

AMENDED IN SENATE JUNE 14, 2011

AMENDED IN ASSEMBLY APRIL 14, 2011

AMENDED IN ASSEMBLY MARCH 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 253**

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**Introduced by Assembly Member Smyth**  
**(Coauthors: Assembly Members Jeffries, Norby, and Portantino)**  
(Coauthor: Senator Correa)

February 3, 2011

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An act to amend ~~Section 52891~~ *Sections 53891* and 53892.2 of, and to add Sections 53891.2 and 53891.3 to, the Government Code, relating to local agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 253, as amended, Smyth. Local agencies: accounting.

Existing law requires the Controller to prescribe uniform accounting and reporting procedures that are applicable to specified types of local agencies, including special districts.

This bill would instead require the Controller to prescribe uniform accounting procedures that are applicable only to specified types of special districts, subject to these provisions. The bill would require the Controller to prescribe uniform accounting procedures for cities, subject to specified criteria, in collaboration with the Committee on City Accounting Procedures, which would be created by the bill.

*This bill would also make various conforming changes.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 53891 of the Government Code is  
2 amended to read:

3 53891. The officer of each local agency who has charge of the  
4 financial records shall furnish to the Controller a report of all the  
5 financial transactions of the local agency during the next preceding  
6 fiscal year. The report shall be furnished within 90 days after the  
7 close of each fiscal year and shall be in the form required by the  
8 Controller. If the report is filed in electronic format as prescribed  
9 by the Controller, the report shall be furnished within 110 days  
10 after the close of each fiscal year. However, in the case of local  
11 agencies filing annual financial materials with the California Health  
12 Facilities Commission or any successor thereto pursuant to Section  
13 ~~441.18~~ 128735 of the Health and Safety Code, the audited report  
14 shall be furnished within 120 days after the close of each fiscal  
15 year. Further, in the case of community redevelopment agencies  
16 filing annual reports with the Controller pursuant to Section 33080  
17 of the Health and Safety Code, the report shall be furnished within  
18 six months of the end of the agency’s fiscal year.

19 The Controller shall prescribe uniform accounting procedures  
20 which shall be applicable to all special districts, as defined in  
21 Section 12463, except for special districts which substantially  
22 follow a system of accounting prescribed by the Public Utilities  
23 Commission of the State of California or the Federal Energy  
24 Regulatory Commission. The procedures shall be adopted under  
25 the provisions of Chapter 3.5 (commencing with Section 11340)  
26 of Part 1 of Division 3 of Title 2. The Controller shall prescribe  
27 these procedures only after consultation with and approval of a  
28 local governmental advisory committee established pursuant to  
29 Section 12463.1. Approval of the procedures shall be by majority  
30 vote of the members present at a meeting of the committee called  
31 by the chairperson thereof.

32 SEC. 2. Section 53891.2 is added to the Government Code, to  
33 read:

34 53891.2. The Controller shall, in collaboration with the  
35 Committee on City Accounting Procedures created pursuant to  
36 Section 53891.3, prescribe for cities uniform accounting ~~and~~  
37 ~~reporting~~ procedures conforming to the generally accepted  
38 accounting principles. The procedures shall be adopted under the

1 provisions of Chapter 3.5 (commencing with Section 11340) of  
2 Part 1 of Division 3 of Title 2 and shall be published in the  
3 California Code of Regulations either in their entirety or by  
4 reference.

5 SEC. 3. Section 53891.3 is added to the Government Code, to  
6 read:

7 53891.3. The Committee on City Accounting Procedures is  
8 hereby created and shall consist of 10 members appointed by, and  
9 who shall serve at the pleasure of, the Controller. Five of the  
10 members shall be city finance officers, three of the members shall  
11 be city managers, one of the members shall be a ~~public auditor,~~  
12 ~~and one of the members shall be an individual with a demonstrated~~  
13 ~~history of professional experience analyzing local government~~  
14 ~~financial data produced by the Controller~~ *certified public*  
15 *accountant recommended by the California Society of Certified*  
16 *Public Accountants, and one member shall be an officer from a*  
17 *rural city as defined in Section 50101 of the Health and Safety*  
18 *Code. The members of the committee shall serve without*  
19 *compensation, but shall be reimbursed for their necessary traveling*  
20 *and other expenses incurred in attending meetings of the*  
21 *committee. ~~These~~ The expenses for the city financial officers, city*  
22 *managers, and the officer from a rural city shall be paid by the*  
23 *city of which the member is an officer. The expenses for the*  
24 *certified public accountant shall be paid by the California Society*  
25 *of Public Accountants. The Controller shall designate a member*  
26 *of the committee to serve as chairperson. The committee shall*  
27 *meet at the call of the chairperson and each member shall be given*  
28 *written notice of a meeting at least 10 calendar days prior to the*  
29 *date of the meeting. The committee may discuss topics that include,*  
30 *but are not limited to, financial transaction reports.*

31 SEC. 4. Section 53892.2 of the Government Code is amended  
32 to read:

33 53892.2. (a) Pursuant to Section 53892, the report shall also  
34 contain the following information:

35 (a)

36 (1) For all issues of general obligation bonds, revenue bonds,  
37 improvement district bonds, limited obligation bonds, and special  
38 assessment bonds state:

39 (1)

40 (A) The purpose of the bonds.

- 1     ~~(2)~~
- 2     (B) The amount of issued and unmatured bonds.
- 3     ~~(3)~~
- 4     (C) The amount of any delinquent principal and interest
- 5     payments which are due upon issued and matured bonds.
- 6     ~~(4)~~
- 7     (D) The amount of authorized but unissued bonds.
- 8     ~~(b)~~
- 9     (2) For each issue of general obligation bonds and improvement
- 10    district bonds where the revenues of any revenue-producing
- 11    enterprise have been pledged as additional security for such bonds,
- 12    state the nature and extent of such pledge.
- 13    ~~(e)~~
- 14    (3) For each issue of revenue bonds where any income, other
- 15    than the revenues of the enterprise financed by said revenue bonds,
- 16    has been pledged as additional security for said bonds, state the
- 17    nature and extent of such pledge.
- 18    ~~(d)~~
- 19    (4) For each issue of improvement district bonds state the
- 20    assessed valuation of all taxable property in such improvement
- 21    district, determined in the manner provided in subdivision (e) of
- 22    Section 53892.
- 23    ~~(e)~~
- 24    (5) For each issue of limited obligation bonds, state the nature
- 25    and source of taxes from which principal and interest is payable.
- 26    ~~(f)~~
- 27    (6) For special assessment bonds which are payable, directly or
- 28    indirectly, from any source other than special assessments, state
- 29    the nature and extent of such sources.
- 30    ~~(g)~~
- 31    (7) For all lease-obligations state:
- 32    ~~(1)~~
- 33    (A) The purpose of the lease-obligation.
- 34    ~~(2)~~
- 35    (B) The nature of the lease-obligation, whether by lease,
- 36    contract, or otherwise, and the parties thereto.
- 37    ~~(3)~~
- 38    (C) The person, partnership, corporation, legal entity or
- 39    governmental agency providing any moneys expended for making

1 any acquisition or improvement authorized or required for the  
2 purpose of such lease-obligation.

3 ~~(4)~~

4 (D) The total future rentals or other payments which would be  
5 required if the local agency completed the unexpired term of the  
6 lease-obligation.

7 ~~(h)~~

8 (8) For construction financed by the United States or the State  
9 of California pursuant to a contract with, or a loan or grant to, the  
10 local agency:

11 ~~(1)~~

12 (A) The date or purpose of the contract or grant.

13 ~~(2)~~

14 (B) The maximum repayment obligation under the contract, and  
15 the amount expended by the United States or the State of California  
16 to date.

17 ~~(3)~~

18 (C) The estimated payment schedule.

19 ~~(4)~~

20 (D) The payments to date and delinquencies, if any.

21 ~~The~~

22 (b) *The* following definitions shall apply to this section:

23 ~~“Bonds”~~

24 (1) *“Bonds”* means all bonds, warrants, notes or other evidences  
25 of indebtedness or liability for which the reporting local agency  
26 is liable for payment of principal and interest thereon.

27 ~~“General~~

28 (2) *“General obligation bonds”* means bonds payable, both  
29 principal and interest, from the proceeds of ad valorem taxes or  
30 ad valorem assessments which may be levied within the entire  
31 territory of the local agency, without limitation as to rate or amount,  
32 upon all property subject to taxation or assessment.

33 ~~“Revenue~~

34 (3) *“Revenue bonds”* means bonds issued by a local agency  
35 payable, both principal and interest, from the revenues of a  
36 revenue-producing enterprise.

37 ~~“Improvement~~

38 (4) *“Improvement district bonds”* means bonds payable, both  
39 principal and interest, from the proceeds of ad valorem taxes or  
40 ad valorem assessments which may be levied within a fixed and

1 defined portion or portions of the local agency, without limitation  
2 as to rate or amount, upon all property subject to taxation or  
3 assessment.

4 ~~“Limited~~

5 (5) “*Limited* obligation bonds” means any bonds payable, both  
6 principal and interest, from any taxes, other than taxes or  
7 assessments levied upon property.

8 ~~“Special~~

9 (6) “*Special* assessment bonds” means any bonds issued to  
10 represent unpaid assessments upon lands in an area fixed and  
11 defined by the local agency, the lands within such area being  
12 specially benefited by and assessed or to be assessed to pay the  
13 costs and expenses of a public acquisition or improvement.

14 ~~“Lease-obligations”~~

15 (7) “*Lease-obligations*” means (i) leases for a term or more  
16 than 10 years under which the local agency is the lessee and has  
17 the right, by option or otherwise, to acquire ownership of the  
18 property leased or (ii) contracts whereby a local agency is obligated  
19 to make installment payments for a period of more than 10 years  
20 for an acquisition or improvement, such payments being made  
21 from a special fund, provided, that revenue bonds or any contract,  
22 indenture, resolution or ordinance providing for the issuance of  
23 revenue bonds shall not be deemed a lease-obligation.

24 ~~The~~

25 (c) *The* information required by this section shall be submitted  
26 in such form and detail as ~~may be prescribed by the uniform~~  
27 ~~reporting procedures adopted pursuant to Section 53891.2.~~  
28 *prescribed by the Controller pursuant to subdivision (a) of Section*  
29 *12463.*