

CERTIFICATION OF ENROLLMENT

**ENGROSSED HOUSE BILL 1889**

Chapter 301, Laws of 1995

54th Legislature  
1995 Regular Session

STATE AUDITOR--INTERNAL ORGANIZATION AND ADMINISTRATION OF OFFICE

EFFECTIVE DATE: 7/23/95

Passed by the House April 20, 1995  
Yeas 96 Nays 0

\_\_\_\_\_  
CLYDE BALLARD

**Speaker of the  
House of Representatives**

Passed by the Senate April 12, 1995  
Yeas 47 Nays 1

\_\_\_\_\_  
JOEL PRITCHARD

**President of the Senate**

Approved May 9, 1995

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MIKE LOWRY

**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 1889** as passed by the House of Representatives and the Senate on the dates hereon set forth.

\_\_\_\_\_  
TIMOTHY A. MARTIN

**Chief Clerk**

FILED

May 9, 1995 - 4:13 p.m.

**Secretary of State  
State of Washington**

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**ENGROSSED HOUSE BILL 1889**

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AS AMENDED BY THE SENATE

Passed Legislature - 1995 Regular Session

**State of Washington                      54th Legislature                      1995 Regular Session**

**By** Representatives L. Thomas, Backlund, Huff and Chappell; 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, 70.12.070, and 26.04.210; adding new sections to  
15 chapter 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 ((certificate)) 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 the  
38 (~~((division of municipal corporations))~~) state auditor.

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 **Sec. 78.** RCW 26.04.210 and 1985 c 82 s 5 are each amended to read  
35 as follows:

1       (1) The county auditor, before a marriage license is issued, upon  
2 the payment of a license fee as fixed in RCW 36.18.010 shall require  
3 each applicant therefor to make and file in ~~((his))~~ the auditor's  
4 office upon blanks to be provided by the county for that purpose, an  
5 affidavit showing that ~~((they are not))~~ if an applicant is afflicted  
6 with any contagious ~~((venereal))~~ sexually transmitted disease, the  
7 condition is known to both applicants, and that the applicants are the  
8 age of eighteen years or over~~((:— PROVIDED, FURTHER, That))~~. If the  
9 consent in writing is obtained of the father, mother, or legal guardian  
10 of the person for whom the license is required, the license may be  
11 granted in cases where the female has attained the age of seventeen  
12 years or the male has attained the age of seventeen years. Such  
13 affidavit may be subscribed and sworn to before any person authorized  
14 to administer oaths. Anyone knowingly swearing falsely to any of the  
15 statements contained in the affidavits mentioned in this section shall  
16 be deemed guilty of perjury and punished as provided by the laws of the  
17 state of Washington.

18       (2) The affidavit form shall be designed to require a statement  
19 that no contagious sexually transmitted disease is present or that the  
20 condition is known to both applicants, without requiring the applicants  
21 to state whether or not either or both of them are afflicted by such  
22 disease.

23       NEW SECTION. Sec. 79. The following acts or parts of acts are  
24 each repealed:

- 25       (1) RCW 43.09.030 and 1965 c 8 s 43.09.030;  
26       (2) RCW 43.09.040 and 1965 c 8 s 43.09.040;  
27       (3) RCW 43.09.190 and 1965 c 8 s 43.09.190;  
28       (4) RCW 43.09.250 and 1988 c 52 s 1 & 1965 c 8 s 43.09.250; and  
29       (5) RCW 43.09.300 and 1988 c 53 s 1 & 1965 c 8 s 43.09.300.

30       NEW SECTION. Sec. 80. Sections 2 through 5, 8, and 14 of this act  
31 are each added to chapter 43.09 RCW.

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