

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 123** HLS 15RS 761

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 22, 2015	10:36 AM	Author: THIBAUT
Dept./Agy.: Legislative Auditor		Analyst: Drew Danna
Subject: Audit requirements		

AUDITS/AUDITING

EN DECREASE LF EX See Note

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Provides relative to the threshold for certain audit requirements

Present law requires certain local auditees that make over \$50,000 but less than \$200,000 in revenues or funds in one fiscal year to conduct an annual compliance compilation of financial statements in accordance with the LA Governmental Audit Guide. Proposed legislation changes the threshold between being required to file certification and an annual financial statement with the legislative auditor or being required to conduct an annual compilation of financial statements from more than \$50,000 to more than \$75,000 in revenues and funds.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will reduce expenditures for local governmental entities. There are approximately 470 entities that are required to obtain compliance compilations under the criteria of the current statute. According to the Legislative Auditor (LLA), the proposed legislation may impact 1/6 of those groups, potentially reducing the costs for 78 local government entities by an indeterminable amount annually. Based upon calculations by the LLA, the median cost for a CPA to process the documents for a compliance compilation is approximately \$1,200, which could equate to a decrease of \$94,000. However, not all eligible entities will benefit equally from the reduction as some entities have CPAs that process the compilations in-house while other entities pay for the services of a CPA. The LLA does not have a record of eligible agencies that employ CPAs, therefore a specific reduction cannot be estimated by LFO. The LLA anticipates the decrease to be approximately \$62,000.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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