
SENATE BILL 5900

State of Washington

54th Legislature

1995 Regular Session

By Senators Haugen, Prentice, Long and Heavey; by request of State Auditor

Read first time 02/13/95. Referred to Committee on Government Operations.

1 AN ACT Relating to the internal organization and administration of
2 the office of the state auditor; amending RCW 43.09.010, 43.09.170,
3 43.09.180, 43.09.200, 43.09.205, 43.09.220, 43.09.230, 43.09.240,
4 43.09.260, 43.09.265, 43.09.270, 43.09.280, 43.09.2801, 43.09.282,
5 43.09.290, 43.09.310, 43.09.330, 43.09.340, 43.09.410, 43.09.412,
6 43.09.414, 43.09.416, 43.09.418, 3.30.070, 3.62.020, 14.08.090,
7 35.02.132, 35.07.230, 35.21.270, 35.23.121, 35.23.535, 35.27.510,
8 35.33.031, 35.33.041, 35.33.075, 35.33.111, 35.34.050, 35.34.060,
9 35.34.120, 35.34.130, 35.34.190, 35.76.020, 35.76.030, 35.76.050,
10 35A.33.030, 35A.33.040, 35A.33.075, 35A.33.110, 35A.34.050, 35A.34.060,
11 35A.34.120, 35A.34.130, 35A.34.190, 35A.37.010, 36.22.140, 36.40.030,
12 36.40.040, 36.40.080, 36.40.220, 36.47.060, 36.68.530, 36.69.160,
13 36.80.080, 36.82.200, 40.14.070, 42.24.080, 42.24.090, 53.06.060,
14 56.08.110, 57.08.110, and 70.12.070; adding new sections to chapter
15 43.09 RCW; and repealing RCW 43.09.030, 43.09.040, 43.09.190,
16 43.09.250, and 43.09.300.

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

18 **Sec. 1.** RCW 43.09.010 and 1965 c 8 s 43.09.010 are each amended to
19 read as follows:

1 The state auditor shall reside and keep his or her office at the
2 seat of government. Before entering upon his or her duties he or she
3 shall execute and deliver to the secretary of state a bond to the state
4 in the sum of fifty thousand dollars, to be approved by the governor,
5 conditioned for the faithful performance of all duties required ((of
6 him)) by law. He or she shall take an oath of office before any person
7 authorized to administer oaths, and file a copy thereof, together with
8 ((his)) the required bond, in the office of the secretary of state.

9 NEW SECTION. **Sec. 2.** The state auditor may appoint deputies and
10 assistant directors as necessary to carry out the duties of the office
11 of the state auditor. These individuals serve at the pleasure of the
12 state auditor and are exempt from the provisions of chapter 41.06 RCW
13 as stated in RCW 41.06.070(1)(y).

14 NEW SECTION. **Sec. 3.** The state auditor may appoint and employ
15 other assistants and personnel necessary to carry out the work of the
16 office of the state auditor.

17 NEW SECTION. **Sec. 4.** The state auditor may contract with public
18 accountants certified in Washington to carry out those portions of the
19 duties of auditing state agencies and local governments as the state
20 auditor may determine.

21 NEW SECTION. **Sec. 5.** The state auditor, his or her employees and
22 every person legally appointed to perform such service, may issue
23 subpoenas and compulsory process and direct the service thereof by any
24 constable or sheriff, compel the attendance of witnesses and the
25 production of books and papers before him or her at any designated time
26 and place, and may administer oaths.

27 When any person summoned to appear and give testimony neglects or
28 refuses to do so, or neglects or refuses to answer any question that
29 may be put to him or her touching any matter under examination, or to
30 produce any books or papers required, the person making such
31 examination shall apply to a superior court judge of the proper county
32 to issue a subpoena for the appearance of such person before him or
33 her; and the judge shall order the issuance of a subpoena for the
34 appearance of such person forthwith before him or her to give
35 testimony; and if any person so summoned fails to appear, or appearing,

1 refuses to testify, or to produce any books or papers required, he or
2 she shall be subject to like proceedings and penalties for contempt as
3 witnesses in the superior court. Willful false swearing in any such
4 examination shall be perjury and punishable as such.

5 **Sec. 6.** RCW 43.09.170 and 1965 c 8 s 43.09.170 are each amended to
6 read as follows:

7 The state auditor may administer all oaths required by law in
8 matters pertaining to the duties of his or her office.

9 **Sec. 7.** RCW 43.09.180 and 1965 c 8 s 43.09.180 are each amended to
10 read as follows:

11 The state auditor shall keep a seal of office for the
12 identification of all papers, writings, and documents required by law
13 to be certified by him or her, and copies authenticated and certified
14 of all papers and documents lawfully deposited in his or her office
15 shall be received in evidence with the same effect as the originals.

16 NEW SECTION. **Sec. 8.** State agencies and local governments shall
17 immediately report to the state auditor's office known or suspected
18 loss of public funds or assets or other illegal activity.

19 **Sec. 9.** RCW 43.09.200 and 1965 c 8 s 43.09.200 are each amended to
20 read as follows:

21 The state auditor(~~(, through such division,)~~) shall formulate,
22 prescribe, and install a system of accounting and reporting for all
23 local governments, which shall be uniform for every public institution,
24 and every public office, and every public account of the same class.

25 The system shall exhibit true accounts and detailed statements of
26 funds collected, received, and expended for account of the public for
27 any purpose whatever, and by all public officers, employees, or other
28 persons.

29 The accounts shall show the receipt, use, and disposition of all
30 public property, and the income, if any, derived therefrom; all sources
31 of public income, and the amounts due and received from each source;
32 all receipts, vouchers, and other documents kept, or required to be
33 kept, necessary to isolate and prove the validity of every transaction;
34 all statements and reports made or required to be made, for the
35 internal administration of the office to which they pertain; and all

1 reports published or required to be published, for the information of
2 the people regarding any and all details of the financial
3 administration of public affairs.

4 **Sec. 10.** RCW 43.09.205 and 1987 c 120 s 4 are each amended to read
5 as follows:

6 The state auditor(~~(, through the division of municipal~~
7 ~~corporations,)) shall prescribe a standard form with which the accounts
8 and records of costs of all local governments shall be maintained as
9 required under RCW 39.04.070.~~

10 **Sec. 11.** RCW 43.09.220 and 1965 c 8 s 43.09.220 are each amended
11 to read as follows:

12 Separate accounts shall be kept for every public service industry
13 of every local government, which shall show the true and entire cost of
14 the ownership and operation thereof, the amount collected annually by
15 general or special taxation for service rendered to the public, and the
16 amount and character of the service rendered therefor, and the amount
17 collected annually from private users for service rendered to them, and
18 the amount and character of the service rendered therefor.

19 **Sec. 12.** RCW 43.09.230 and 1993 c 18 s 2 are each amended to read
20 as follows:

21 The state auditor shall require from every (~~taxing district and~~
22 ~~other political subdivisions)) local government financial reports
23 covering the full period of each fiscal year, in accordance with the
24 forms and methods prescribed by the state auditor, which shall be
25 uniform for all accounts of the same class.~~

26 Such reports shall be prepared, certified, and filed with the
27 (~~division)) state auditor within one hundred fifty days after the
28 close of each fiscal year.~~

29 The reports shall contain accurate statements, in summarized form,
30 of all collections made, or receipts received, by the officers from all
31 sources; all accounts due the public treasury, but not collected; and
32 all expenditures for every purpose, and by what authority authorized;
33 and also: (1) A statement of all costs of ownership and operation, and
34 of all income, of each and every public service industry owned and
35 operated by a (~~municipality)) local government; (2) a statement of the
36 entire public debt of every (~~taxing district)) local government, to~~~~

1 which power has been delegated by the state to create a public debt,
2 showing the purpose for which each item of the debt was created, and
3 the provisions made for the payment thereof; (3) a classified statement
4 of all receipts and expenditures by any public institution; and (4) a
5 statement of all expenditures for labor relations consultants, with the
6 identification of each consultant, compensation, and the terms and
7 conditions of each agreement or arrangement; together with such other
8 information as may be required by the state auditor.

9 The reports shall be certified as to their correctness by the state
10 auditor, the state auditor's deputies, or other person legally
11 authorized to make such ((certificae)) certification.

12 Their substance shall be published in an annual volume of
13 comparative statistics at the expense of the state as a public
14 document.

15 **Sec. 13.** RCW 43.09.240 and 1991 c 245 s 13 are each amended to
16 read as follows:

17 Every public officer and employee of a local government shall keep
18 all accounts of his or her office in the form prescribed and make all
19 reports required by the state auditor. Any public officer or employee
20 who refuses or willfully neglects to perform such duties shall be
21 subject to removal from office in an appropriate proceeding for that
22 purpose brought by the attorney general or by any prosecuting attorney.

23 Every public officer and employee, whose duty it is to collect or
24 receive payments due or for the use of the public shall deposit such
25 moneys collected or received by him or her with the treasurer of the
26 ((~~taxing district~~)) local government once every twenty-four consecutive
27 hours. The treasurer may in his or her discretion grant an exception
28 where such daily transfers would not be administratively practical or
29 feasible.

30 In case a public officer or employee collects or receives funds for
31 the account of a ((~~taxing district~~)) local government of which he or
32 she is an officer or employee, the treasurer shall, by Friday of each
33 week, pay to the proper officer of the ((~~taxing district~~)) local
34 government for the account of which the collection was made or payment
35 received, the full amount collected or received during the current week
36 for the account of the district.

1 NEW SECTION. **Sec. 14.** The state auditor has the power to examine
2 all the financial affairs of every local government and its officers
3 and employees.

4 **Sec. 15.** RCW 43.09.260 and 1991 sp.s. c 30 s 26 are each amended
5 to read as follows:

6 (~~The state auditor, the chief examiner, and every state examiner~~
7 ~~shall have power by himself or herself or by any person legally~~
8 ~~appointed to perform the service, to examine into all financial affairs~~
9 ~~of every public office and officer.~~)

10 The examination of the financial affairs of all (~~taxing~~
11 ~~districts~~) local governments shall be made at such reasonable,
12 periodic intervals as the state auditor shall determine. However, an
13 examination of the financial affairs of all (~~taxing districts~~) local
14 governments shall be made at least once in every three years, and an
15 examination of individual local government health and welfare benefit
16 plans and local government self-insurance programs shall be made at
17 least once every two years. The term (~~"taxing districts"~~) local
18 governments for purposes of (~~RCW 43.09.190 through 43.09.285~~) this
19 chapter includes but is not limited to all counties, cities, and other
20 political subdivisions, municipal corporations, and quasi-municipal
21 corporations, however denominated.

22 The state auditor shall establish a schedule to govern the auditing
23 of (~~taxing districts~~) local governments which shall include: A
24 designation of the various classifications of (~~taxing districts~~)
25 local governments; a designation of the frequency for auditing each
26 type of (~~taxing district~~) local government; and a description of
27 events which cause a more frequent audit to be conducted.

28 On every such examination, inquiry shall be made as to the
29 financial condition and resources of the (~~taxing district~~) local
30 government; whether the Constitution and laws of the state, the
31 ordinances and orders of the (~~taxing district~~) local government, and
32 the requirements of the (~~division of municipal corporations~~) state
33 auditor have been properly complied with; and into the methods and
34 accuracy of the accounts and reports.

35 (~~The state auditor, his or her deputies, every state examiner and~~
36 ~~every person legally appointed to perform such service, may issue~~
37 ~~subpoenas and compulsory process and direct the service thereof by any~~
38 ~~constable or sheriff, compel the attendance of witnesses and the~~

1 production of books and papers before him or her at any designated time
2 and place, and may administer oaths.

3 When any person summoned to appear and give testimony neglects or
4 refuses so to do, or neglects or refuses to answer any question that
5 may be put to him or her touching any matter under examination, or to
6 produce any books or papers required, the person making such
7 examination shall apply to a superior court judge of the proper county
8 to issue a subpoena for the appearance of such person before him or
9 her; and the judge shall order the issuance of a subpoena for the
10 appearance of such person forthwith before him to give testimony; and
11 if any person so summoned fails to appear, or appearing, refuses to
12 testify, or to produce any books or papers required, he or she shall be
13 subject to like proceedings and penalties for contempt as witnesses in
14 the superior court. Willful false swearing in any such examination
15 shall be perjury and punishable as such.)

16 A report of such examination shall be made ((in triplicate, one
17 copy to be)) and filed in the office of ((the)) state auditor, and one
18 ((in)) copy shall be transmitted to the ((auditing department of the
19 taxing district reported upon, and one in the office of the attorney
20 general)) local government. A copy of any report containing findings
21 of noncompliance with state law shall be transmitted to the attorney
22 general. If any such report discloses malfeasance, misfeasance, or
23 nonfeasance in office on the part of any public officer or employee,
24 within thirty days from the receipt of his or her copy of the report,
25 the attorney general shall institute, in the proper county, such legal
26 action as is proper in the premises by civil process and prosecute the
27 same to final determination to carry into effect the findings of the
28 examination.

29 It shall be unlawful for ((the county commissioners or any board or
30 officer)) any local government or the responsible head thereof, to make
31 a settlement or compromise of any claim arising out of such
32 malfeasance, misfeasance, or nonfeasance, or any action commenced
33 therefor, or for any court to enter upon any compromise or settlement
34 of such action, without the written approval and consent of the
35 attorney general and the state auditor.

36 **Sec. 16.** RCW 43.09.265 and 1979 ex.s. c 218 s 7 are each amended
37 to read as follows:

1 The state auditor(~~(, through the division of municipal~~
2 ~~corporations,)) shall review the tax levies of all ((municipal~~
3 ~~corporations)) local governments in the regular examinations under RCW
4 43.09.260.~~

5 **Sec. 17.** RCW 43.09.270 and 1993 c 315 s 1 are each amended to read
6 as follows:

7 The expense of (~~maintaining and operating the division of~~
8 ~~municipal corporations)) auditing local governments and those expenses
9 directly related to ((the)) prescribing ((of)) accounting systems,
10 training, maintenance of working capital including reserves for late
11 and ((uncollectable)) uncollectible accounts and necessary adjustments
12 to billings, and field audit supervision, shall be considered ((as))
13 expenses of auditing public accounts within the meaning of RCW
14 43.09.280 and 43.09.282, and shall be prorated for that purpose equally
15 among all entities directly affected by such service.~~

16 **Sec. 18.** RCW 43.09.280 and 1979 c 71 s 2 are each amended to read
17 as follows:

18 The expense of auditing public accounts shall be borne by each
19 entity subject to such audit for the auditing of all accounts under its
20 jurisdiction and the state auditor shall certify the expense of such
21 audit to the fiscal or warrant-issuing officer of such entity, who
22 shall immediately make payment to the ((~~division of municipal~~
23 ~~corporations)) state auditor. If the expense as certified is not paid
24 by any ((~~taxing district~~)) local government within thirty days from the
25 date of certification, the state auditor may certify the expense to the
26 auditor of the county in which the ((~~taxing district~~)) local government
27 is situated, who shall promptly issue his or her warrant on the county
28 treasurer payable out of the current expense fund of the county, which
29 fund, except as to auditing the financial affairs and making inspection
30 and examination of the county, shall be reimbursed by the county
31 auditor or chief financial officer out of the money due ((~~said taxing~~
32 ~~district~~)) the local government at the next monthly settlement of the
33 collection of taxes and shall be transferred to the current expense
34 fund.~~

35 **Sec. 19.** RCW 43.09.2801 and 1992 c 44 s 11 are each amended to
36 read as follows:

1 (1) From July 1, 1992, to June 30, 1995, the state auditor shall
2 charge an entity subject to an audit an additional ten cents per hour
3 billed under RCW 43.09.270 and 43.09.280, to be deposited in the local
4 government administrative (~~hearing[s]~~) hearings account.

5 (2) After June 30, 1995, the state auditor shall base the amount to
6 be collected and deposited into the local government administrative
7 (~~hearing[s]~~) hearings account on the funds remaining in the account
8 on June 30, 1995, and the anticipated caseload for the future.

9 (3) The state auditor may exempt a local government that
10 (~~complies~~) certifies that it is in compliance with RCW 42.41.050 from
11 a charge added under subsection (1) or (2) of this section.

12 **Sec. 20.** RCW 43.09.282 and 1982 c 206 s 2 are each amended to read
13 as follows:

14 For the purposes of centralized funding, accounting, and
15 distribution of the costs of the audits performed on (~~taxing~~
16 ~~districts~~) local governments by the state auditor, there is hereby
17 created (~~a fund~~) an account entitled the municipal revolving (~~fund~~)
18 account. The state treasurer shall be custodian of the (~~fund~~)
19 account. All moneys received by the (~~division of municipal~~
20 ~~corporations~~) state auditor or by any officer or employee thereof
21 shall be deposited with the state treasurer and credited to the
22 municipal revolving (~~fund~~) account. (~~Funds in the municipal~~
23 ~~revolving fund will be spent only after appropriation by the~~
24 ~~legislature. Such appropriated funds shall be administered by the~~
25 ~~division of municipal corporations.~~) Only the state auditor or the
26 auditor's designee may authorize expenditures from the account. No
27 appropriation is required for expenditures. The (~~division of~~
28 ~~municipal corporations~~) state auditor shall keep such records as are
29 necessary to detail the auditing costs attributable to the various
30 types of (~~taxing districts~~) local governments.

31 **Sec. 21.** RCW 43.09.290 and 1981 c 336 s 6 are each amended to read
32 as follows:

33 For the purposes of RCW 43.09.290 through 43.09.340 and 43.09.410
34 through 43.09.418, post-audit means an (~~annual~~) audit of the books,
35 records, funds, accounts, and financial transactions of a state
36 (~~department~~) agency for a complete fiscal period; pre-audit means all
37 other audits and examinations; state (~~department~~) agency means

1 elective officers and offices, and every other office, officer,
2 department, board, council, committee, commission, or authority(~~(, or~~
3 ~~agency))~~ of the state government now existing or hereafter created,
4 supported, wholly or in part, by appropriations from the state treasury
5 or funds under its control, or by the levy, assessment, collection, or
6 receipt of fines, penalties, fees, licenses, sales of commodities,
7 service charges, rentals, grants-in-aid, or other income provided by
8 law, and all state educational, penal, reformatory, charitable,
9 eleemosynary, or other institutions, supported, wholly or in part, by
10 appropriations from the state treasury or funds under its control.

11 **Sec. 22.** RCW 43.09.310 and 1981 c 217 s 1 are each amended to read
12 as follows:

13 The state auditor(~~(, through the division of departmental audits,)~~)
14 shall annually audit the state-wide combined financial statements
15 prepared by the office of financial management and make post-audits of
16 state agencies. Post-audits of state agencies shall be made at such
17 periodic intervals as is determined by the state auditor. Audits of
18 combined financial statements shall include determinations as to the
19 validity and accuracy of accounting methods, procedures and standards
20 utilized in their preparation, as well as the accuracy of the financial
21 statements themselves. A report shall be made of each such audit and
22 post-audit upon completion thereof, and one copy shall be transmitted
23 to the governor, one to the director of financial management, (~~one to~~
24 ~~the attorney general,)~~) one to the state (~~(department)~~) agency audited,
25 one to the legislative budget committee, one each to the standing
26 committees on ways and means of the house and senate, one to the chief
27 clerk of the house, one to the secretary of the senate, and at least
28 one shall be kept on file in the office of the state auditor. (~~For~~
29 ~~purposes of reporting the annual audit of state wide combined financial~~
30 ~~statements, "state department audited" refers solely to the office of~~
31 ~~financial management.)) A copy of any report containing findings of
32 noncompliance with state law shall be transmitted to the attorney
33 general.~~

34 **Sec. 23.** RCW 43.09.330 and 1965 c 8 s 43.09.330 are each amended
35 to read as follows:

36 (~~The state auditor, the chief examiner, and every state examiner~~
37 ~~of the division of departmental audits, for the purpose of making post-~~

1 audits, may issue subpoenas and compulsory process and direct the
2 service thereof by any constable or sheriff to compel the attendance of
3 witnesses and the production of books and papers before him at any
4 designated time and place, and may administer oaths.

5 If any person summoned neglects or refuses to appear, or neglects
6 or refuses to answer any question that may be put to him touching any
7 matter under audit, or to produce any books or papers required, the
8 person making such audit shall apply to a superior court judge of the
9 county where the hearing arose to issue a subpoena for the appearance
10 of such person before him; and the judge shall order the issuance of a
11 subpoena for the appearance of such person forthwith before him to give
12 testimony; and if any person so summoned fails to appear, or appearing
13 refuses to testify or to produce any books or papers required, he shall
14 be subject to like proceedings and penalties for contempt as witnesses
15 in the superior court. Wilful false swearing in any such examination
16 shall be perjury and punishable as such.)

17 If any audit of a state agency discloses malfeasance, misfeasance,
18 or nonfeasance in office on the part of any public officer or employee,
19 within thirty days from the receipt of his or her copy of the report,
20 the attorney general shall institute and prosecute in the proper
21 county, appropriate legal action to carry into effect the findings of
22 such post-audit. It shall be unlawful for any state ((department))
23 agency or the responsible head thereof, to make a settlement or
24 compromise of any claim arising out of such malfeasance, misfeasance,
25 or nonfeasance, or any action commenced therefor, or for any court to
26 enter upon any compromise or settlement of such action without the
27 written approval and consent of the attorney general and the state
28 auditor.

29 **Sec. 24.** RCW 43.09.340 and 1979 c 151 s 93 are each amended to
30 read as follows:

31 The governor ((may, from time to time)) shall, at least every two
32 years, provide for a post-audit of the books, accounts, and records of
33 the state auditor, and the funds under his or her control, to be made
34 either by independent qualified public accountants or the director of
35 financial management, as he or she may determine. The expense of
36 making such audit shall be paid from appropriations made therefor from
37 the general fund.

1 **Sec. 25.** RCW 43.09.410 and 1981 c 336 s 1 are each amended to read
2 as follows:

3 An auditing services revolving ~~((fund))~~ account is hereby created
4 in the state treasury for the purpose of a centralized funding,
5 accounting, and distribution of the actual costs of the audits provided
6 to state ~~((departments))~~ agencies by the state auditor.

7 **Sec. 26.** RCW 43.09.412 and 1987 c 165 s 1 are each amended to read
8 as follows:

9 The amounts to be disbursed from the auditing services revolving
10 ~~((fund))~~ account shall ~~((be transferred thereto by the state~~
11 ~~treasurer))~~ be paid from funds appropriated to any and all state
12 ~~((departments))~~ agencies for auditing services or administrative
13 expenses ~~((on a monthly basis))~~. State ~~((departments))~~ agencies
14 operating in whole or in part from nonappropriated funds shall pay into
15 the auditing services revolving ~~((fund))~~ account such funds as will
16 fully reimburse funds appropriated to the state auditor ~~((for any~~
17 ~~auditing services provided activities financed by nonappropriated~~
18 ~~funds))~~ for auditing services provided.

19 The director of financial management shall allot all such funds to
20 the state auditor for the operation of his or her office, pursuant to
21 appropriation, in the same manner as appropriated funds are allocated
22 to other state ~~((departments))~~ agencies headed by elected officers
23 under chapter 43.88 RCW.

24 **Sec. 27.** RCW 43.09.414 and 1981 c 336 s 3 are each amended to read
25 as follows:

26 Disbursements from the auditing services revolving ~~((fund))~~ account
27 shall be made pursuant to vouchers executed by the state auditor or his
28 or her designee in accordance with RCW 43.09.412.

29 **Sec. 28.** RCW 43.09.416 and 1987 c 165 s 2 are each amended to read
30 as follows:

31 The state auditor shall keep such records as are necessary to
32 facilitate proper allocation of costs to funds and accounts and state
33 ~~((departments))~~ agencies served and the director of financial
34 management shall prescribe appropriate accounting procedures to
35 accurately allocate costs to funds and accounts and state
36 ~~((departments))~~ agencies served. The billing rate shall be established

1 based on costs incurred in the prior biennium and anticipated costs in
2 the new biennium. Those expenses related to training, maintenance of
3 working capital including reserves for late and uncollectible accounts,
4 and necessary adjustments to billings, shall be considered as expenses
5 of auditing public accounts. Working capital shall not exceed five
6 percent of the auditing services revolving ((fund)) account
7 appropriation. ((The director of the office of financial management
8 shall establish a committee of at least three certified public
9 accountants with private sector audit experience to prepare general
10 guidelines governing procedures to be used in determining audit costs
11 and standards for measuring auditor productivity. These proposed
12 procedures and productivity standards shall be presented for review by
13 the house and senate committees on ways and means prior to the 1982
14 regular session of the legislature.))

15 **Sec. 29.** RCW 43.09.418 and 1981 c 336 s 5 are each amended to read
16 as follows:

17 In cases where there are unanticipated demands for auditing
18 services or where there are insufficient funds on hand or available for
19 payment through the auditing services revolving ((fund)) account or in
20 other cases of necessity, the state auditor may request payment for
21 auditing services directly from state ((departments)) agencies for whom
22 the services are performed to the extent that revenues or other funds
23 are available. Upon approval by the director of financial management
24 the state ((department)) agency shall make the requested payment. The
25 payment may be made on either an advance or reimbursable basis as
26 approved by the director of financial management.

27 **Sec. 30.** RCW 3.30.070 and 1971 c 73 s 3 are each amended to read
28 as follows:

29 The clerk of each district court shall keep uniform records of each
30 case filed and the proceedings had therein including an accounting for
31 all funds received and disbursed. Financial reporting shall be in such
32 form as may be prescribed by the ((office of the)) state auditor((
33 division of municipal corporations)). The form of other records may be
34 prescribed by the supreme court.

35 **Sec. 31.** RCW 3.62.020 and 1988 c 169 s 3 are each amended to read
36 as follows:

1 (1) Except as provided in subsection (4) of this section, all
2 costs, fees, fines, forfeitures and penalties assessed and collected in
3 whole or in part by district courts, except costs, fines, forfeitures
4 and penalties assessed and collected, in whole or in part, because of
5 the violation of city ordinances, shall be remitted by the clerk of the
6 district court to the county treasurer at least monthly, together with
7 a financial statement as required by the (~~division of municipal~~
8 ~~corporations~~) state auditor, noting the information necessary for
9 crediting of such funds as required by law.

10 (2) The county treasurer shall remit thirty-two percent of the
11 money received under subsection (1) of this section except certain
12 costs to the state treasurer. "Certain costs" as used in this
13 subsection, means those costs awarded to prevailing parties in civil
14 actions under RCW 4.84.010 or 36.18.040, or those costs awarded against
15 convicted defendants in criminal actions under RCW 10.01.160,
16 10.46.190, or 36.18.040, or other similar statutes if such costs are
17 specifically designated as costs by the court and are awarded for the
18 specific reimbursement of costs incurred by the state or county in the
19 prosecution of the case, including the fees of defense counsel. Money
20 remitted under this subsection to the state treasurer shall be
21 deposited as provided in RCW 43.08.250.

22 (3) The balance of the money received by the county treasurer under
23 subsection (1) of this section shall be deposited in the county current
24 expense fund.

25 (4) All money collected for county parking infractions shall be
26 remitted by the clerk of the district court at least monthly, with the
27 information required under subsection (1) of this section, to the
28 county treasurer for deposit in the county current expense fund.

29 **Sec. 32.** RCW 14.08.090 and 1984 c 7 s 4 are each amended to read
30 as follows:

31 Any bonds to be issued by any municipality pursuant to the
32 provisions of this chapter shall be authorized and issued in the manner
33 and within the limitation prescribed by the Constitution and laws of
34 this state or the charter of the municipality for the issuance and
35 authorization of bonds thereof for public purposes generally, secured
36 by the revenues of the airport, a mortgage on facilities, or a general
37 tax levy as allowed by law, if the plan and system resolution are

1 approved by the secretary of transportation or the (~~division of~~
2 ~~municipal corporations~~) state auditor.

3 **Sec. 33.** RCW 35.02.132 and 1991 c 360 s 4 are each amended to read
4 as follows:

5 The newly elected officials shall adopt an interim budget for the
6 interim period or until January 1 of the following year, whichever
7 occurs first. A second interim budget shall be adopted for any period
8 between January 1 and the official date of incorporation. These
9 interim budgets shall be adopted in consultation with the (~~office of~~
10 ~~the~~) state auditor(~~(, division of municipal corporations)~~).

11 The governing body shall adopt a budget for the newly incorporated
12 city or town for the period between the official date of incorporation
13 and January 1 of the following year. The mayor or governing body,
14 whichever is appropriate shall prepare or the governing body may direct
15 the interim city manager to prepare a preliminary budget in detail to
16 be made public at least sixty days before the official date of
17 incorporation as a recommendation for the final budget. The mayor,
18 governing body, or the interim city manager shall submit as a part of
19 the preliminary budget a budget message that contains an explanation of
20 the budget document, an outline of the recommended financial policies
21 and programs of the city or town for the ensuing fiscal year, and a
22 statement of the relation of the recommended appropriation to such
23 policies and programs. Immediately following the release of the
24 preliminary budget, the governing body shall cause to be published a
25 notice once each week for two consecutive weeks of a public hearing to
26 be held at least twenty days before the official date of incorporation
27 on the fixing of the final budget. Any taxpayer may appear and be
28 heard for or against any part of the budget. The governing body may
29 make such adjustments and changes as it deems necessary and may adopt
30 the final budget at the conclusion of the public hearing or at any time
31 before the official date of incorporation.

32 **Sec. 34.** RCW 35.07.230 and 1965 c 7 s 35.07.230 are each amended
33 to read as follows:

34 If any town fails for two successive years to hold its regular
35 municipal election, or if the officers elected at the regular election
36 of any town fail for two successive years to qualify and the government
37 of the town ceases to function by reason thereof, the state auditor

1 ((~~through the division of municipal corporations~~)) may petition the
2 superior court of the county for an order, dissolving the town. In
3 addition to stating the facts which would justify the entry of such an
4 order, the petition shall set forth a detailed statement of the assets
5 and liabilities of the town insofar as they can be ascertained.

6 **Sec. 35.** RCW 35.21.270 and 1984 c 7 s 20 are each amended to read
7 as follows:

8 The city engineer or the city clerk of each city or town shall
9 maintain records of the receipt and expenditure of all moneys used for
10 construction, repair, or maintenance of streets and arterial highways.

11 To assist in maintaining uniformity in such records, the ((~~division~~
12 ~~of municipal corporations~~)) state auditor, with the advice and
13 assistance of the department of transportation, shall prescribe forms
14 and types of records to be so maintained.

15 **Sec. 36.** RCW 35.23.121 and 1965 c 7 s 35.24.120 are each amended
16 to read as follows:

17 The city clerk shall keep a full and true record of every act and
18 proceeding of the city council and keep such books, accounts and make
19 such reports as may be required by ((~~the division of municipal~~
20 ~~corporations in the office of~~)) the state auditor. The city clerk
21 shall record all ordinances, annexing thereto his or her certificate
22 giving the number and title of the ordinance, stating that the
23 ordinance was published and posted according to law and that the record
24 is a true and correct copy thereof. The record copy with the clerk's
25 certificate shall be prima facie evidence of the contents of the
26 ordinance and of its passage and publication and shall be admissible as
27 such evidence in any court or proceeding.

28 The city clerk shall be custodian of the seal of the city and shall
29 have authority to acknowledge the execution of all instruments by the
30 city which require acknowledgment.

31 The city clerk may appoint a deputy for whose acts he or she and
32 his or her bondsmen shall be responsible, and he or she and his or her
33 deputy shall have authority to take all necessary affidavits to claims
34 against the city and certify them without charge.

35 The city clerk shall perform such other duties as may be required
36 by statute or ordinance.

1 **Sec. 37.** RCW 35.23.535 and 1965 c 7 s 35.24.430 are each amended
2 to read as follows:

3 No taxes shall be imposed for maintenance and operating charges of
4 city owned water, light, power, or heating works or systems.

5 Rates shall be fixed by ordinance for supplying water, light,
6 power, or heat for commercial, domestic, or irrigation purposes
7 sufficient to pay for all operating and maintenance charges. If the
8 rates in force produce a greater amount than is necessary to meet
9 operating and maintenance charges, the rates may be reduced or the
10 excess income may be transferred to the city's current expense fund.

11 Complete separate accounts for municipal utilities must be kept
12 under the system and on forms prescribed by the (~~division of municipal~~
13 ~~corporations in the office of the~~) state auditor.

14 The term "maintenance and operating charges," as used in this
15 section includes all necessary repairs, replacement, interest on any
16 debts incurred in acquiring, constructing, repairing and operating
17 plants and departments and all depreciation charges. This term shall
18 also include an annual charge equal to four percent on the cost of the
19 plant or system, as determined by (~~the division of municipal~~
20 ~~corporations in the office of~~) the state auditor to be paid into the
21 current expense fund, except that where utility bonds have been or may
22 hereafter be issued and are unpaid no payment shall be required into
23 the current expense fund until such bonds are paid.

24 **Sec. 38.** RCW 35.27.510 and 1965 c 7 s 35.27.510 are each amended
25 to read as follows:

26 When any special fund of a public utility department of a town has
27 retired all bond and warrant indebtedness and is on a cash basis, if a
28 reserve or depreciation fund has been created in an amount satisfactory
29 to (~~the division of municipal corporations in the office of~~) the
30 state auditor and if the fixing of the rates of the utility is governed
31 by contract with the supplier of water, electrical energy, or other
32 commodity sold by the town to its inhabitants, and the rates are at the
33 lowest possible figure, the town council may set aside such portion of
34 the net earnings of the utility as it may deem advisable and transfer
35 it to the town's current expense fund: PROVIDED, That no amount in
36 excess of fifty percent of the net earnings shall be so set aside and
37 transferred except with the unanimous approval of the council and
38 mayor.

1 **Sec. 39.** RCW 35.33.031 and 1969 ex.s. c 95 s 3 are each amended to
2 read as follows:

3 On or before the second Monday of the fourth month prior to the
4 beginning of the city's or town's next fiscal year, or at such other
5 time as the city or town may provide by ordinance or charter, the clerk
6 shall notify in writing the head of each department of a city or town
7 to file with the clerk within fourteen days of the receipt of such
8 notification, detailed estimates of the probable revenue from sources
9 other than ad valorem taxation and of all expenditures required by his
10 or her department for the ensuing fiscal year. The notice shall be
11 accompanied by the proper forms provided by the clerk, prepared in
12 accordance with the requirements and classification established by
13 (~~the division of municipal corporations in the office of~~) the state
14 auditor. The clerk shall prepare the estimates for interest and debt
15 redemption requirements and all other estimates, the preparation of
16 which falls properly within the duties of his or her office. The chief
17 administrative officers of the city or town shall submit to the clerk
18 detailed estimates of all expenditures proposed to be financed from the
19 proceeds of bonds or warrants not yet authorized, together with a
20 statement of the proposed method of financing them. In the absence or
21 disability of the official or person regularly in charge of a
22 department, the duties herein required shall devolve upon the person
23 next in charge of such department.

24 **Sec. 40.** RCW 35.33.041 and 1969 ex.s. c 95 s 4 are each amended to
25 read as follows:

26 All estimates of receipts and expenditures for the ensuing year
27 shall be fully detailed in the annual budget and shall be classified
28 and segregated according to a standard classification of accounts to be
29 adopted and prescribed by the state auditor (~~through the division of~~
30 ~~municipal corporations~~) after consultation with the Washington finance
31 officers association, the association of Washington cities and the
32 association of Washington city managers.

33 **Sec. 41.** RCW 35.33.075 and 1969 ex.s. c 95 s 10 are each amended
34 to read as follows:

35 Following conclusion of the hearing, and prior to the beginning of
36 the fiscal year, the legislative body shall make such adjustments and
37 changes as it deems necessary or proper and after determining the

1 allowance in each item, department, classification and fund, and shall
2 by ordinance, adopt the budget in its final form and content.
3 Appropriations shall be limited to the total estimated revenues
4 contained therein including the amount to be raised by ad valorem taxes
5 and the unencumbered fund balances estimated to be available at the
6 close of the current fiscal year. Such ordinances may adopt the final
7 budget by reference: PROVIDED, That the ordinance adopting such budget
8 shall set forth in summary form the totals of estimated revenues and
9 appropriations for each separate fund and the aggregate totals for all
10 such funds combined.

11 A complete copy of the final budget as adopted shall be transmitted
12 to (~~the division of municipal corporations in the office of the state~~
13 ~~auditor, and to~~) the association of Washington cities.

14 **Sec. 42.** RCW 35.33.111 and 1969 ex.s. c 95 s 16 are each amended
15 to read as follows:

16 The (~~division of municipal corporations in the office of the~~)
17 state auditor is empowered to make and install the forms and
18 classifications required by this chapter to define what expenditures
19 are chargeable to each budget class and to establish the accounting and
20 cost systems necessary to secure accurate budget information.

21 **Sec. 43.** RCW 35.34.050 and 1985 c 175 s 8 are each amended to read
22 as follows:

23 On or before the second Monday of the fourth month prior to the
24 beginning of the city's or town's next fiscal biennium, or at such
25 other time as the city or town may provide by ordinance or charter, the
26 clerk shall notify in writing the head of each department of a city or
27 town to file with the clerk within fourteen days of the receipt of such
28 notification, detailed estimates of the probable revenue from sources
29 other than ad valorem taxation and of all expenditures required by the
30 department for the ensuing fiscal biennium. The notice shall be
31 accompanied by the proper forms provided by the clerk, prepared in
32 accordance with the requirements and classification established by
33 (~~the division of municipal corporations in the office of~~) the state
34 auditor. The clerk shall prepare the estimates for interest and debt
35 redemption requirements and all other estimates, the preparation of
36 which falls properly within the duties of the clerk's office. The
37 chief administrative officers of the city or town shall submit to the

1 clerk detailed estimates of all expenditures proposed to be financed
2 from the proceeds of bonds or warrants not yet authorized, together
3 with a statement of the proposed method of financing them. In the
4 absence or disability of the official or person regularly in charge of
5 a department, the duties required by this section shall devolve upon
6 the person next in charge of such department.

7 **Sec. 44.** RCW 35.34.060 and 1985 c 175 s 9 are each amended to read
8 as follows:

9 All estimates of receipts and expenditures for the ensuing fiscal
10 biennium shall be fully detailed in the biennial budget and shall be
11 classified and segregated according to a standard classification of
12 accounts to be adopted and prescribed by the state auditor (~~through~~
13 ~~the division of municipal corporations~~) after consultation with the
14 Washington finance officers association, the association of Washington
15 cities, and the association of Washington city managers.

16 **Sec. 45.** RCW 35.34.120 and 1985 c 175 s 15 are each amended to
17 read as follows:

18 Following conclusion of the hearing, and prior to the beginning of
19 the fiscal biennium, the legislative body shall make such adjustments
20 and changes as it deems necessary or proper and, after determining the
21 allowance in each item, department, classification, and fund, shall by
22 ordinance adopt the budget in its final form and content.
23 Appropriations shall be limited to the total estimated revenues
24 contained therein including the amount to be raised by ad valorem taxes
25 and the unencumbered fund balances estimated to be available at the
26 close of the current fiscal biennium. Such ordinances may adopt the
27 final budget by reference. However, the ordinance adopting the budget
28 shall set forth in summary form the totals of estimated revenues and
29 appropriations for each separate fund and the aggregate totals for all
30 such funds combined.

31 A complete copy of the final budget as adopted shall be transmitted
32 to (~~the division of municipal corporations in the office of~~) the
33 state auditor and to the association of Washington cities.

34 **Sec. 46.** RCW 35.34.130 and 1985 c 175 s 16 are each amended to
35 read as follows:

1 The legislative authority of a city or town having adopted the
2 provisions of this chapter shall provide by ordinance for a mid-
3 biennial review and modification of the biennial budget. The ordinance
4 shall provide that such review and modification shall occur no sooner
5 than eight months after the start nor later than conclusion of the
6 first year of the fiscal biennium. The chief administrative officer
7 shall prepare the proposed budget modification and shall provide for
8 publication of notice of hearings consistent with publication of
9 notices for adoption of other city or town ordinances. City or town
10 ordinances providing for a mid-biennium review and modification shall
11 establish procedures for distribution of the proposed modification to
12 members of the city or town legislative authority, procedures for
13 making copies available to the public, and shall provide for public
14 hearings on the proposed budget modification. The budget modification
15 shall be by ordinance approved in the same manner as are other
16 ordinances of the city or town.

17 A complete copy of the budget modification as adopted shall be
18 transmitted to (~~the division of municipal corporations in the office~~
19 ~~of~~) the state auditor and to the association of Washington cities.

20 **Sec. 47.** RCW 35.34.190 and 1985 c 175 s 22 are each amended to
21 read as follows:

22 The (~~division of municipal corporations in the office of the~~)
23 state auditor is empowered to make and install the forms and
24 classifications required by this chapter to define what expenditures
25 are chargeable to each budget class and to establish the accounting and
26 cost systems necessary to secure accurate budget information.

27 **Sec. 48.** RCW 35.76.020 and 1965 c 7 s 35.76.020 are each amended
28 to read as follows:

29 The state auditor(~~(, through the division of municipal~~
30 ~~corporations,)~~) shall formulate, prescribe, and install a system of
31 cost accounting and reporting for each city having a population of more
32 than eight thousand, according to the last official census, which will
33 correctly show all street expenditures by functional categories. The
34 system shall also provide for reporting all revenues available for
35 street purposes from whatever source including local improvement
36 district assessments and state and federal aid.

1 **Sec. 49.** RCW 35.76.030 and 1965 c 7 s 35.76.030 are each amended
2 to read as follows:

3 Consistent with the intent of this chapter as stated in RCW
4 35.76.010, the state auditor, from and after July 1, 1965, (~~through~~
5 ~~the division of municipal corporations,~~) is authorized and directed to
6 prescribe accounting and reporting procedures for street expenditures
7 for cities and towns having a population of eight thousand or less,
8 according to the last official census.

9 **Sec. 50.** RCW 35.76.050 and 1984 c 7 s 22 are each amended to read
10 as follows:

11 The (~~division of municipal corporations~~) state auditor shall
12 annually make a cost-audit examination of street records for each city
13 and town and make a written report thereon to the legislative body of
14 each city and town. The expense of the examination shall be paid out
15 of that portion of the motor vehicle fund allocated to the cities and
16 towns and withheld for use by the state department of transportation
17 under the terms of RCW 46.68.110(1).

18 **Sec. 51.** RCW 35A.33.030 and 1967 ex.s. c 119 s 35A.33.030 are each
19 amended to read as follows:

20 On or before the second Monday of the fourth month prior to the
21 beginning of the city's next fiscal year, or at such other time as the
22 city may provide by ordinance or charter, the clerk shall notify in
23 writing the head of each department of a code city to file with the
24 clerk within fourteen days of the receipt of such notification,
25 detailed estimates of the probable revenue from sources other than ad
26 valorem taxation and of all expenditures required by his or her
27 department for the ensuing fiscal year. The notice shall be
28 accompanied by the proper forms provided by the clerk, prepared in
29 accordance with the requirements and classification established by the
30 (~~division of municipal corporations in the office of the~~) state
31 auditor. The clerk shall prepare the estimates for interest and debt
32 redemption requirements and all other estimates, the preparation of
33 which falls properly within the duties of his or her office. The chief
34 administrative officers of the city shall submit to the clerk detailed
35 estimates of all expenditures proposed to be financed from the proceeds
36 of bonds or warrants not yet authorized, together with a statement of
37 the proposed method of financing them. In the absence or disability of

1 the official or person regularly in charge of a department, the duties
2 herein required shall devolve upon the person next in charge of such
3 department.

4 **Sec. 52.** RCW 35A.33.040 and 1967 ex.s. c 119 s 35A.33.040 are each
5 amended to read as follows:

6 All estimates of receipts and expenditures for the ensuing year
7 shall be fully detailed in the annual budget and shall be classified
8 and segregated according to a standard classification of accounts to be
9 adopted and prescribed by the state auditor (~~((through the division of
10 municipal corporations))~~) after consultation with the Washington finance
11 officers association, the association of Washington cities and the
12 association of Washington city managers.

13 **Sec. 53.** RCW 35A.33.075 and 1969 ex.s. c 81 s 3 are each amended
14 to read as follows:

15 Following conclusion of the hearing, and prior to the beginning of
16 the fiscal year, the legislative body shall make such adjustments and
17 changes as it deems necessary or proper and after determining the
18 allowance in each item, department, classification and fund, and shall
19 by ordinance, adopt the budget in its final form and content.
20 Appropriations shall be limited to the total estimated revenues
21 contained therein including the amount to be raised by ad valorem taxes
22 and the unencumbered fund balances estimated to be available at the
23 close of the current fiscal year. Such ordinances may adopt the final
24 budget by reference: PROVIDED, That the ordinance adopting such budget
25 shall set forth in summary form the totals of estimated revenues and
26 appropriations for each separate fund and the aggregate totals for all
27 such funds combined.

28 A complete copy of the final budget as adopted shall be transmitted
29 to (~~((the division of municipal corporations in the office of))~~) the
30 state auditor, and to the association of Washington cities.

31 **Sec. 54.** RCW 35A.33.110 and 1967 ex.s. c 119 s 35A.33.110 are each
32 amended to read as follows:

33 The (~~((division of municipal corporations in the office of the))~~)
34 state auditor is empowered to make and install the forms and
35 classifications required by this chapter to define what expenditures

1 are chargeable to each budget class and to establish the accounting and
2 cost systems necessary to secure accurate budget information.

3 **Sec. 55.** RCW 35A.34.050 and 1985 c 175 s 37 are each amended to
4 read as follows:

5 On or before the second Monday of the fourth month prior to the
6 beginning of the city's next fiscal biennium, or at such other time as
7 the city may provide by ordinance or charter, the clerk shall notify in
8 writing the head of each department of a city to file with the clerk
9 within fourteen days of the receipt of such notification, detailed
10 estimates of the probable revenue from sources other than ad valorem
11 taxation and of all expenditures required by the department for the
12 ensuing fiscal biennium. The notice shall be accompanied by the proper
13 forms provided by the clerk, prepared in accordance with the
14 requirements and classification established by the (~~division of~~
15 ~~municipal corporations in the office of the~~) state auditor. The clerk
16 shall prepare the estimates for interest and debt redemption
17 requirements and all other estimates, the preparation of which falls
18 properly within the duties of the clerk's office. The chief
19 administrative officers of the city shall submit to the clerk detailed
20 estimates of all expenditures proposed to be financed from the proceeds
21 of bonds or warrants not yet authorized, together with a statement of
22 the proposed method of financing them. In the absence or disability of
23 the official or person regularly in charge of a department, the duties
24 required by this section shall devolve upon the person next in charge
25 of such department.

26 **Sec. 56.** RCW 35A.34.060 and 1985 c 175 s 38 are each amended to
27 read as follows:

28 All estimates of receipts and expenditures for the ensuing fiscal
29 biennium shall be fully detailed in the biennial budget and shall be
30 classified and segregated according to a standard classification of
31 accounts to be adopted and prescribed by the state auditor (~~through~~
32 ~~the division of municipal corporations~~) after consultation with the
33 Washington finance officers association, the association of Washington
34 cities, and the association of Washington city managers.

35 **Sec. 57.** RCW 35A.34.120 and 1985 c 175 s 44 are each amended to
36 read as follows:

1 Following conclusion of the hearing, and prior to the beginning of
2 the fiscal biennium, the legislative body shall make such adjustments
3 and changes as it deems necessary or proper and, after determining the
4 allowance in each item, department, classification, and fund, shall by
5 ordinance adopt the budget in its final form and content.
6 Appropriations shall be limited to the total estimated revenues
7 contained therein including the amount to be raised by ad valorem taxes
8 and the unencumbered fund balances estimated to be available at the
9 close of the current fiscal biennium. Such ordinances may adopt the
10 final budget by reference. However, the ordinance adopting the budget
11 shall set forth in summary form the totals of estimated revenues and
12 appropriations for each separate fund and the aggregate totals for all
13 such funds combined.

14 A complete copy of the final budget as adopted shall be transmitted
15 to (~~the division of municipal corporations in the office of~~) the
16 state auditor and to the association of Washington cities.

17 **Sec. 58.** RCW 35A.34.130 and 1985 c 175 s 45 are each amended to
18 read as follows:

19 The legislative authority of a city having adopted the provisions
20 of this chapter shall provide by ordinance for a mid-biennial review
21 and modification of the biennial budget. The ordinance shall provide
22 that such review and modification shall occur no sooner than eight
23 months after the start nor later than conclusion of the first year of
24 the fiscal biennium. The chief administrative officer shall prepare
25 the proposed budget modification and shall provide for publication of
26 notice of hearings consistent with publication of notices for adoption
27 of other city ordinances. City ordinances providing for a mid-biennium
28 review and modification shall establish procedures for distribution of
29 the proposed modification to members of the city legislative authority,
30 procedures for making copies available to the public, and shall provide
31 for public hearings on the proposed budget modification. The budget
32 modification shall be by ordinance approved in the same manner as are
33 other ordinances of the city.

34 A complete copy of the budget modification as adopted shall be
35 transmitted to (~~the division of municipal corporations in the office~~
36 ~~of~~) the state auditor and to the association of Washington cities.

1 **Sec. 59.** RCW 35A.34.190 and 1985 c 175 s 51 are each amended to
2 read as follows:

3 The (~~division of municipal corporations in the office of the~~)
4 state auditor is empowered to make and install the forms and
5 classifications required by this chapter to define what expenditures
6 are chargeable to each budget class and to establish the accounting and
7 cost systems necessary to secure accurate budget information.

8 **Sec. 60.** RCW 35A.37.010 and 1983 c 3 s 62 are each amended to read
9 as follows:

10 Code cities shall establish such funds for the segregation,
11 budgeting, expenditure and accounting for moneys received for special
12 purposes as are required by general law applicable to such cities'
13 activities and the officers thereof shall pay into, expend from, and
14 account for such moneys in the manner provided therefor including but
15 not limited to the requirements of the following:

- 16 (1) Accounting funds as required by RCW 35.37.010;
- 17 (2) Annexation and consolidation fund as required by chapters 35.10
18 and 35.13 RCW;
- 19 (3) Assessment fund as required by RCW 8.12.480;
- 20 (4) Equipment rental fund as authorized by RCW 35.21.088;
- 21 (5) Current expense fund as required by RCW 35.37.010, usually
22 referred to as the general fund;
- 23 (6) Local improvement guaranty fund as required by RCW 35.54.010;
- 24 (7) An indebtedness and sinking fund, together with separate funds
25 for utilities and institutions as required by RCW 35.37.020;
- 26 (8) Local improvement district fund and revolving fund as required
27 by RCW 35.45.130 and 35.48.010;
- 28 (9) City street fund as required by chapter 35.76 RCW and RCW
29 47.24.040;
- 30 (10) Firemen's relief and pension fund as required by chapters
31 41.16 and 41.18 RCW;
- 32 (11) Policemen's relief and pension fund as required by RCW
33 41.20.130 and 63.32.030;
- 34 (12) First class cities' employees retirement and pension system as
35 authorized by chapter 41.28 RCW;
- 36 (13) Applicable rules of the (~~division of municipal corporations~~
37 ~~office of~~) state auditor. (~~RCW 43.09.190 through 43.09.282.~~)

1 **Sec. 61.** RCW 36.22.140 and 1963 c 4 s 36.22.140 are each amended
2 to read as follows:

3 Each county auditor or chief financial officer shall be ex officio
4 deputy (~~((supervisor))~~) of the (~~((division of municipal corporations))~~)
5 state auditor for the purpose of accounting and reporting on municipal
6 corporations and in such capacity shall be under the direction of the
7 (~~((chief supervisor))~~) state auditor, but he or she shall receive no
8 additional salary or compensation by virtue thereof and shall perform
9 no duties as such, except in connection with county business.

10 **Sec. 62.** RCW 36.40.030 and 1963 c 4 s 36.40.030 are each amended
11 to read as follows:

12 The estimates required in RCW 36.40.010 and 36.40.020 shall be
13 submitted on forms provided by the county auditor or chief financial
14 officer and classified according to the classification established by
15 the (~~((division of municipal corporations))~~) state auditor. The county
16 auditor or chief financial officer shall provide such forms. He or she
17 shall also prepare the estimates for interest and debt redemption
18 requirements and any other estimates the preparation of which properly
19 falls within the duties of his or her office.

20 Each such official shall file his or her estimates within the time
21 and in the manner provided in the notice and form and the county
22 auditor or chief financial officer shall deduct and withhold as a
23 penalty from the salary of each official failing or refusing to file
24 such estimates as herein provided, the sum of ten dollars for each day
25 of delay: PROVIDED, That the total penalty against any one official
26 shall not exceed fifty dollars in any one year.

27 In the absence or disability of any official the duties required
28 herein shall devolve upon the official or employee in charge of the
29 office, department, service, or institution for the time being. The
30 notice shall contain a copy of this penalty clause.

31 **Sec. 63.** RCW 36.40.040 and 1973 c 39 s 1 are each amended to read
32 as follows:

33 Upon receipt of the estimates the county auditor or chief financial
34 officer shall prepare the county budget which shall set forth the
35 complete financial program of the county for the ensuing fiscal year,
36 showing the expenditure program and the sources of revenue by which it
37 is to be financed.

1 The revenue section shall set forth the estimated receipts from
2 sources other than taxation for each office, department, service, or
3 institution for the ensuing fiscal year, the actual receipts for the
4 first six months of the current fiscal year and the actual receipts for
5 the last completed fiscal year, the estimated surplus at the close of
6 the current fiscal year and the amount proposed to be raised by
7 taxation.

8 The expenditure section shall set forth in comparative and tabular
9 form by offices, departments, services, and institutions the estimated
10 expenditures for the ensuing fiscal year, the appropriations for the
11 current fiscal year, the actual expenditures for the first six months
12 of the current fiscal year including all contracts or other obligations
13 against current appropriations, and the actual expenditures for the
14 last completed fiscal year.

15 All estimates of receipts and expenditures for the ensuing year
16 shall be fully detailed in the annual budget and shall be classified
17 and segregated according to a standard classification of accounts to be
18 adopted and prescribed by the state auditor (~~((through the division of
19 municipal corporations))~~) after consultation with the Washington state
20 association of counties and the Washington state association of
21 (~~((elected))~~) county officials.

22 The county auditor or chief financial officer shall set forth
23 separately in the annual budget to be submitted to the (~~((board of))~~)
24 county (~~((commissioners))~~) legislative authority the total amount of
25 emergency warrants issued during the preceding fiscal year, together
26 with a statement showing the amount issued for each emergency, and the
27 board shall include in the annual tax levy, a levy sufficient to raise
28 an amount equal to the total of such warrants: PROVIDED, That the
29 board may fund the warrants or any part thereof into bonds instead of
30 including them in the budget levy.

31 **Sec. 64.** RCW 36.40.080 and 1963 c 4 s 36.40.080 are each amended
32 to read as follows:

33 Upon the conclusion of the budget hearing the (~~((board of))~~) county
34 (~~((commissioners))~~) legislative authority shall fix and determine each
35 item of the budget separately and shall by resolution adopt the budget
36 as so finally determined and enter the same in detail in the official
37 minutes of the board(~~((, a copy of which budget shall be forwarded to
38 the division of municipal corporations))~~).

1 **Sec. 65.** RCW 36.40.220 and 1963 c 4 s 36.40.220 are each amended
2 to read as follows:

3 The (~~division of municipal corporations~~) state auditor may make
4 such rules, classifications, and forms as may be necessary to carry out
5 the provisions in respect to county budgets, define what expenditures
6 shall be chargeable to each budget account, and establish such
7 accounting and cost systems as may be necessary to provide accurate
8 budget information.

9 **Sec. 66.** RCW 36.47.060 and 1969 ex.s. c 5 s 5 are each amended to
10 read as follows:

11 The financial records of the Washington state association of county
12 officials shall be subject to audit by the (~~Washington~~) state
13 (~~division of municipal corporations~~) auditor.

14 **Sec. 67.** RCW 36.68.530 and 1981 c 210 s 11 are each amended to
15 read as follows:

16 The governing body of each park and recreation service area shall
17 annually compile a budget for each service area in a form prescribed by
18 the state (~~division of municipal corporations~~) auditor for the
19 ensuing calendar year which shall, to the extent that anticipated
20 income is actually realized, constitute the appropriations for the
21 service area. The budget may include an amount to accumulate a reserve
22 for a stated capital purpose. In compiling the budget, all available
23 funds and anticipated income shall be taken into consideration,
24 including contributions or contractual payments from school districts,
25 cities, or towns, county or any other governmental entity, gifts and
26 donations, special tax levy, fees and charges, proceeds of bond issues,
27 and cumulative reserve funds.

28 **Sec. 68.** RCW 36.69.160 and 1963 c 4 s 36.69.160 are each amended
29 to read as follows:

30 The board of park and recreation commissioners of each park and
31 recreation district shall annually compile a budget, in form prescribed
32 by the state (~~division of municipal corporations~~) auditor, for the
33 ensuing calendar year, and which shall, to the extent that anticipated
34 income is actually realized, constitute the appropriations for the
35 district. The budget may include an amount to accumulate a reserve for
36 a stated capital purpose. In compiling the budget, all available funds

1 and anticipated income shall be taken into consideration, including
2 contributions or contractual payments from school districts, cities or
3 towns, county, or any other governmental unit; gifts and donations;
4 special tax levy; assessments; fees and charges; proceeds of bond
5 issues; cumulative reserve funds.

6 **Sec. 69.** RCW 36.80.080 and 1985 c 120 s 3 are each amended to read
7 as follows:

8 The (~~division of municipal corporations~~) state auditor shall
9 annually make a cost-audit examination of the books and records of the
10 county road engineer and make a written report thereon to the county
11 legislative authority. The expense of the examination shall be paid
12 from the county road fund.

13 **Sec. 70.** RCW 36.82.200 and 1963 c 4 s 36.82.200 are each amended
14 to read as follows:

15 The board shall hold such hearing at the time and place designated
16 in the notice, and it may be continued from day to day until concluded
17 but not to exceed a total of five days. Upon the conclusion of the
18 hearing the board shall fix and determine the supplemental budget and
19 by resolution adopt it as finally determined and enter it in detail in
20 the official minutes of the board, (~~copies~~) a copy of which
21 supplemental budget shall be forwarded(~~(, one)~~) to the director (~~and~~
22 ~~one to the division of municipal corporations~~)).

23 **Sec. 71.** RCW 40.14.070 and 1982 c 36 s 6 are each amended to read
24 as follows:

25 County, municipal, and other local government agencies may request
26 authority to destroy noncurrent public records having no further
27 administrative or legal value by submitting to the division of archives
28 and records management lists of such records on forms prepared by the
29 division. The archivist (~~and the chief examiner of the division of~~
30 ~~municipal corporations of the office of~~), a representative appointed
31 by the state auditor, and a representative appointed by the attorney
32 general shall constitute a committee, known as the local records
33 committee, which shall review such lists and which may veto the
34 destruction of any or all items contained therein.

35 A local government agency, as an alternative to submitting lists,
36 may elect to establish a records control program based on recurring

1 disposition schedules recommended by the agency to the local records
2 committee. The schedules are to be submitted on forms provided by the
3 division of archives and records management to the local records
4 committee, which may either veto, approve, or amend the schedule.
5 Approval of such schedule or amended schedule shall be by unanimous
6 vote of the local records committee. Upon such approval, the schedule
7 shall constitute authority for the local government agency to destroy
8 the records listed thereon, after the required retention period, on a
9 recurring basis until the schedule is either amended or revised by the
10 committee.

11 Except as otherwise provided by law, no public records shall be
12 destroyed until approved for destruction by the local records
13 committee. Official public records shall not be destroyed unless:

14 (1) The records are six or more years old;

15 (2) The department of origin of the records has made a satisfactory
16 showing to the state records committee that the retention of the
17 records for a minimum of six years is both unnecessary and
18 uneconomical, particularly where lesser federal retention periods for
19 records generated by the state under federal programs have been
20 established; or

21 (3) The originals of official public records less than six years
22 old have been copied or reproduced by any photographic, photostatic,
23 microfilm, miniature photographic, or other process approved by the
24 state archivist which accurately reproduces or forms a durable medium
25 for so reproducing the original.

26 An automatic reduction of retention periods from seven to six years
27 for official public records on record retention schedules existing on
28 June 10, 1982, shall not be made, but the same shall be reviewed
29 individually by the local records committee for approval or disapproval
30 of the change to a retention period of six years.

31 The state archivist may furnish appropriate information,
32 suggestions, and guidelines to local government agencies for their
33 assistance in the preparation of lists and schedules or any other
34 matter relating to the retention, preservation, or destruction of
35 records under this chapter. The local records committee may adopt
36 appropriate regulations establishing procedures to be followed in such
37 matters.

1 Records of county, municipal, or other local government agencies,
2 designated by the archivist as of primarily historical interest, may be
3 transferred to a recognized depository agency.

4 **Sec. 72.** RCW 42.24.080 and 1965 c 116 s 1 are each amended to read
5 as follows:

6 All claims presented against any county, city, district or other
7 municipal corporation or political subdivision by persons furnishing
8 materials, rendering services or performing labor, or for any other
9 contractual purpose, shall be audited, before payment, by an auditing
10 officer elected or appointed pursuant to statute or, in the absence of
11 statute, an appropriate charter provision, ordinance or resolution of
12 the municipal corporation or political subdivision. Such claims shall
13 be prepared for audit and payment on a form and in the manner
14 prescribed by the (~~division of municipal corporations in the~~) state
15 auditor(~~'s office~~). The form shall provide for the authentication
16 and certification by such auditing officer that the materials have been
17 furnished, the services rendered or the labor performed as described,
18 and that the claim is a just, due and unpaid obligation against the
19 municipal corporation or political subdivision; and no claim shall be
20 paid without such authentication and certification: PROVIDED, That the
21 certificates as to claims of officers and employees of a county, city,
22 district or other municipal corporation or political subdivision, for
23 services rendered, shall be made by the person charged with the duty of
24 preparing and submitting vouchers for the payment of services, and he
25 or she shall certify that the claim is just, true and unpaid, which
26 certificate shall be part of the voucher.

27 **Sec. 73.** RCW 42.24.090 and 1981 c 56 s 1 are each amended to read
28 as follows:

29 No claim for reimbursement of any expenditures by officers or
30 employees of any municipal corporation or political subdivision of the
31 state for transportation, lodging, meals or any other purpose shall be
32 allowed by any officer, employee or board charged with auditing
33 accounts unless the same shall be presented in a detailed account:
34 PROVIDED, That, unless otherwise authorized by law, the legislative
35 body of any municipal corporation or political subdivision of the state
36 may prescribe by ordinance or resolution the amounts to be paid
37 officers or employees thereof as reimbursement for the use of their

1 personal automobiles or other transportation equipment in connection
2 with officially assigned duties and other travel for approved public
3 purposes, or as reimbursement to such officers or employees in lieu of
4 actual expenses incurred for lodging, meals or other purposes. The
5 rates for such reimbursements may be computed on a mileage, hourly, per
6 diem, monthly, or other basis as the respective legislative bodies
7 shall determine to be proper in each instance: PROVIDED, That in lieu
8 of such reimbursements, payments for the use of personal automobiles
9 for official travel may be established if the legislative body
10 determines that these payments would be less costly to the municipal
11 corporation or political subdivision of the state than providing
12 automobiles for official travel.

13 All claims authorized under this section shall be duly certified by
14 the officer or employee submitting such claims on forms and in the
15 manner prescribed by the (~~division of municipal corporations in the~~
16 ~~office of the~~) state auditor.

17 **Sec. 74.** RCW 53.06.060 and 1961 c 31 s 6 are each amended to read
18 as follows:

19 The financial records of the Washington public ports association
20 shall be subject to audit by the (~~Washington state division of~~
21 ~~municipal corporations of the~~) state auditor.

22 **Sec. 75.** RCW 56.08.110 and 1973 1st ex.s. c 195 s 62 are each
23 amended to read as follows:

24 To improve the organization and operation of sewer districts, the
25 commissioners of two or more such districts may form an association
26 thereof, for the purpose of securing and disseminating information of
27 value to the members of the association and for the purpose of
28 promoting the more economical and efficient operation of the
29 comprehensive plans of sewer systems in their respective districts.
30 The commissioners of sewer districts so associated shall adopt articles
31 of association, select such officers as they may determine, and employ
32 and discharge such agents and employees as shall be deemed convenient
33 to carry out the purposes of the association. Sewer district
34 commissioners and their employees are authorized to attend meetings of
35 the association. The expense of the association may be paid from the
36 maintenance or general funds of the associated districts in such manner
37 as shall be provided in the articles of association: PROVIDED, That

1 the aggregate contributions made to the association by the district in
2 any calendar year shall not exceed the amount which would be raised by
3 a levy of two and one-half cents per thousand dollars of assessed value
4 against the taxable property of the district. The financial records of
5 such association shall be subject to audit by the ((~~Washington state~~
6 ~~division of municipal corporations of the~~)) state auditor.

7 **Sec. 76.** RCW 57.08.110 and 1973 1st ex.s. c 195 s 68 are each
8 amended to read as follows:

9 To improve the organization and operation of water districts, the
10 commissioners of two or more such districts may form an association
11 thereof, for the purpose of securing and disseminating information of
12 value to the members of the association and for the purpose of
13 promoting the more economical and efficient operation of the
14 comprehensive plans of water supply in their respective districts. The
15 commissioners of water districts so associated shall adopt articles of
16 association, select such officers as they may determine, and employ and
17 discharge such agents and employees as shall be deemed convenient to
18 carry out the purposes of the association. Water district
19 commissioners and employees are authorized to attend meetings of the
20 association. The expense of the association may be paid from the
21 maintenance or general funds of the associated districts in such manner
22 as shall be provided in the articles of association: PROVIDED, That
23 the aggregate contributions made to the association by the district in
24 any calendar year shall not exceed the amount which would be raised by
25 a levy of two and one-half cents per thousand dollars of assessed value
26 against the taxable property of the district. The financial records of
27 such association shall be subject to audit by the ((~~Washington state~~
28 ~~division of municipal corporations of the~~)) state auditor.

29 **Sec. 77.** RCW 70.12.070 and 1991 c 3 s 316 are each amended to read
30 as follows:

31 The public health pool fund shall be subject to audit by the
32 ((~~division of departmental audits~~)) state auditor and shall be subject
33 to check by the state department of health.

34 NEW SECTION. **Sec. 78.** The following acts or parts of acts are
35 each repealed:

36 (1) RCW 43.09.030 and 1965 c 8 s 43.09.030;

- 1 (2) RCW 43.09.040 and 1965 c 8 s 43.09.040;
2 (3) RCW 43.09.190 and 1965 c 8 s 43.09.190;
3 (4) RCW 43.09.250 and 1988 c 52 s 1 & 1965 c 8 s 43.09.250; and
4 (5) RCW 43.09.300 and 1988 c 53 s 1 & 1965 c 8 s 43.09.300.

5 NEW SECTION. **Sec. 79.** Sections 2 through 5, 8, and 14 of this act
6 are each added to chapter 43.09 RCW.

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