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# SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

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**Bill No:** SB 1126  
**Author:** Choi  
**Version:** 4/8/26

**Hearing Date:** 4/15/26  
**Fiscal:** Yes  
**Consultant:** Vargas

## ***SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND LOCAL AGENCIES: FINANCIAL POSTINGS***

*Requires local agencies to post financial statements to their website within 30 days of the reports being completed.*

### **Background**

State law has required local agencies to file annual financial reports, including audits, with the State Controller since 1940s. Federal law also requires local agencies to submit Annual Comprehensive Financial Report (ACFR) to state-level entity that handles fiscal oversight, such as the State Controller's Office, to ensure transparency, compliance and oversight.

***Audits.*** The federal Single Audit Act of 1984 requires that state and local public agencies perform a single, jurisdiction-wide specific audit every year if they receive federal funds from a variety of sources and expend \$750,000 or more in federal awards. The purpose of this requirement is to give the federal agencies involved a more consistent source of information.

State law requires the State Controller to receive audited financial statement reports prepared by any local public agency in compliance with the federal Single Audit Act of 1984 within nine months after the end of the period audited or pursuant to applicable federal or state law. Audited financial reports must comply with the Government Auditing Standards issued by the Comptroller General of the United States. After the State Controller receives these reports, they must ascertain the report's compliance with the federal act and transmit the report to the appropriate state agency (AB 4334, Waters, 1988).

***Annual Comprehensive Financial Report.*** Another report local agencies prepare is the ACFR. The ACFR presents the local agency's financial information for use by the public, government, bond-rating agencies and internally to ascertain the financial health of the local agency. An ACFR must conform to Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board (GASB). Established in 1984, the Governmental Accounting Standards Board (GASB) is the independent private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow GAAP. The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AIPCA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports. An ACFR contains three main sections:

- *Introductory.* The introductory section of an ACFR provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition;
- *Financial.* The financial section contains the basic financial statements and Required Supplementary Information (including management's discussion and analysis), as well as the independent auditor's report. The financial section also gives information on each fund and component unit that isn't shown separately in the basic financial statements .. The financial section also may include supplementary information useful to financial statement users; and
- *Statistical.* The statistical section provides a broad range of trend data covering key financial indicators from the past 10 fiscal years (for instance, general government revenues and expenditures, property tax collections, or debt burden). It also contains demographic and miscellaneous data useful in assessing a government's financial condition.

Public access to financial information strengthens transparency, ensuring the community stays informed and confident in the fiscal health and decision making of the local agency. The California Policy Center wants to make financial information on local government finances more accessible to the public.

### **Proposed Law**

Senate Bill 1126, beginning January 1, 2028, requires that if a local agency maintains an internet website, the local agency must post its audited financial statements or its ACFR to that website. The local agency must post the report within 30 days of the local agency completing the report and without a password or fee. The local agency must maintain the posted audited financial report or the ACFR on its website for at least three years.

SB 1126 also applies to school districts and county superintendent of schools to post the annual audit report to their website.

### **Comments**

1. Purpose of the bill. According to the author, "SB 1126 ensures that the audited financial statements of local agencies and school districts are easily accessible to the public by requiring completed reports to be posted online in a prominent location within 30 days of approval and maintained for at least three years. By standardizing disclosure and establishing enforceable deadlines, the bill strengthens accountability, promotes fiscal responsibility, and allows Californians to better monitor how their tax dollars are managed. Making this information easily accessible online reduces the need for formal records requests and makes oversight more efficient. Ultimately, SB 1126 holds local governments to the same transparency standards, ensuring the taxpayers they serve have timely access to information detailing how their tax dollars are spent."

2. Gimme more. SB 1126 seeks to increase availability of financial information to promote public accountability and oversight by requiring local agencies to post audit reports or a comprehensive financial report to their website. However, audit documents are often lengthy, highly technical, and difficult to interpret without specialized knowledge, which may limit their practical value for public oversight. While the bill requires local agencies to post audit financial

reports or ACFR, the bill does not address whether the information is presented in an understandable manner or usable to the public. Additional supplemental measures, such as a summary, may be necessary to ensure that increased access translates into improved accountability and transparency.

3. Charter city. The California Constitution allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws. Because the Constitution does not define “municipal affairs,” the courts determine whether a topic is a municipal affair or an issue of statewide concern. SB 1126 says its statutory provisions apply to charter cities. To support this assertion, the bill includes a legislative finding that the fiscal integrity of local agencies and school districts is a matter of statewide concern.

4. Coming and going. The Senate Rules Committee has ordered a double referral of SB 1126: first to the Committee on Local Government to consider its impact to local agencies, and second to the Committee on Education.

5. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 1126 imposes additional duties on local officials, Legislative Counsel says that it imposes a new state mandate. The bill requires the state to reimburse local agencies if the Commission on State Mandates determines that the bill imposes a reimbursable mandate.

**Support and Opposition** (4/10/2026)

Support: California Policy Center (Sponsor)  
Teach Plus – California

Opposition: None Submitted

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