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TITLE 5. LOCAL AGENCIES [50001 - 57607] (Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997] (Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 19. Obligation of Contract [53995 - 53997] (Article 19 added by Stats. 1988, Ch. 346, Sec. 1.)

53995. As used in this article:

- (a) "Financial transaction" means any agreement or arrangement entered into between a local agency or the treasurer of a local agency and any party or parties for the performance of required financial services or duties by either the local agency or the other party or parties, or both. "Financial transaction" includes, but is not limited to, financial affairs of a local agency, as provided in Chapter 3 (commencing with Section 53400 and Chapter 4 (commencing with Section 53600)).
- (b) "Legislative body" means the elected or appointed governing body or authority of a local agency.
- (c) "Local agency" means a city, county, city and county, including a chartered city, county, or city and county, redevelopment agency, special district, school district, community college district, county board of education, county superintendent of schools, or any agency of the state formed for the local performance of governmental or proprietary functions within limited boundaries.
- (d) "Obligation of contract" has the same meaning and shall be subject to the same interpretation as "obligation of contract" has in Section 9 of Article I of the Constitution.
- (e) "Treasurer" means the treasurer of the local agency.

(Amended by Stats. 1989, Ch. 356, Sec. 1.)

53996. The Legislature hereby finds and declares that a local agency's obligation of contract, as that term is used and interpreted in Section 9 of Article I of the California Constitution, in a financial transaction, commences when the legislative body adopts a resolution officially entering into the contract or when the treasurer, acting on his or her authority, enters into the contract. Therefore, in interpreting Section 9 of Article I of the California Constitution, the Legislature finds and declares that no law may be passed which has the effect of impairing a local agency's existing obligation of contract with regard to a financial transaction.

(Added by Stats. 1988, Ch. 346, Sec. 1.)

53997. (a) A local agency's obligation of contract, with regard to a financial transaction, shall commence when the legislative body adopts a resolution formally adopting, approving, or entering into any financial transaction, or when the treasurer, acting on his or her authority, enters into any financial transaction.

(b) Notwithstanding subdivision (a), the legislative body or the treasurer may commence its obligation of contract, with regard to a financial transaction, at any other point in the financial transaction with the mutual consent of the legislative body or the treasurer and the other party or parties to the financial transaction.

(Added by Stats. 1988, Ch. 346, Sec. 1.)