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**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3]** ( Division 3 added by Stats. 1945, Ch. 111. )

**PART 2. CONSTITUTIONAL OFFICERS [12001 - 12790]** ( Part 2 added by Stats. 1945, Ch. 111. )

**CHAPTER 5. Controller [12402 - 12482]** ( Chapter 5 added by Stats. 1945, Ch. 111. )

**ARTICLE 4. Reports [12460 - 12468]** ( Article 4 added by Stats. 1945, Ch. 111. )

**12460.** The Controller shall submit an annual report to the Governor containing a statement of the funds of the state, its revenues, and the public expenditures during the preceding fiscal year. The annual report shall be known as the budgetary-legal basis annual report and prepared in a manner that will account for prior year adjustments, fund balances, encumbrances, deferred payroll, revenues, expenditures, and other components on the same basis as that of the applicable Governor's Budget and the applicable Budget Act, as determined by the Director of Finance in consultation with the Controller. If the Governor's Budget or the Budget Act does not provide the applicable information for this purpose, funds shall be accounted for in the budgetary-legal basis annual report in a manner prescribed by Section 13344. The requirements of this section shall apply beginning with the issuance of the budgetary-legal basis annual report for the 2013–14 fiscal year. The Controller shall confer with the Department of Finance to propose and develop methods to facilitate these changes pursuant to Section 13344, including methods to ensure that information related to encumbrances and deferred payroll continue to be listed in the state's financial statements, as deemed appropriate by the Controller. The Controller shall also issue a comprehensive annual financial report prepared strictly in accordance with "Generally Accepted Accounting Principles."

The annual reports referenced in this section shall be compiled and published by the Controller in the time, form, and manner prescribed by him or her.

(Amended by Stats. 2013, Ch. 76, Sec. 84. (AB 383) Effective January 1, 2014.)

**12461.** The Controller shall release an annual report that includes all of the following:

(a) General Purpose Financial Statements prepared in accordance with Section 12460 and "Generally Accepted Accounting Principles."

(b) Tabular statements showing:

(1) The amount of each appropriation for the preceding fiscal year, the amounts expended, and the balance, if any.

(2) The revenues and cost of government of the state for the preceding fiscal year in a manner consistent with Sections 12460 and 13344.

(3) The receipts, disbursements, and closing balances of each fund in the State Treasury for the preceding fiscal year in a manner consistent with Sections 12460 and 13344.

(4) Variances between budgetary-legal statements prepared pursuant to Section 12460 and any statements prepared under "Generally Accepted Accounting Principles."

(c) The Controller may also publish a condensed summary of the annual report.

(d) The reports required by this article shall be published in an electronic format or printed, as determined by the Controller. The Controller shall make printed copies of the reports available upon request, to the extent feasible, and may charge a reasonable fee for printed copies of the reports, including the shipping or mailing thereof, not to exceed the costs of providing those copies.

(e) The Controller shall post on the Internet Web site of the Controller copies of the state's annual financial reports and any annual financial report supplements that are prepared, to the extent feasible. The Controller may deem the reporting requirements of this

section satisfied each year upon completion of the budgetary-legal basis annual report and comprehensive annual financial report described in Section 12460.

*(Amended by Stats. 2012, Ch. 343, Sec. 3. (AB 1487) Effective September 17, 2012.)*

**12461.1.** The Controller shall also prepare a quarterly report on the General Fund comparing state revenues and expenditures for that quarter with the Budget Act, and other expenditures authorized pursuant to statute, in effect during that quarter. Such reports shall be submitted to the Legislature within 30 days after the end of the quarter, unless the Legislature is not in session, in which event the reports shall be submitted to the Joint Legislative Budget Committee.

In preparing such quarterly report, the Controller shall consult with all necessary or appropriate public and private agencies, boards, departments and organizations, and all state and local public agencies shall provide any information requested by the Controller.

*(Added by Stats. 1972, Ch. 788.)*

**12461.2.** If any state agency, department, board, or commission, which is required by statute or regulation to furnish a financial statement or report to the Controller fails to furnish a complete and accurate financial report or statement within 20 days of the date prescribed, the Controller may withhold any or all operating funds from the agency, department, board, or commission, upon 30 days prior notification in writing to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or upon a lesser time as the chairperson of the committee, or the chairperson's designee, may in each instance determine, until the agency, department, board, or commission provides a complete and accurate report or statement.

The provisions of this section shall not apply to any reports required pursuant to Sections 7502, 7503, and 7504.

*(Amended by Stats. 2021, Ch. 50, Sec. 80. (AB 378) Effective January 1, 2022.)*

**12462.** Upon request, the Controller shall give information in writing to either house of the Legislature relating to the fiscal affairs of the state or the duties of the Controller's office.

*(Amended by Stats. 2021, Ch. 50, Sec. 81. (AB 378) Effective January 1, 2022.)*

**12462.5.** The Controller shall include the following information on bank accounts and savings and loan association accounts outside the treasury system in the budgetary-legal basis annual report, submitted pursuant to Section 12460:

(a) The name of the account.

(b) The source of authorization for establishing the account.

(c) The account balance.

*(Added by Stats. 2014, Ch. 230, Sec. 1. (AB 1583) Effective January 1, 2015.)*

**12463.** (a) The Controller shall compile, publish, and make publicly available on the Controller's website, in a format that may be printed and downloaded, reports of the financial transactions and information on annual compensation, consistent with subdivision (l) of Section 53892, of each county, city, and special district, respectively, within this state, together with any other matter the Controller deems of public interest. The reports shall include the appropriations limits and the total annual appropriations subject to limitation of the counties, cities, and special districts. The reports to the Controller shall be made in the time, form, and manner prescribed by the Controller, consistent with Section 53891.

(b) The Controller shall compile and publish reports of the financial transactions of each county, city, and special district pursuant to subdivision (a) on or before November 1 of each year following the end of the annual reporting period. The Controller shall make data collected pursuant to this subdivision available upon request to the Legislature and its agents, on or before April 1 of each year.

(c) The Controller shall annually publish, on the internet website of the Controller, reports of the financial transactions of each school district within this state, together with any other matter the Controller deems of public interest. The reports shall include the appropriations limit and the total annual appropriations subject to limitation of the school district. The reports to the Controller shall be made in the time, form, and manner prescribed by the Controller.

(d) As used in this section, the following terms have the following meanings:

(1) "School district" means a school district as defined in Section 80 of the Education Code.

(2) "Special district" means any of the following:

(A) A special district as defined in Section 95 of the Revenue and Taxation Code.

(B) A commission provided for by a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1.

(C) A nonprofit corporation that is any of the following:

(i) Was formed in accordance with the provisions of a joint powers agreement to carry out functions specified in the agreement.

(ii) Issued bonds, the interest on which is exempt from federal income taxes, for the purpose of purchasing land as a site for, or purchasing or constructing, a building, stadium, or other facility, that is subject to a lease or agreement with a local public entity.

(iii) Is wholly owned by a public agency.

*(Amended by Stats. 2021, Ch. 224, Sec. 3. (SB 813) Effective January 1, 2022.)*

**12463.1.** (a) The Controller shall appoint an advisory committee consisting of seven local governmental officers to assist the Controller in developing complete and adequate records.

(b) Whenever, in the opinion of the advisory committee and the Controller, the public welfare demands that the reports of the financial transactions of a district other than a school district be published, the Controller shall notify the district that reports of its financial transactions are required to be furnished to the Controller pursuant to Article 9 (commencing with Section 53890) of Chapter 4 of Part 1 of Division 2 of Title 5. A public entity, agency, board, transportation planning agency designated by the Secretary of Transportation pursuant to Section 29532, or commission provided for by a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, and a nonprofit corporation as defined in subdivision (d), shall be deemed a district within the meaning of this section. The Controller shall compile and publish these reports pursuant to Section 12463.

(c) The Controller shall make available annually, in a separate report, published in an electronic format on the Controller's internet website, certain financial information about selected special districts. The information provided in this report shall be published no later than June 30 following the end of the annual reporting period and contain information consistent with generally accepted accounting principles and Governmental Accounting Standards Board statements. This report may be included whenever the Controller publishes a report pursuant to this section. The Controller shall include in the Controller's report information that best illustrates the assets, liabilities, and equity of selected districts. The Controller may also include separate line items for "total revenues" and "total expenditures." This report shall cover the 250 special districts with the largest total revenues for that reporting period. When the report is available, the Controller shall notify the Legislature, in writing, within one week of its publication.

(d) For purposes of this section, "nonprofit corporation" means any nonprofit corporation (1) formed in accordance with the provisions of a joint powers agreement to carry out functions specified in the agreement; (2) that issued bonds, the interest on which is exempt from federal income taxes, for the purpose of purchasing land as a site for, or purchasing or constructing, a building, stadium, or other facility, that is subject to a lease or agreement with a local public entity; or (3) wholly owned by a public agency.

*(Amended by Stats. 2021, Ch. 50, Sec. 83. (AB 378) Effective January 1, 2022.)*

**12463.2.** (a) (1) The Controller shall include in reports compiled and published pursuant to subdivision (b) of Section 12463 information relating to the imposition of each locally assessed parcel tax, including, but not limited to, the following:

(A) The type and rate of parcel tax imposed.

(B) The number of parcels subject to the parcel tax.

(C) The number of parcels exempt from the parcel tax.

(D) The sunset date of the parcel tax, if any.

(E) The amount of revenue received from the parcel tax.

(F) The manner in which the revenue received from the parcel tax is being used.

(2) In implementing this subdivision, the Controller shall use existing funds or resources.

(b) Each county, city, and special district that assesses a parcel tax shall provide information to the Controller as required by the Controller to comply with subdivision (a).

(c) For purposes of this section, "parcel tax" means a tax levied by a local agency upon any parcel of property identified using the assessor's parcel number system, or upon any person as an incident of property ownership pursuant to Section 4 of Article XIII A of

the California Constitution, that is collected via the annual property tax bill.

*(Added by Stats. 2014, Ch. 781, Sec. 1. (AB 2109) Effective January 1, 2015.)*

**12463.3.** On or before May 1 of each year, the Controller shall compile and publish annually reports of the financial transactions of each community redevelopment agency created pursuant to Division 24 (commencing with Section 33000) of the Health and Safety Code. The Controller shall make the data available to the Legislature and its agents upon request, on or before April 1 of each year. The Controller shall publish this information for each project area of each redevelopment agency. The reports shall be made in the time, form, and manner prescribed by the Controller, after consultation with the Department of Housing and Community Development and the advisory committee created pursuant to Section 12463.1.

*(Amended by Stats. 1998, Ch. 39, Sec. 1. Effective January 1, 1999.)*

**12463.4.** On or before July 1, 2019, the Controller shall publish on the Controller's Internet Web site a comprehensive list of special districts. The Controller shall update the list every year thereafter. For purposes of this section, the term "special district" means an "independent district" or "independent special district" as those terms are defined in Section 56044.

*(Added by Stats. 2017, Ch. 334, Sec. 1. (SB 448) Effective January 1, 2018.)*

**12464.** (a) If the county, city, or district reports are not made in the time, form, and manner required or there is reason to believe that a report is false, incomplete, or incorrect, the Controller shall appoint a qualified accountant to make an investigation and to obtain the information required. The accountant appointed shall report to the Controller the results of investigation, and a copy shall be filed with the legislative body of the county, city, or district, the accounts of which were investigated. If a similar investigation has to be made of the accounts of any county, city, or district, for two successive years, a certified copy of the results of the investigation last made shall be transmitted to the grand jury of the county that was investigated or in which the city or district investigated is situated, or, if the district is situated in more than one county, in the county in which any portion of the district is situated.

(b) Any costs incurred by the Controller pursuant to subdivision (a), including contracts with, or employment of, certified public accountants or public accountants, in compiling a financial report pursuant to Section 12463 or 12463.3 shall be borne by the county, city, district, or redevelopment agency, and shall be a charge against any unencumbered funds of the county, city, district, or redevelopment agency. Any forfeiture imposed by Section 53895 or 53895.5 may be offset up to the total costs incurred by the Controller. Any remaining balance shall be forfeited in accordance with Sections 53895 and 53895.5. Any costs incurred by the Controller in excess of the forfeiture imposed shall be a charge against any unencumbered funds of the county, city, district, or redevelopment agency.

*(Amended by Stats. 2004, Ch. 520, Sec. 5. Effective January 1, 2005.)*

**12465.** (a) When they are in excess of five years old, reports from county and city officials and individuals, claims, canceled and paid warrants, payroll documents, and other records may be destroyed by the Controller, with the concurrence of the Director of General Services.

(b) Except as provided in subdivision (c), original reports, claims, canceled and paid warrants, payroll documents and other records may be destroyed after one year if they are reproduced in accordance with Section 14756 and the reproduction is preserved for the required period.

(c) Records relating to the annual Controller's report on the revenues and expenditures of state government shall not be destroyed pursuant to subdivision (b) for at least three years.

*(Amended by Stats. 1978, Ch. 221.)*

**12466.** On the first business day of each month, the Controller shall furnish the Department of Finance with a statement of the amount of money in each fund of the Treasury, and the total amount as it appears upon the books of the Controller's office, together with the amount of warrants issued by the Controller but not paid by the Treasurer, and for the payment of which there is money in the Treasury.

*(Amended by Stats. 2021, Ch. 50, Sec. 84. (AB 378) Effective January 1, 2022.)*

**12467.** (a) (1) The Legislature finds and declares that the General Fund has experienced significant deficits in recent years due to economic factors and extraordinary demand for public services supported by the General Fund. In order to meet the cash needs of the state, it has been necessary to obtain external loans. The Legislature desires to provide a specific mechanism to eliminate chronic General Fund cash deficits, provide fiscal stability, and facilitate temporary, short-term borrowing.

(2) For purposes of this section, "unused borrowable resources," as of any date, means total available borrowable resources on that date less total cumulative loan balances on that date.

(b) On November 15, 1994, the Controller shall provide a detailed report to the Legislature and the Governor of the estimated cash condition of the General Fund for the 1994–95 fiscal year. The Legislative Analyst shall prepare an analysis of General Fund revenues and expenditures for the 1994–95 fiscal year for use by the Controller in the estimate of the 1994–95 General Fund cash condition. The Legislative Analyst shall review the Controller's estimate of the General Fund cash condition and within five working days shall advise the Controller, the Treasurer, the Chairperson of the Joint Legislative Budget Committee, and the Director of Finance whether that estimate reasonably reflects anticipated expenditures and revenues during the fiscal year. The Controller's report shall identify the amount of any 1995 cash shortfall, as set forth in this subdivision. To that end, the Controller shall identify the projected amount by which the unused borrowable resources on June 30, 1995, will differ from the unused borrowable resources on June 30, 1995, as indicated in the cash flow analysis included in the official statement accompanying the sale of the July 1994 revenue anticipation warrants. If the Controller's report identifies a decrease in the unused borrowable resources on June 30, 1995, of more than four hundred thirty million dollars (\$430,000,000), then the 1995 cash shortfall shall be the amount of the difference that exceeds four hundred thirty million dollars (\$430,000,000). On or before January 10, 1995, the Governor shall propose legislation providing for sufficient General Fund expenditure reductions, revenue increases, or both, to offset the amount of the estimated 1995 cash shortfall as reported by the Controller. This legislation, or legislation providing equivalent expenditure reductions, revenue increases, or both, shall be enacted on or before February 15, 1995.

(c) The Director of Finance shall include updated cash flow statements for the 1994–95 and 1995–96 fiscal years in the May revision to the budget proposal for the 1995–96 fiscal year submitted to the Legislature pursuant to Section 13308. The revised budget proposal for the 1995–96 fiscal year shall not result in any projected negative amount of unused borrowable resources as of June 30, 1996. By June 1, 1995, the Controller shall concur with those updated statements or provide a report to the Governor and the Legislature identifying specific corrections, objections, or concerns and the Controller's estimate of the cash condition of the General Fund for the 1994–95 and 1995–96 fiscal years. If the Controller identifies any projected negative amount of unused borrowable resources as of June 30, 1996, then the Governor shall propose additional General Fund expenditure reductions, revenue increases, or both, to eliminate that cash shortfall. The enacted budget shall not result in any projected negative unused borrowable resources as of June 30, 1996.

(d) On October 15, 1995, the Controller shall provide a detailed report to the Legislature and the Governor of the estimated cash condition of the General Fund for the 1995–96 fiscal year. The Legislative Analyst shall prepare an analysis of General Fund revenues and expenditures for the 1995–96 fiscal year for use by the Controller in the estimate of the 1995–96 General Fund cash condition. The Legislative Analyst shall review the Controller's estimate of the General Fund cash condition and within five working days shall advise the Controller, the Treasurer, the Chairperson of the Joint Legislative Budget Committee, and the Director of Finance whether that estimate reasonably reflects anticipated expenditures and revenues during the fiscal year. The Controller's report shall identify the amount of any 1996 cash shortfall, as set forth in this subdivision. The Controller shall identify the projected amount of unused borrowable resources as of June 30, 1996. If the Controller's report identifies a negative amount of unused borrowable resources as of June 30, 1996, then the 1996 cash shortfall shall be the amount necessary to bring the balance of unused borrowable resources on June 30, 1996, to zero. Within 10 days of the Legislative Analyst's review, the Governor shall propose legislation providing for sufficient General Fund expenditure reductions, revenue increases, or both, to offset the estimated 1996 cash shortfall as reported by the Controller. This legislation, or legislation providing equivalent expenditure reductions, revenue increases, or both, shall be enacted on or before December 1, 1995.

(e) (1) If the legislation required by subdivision (b) is not enacted, within five days the Director of Finance shall reduce all General Fund appropriations for the 1994–95 fiscal year, except those required by subdivision (b) of Section 8 of Article XVI, Section 25 of Article XIII, Section 6 of Article XIII B, or any other provision of the California Constitution, and general obligation debt service, or law of the United States, by the percentage equal to the ratio of the 1995 cash shortfall to total remaining General Fund appropriations for the 1994–95 fiscal year, after excluding the appropriations that are not subject to reduction.

(2) If the legislation required by subdivision (d) is not enacted, within five days the Director of Finance shall reduce all General Fund appropriations for the 1995–96 fiscal year, except those required by subdivision (b) of Section 8 of Article XVI, Section 25 of Article XIII, Section 6 of Article XIII B, or any other provision of the California Constitution, any general obligation debt service, or law of the United States, by the percentage equal to the ratio of the 1996 cash shortfall to total remaining General Fund appropriations for the 1995–96 fiscal year, after excluding the appropriations that are not subject to reduction.

(3) Notwithstanding any other provision of law, if a General Fund appropriation that is reduced pursuant to paragraph (1) or (2) is for a program under which individuals other than an officer or employee of the state receive an amount determined pursuant to statute, whether that amount is an entitlement or not, that amount shall be reduced by the same percentage as the General Fund appropriation from which that payment is made is reduced.

(f) The State of California hereby pledges to and agrees with the holders of any registered reimbursement warrants and any revenue anticipation notes issued in July 1994, and any banking institutions that provide credit support for these warrants or notes, that the state will not limit or alter the obligation hereby required of the state by this section until the registered reimbursement warrants and revenue anticipation notes, together with interest thereon, are fully met and discharged.

*(Amended by Stats. 2006, Ch. 538, Sec. 252. Effective January 1, 2007.)*

**12468.** The Controller shall regularly audit the apportionment and allocation by counties of property tax revenue pursuant to Chapter 3.5 (commencing with Section 75) of, and Chapter 6 (commencing with Section 95) of, Part 0.5 of Division 1 of the Revenue and Taxation Code in accordance with the following schedule:

- (a) For counties with a population in excess of 5,000,000 the audit shall be performed annually.
- (b) For counties with a population greater than 200,000 and less than 5,000,000, the audit shall be performed on a three-year cycle.
- (c) For counties with a population of 200,000 or less, the audit shall be performed on a five-year cycle.
- (d) The Controller may, at the Controller's discretion, perform audits more frequently than provided in subdivisions (b) and (c).
- (e) The Controller shall annually submit a report to the Legislature containing a description of the audit findings for each county that was audited during the prior year. The report shall contain recommendations to the Legislature for legislation to correct any errors in the apportionment and allocation of property tax revenues that were determined as a result of these audits.

*(Amended by Stats. 2021, Ch. 50, Sec. 85. (AB 378) Effective January 1, 2022.)*