

omissions of the escrow agent and its employees, and may be canceled by the insurer upon delivery of thirty days' written notice to the director and to the escrow agent.

Except as provided in RCW 18.44.360, the fidelity bond and the errors and omissions policy required by this section shall be kept in full force and effect as a condition precedent to the escrow agent's authority to transact escrow business in this state, and the escrow agent shall supply the director with satisfactory evidence thereof upon request.

NEW SECTION. Sec. 2. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the Senate February 19, 1979.

Passed the House March 2, 1979.

Approved by the Governor March 21, 1979.

Filed in Office of Secretary of State March 21, 1979.

CHAPTER 71

[Senate Bill No. 2403]

TAXING DISTRICTS—AUDITS—FREQUENCY—PAYMENT OF

AN ACT Relating to the auditing of public accounts; amending section 43.09.260, chapter 8, Laws of 1965 and RCW 43.09.260; and amending section 43.09.280, chapter 8, Laws of 1965 and RCW 43.09.280.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 43.09.260, chapter 8, Laws of 1965 and RCW 43.09.260 are each amended to read as follows:

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

The examination of the financial affairs of ~~((townships, cities and towns, and school))~~ all taxing districts shall be made at ~~((least once in every two years; all other examinations shall be made at least once a year))~~ such reasonable, periodic intervals as the state auditor shall determine. However, an examination of the financial affairs of all taxing districts shall be made at least once in every three years. The term "taxing districts" for purposes of RCW 43.09.190 through 43.09.285 includes but is not limited to all counties, cities, and other political subdivisions, municipal corporations, and quasi-municipal corporations, however denominated.

The state auditor shall establish a schedule to govern the auditing of taxing districts which shall include: A designation of the various classifications of taxing districts; a designation of the frequency for auditing each

type of taxing district; and a description of events which cause a more frequent audit to be conducted.

On every such examination, inquiry shall be made as to the financial condition and resources of the taxing district; whether the Constitution and laws of the state, the ordinances and orders of the taxing district, and the requirements of the division of municipal corporations have been properly complied with; and into the methods and accuracy of the accounts and reports.

The state auditor, his deputies, every state examiner and every person legally appointed to perform such service, may issue subpoenas and compulsory process and direct the service thereof by any constable or sheriff, compel the attendance of witnesses and the production of books and papers before him at any designated time and place, and may administer oaths.

When any person summoned to appear and give testimony neglects or refuses so to do, or neglects or refuses to answer any question that may be put to him touching any matter under examination, or to produce any books or papers required, the person making such examination shall apply to a superior court judge of the proper county to issue a subpoena for the appearance of such person before him; and the judge shall order the issuance of a subpoena for the appearance of such person forthwith before him to give testimony; and if any person so summoned fails to appear, or appearing, refuses to testify, or to produce any books or papers required, he shall be subject to like proceedings and penalties for contempt as witnesses in the superior court. Wilful false swearing in any such examination shall be perjury and punishable as such.

A report of such examination shall be made in triplicate, one copy to be filed in the office of the state auditor, one in the auditing department of the taxing district reported upon, and one in the office of the attorney general. If any such report discloses malfeasance, misfeasance, or nonfeasance in office on the part of any public officer or employee, within thirty days from the receipt of his copy of the report, the attorney general shall institute, in the proper county, such legal action as is proper in the premises by civil process and prosecute the same to final determination to carry into effect the findings of the examination.

It shall be unlawful for the county commissioners or any board or officer to make a settlement or compromise of any claim arising out of such malfeasance, misfeasance, or nonfeasance, or any action commenced therefor, or for any court to enter upon any compromise or settlement of such action, without the written approval and consent of the attorney general and the state auditor.

Sec. 2. Section 43.09.280, chapter 8, Laws of 1965 and RCW 43.09.280 are each amended to read as follows:

The expense of auditing public accounts shall be borne by each entity subject to such audit for the auditing of all accounts under its jurisdiction

and the state auditor shall certify the expense of such audit to the fiscal or warrant-issuing officer of such entity, who shall immediately make payment to the division of municipal corporations(~~(: PROVIDED, That no expense of classification "Auditor I" may be so certified)~~). If the expense as certified is not paid by any taxing district within thirty days from the date of certification, the state auditor may certify the expense to the auditor of the county in which the taxing district is situated, who shall promptly issue his warrant on the county treasurer payable out of the current expense fund of the county, which fund, except as to auditing the financial affairs and making inspection and examination of the county, shall be reimbursed by the county auditor out of the money due said taxing district at the next monthly settlement of the collection of taxes and shall be transferred to the current expense fund.

Passed the Senate March 5, 1979.

Passed the House March 2, 1979.

Approved by the Governor March 21, 1979.

Filed in Office of Secretary of State March 21, 1979.

CHAPTER 72

[Engrossed Substitute Senate Bill No. 2226]

PORT DISTRICT PROPERTY—INTERDISTRICT TRANSFER—LEASE DEPOSITS

AN ACT Relating to port districts; amending section 1, chapter 91, Laws of 1977 ex. sess. and RCW 53.04.120; amending section 3, chapter 93, Laws of 1917 and RCW 53.32.050; creating new sections; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 1, chapter 91, Laws of 1977 ex. sess. and RCW 53.04.120 are each amended to read as follows:

Property may be acquired and owned by ~~((one))~~ any port district, at least one boundary of which property is ~~((both located))~~ contiguous to or within one-quarter air mile of such port district and is also located in an adjacent port district, and such property may be transferred to the owning port district upon unanimous resolution of the boards of commissioners of both port districts authorizing the same. The resolution of the port district within which such property is located shall be a resolution to permit the acquisition and to make the transfer, while the resolution of the port district which owns the property shall be a resolution to acquire and own the property and to accept the transferred property. Upon the filing of both official resolutions with the legislative authority and the auditor of the county or counties within which such port districts lie, together with maps showing in reasonable detail the boundary changes made, such acquisition and ownership shall be lawful and such transfer shall be effective and the commissioners of the port district acquiring, owning and receiving such property