SENATE RULES COMMITTEE SB 1126

Office of Senate Floor Analyses

(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 1126
Author: Choi (R), et al.
Amended: 5/26/26
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

SENATE FLOOR: 35-0, 5/14/26 (Consent)
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Blakespear, Niello, Pérez, Reyes, Umberg

ASSEMBLY FLOOR: 70-0, 7/2/26 (Consent) - See last page for vote

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SUBJECT: Local agencies: financial postings

SOURCE: California Policy Center

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

Assembly Amendments Remove the requirement for local educational agencies.

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.

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.

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.

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. This bill 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 this 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.

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

SUPPORT: (Verified 7/25/26)

California Policy Center (Source)
Teach Plus – Calfornia

OPPOSITION: (Verified 7/25/26)

None received

ASSEMBLY FLOOR: 70-0, 7/2/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor,

Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bains, Bryan, Calderon, Chen, Elhawary, Ellis, Papan, Ransom, Sanchez

Prepared by: Itzel Vargas / L. GOV. / (916) 651-4119
7/30/26 14:49:33

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