

Chapter 57.20 RCW
FINANCES

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Election to authorize revenue bonds: RCW 57.20.018.

RCW 57.20.010 General obligation bonds—Term—Issuance—Excess bond retirement levies. When general district indebtedness payable from annual tax levies to be made in excess of the constitutional and/or statutory tax limitations has been authorized, the district may issue its general obligation bonds in payment thereof.

The bonds shall not have terms in excess of twenty years and shall as nearly as practicable be issued for a period which will not exceed the life of the improvement to be acquired by the issuance of the bonds. The bonds shall be issued and sold in accordance with chapter 39.46 RCW. The election at which the voters are presented with a ballot proposition authorizing both the bond issue and imposition of excess bond retirement levies shall be held as provided in RCW 39.36.050.

Whenever the proposition to issue such bonds and impose such excess bond retirement levies has been approved, there shall be levied by the officers or governing body charged with the duty of levying taxes, annual levies in excess of the constitutional and/or statutory

tax limitations sufficient to meet the annual or semiannual payments of principal and interest on the bonds upon all taxable property within the district. [1984 c 186 s 53; 1983 c 167 s 162; 1973 1st ex.s. c 195 s 71; 1970 ex.s. c 56 s 83; 1969 ex.s. c 232 s 87; 1953 c 251 s 12; 1951 2nd ex.s. c 25 s 3; 1931 c 72 s 2; 1929 c 114 s 11; RRS s 11589. Cf. 1913 c 161 s 11.]

Purpose—1984 c 186: See note following RCW 39.46.110.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Purpose—1970 ex.s. c 56: See note following RCW 39.52.020.

Validation—Saving—Severability—1969 ex.s. c 232: See notes following RCW 39.52.020.

RCW 57.20.015 Refunding general obligation bonds. (1) The board of commissioners of any district may by resolution, without submitting the matter to the voters of the district, provide for the issuance of refunding general obligation bonds to refund any outstanding general obligation bonds, or any part thereof, at maturity thereof, or before the maturity thereof if they are subject to call for prior redemption or all of the owners thereof consent thereto. Refunding bonds may be combined with an issue of bonds for other district purposes, as long as those other bonds are approved in accordance with applicable law.

(2) The total cost to the district over the life of the refunding bonds or refunding portion of an issue of bonds shall not exceed the total cost to the district which the district would have incurred but for such refunding over the remainder of the life of the bonds to be refunded thereby.

(3) The refunding bonds may be exchanged for the bonds to be refunded thereby, or may be sold in such manner as the board of commissioners deems to be for the best interest of the district, and the proceeds of such sale used exclusively for the purpose of paying, retiring, and canceling the bonds to be refunded and interest thereon. Such bonds may be of any form, including bearer bonds or registered bonds as provided in RCW 39.46.030. [1996 c 230 s 702; 1984 c 186 s 54; 1983 c 167 s 163; 1973 1st ex.s. c 195 s 72; 1953 c 251 s 16.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Purpose—1984 c 186: See note following RCW 39.46.110.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Election to authorize revenue bonds: RCW 57.20.018.

RCW 57.20.018 Revenue bonds authorized—Use. (1) The commissioners may, without submitting a proposition to the voters, authorize by resolution the district to issue revenue bonds for the construction costs, interest during the period of construction and six months thereafter, working capital or other costs of the improvements described in any part or all of a general comprehensive plan or plans, or for other purposes or functions of a district authorized by statute. The amount of the bonds to be issued shall be included in the resolution.

(2) Any resolution authorizing the issuance of revenue bonds may include provision for refunding any local improvement district bonds of a district, out of the proceeds of sale of revenue bonds, and a district may pay off any outstanding local improvement bonds with such funds either by purchase in the open market below their par value and accrued interest or by call at par value and accrued interest at the next succeeding interest payment date. The bonds may be in any form, including bearer bonds or registered bonds as provided by RCW 39.46.030.

(3) Notwithstanding subsection (1) of this section, district revenue bonds may be issued and sold in accordance with chapter 39.46 RCW. [1996 c 230 s 703; 1987 c 449 s 14; 1983 c 167 s 160; 1977 ex.s. c 299 s 4; 1959 c 108 s 8; 1959 c 18 s 8. Prior: 1953 c 251 s 6; 1951 c 112 s 1; 1939 c 128 s 2, part; 1937 c 177 s 1, part; 1929 c 114 s 10, part; RRS s 11588, part. Cf. 1913 c 161 s 10, part. Formerly RCW 57.16.030.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

RCW 57.20.0181 Additional revenue bonds for increased cost of improvements. Whenever a district shall have adopted a general comprehensive plan and bonds to defray the cost thereof shall have been authorized by resolution of the board of commissioners, and before the completion of the improvements the board of commissioners shall find by resolution that the authorized bonds are not sufficient to defray the cost of such improvements due to the increase of costs of construction subsequent to the adoption of the plan, the board of commissioners may by resolution authorize the issuance and sale of additional revenue bonds for such purpose in excess of those previously issued. [1996 c 230 s 704; 1977 ex.s. c 299 s 5; 1959 c 108 s 10. Formerly RCW 57.16.035.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.019 Additions and betterments. In the same manner as provided for the adoption of an original general comprehensive plan, a plan providing for additions and betterments to the original general comprehensive plan may be adopted. Without limiting its generality "additions and betterments" shall include any necessary change in, amendment of, or addition to the general comprehensive plan.

The district may incur a general indebtedness payable from annual tax levies to be made in excess of the constitutional tax limitation for the construction of the additions and betterments in the same way that general indebtedness may be incurred for the construction of the original general comprehensive plan after submission to the voters of the entire district in the manner the original proposition to incur indebtedness was submitted as provided in RCW 57.20.105. Upon ratification the additions and betterments may be carried out by the commissioners to the extent specified or referred to in the proposition to incur the general indebtedness.

The district may issue revenue bonds to pay for the construction of the additions and the betterments pursuant to resolution of the board of commissioners. [1996 c 230 s 705; 1984 c 186 s 52; 1977 ex.s. c 299 s 6; 1973 1st ex.s. c 195 s 70; 1959 c 108 s 9; 1959 c 18 s 9. Prior: 1953 c 251 s 7; 1951 2nd ex.s. c 25 s 2; 1951 c 112 s 2; 1939 c 128 s 2, part; 1937 c 177 s 1, part; 1929 c 114 s 10, part; RRS s 11588, part. Cf. 1913 c 161 s 10, part. Formerly RCW 57.16.040.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Purpose—1984 c 186: See note following RCW 39.46.110.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

RCW 57.20.020 Revenue bonds—Special fund. (1) The commissioners shall have power and are required to create a special fund or funds for the sole purpose of paying the interest and principal of revenue bonds into which special fund or funds the commissioners shall obligate and bind the district to set aside and pay a fixed proportion of the gross revenues of the water supply, sewer, or drainage system or any fixed amount out of and not exceeding a fixed proportion of such revenues, or a fixed amount or amounts without regard to any fixed proportion, and such bonds and the interest thereof shall be payable only out of such special fund or funds, and shall be a lien and charge against all revenues and payments received from any utility local improvement district or districts pledged to secure such bonds, subject only to operating and maintenance expenses.

In creating any such special fund or funds the commissioners shall have due regard to the cost of operation and maintenance of the plant or system as constructed or added to and to any proportion or part of the revenue previously pledged as a fund for the payment of bonds, warrants, or other indebtedness, and shall not set aside into such special fund a greater amount or proportion of the revenue and proceeds than in their judgment will be available over and above such cost of maintenance and operation and the amount or proportion, if any, of the revenue so previously pledged. Any such bonds and interest thereon issued against any such fund as provided in this section shall be a valid claim of the owner thereof only as against the special fund and its fixed proportion or amount of the revenue pledged to such fund, and shall not constitute an indebtedness of the district within the meaning of the constitutional provisions and limitations. Each such bond shall state upon its face that it is payable from a special

fund, naming the fund and the resolution creating it. Such bonds shall be sold in such manner, at such price, and at such rate or rates of interest as the commissioners shall deem for the best interests of the district, either at public or private sale, and the commissioners may provide in any contract for the construction and acquirement of the proposed improvement (and for the refunding of outstanding local improvement district obligations, if any) that payment therefor shall be made in such bonds at par value thereof.

When any such special fund shall have been heretofore or shall be hereafter created and any such bonds shall have been heretofore or shall hereafter be issued against the same a fixed proportion or a fixed amount out of and not to exceed such fixed proportion, or a fixed amount or amounts without regard to any fixed proportion, of revenue shall be set aside and paid into the special fund as provided in the resolution creating such fund or authorizing such bonds. In case any district shall fail thus to set aside and pay the fixed proportion or amount, the owner of any bond payable from such special fund may bring suit or action against the district and compel such setting aside and payment.

(2) Revenue bonds payable from a special fund may be issued and sold in accordance with chapter 39.46 RCW. [1996 c 230 s 706; 1991 c 347 s 20; 1983 c 167 s 164; 1975 1st ex.s. c 25 s 3; 1970 ex.s. c 56 s 84; 1969 ex.s. c 232 s 88; 1959 c 108 s 11; 1939 c 128 s 3; RRS s 11588-1.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Purposes—1991 c 347: See note following RCW 90.42.005.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

Purpose—1970 ex.s. c 56: See note following RCW 39.52.020.

Validation—Saving—Severability—1969 ex.s. c 232: See notes following RCW 39.52.020.

Alternative authority to issue revenue bonds: RCW 39.46.150, 39.46.160.

Authority to adjust or delay rates or charges for low-income persons: RCW 57.08.014.

Funds for reserve purposes may be included in issue amount: RCW 39.44.140.

RCW 57.20.023 Covenants to guarantee payment of revenue bonds—Bonds payable from same source may be issued on parity. The board of commissioners may make such covenants as it may deem necessary to secure and guarantee the payment of the principal of and interest on revenue bonds of the district, including but not being limited to covenants for the establishment and maintenance of adequate reserves to secure or guarantee the payment of such principal and interest; the protection and disposition of the proceeds of sale of such bonds; the

use and disposition of the gross revenues of the water supply system, sewer system, or drainage system of the district and any additions or betterments thereto or extensions thereof; the use and disposition of any utility local improvement district assessments; the creation and maintenance of funds for renewals and replacements of the system; the establishment and maintenance of rates and charges adequate to pay principal and interest of such bonds and to maintain adequate coverage over debt service; the maintenance, operation and management of the system and the accounting, insuring and auditing of the business in connection therewith; the terms upon which such bonds or any of them may be redeemed at the election of the district; limitations upon the right of the district to dispose of its system or any part thereof; the appointment of trustees, depositaries and paying agents to receive, hold, disburse, invest and reinvest all or any part of the proceeds of sale of the bonds and all or any part of the income, revenue and receipts of the district, and the commissioners may make such other covenants as it may deem necessary to accomplish the most advantageous sale of such bonds. The board of commissioners may also provide that revenue bonds payable out of the same source or sources may later be issued on a parity with any revenue bonds being issued and sold. [1996 c 230 s 707; 1959 c 108 s 12.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.025 Refunding revenue bonds. The board of commissioners of any district may by resolution provide for the issuance of refunding revenue bonds to refund outstanding general obligation bonds and/or revenue bonds, or any part thereof, and/or all outstanding local improvement district bonds, at maturity thereof, or before maturity thereof if they are subject to call for prior redemption or all of the holders thereof consent thereto. The total interest cost to the district over the life of the refunding bonds shall not exceed the total cost to the district which the district would have incurred but for such refunding over the remainder of the life of the bonds to be refunded thereby. The refunding bonds may be exchanged for the bonds to be refunded thereby, or may be sold in such manner as the board of commissioners deems to be for the best interest of the district, and the proceeds used, except as hereinafter provided, exclusively for the purpose of paying, retiring, and canceling the bonds to be refunded and interest thereon.

All unpaid utility local improvement district assessments payable into the revenue bond redemption fund established for payment of the bonds to be refunded shall thereafter when collected be paid into the revenue bond redemption fund established for payment of the refunding revenue bonds.

Whenever local improvement district bonds have been refunded as provided by RCW 57.20.018, or pursuant to this section, all local improvement district assessments remaining unpaid shall thereafter when collected be paid into the revenue bond redemption fund established for payment of the refunding revenue bonds, and the cash balance, if any, in the local improvement guaranty fund of the district and the proceeds received from any other assets owned by such fund shall be used in whole or in part as a reserve fund for the refunding revenue bonds or be transferred in whole or in part to any

other funds of the district as the board of commissioners may determine. If any warrants are outstanding against the local improvement guaranty fund of the district at the time of the issuance of such refunding revenue bonds, the bonds shall be issued in an amount sufficient also to fund and pay such outstanding warrants.

The provisions of RCW 57.20.020 shall apply to the refunding revenue bonds issued under this title. [1996 c 230 s 708; 1977 ex.s. c 299 s 8; 1959 c 108 s 13; 1953 c 251 s 17.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.027 Revenue warrants and revenue bond anticipation warrants. Districts may also issue revenue warrants and revenue bond anticipation warrants for the same purposes for which such districts may issue revenue bonds. The provisions of this chapter relating to the authorization, terms, conditions, covenants, issuance and sale of revenue bonds (exclusive of provisions relating to refunding) shall be applicable to such warrants. Districts issuing revenue bond anticipation warrants may make covenants relative to the issuance of revenue bonds to provide funds for the redemption of part or all of such warrants and may contract for the sale of such bonds and warrants. [1996 c 230 s 709; 1975 1st ex.s. c 25 s 5.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.028 Warrants, when authorized—Procedure. (1) The board of commissioners of a district with revenues of five million dollars or more in each of the preceding three years that were audited in accordance with RCW 43.09.260 may by resolution adopt a policy to issue its own warrants for payment of claims or other obligations of the district. The board of commissioners, after auditing all payrolls and bills, may authorize the issuing of one general certificate to the county treasurer, to be signed by the president of the board of commissioners, authorizing the county treasurer to pay all the warrants specified by date, number, name, and amount, and the accounting funds on which the warrants are drawn. The district may then issue the warrants specified in the general certificate.

(2) The board of commissioners of a district with revenues greater than two hundred fifty thousand dollars and less than five million dollars in each of the preceding three years that were audited in accordance with RCW 43.09.260 may upon agreement between the county treasurer and the district commission, with approval of the district commission by resolution, adopt a policy to issue its own warrants for payment of claims or other obligations of the district. The board of commissioners, after auditing all payrolls and bills, may authorize the issuing of one general certificate to the county treasurer, to be signed by the president of the board of commissioners, authorizing the county treasurer to pay all the warrants specified by date, number, name, and amount, and the accounting funds on which the warrants are drawn. The district may then issue the warrants specified in the general certificate. [2017 c 314 s 1.]

RCW 57.20.030 Local improvement guaranty fund. Every district in the state is authorized to create a fund for the purpose of guaranteeing, to the extent of such fund, and in the manner hereinafter provided, the payment of all of its local improvement bonds issued to pay for any local improvement within its confines. Such fund shall be designated "Local Improvement Guaranty Fund of the Water-Sewer District," ". . . . Water District," ". . . . Sewer District," or ". . . . District No.," and shall be established by resolution of the board of commissioners. For the purpose of maintaining such fund, every district, after the establishment thereof, shall at all times set aside and pay into such a fund such proportion of the monthly gross revenues of the water supply, sewer, or drainage system of such district as the commissioners thereof may direct by resolution. This proportion may be varied from time to time as the commissioners deem expedient or necessary. However, under the existence of the conditions set forth in subsections (1) and (2) of this section, then the proportion must be as specified in subsections (1) and (2) of this section:

(1) Whenever any bonds of any local improvement district have been guaranteed under this section and RCW 57.20.080 and 57.20.090 and the guaranty fund does not have a cash balance equal to twenty percent of all bonds originally guaranteed under this section and RCW 57.20.080 and 57.20.090 (excluding issues which have been retired in full), then twenty percent of the gross monthly revenues derived from water, sewer, and drainage systems in the territory included in the local improvement district (but not necessarily from users in other parts of the district as a whole) shall be set aside and paid into the guaranty fund, except that whenever under the requirements of this subsection, the cash balance accumulates so that it is equal to twenty percent of all bonds guaranteed, or to the full amount of all bonds guaranteed, outstanding and unpaid (which amount might be less than twenty percent of the original total guaranteed), then no further money need be set aside and paid into the guaranty fund so long as the condition shall continue.

(2) Whenever any warrants issued against the guaranty fund, as provided in this section, remain outstanding and uncalled for lack of funds for six months from the date of issuance thereof; or whenever any coupons or bonds guaranteed under this section and RCW 57.20.080 and 57.20.090 have been matured for six months and have not been redeemed either in cash or by issuance and delivery of warrants upon the guaranty fund, then twenty percent of the gross monthly revenues (or such portion thereof as the commissioners of the district determine will be sufficient to retire the warrants or redeem the coupons or bonds in the ensuing six months) derived from all water, sewer, and drainage system users in the district shall be set aside and paid into the guaranty fund. However, whenever under the requirements of this subsection all warrants, coupons, or bonds specified in this subsection have been redeemed, no further income needs to be set aside and paid into the guaranty fund under the requirements of this subsection until and unless other warrants remain outstanding and unpaid for six months or other coupons or bonds default.

(3) For the purposes of complying with the requirements of setting aside and paying into the local improvement guaranty fund a proportion of the monthly gross revenues of the water supply, sewer, or drainage system of any district, as provided in subsections (1) and (2) of this section, that district shall bind and obligate itself to

maintain and operate the applicable system and further bind and obligate itself to establish, maintain, and collect such rates for water, sewer, or drainage as will produce gross revenues sufficient to maintain and operate that system and to make necessary provision for the local improvement guaranty fund as specified by this section and RCW 57.20.080 and 57.20.090. The district shall alter its rates for water, sewer, and drainage service from time to time and shall vary the same in different portions of its territory to comply with those requirements.

(4) Whenever any coupon or bond guaranteed by this section shall mature and there shall not be sufficient funds in the appropriate local improvement district bond redemption fund to pay the same, then the applicable county treasurer shall pay same from the local improvement guaranty fund of the district; if there shall not be sufficient funds in the guaranty fund to pay same, then the same may be paid by issuance and delivery of a warrant upon the local improvement guaranty fund.

(5) Whenever the cash balance in the local improvement guaranty fund is insufficient for the required purposes, warrants drawing interest at a rate determined by the commissioners may be issued by the applicable county auditor, against the fund to meet any liability accrued against it and must be issued upon demand of the holders of any maturing coupons and/or bonds guaranteed by this section, or to pay for any certificates of delinquency for delinquent installments of assessments as provided in subsection (6) of this section. Guaranty fund warrants shall be a first lien in their order of issuance upon the gross revenues set aside and paid into that fund.

(6) Within twenty days after the date of delinquency of any annual installment of assessments levied for the purpose of paying the local improvement bonds of any district guaranteed under the provisions of this section, it shall be mandatory for the county treasurer of the county in which the real property is located to compile a statement of all installments delinquent, together with the amount of accrued interest and penalty appurtenant to each of the installments. Thereupon the applicable county treasurer shall forthwith purchase (for the district) certificates of delinquency for all such delinquent installments. Payment for all such certificates of delinquency shall be made from the local improvement guaranty fund and if there shall not be sufficient money in the fund to pay for such certificates of delinquency, the applicable county treasurer shall accept the local improvement guaranty fund warrants in payment therefor. All of those certificates of delinquency shall be issued in the name of the local improvement guaranty fund and all guaranty fund warrants issued in payment therefor shall be issued in the name of the appropriate local improvement district fund. Whenever any market is available and the commissioners of the district so direct, the applicable county treasurer shall sell any certificates of delinquency belonging to the local improvement guaranty fund. However, any such sale must not be for less than face value thereof plus accrued interest from date of issuance to date of sale.

(7) Certificates of delinquency, as provided in subsection (6) of this section, shall be issued by the county treasurer of the county in which the real property is located, shall bear interest at the rate of ten percent per annum, shall be in each instance for the face value of the delinquent installment, plus accrued interest to date of issuance of certificate of delinquency, plus a penalty of five percent of such face value, and shall set forth:

- (a) Description of property assessed;
- (b) Date installment of assessment became delinquent;
- (c) Name of owner or reputed owner, if known.

The certificates of delinquency may be redeemed by the owner of the property assessed at any time up to two years from the date of foreclosure of such certificate of delinquency. If any such certificate of delinquency is not redeemed on the second occurring first day of January subsequent to its issuance, the county treasurer who issued the certificate of delinquency shall then proceed to foreclose such certificate of delinquency in the manner specified for the foreclosure of the lien of local improvement assessments, pursuant to chapter 35.50 RCW and if no redemption be made within the succeeding two years shall execute and deliver a deed conveying fee simple title to the property described in the foreclosed certificate of delinquency. [1996 c 230 s 710; 1982 1st ex.s. c 17 s 20; 1981 c 156 s 20; 1937 c 102 s 1; 1935 c 82 s 1; RRS s 11589-1. Formerly RCW 57.20.030 through 57.20.070.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.080 Guaranty fund—Subrogation of district as trustee.

Whenever there shall be paid out of a guaranty fund any sum on account of principal or interest upon a local improvement bond, or on account of purchase of certificates of delinquency, the district, as trustee for the fund, shall be subrogated to all rights of the owner of the bonds, or any interest, or delinquent assessment installments, so paid; and the proceeds thereof, or of the assessment or assessments underlying the same, shall become a part of the guaranty fund. There shall also be paid into such guaranty fund the interest received from the bank deposits of the fund, as well as any surplus remaining in the local improvement funds guaranteed by the guaranty fund, after the payment of all outstanding bonds payable primarily out of such local improvement funds. As among the several issues of bonds guaranteed by the fund, no preference shall exist, but defaulted bonds and any defaulted interest payments shall be purchased out of the fund in the order of their presentation.

The commissioners of every district that establishes a guaranty fund shall prescribe, by resolution, appropriate rules and regulations for the guaranty fund, not inconsistent herewith. So much of the money of a guaranty fund as is necessary and is not required for other purposes under this section and RCW 57.20.030 and 57.20.090 may, at the discretion of the commissioners of the district, be used to purchase property at county tax foreclosure sales or from the county after foreclosure in cases where such property is subject to unpaid local improvement assessments securing bonds guaranteed by the guaranty fund and such purchase is deemed necessary for the purpose of protecting the guaranty fund. In such cases the guaranty fund shall be subrogated to all rights of the district. After so acquiring title to real property, the district may lease or resell and convey the same in the same manner that county property is authorized to be leased or resold and for such prices and on such terms as may be determined by resolution of the board of commissioners. Any provision of law to the contrary notwithstanding, all proceeds resulting from such resales

shall belong to and be paid into the guaranty fund. [1996 c 230 s 711; 1983 c 167 s 165; 1937 c 102 s 2; 1935 c 82 s 2; RRS s 11589-2.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

RCW 57.20.090 Rights and remedies of bond owner. The owner of any local improvement bonds guaranteed under the provisions of this section and RCW 57.20.030 and 57.20.080 shall not have any claim therefor against the district by which the same is issued, except for payment from the special assessments made for the improvement for which the local improvement bonds were issued, and except as against the local improvement guaranty fund of the district; and the district shall not be liable to any owner of such local improvement bond for any loss to the guaranty fund occurring in the lawful operation thereof by the district. The remedy of the owner of a local improvement bond, in case of nonpayment, shall be confined to the enforcement of the assessment and to the guaranty fund. A copy of the foregoing part of this section shall be plainly written, printed or engraved on each local improvement bond guaranteed by this section and RCW 57.20.030 and 57.20.080. The establishment of a local improvement guaranty fund by any district shall not be deemed at variance from any comprehensive plan heretofore adopted by that district.

If any local improvement guaranty fund hereunder authorized at any time has a balance therein in cash, and the obligations guaranteed thereby have all been paid off, then such balance shall be transferred to the maintenance fund of the district. [1996 c 230 s 712; 1983 c 167 s 166; 1937 c 102 s 3; 1935 c 82 s 3; RRS s 11589-3.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

RCW 57.20.105 Vote on general indebtedness. The commissioners may submit to the voters of the district at any general or special election, a proposition that the district incur a general indebtedness payable from annual tax levies to be made in excess of the constitutional tax limitation for the construction of any part or all of the improvements described in its general comprehensive plan or plans. Elections shall be held as provided in RCW 39.36.050. The proposition authorizing both the bond issue and imposition of excess bond retirement levies must be adopted by three-fifths of the voters voting thereon, at which election the total number of persons voting on the proposition shall constitute not less than forty percent of the total number of votes cast in the district at the last preceding general election. The bonds shall not be issued to run for a period longer than thirty years from the date of the issue. The bonds shall be issued and sold in accordance with chapter 39.46 RCW.

Whenever the proposition to issue general obligation bonds and impose such excess bond retirement levies has been approved, there shall be levied by the officers or governing body charged with the duty of levying taxes, annual levies in excess of the constitutional tax limitation sufficient to meet the annual or semiannual payments of principal and interest on the bonds upon all taxable property within the district. [1996 c 230 s 701; 1984 c 186 s 51; 1974 ex.s. c 31 s 1. Prior: 1973 1st ex.s. c 195 s 69; 1959 c 108 s 7; 1959 c 18 s 7; prior: 1953 c 251 s 5; 1951 2nd ex.s. c 25 s 1; 1939 c 128 s 2, part; 1937 c 177 s 1, part; 1929 c 114 s 10, part; RRS s 11588, part. Cf. 1913 c 161 s 10, part. Formerly RCW 57.16.020.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Purpose—1984 c 186: See note following RCW 39.46.110.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Limitation on

levies: State Constitution Art. 7 s 2; RCW 84.52.010, 84.52.050 through 84.52.056.

municipal corporation indebtedness: State Constitution Art. 8 s 6.

RCW 57.20.110 Limitation of indebtedness. A district is authorized and empowered by and through its board of commissioners to contract indebtedness for its purposes, and the maintenance thereof not exceeding one-half of one percent of the value of the taxable property in the district, as the term "value of the taxable property" is defined in RCW 39.36.015. [1996 c 230 s 713; 1970 ex.s. c 42 s 35; 1929 c 114 s 19; RRS s 11596. Cf. 1913 c 161 s 18.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Severability—Effective date—1970 ex.s. c 42: See notes following RCW 39.36.015.

Limitation on municipal corporation indebtedness: State Constitution Art. 8 s 6.

RCW 57.20.120 Additional indebtedness—Ballot proposition. A district may contract indebtedness in excess of the amount named in RCW 57.20.110, but not exceeding in amount, together with existing indebtedness, two and one-half percent of the value of the taxable property in that district, as the term "value of the taxable property" is defined in RCW 39.36.015, and impose excess property tax levies to retire the indebtedness whenever a ballot proposition authorizing the indebtedness and excess levies is approved as provided under Article VII, section 2, and Article VIII, section 6, of the state Constitution, at an election to be held in the district in the manner provided by this title and RCW 39.36.050. [1999 c 153 s 17; 1996 c

230 s 714; 1984 c 186 s 55; 1970 ex.s. c 42 s 36; 1929 c 114 s 20; RRS s 11597. Cf. 1913 c 161 s 19.]

Part headings not law—1999 c 153: See note following RCW 57.04.050.

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Purpose—1984 c 186: See note following RCW 39.46.110.

Severability—Effective date—1970 ex.s. c 42: See notes following RCW 39.36.015.

RCW 57.20.130 Bonds—Payment of interest. Any coupons for the payment of interest on bonds of any district shall be considered for all purposes as warrants drawn upon the general fund of the district issuing such bonds, and when presented to the treasurer of the county having custody of the funds of such district at maturity, or thereafter, and when so presented, if there are not funds in the treasury to pay the coupons, it shall be the duty of the county treasurer to endorse the coupons as presented for payment, in the same manner as county warrants are indorsed, and thereafter the coupons shall bear interest at the same rate as the bonds to which they were attached. When there are no funds in the treasury to make interest payments on bonds not having coupons, the overdue interest payment shall continue bearing interest at the bond rate until it is paid, unless otherwise provided in the proceedings authorizing the sale of the bonds. [1996 c 230 s 715; 1983 c 167 s 167; 1929 c 114 s 22; RRS s 11599. Cf. 1913 c 161 s 21.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

RCW 57.20.135 Treasurer—Designation—Approval—Powers and duties—Bond. Upon obtaining the approval of the county treasurer, the board of commissioners of a district with more than twenty-five hundred water customers or sewer customers may designate by resolution some other person having experience in financial or fiscal matters as the treasurer of the district. Such a treasurer shall possess all of the powers, responsibilities, and duties of, and shall be subject to the same restrictions as provided by law for, the county treasurer with regard to a district, and the county auditor with regard to district financial matters. Such treasurer shall be bonded for not less than twenty-five thousand dollars. Approval by the county treasurer authorizing such a district to designate its treasurer shall not be arbitrarily or capriciously withheld. [1996 c 230 s 716; 1988 c 162 s 11; 1983 c 57 s 4.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Ratification—1988 c 162 ss 10 and 11: "Any action taken by a sewer district treasurer or water district treasurer prior to March 21, 1988, and consistent with sections 10 and 11 of this act is ratified and confirmed." [1988 c 162 s 12.]

RCW 57.20.140 Maintenance or general fund and special funds.

The treasurer shall create and maintain a separate fund designated as the maintenance fund or general fund of the district into which shall be paid all money received by the treasurer from the collection of taxes other than taxes levied for the payment of general obligation bonds of the district and all revenues of the district other than assessments levied in local improvement districts or utility local improvement districts, and no money shall be disbursed therefrom except upon warrants of the county auditor issued by authority of the commissioners or upon a resolution of the commissioners ordering a transfer to any other fund of the district. The treasurer also shall maintain such other special funds as may be prescribed by the district, into which shall be placed such money as the board of commissioners may by its resolution direct, and from which disbursements shall be made upon proper warrants of the county auditor issued against the same by authority of the board of commissioners. [1999 c 153 s 18; 1996 c 230 s 717; 1983 c 57 s 3; 1959 c 108 s 14; 1929 c 114 s 23; RRS s 11600. Cf. 1913 c 161 s 22.]

Part headings not law—1999 c 153: See note following RCW 57.04.050.

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.150 Maintenance or general fund and special funds—Use of surplus in maintenance or general fund. Whenever a district has accumulated money in the maintenance fund or general fund of the district in excess of the requirements of that fund, the board of commissioners may in its discretion use any of that surplus money for any of the following purposes: (1) Redemption or servicing of outstanding obligations of the district; (2) maintenance expenses of the district; (3) construction or acquisition of any facilities necessary to carry out the purposes of the district; or (4) any other proper district purpose. [1996 c 230 s 718; 1959 c 108 s 15.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.160 Maintenance or general fund and special funds—Deposits and investments. Whenever there shall have accumulated in any general or special fund of a district money, the disbursement of which is not yet due, the board of commissioners may, by resolution, authorize the treasurer to deposit or invest such money in qualified public depositories, or to invest such money in any investment permitted at any time by RCW 36.29.020. However, the county treasurer may refuse to invest any district money the disbursement of which will be required during the period of investment to meet outstanding

obligations of the district. [1996 c 230 s 719; 1986 c 294 s 13; 1983 c 66 s 22; 1981 c 24 s 4; 1973 1st ex.s. c 140 s 3; 1959 c 108 s 16.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Severability—1983 c 66: See note following RCW 39.58.010.

Public depositaries: Chapter 39.58 RCW.

RCW 57.20.165 Deposit account requirements. District money shall be deposited by the district in any account, which may be interest-bearing, subject to such requirements and conditions as may be prescribed by the state auditor. The account shall be in the name of the district except upon request by the treasurer, the accounts shall be in the name of the ". . .(name of county). . . county treasurer." The treasurer may instruct the financial institutions holding the deposits to transfer them to the treasurer at such times as the treasurer may deem appropriate, consistent with regulations governing and policies of the financial institution. [1996 c 230 s 720; 1981 c 24 s 2.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

RCW 57.20.170 Maintenance or general fund and special funds—Loans from maintenance or general funds to construction funds or other funds. The board of commissioners of any district may, by resolution, authorize and direct a loan or loans from maintenance funds or general funds of the district to construction funds or other funds of the district, so long as that loan or loans do not, in the opinion of the board of commissioners, impair the ability of the district to operate and maintain its water supply, sewer, drainage, or street lighting systems. [1996 c 230 s 721; 1959 c 108 s 17.]

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.