
SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

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| Bill No: | SB 1126 | Hearing Date: | April 22, 2026 |
| Author: | Choi | | |
| Version: | April 8, 2026 | | |
| Urgency: | No | Fiscal: | Yes |
| Consultant: | Ian Johnson | | |

Subject: School districts, county offices of education, and local agencies: financial postings.

SUMMARY

This bill requires school districts, county offices of education, and specified local agencies to post their annual audit reports or audited financial statements on their internet websites, as specified.

BACKGROUND

Existing law:

- 1) Requires each local educational agency (LEA) to obtain an annual independent audit of its books and accounts, including all funds under its control, to promote fiscal accountability and transparency.
- 2) Requires annual audits to be conducted in accordance with government auditing standards and the state-prescribed audit guide, and to include review of internal controls, attendance reporting, and compliance with state and federal funding requirements.
- 3) Requires LEAs to submit completed audit reports by December 15 of each year to the county superintendent of schools, the Superintendent of Public Instruction, and the California State Controller (Controller), unless an extension is granted.
- 4) Establishes a system of fiscal oversight and audit resolution, requiring county superintendents of schools to review audit findings, ensure corrections or corrective action plans are developed, and certify resolution of findings to the state.
- 5) Authorizes the county superintendent of schools or the Controller to intervene when audits are delayed or not completed, including granting extensions, arranging for completion of audits, or conducting the audit directly.
- 6) Requires auditors to report audit exceptions, management recommendations, and going concern risks, and requires LEAs to address findings through corrective actions.

- 7) Requires the governing board of each LEA, by January 31 of each year, to review the annual audit at a public meeting, including audit findings, recommendations, and corrective actions, and to place this review on a public meeting agenda.

ANALYSIS

This bill:

- 1) Requires the governing board of each school district and each county superintendent of schools to post the annual audit report required pursuant to existing law on its internet website.
- 2) Requires that audit reports be posted in a prominent location on the agency's website and accessible to the public without a password or fee.
- 3) Requires audit reports to be posted within 30 days of being filed with the county superintendent of schools or formally received by the governing board, whichever occurs first.
- 4) Requires school districts and county offices of education to maintain audit reports on their websites for at least three years.
- 5) Requires cities, counties, cities and counties, and independent special districts that maintain a website to post their audited financial statements, or their annual comprehensive financial report.
- 6) Requires that local agency financial documents be posted in a prominent and publicly accessible location without a password or fee within 30 days of completion.
- 7) Requires local agencies to maintain posted financial documents on their websites for at least three years.
- 8) Provides that the local agency posting requirements become operative on January 1, 2028.

STAFF COMMENTS

- 1) ***Need for 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) ***Increasing public access to financial information.*** This bill seeks to improve public access to financial information by requiring school districts, county offices of education, and local agencies to post audit reports or audited financial statements on their internet websites. While these documents are already prepared and submitted pursuant to existing law, they are not always easily accessible to the public. Requiring proactive posting in a prominent and accessible location may help parents, taxpayers, and other stakeholders more readily understand how public funds are being managed.

At a high level, the bill reflects a broader legislative trend toward transparency and accessibility of public financial data, particularly in the wake of high-profile instances of fiscal mismanagement. To the extent that audit reports are intended to promote accountability, their usefulness is arguably limited if they are not readily available to the public.

- 3) ***Builds on, but does not duplicate, existing transparency efforts.*** Existing law requires LEAs to complete annual independent audits and submit them to oversight entities, including county offices of education and the state. In addition, the Controller's Office maintains public transparency portals that include financial data for local governments, and some LEAs already post audit reports voluntarily.

This bill does not change the substance of audit requirements or oversight processes, but instead focuses on public-facing access. In that sense, it represents a relatively modest but potentially meaningful step toward improving transparency, particularly for members of the public who may not know how to navigate existing state-level data systems.

- 4) ***Implementation considerations for smaller agencies.*** While most school districts, county offices of education, and local agencies maintain websites, the bill imposes new requirements related to the timing, prominence, and retention of posted documents. For smaller agencies with limited administrative capacity, ensuring compliance with these requirements may require additional administrative attention.

However, because the bill relies on documents that are already prepared in the normal course of business, the associated workload is likely to be limited. The delayed operative date for local agencies (January 1, 2028) may also provide additional time for those entities to prepare for implementation.

- 5) ***Consistency with prior legislative efforts.*** This bill is similar in concept to prior legislation related to charter school oversight, which also sought to improve public access to LEA financial information. As with that measure, the core policy question is not whether these documents should exist, but whether the state should require a baseline level of accessibility to ensure that the public can meaningfully review them.

In that context, this bill reflects an incremental approach, focusing on standardizing access rather than expanding oversight or audit requirements.

- 6) **Committee amendment to address the scope of educational entities covered by the bill.** As currently drafted, the audit posting requirements for educational entities apply to school districts and county offices of education, but do not explicitly apply to charter schools or educational joint powers authorities (JPAs), both of which are also LEAs that receive and expend public funds and are subject to audit requirements under existing law.

Excluding these entities may result in an incomplete picture of public education finances, particularly given the significant role that charter schools and JPAs play in delivering educational services and managing public resources in some regions of the state.

To ensure consistency and completeness in the application of the bill's transparency requirements, **staff recommends amending the bill** to extend the audit posting requirements to charter schools and educational JPAs.

SUPPORT

California Policy Center (sponsor)
Teach Plus - California

OPPOSITION

None received

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