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AB-759 Sanitary districts. (2023-2024)

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Assembly Bill No. 759

CHAPTER 19

An act to amend Section 6801 of, and to repeal and add Section 6794 of, the Health and Safety Code, relating to sanitary districts.

[Approved by Governor June 29, 2023. Filed with Secretary of State June 29, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 759, Grayson. Sanitary districts.

Existing law authorizes the formation of a sanitary district, pursuant to specified requirements. Existing law authorizes a sanitary district to acquire, plan, construct, reconstruct, alter, enlarge, lay, renew, replace, maintain, and operate garbage dumpsites and garbage collection and disposal systems, sewers, drains, septic tanks, and sewerage collection, outfall, treatment works and other sanitary disposal systems, and storm water drains and storm water collection, outfall and disposal systems, and water recycling and distribution systems, as the deemed necessary and proper by the governing board of the district. Existing law generally authorizes the district to expend money only upon written order of the board.

Existing law also authorizes a district board, as an alternative to the functions of the treasurer, to elect to disburse district funds upon resolution of the board and the filing of a certified copy with the treasurer. Under existing law, the treasurer is then required to deliver all district funds to the district, which can only be withdrawn by written order of the district boards, signed by the president and secretary. Existing law requires the district board to appoint a treasurer responsible for the deposit and withdrawal of district funds.

This bill would instead authorize funds to be withdrawn by a district treasurer or expended by a treasurer upon approval by the board, signed by the president and secretary. This bill would also authorize the board to adopt specified procedures to provide payment of demands and claims without prior approval by the board if a district treasurer determines the demands are payable within the district's approved budget. The bill would also require board approval for any payment exceeding the district's approved budget.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 6794 of the Health and Safety Code is repealed.

SEC. 2. Section 6794 is added to the Health and Safety Code, to read:

6794. (a) The treasurer, or other person or persons that are authorized by the board, shall draw checks or warrants to pay demands when demands have been approved by the board and signed by the president and secretary.

(b) Notwithstanding subdivision (a), the board may adopt a procedure that provides for checks or warrants to pay claims and demands without approval by the board of directors before payment if the district treasurer determines that the demands are payable within the district's approved budget. The procedure shall contain appropriate internal controls with measures to prevent fraud and ensure accountability, and which are necessary for financial reporting in conformance with generally accepted accounting principles. Demands so paid shall be presented to the board of directors at the next regular meeting for review. Demands exceeding the district's approved budget shall be subject to board approval.

SEC. 3. Section 6801 of the Health and Safety Code is amended to read:

6801. (a) As an alternative to the functions of the treasurer, the district board may elect to disburse funds of the district. Such election shall be made by resolution of the board and the filing of a certified copy thereof with the treasurer. The treasurer shall thereupon and thereafter deliver to the district all funds of the district. Such funds shall be deposited by the board in a bank or banks, or savings and loan association or savings and loan associations, approved for deposit of public funds. The treasurer shall deposit with the district, prior to October 1st of each year, a surety bond in the annual amount fixed by the district board. The deposit and withdrawal of funds of the district shall thereafter be subject to the provisions of Article 2 (commencing at Section 53630), Chapter 4, Part 1, Division 2, Title 5, of the Government Code. The district board shall appoint a district treasurer who shall be responsible for the deposit and withdrawal of funds of the district.

(b) Funds shall be withdrawn by the district treasurer only by written order of the district board, signed by the president and secretary.

(c) Notwithstanding subdivision (b), the board may adopt a procedure that provides for checks or warrants to pay claims and demands without approval by the board of directors before payment if the district treasurer determines that the demands are payable within the district's approved budget. The procedure shall contain appropriate internal controls with measures to prevent fraud and ensure accountability, and which are necessary for financial reporting in conformance with generally accepted accounting principles. Demands so paid shall be presented to the board of directors at the next regular meeting for review. Demands exceeding the district's approved budget shall be subject to board approval.