
CONSENT

Bill No: SB 1126
Author: Choi (R), et al.
Amended: 4/23/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 4/15/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

SENATE EDUCATION COMMITTEE: 7-0, 4/22/26
AYES: Pérez, Ochoa Bogh, Cabaldon, Choi, Cortese, Gonzalez, Reyes

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Local educational agencies: financial postings

SOURCE: California Policy Center

DIGEST: This bill requires local agencies and local educational agencies to post financial statements to their website within 30 days of the reports being completed.

ANALYSIS:

Existing law:

- 1) Requires, within 7 months after the close of each fiscal year or within the time prescribed by the Controller, whichever is later, the officer of each local agency, as defined, to furnish to the Controller a report of all the financial transactions of the local agency during the preceding fiscal year,
- 2) Requires the report to contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, as specified, and to state certain information, including the aggregate income during the preceding fiscal year,
- 3) Requires the legislative body, upon completion of the report, to either post the report in a conspicuous location on its internet website or to cause copies of the

report to be prepared and the clerk of the legislative body to furnish a copy to any person requesting it,

- 4) 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,
- 5) 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,
- 6) 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.
- 7) 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.
- 8) Requires auditors to report audit exceptions, management recommendations, and going concern risks, and requires LEAs to address findings through corrective actions.
- 9) 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.

This bill:

- 1) Requires that if a local agency maintains an internet website, the local agency must post its audited financial statements or its Annual Comprehensive Financial Report (ACFR) to that website,
- 2) Provides the report must be posted within 30 days of the local agency completing the report and without a password or fee,
- 3) Provides the local agency must maintain the posted audited financial report or the ACFR on its website for at least three years,

- 4) Provides that the local agency posting requirements become operative on January 1, 2028.
- 5) Requires the governing board or body of each school district, educational joint powers authority, county superintendent of schools or charter school to post the annual audit report required pursuant to existing law on its internet website.
- 6) 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.
- 7) Requires audit reports to be posted within 30 days of the report's due date or issue date, whichever is later.
- 8) Requires local educational agency to maintain audit reports on their websites for at least three years.

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 an 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.

Comments

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."

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.

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.

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.

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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 5/12/26)

California Policy Center (Source)
Teach Plus – California

OPPOSITION: (Verified 5/12/26)

None received

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