

AUDIT RISK ALERT # 53

DATE: July 27, 2023

SUBJECT: Calculation of "Revenues and Other Sources" for Determining the Type of Report Local Auditees are Required to Provide to the LLA

Summary

For purposes of determining which type of report local auditees are required to provide to the Louisiana Legislative Auditor (LLA) in compliance with [R.S. 24:513\(J\)\(1\)\(c\)](#), "revenues and other sources" should be calculated using the economic resources measurement focus and accrual basis of accounting for all fund types.

Report Type

The following chart shows the type of report which local auditees are required to provide to the LLA.

Amount of revenues and other sources/local and state assistance received	Type of Report Required ¹	Report Due Date	CPA or Self-Prepared
\$75,000 and under	Sworn financial statements	90 days after the end of the fiscal period ²	Either self-prepared or CPA as determined by local auditee
\$75,001 - \$199,999	Compilation	6 months after the end of the fiscal period ³	CPA
\$200,000 - \$499,999	Review/attestation	6 months after the end of the fiscal period ³	Independent CPA
\$500,000 and over	Audit and statewide agreed-upon procedures	6 months after the end of the fiscal period ³	Independent CPA

Notes:

1. Per R.S. 24:513(J)(1)(c)
2. Per R.S. 24:514(E)(1)
3. Per R.S. 24:513(A)(5)(a)(i)

Louisiana Government Audit Guide Section 500-1040



Audit Law Requirement

R.S. 24:513(J)(1)(c) states, in part

*Any local auditee that receives seventy-five thousand dollars or less **in revenues and other sources** (emphasis added) in any one fiscal year . . . shall annually file with the legislative auditor sworn financial statements*

*Any local auditee that receives more than seventy-five thousand dollars **in revenues and other sources** (emphasis added) in any one fiscal year, but less than two hundred thousand dollars, shall cause to be conducted an annual compilation of its financial statements, with or without notes.*

*Any local auditee that receives two hundred thousand dollars or more **in revenues and other sources** (emphasis added) in any one fiscal year, but less than five hundred thousand dollars, shall cause to be conducted an annual review of its financial statements to be accompanied by an attestation report*

*Any local auditee that receives five hundred thousand dollars or more **in revenues and other sources** (emphasis added) in any one fiscal year shall be audited annually.*

Definition of "Revenues and Other Sources"

Generally accepted accounting principles (GAAP) prescribes the use of the economic resources measurement focus for governmental fund types reported in the government-wide Statement of Activities, and for proprietary and fiduciary fund types¹. **For purposes of determining which type of report local auditees are required to provide to the LLA, "revenues and other sources" should be calculated using the economic resources measurement focus and accrual basis of accounting for all fund types.**

¹ GASB Cod. Sec. 1600.103

This amount can be calculated by totaling the following amounts reported in the financial statements:

Governmental Fund Types	
General fund	→ Program revenues and general revenues reported in the Statement of Activities for the primary government
Special revenue funds	
Capital projects funds	
Debt service funds	
Permanent funds	
Proprietary Fund Types	
Enterprise funds	
Internal service funds	
Fiduciary Fund Types	
Pension (and other postemployment benefit) trust funds	→ Total additions reported in the Statement of Changes in Fiduciary Net Position
Investment trust funds	
Private-purpose trust funds	
Custodial funds	

If you have any questions, please contact Diane Allison at dallison@lla.la.gov or (225) 339-3812.

Question

Q. To determine which type of report my local government is required to provide to the LLA, should I add up the revenues and other sources in all my funds to determine my total revenues and other sources?

A. No, since amounts reported in governmental funds in the Statement of Revenues, Expenditures, and Changes in Fund Balances are not reported using the economic resources measurement focus and accrual basis of accounting. Instead you should add (a) total program revenues and general revenues reported on your Statement of Activities for the primary government, which will include both governmental and business-type activities, and (b) total additions reported in the Statement of Changes in Fiduciary Net Position to determine which type of report your local government is required to provide to the LLA.

Q. [GASB 87](#), *Leases*, requires state and local governments to record the present value of future lease payments as an other financing source in the first year of a lease in the Statement of Revenues, Expenditures and Changes in Fund Balances for governmental fund types. Is this "other financing source" used in the calculation of "revenues and other sources" to determine which type of report should be provided to the LLA?

A. No. Under the economic resources measurement focus and accrual basis of accounting for governmental activities, an other financing source for the present value of future lease payments is not recognized, and thus is not recorded in the Statement of Activities. Instead, the lease liability and an intangible asset are reported in the Statement of Net Position.

Q. [GASB 96](#), *Subscription-Based Information Technology Arrangements*, requires state and local governments to record the present value of future subscription payments as an other financing source in the first year of a subscription-based IT arrangement in the Statement of Revenues, Expenditures and Changes in Fund Balances for governmental fund types. Is this "other financing source" used in the calculation of "revenues and other sources" to determine which type of report should be provided to the LLA?

A. No. Under the economic resources measurement focus and accrual basis of accounting for governmental activities, an other financing source for the present value of future subscription payments is not recognized, and thus is not recorded in the Statement of Activities. Instead, the subscription liability and a subscription asset are reported in the Statement of Net Position.