

WSR 25-03-078
PERMANENT RULES
SUPERINTENDENT OF
PUBLIC INSTRUCTION

[Filed January 15, 2025, 9:42 a.m., effective February 15, 2025]

Effective Date of Rule: Thirty-one days after filing.

Purpose: The office of superintendent of public instruction (OSPI) is adopting rule making to allow for potential binding conditions to be placed upon a school district or a charter school when the board of directors of a school district or a charter school board provides OSPI with an annual statement of financial condition (i.e., state Form F-196), and the reported information shows that a deficient general fund balance is reasonably foreseeable and likely. The rule amendments would allow OSPI to hold school districts and charter schools that have an actual year-end negative fund balance to the same state monitoring and oversight process as the school districts and charter schools that have a budgeted negative year-end fund balance, because an actual negative year-end fund balance is a greater indicator of financial insolvency than a projected negative year-end fund balance.

Citation of Rules Affected by this Order: Amending WAC 392-123-120.

Statutory Authority for Adoption: RCW 28A.150.290, 28A.505.140, 28A.710.040, and 28A.710.220.

Adopted under notice filed as WSR 24-20-119 on October 1, 2024.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 1, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: January 15, 2025.

Chris P.S. Reykdal
State Superintendent of Public Instruction

OTS-5901.1

AMENDATORY SECTION (Amending WSR 15-18-078, filed 8/28/15, effective 9/28/15)

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.