability a brief description, the accounting code, the beginning and ending dates, the total dollar amount, and the estimated dollar amount extending beyond the end of the fiscal period being budgeted.

[Statutory Authority: RCW 28A.335.170. WSR 15-17-072, § 392-123-165, filed 8/17/15, effective 9/17/15. Statutory Authority: 1990 c 33. WSR

90-16-002 (Order 18), § 392-123-165, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465 and 28A.58.131. WSR 78-08-035 (Order 4-78), § 392-123-165, filed 7/18/78.]

WAC 392-123-170 Proceeds from the sale of school district real property. Pursuant to RCW 28A.335.130 the proceeds from any sale of school district real property by a board of directors shall be deposited to the debt service fund and/or the capital projects fund, except for amounts required to be expended for the costs associated with the sale of such property, which moneys may be deposited into the fund from which the expenditure was incurred.

[Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-170, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-170, filed 10/10/83.]

WAC 392-123-171 Proceeds from the sale of school district real property when the district is subject to binding conditions. (1) A school district that is subject to binding conditions designed to improve the district's financial stability may request from the superintendent authorization to sell real property to alleviate the financial burdens that caused or contributed to the imposition of binding conditions or to repay an interfund loan.

(2) Districts must submit a written request to the superintendent of public instruction that includes the following:

(a) The legal and common property description of the real property proposed for sale.

(b) An estimate of the property value.

(c) Confirmation of an appraisal or date when an appraisal will be secured.

(d) A request for the amount that would be redirected for use to repay an interfund loan.

(e) A request for the amount that would be redirected to alleviate the financial burden that caused or contributed to the binding conditions.

(f) A date that the real property was declared surplus and a copy of the approved board resolution.

(g) An acknowledgment that the district will be prohibited from any further sales of real property for this purpose for a minimum of 10 years.

(3) The superintendent of public instruction will review the request and notify the district superintendent and board of the decision in writing. If approved, the district will hold one additional public hearing prior to approving a resolution authorizing the sale of real property.

(4) Pursuant to RCW 28A.335.135, any proceeds from the sale of real property permitted by the superintendent of public instruction to be utilized to alleviate financial burdens are restricted for use to the following purposes:

(a) To address costs associated with unanticipated actual changes in annual average full-time equivalent enrollment that exceed 2.5 percent from the prior school year.

(b) For temporary cash flow needs in the general fund within the school year.

(c) For emergencies or as necessary for the preservation of life, health, and safety.

(d) To repay an interfund loan.

(e) For one-time expenses as preapproved by the office of the superintendent of public instruction.

(5) A school district will not use the proceeds provided from the sale of real property for ongoing salaries or benefits.

[Statutory Authority: 2025 c 384, RCW 28A.65.465, 28A.150.290, 28A.335.135, 28A.505.040, 28A.505.090, 28A.505.140, and 28A.710.220. WSR 26-17-043, s 392-123-171, filed 8/12/26, effective 9/12/26.]

WAC 392-123-175 Proceeds from the lease, rental or occasional use of surplus property. Pursuant to RCW 28A.335.060 each school district's board of directors shall deposit moneys derived from the lease, rental or occasional use of surplus school property as follows:

(1) Moneys derived from real property shall be deposited into the district's debt service fund and/or capital projects fund except for:

(a) Moneys required to be expended for general maintenance, utility, insurance costs, and any other costs associated with the lease or rental of such property, which money shall be deposited in the district's general fund; or

(b) At the option of the board, after evaluating the sufficiency of the school district's capital projects fund for purposes of meeting demands for new construction and improvements, moneys derived from the lease or rental of real property may be deposited into the district's general fund to be used exclusively for nonrecurring costs related to operating school facilities, including, but not limited to, expenses for maintenance;

(2) Moneys derived from pupil transportation vehicles shall be deposited in the district's transportation vehicle fund;

(3) Moneys derived from other personal property shall be deposited in the district's general fund.

[Statutory Authority: Chapter 28A.150 RCW. WSR 05-17-178, § 392-123-175, filed 8/23/05, effective 9/23/05. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-175, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-175, filed 10/10/83.]

WAC 392-123-180 Bond proceeds. Money derived from the sale of bonds, including interest earnings thereof, shall be deposited in the capital projects fund, the transportation vehicle fund, the general fund, or the debt service fund, as applicable, and may only be used by school districts for the purposes as enumerated in RCW 28A.530.010.

Accrued interest paid for bonds sold shall be deposited in the debt service fund.

[Statutory Authority: RCW 28A.150.290 and 28A.710.220. WSR 15-18-078, § 392-123-180, filed 8/28/15, effective 9/28/15. Statutory Authority: Chapter 28A.530 RCW and HB 1224. WSR 91-23-043 (Order 26), § 392-123-180, filed 11/14/91, effective 12/15/91. Statutory Authority: 1990 c 33. WSR 90-16-002 (Order 18), § 392-123-180, filed 7/19/90, effective 8/19/90. Statutory Authority: RCW 28A.65.465. WSR 83-21-027 (Order 83-12), § 392-123-180, filed 10/10/83.]