

Date of Hearing: June 3, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 1126 (Choi) – As Amended May 26, 2026

**SENATE VOTE:** 35-0

**SUBJECT:** Local agencies: financial postings.

**SUMMARY:** Requires specified local agencies to post their audited financial statements or annual comprehensive financial report (ACFR) on their websites. Specifically, **this bill:**

- 1) Defines “local agency” to mean a city, including a charter city, county, city and county, or an independent special district, as defined.
- 2) Provides that, if a local agency maintains an internet website, the local agency shall post its audited financial statements, or its ACFR, on that internet website. All of the following apply to the posting:
  - a) The audited financial statement or ACFR shall be posted in a prominent location on the internet website and be accessible to the public without a password or fee.
  - b) The audited financial statement or ACFR shall be posted within 30 days of the date that the statements or report are completed by the local agency.
  - c) The local agency shall maintain the posted audited financial statement or ACFR on its internet website for a period of not less than three years.
- 3) Specifies that this bill shall become operative on January 1, 2028.
- 4) Finds and declares that the fiscal integrity of local agencies is a matter of statewide concern and is not a municipal affair, and that the financial failure of a single local entity can have cascading effects on the state’s credit rating, the stability of the public employee retirement systems, and the delivery of essential services like public safety. Therefore, this bill applies to all cities, including charter cities.
- 5) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made.
- 6) Contains findings and declarations to support its purposes.

**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 [Government Code (GC) § 53891].

- 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 (GC §§ 53891 & 53892).
- 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 (GC § 53893).

**FISCAL EFFECT:** According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

**COMMENTS:**

- 1) **Bill Summary and Author's Statement.** This bill, 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 or statement within 30 days of the local agency completing the report or statement and make them accessible 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. The California Policy Center is the sponsor of this bill.

According to the Author, "SB 1126 ensures that the audited financial statements of local agencies are easily accessible to the public by requiring completed reports to be posted online in a prominent location within 30 days of approval, and are 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) **Background.** State law has required local agencies to file annual financial reports, including audits, with the State Controller since the 1940s. These reports document local agencies' revenues, expenditures, long-term indebtedness, appropriation limits, and total annual appropriations subject to those limits. State law requires the State Controller to receive audit 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), Chapter 861, Statutes of 1988]. The Controller must prepare and publish annual reports on the financial transactions of cities, counties and special districts, along with any other information deemed to be of public interest.

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 \$1,000,000 or more in federal awards. The purpose of this requirement is to give the federal agencies involved a more consistent source of information.

Another report some 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 conforms to Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board (GASB). According to GASB, it was established in 1984. GASB is the independent private-sector organization that establishes accounting and financial reporting standards for state and local governments that follow GAAP. GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of Certified Public Accountants (AIPCA). 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.

- 3) **Arguments in Support.** According to the California Policy Center, the sponsors of this bill, "California taxpayers have a right to know how their money is being spent. Right now, there is no clear rule requiring local governments or school districts to put their financial reports online. This means many residents must file formal records requests just to see basic financial information about their own community. SB 1126 fixes this problem by setting a simple, uniform standard: if a local agency has a website, it must post its financial reports there, for free, and keep them available for at least three years.

"California Policy Center believes that transparency is the foundation of good government. When residents can easily access financial records, they can hold their local leaders accountable and catch problems early. SB 1126 is a common-sense step toward making that a reality in every city, school district, and special district across the state."

- 4) **Arguments in Opposition.** None on file.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California Policy Center [SPONSOR]  
Teach Plus - California

##### **Opposition**

None on file

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