

Office of Statewide Reporting and Accounting Policy  
State of Louisiana  
Division of Administration

JOHN BEL EDWARDS  
GOVERNOR



JAY DARDENNE  
COMMISSIONER OF ADMINISTRATION

August 10, 2018

**MEMORANDUM OSRAP 19-05**

TO: All Departments, Agencies, and Organizational Units within the Executive Department

FROM: Afranie Adomako, CPA  
Director of Management and Finance

SUBJECT: Deposit and Classification of Revenues

Except for the exclusions listed in Article 7 Section 9 of the Constitution, all money received by a state agency shall be immediately deposited into the state treasury. In accordance with Act 361 of the 2017 Regular Session, OSRAP prepared the attached policies and procedures for the deposit and classification of those revenues deposited into the state treasury. Please ensure you are following these policies with your deposits and that your activity at year end is properly classified for reporting to OSRAP.

If you need any additional assistance, please contact Lindsay Schexnayder at [Lindsay.Schexnayder@la.gov](mailto:Lindsay.Schexnayder@la.gov) or 225-342-1092.

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## Accounting for the Deposit and Classification of Revenues

### I) Purpose

This policy covers statewide accounting procedures for the deposit and classification of revenues.

### II) Scope

This policy applies to all state agencies collecting revenues.

### III) Policy Overview

All money received by a state agency shall be immediately deposited into the state treasury, except for the exclusions listed in Article 7 Section 9 of the Constitution. OSRAP Policy 4.2.1 requires agencies to deposit monies into the state treasury within 24 hours. If an agency cannot reasonably meet the 24 hour time limit due to an unusual hardship, an exception request can be submitted to the Cash Management Review Board (CMRB). The monies are deposited in accordance with the statute/constitution authorizing the collection of the money. When money is collected that fits the exclusions in Article 7, Section 9 of the constitution, the money is considered to be non-public funds and shall be deposited into an escrow account in the state treasury, unless the CMRB has approved a separate bank account for this purpose. This money is held temporarily and in a purely custodial or restricted capacity. The State of Louisiana is responsible for receiving the money, and for distributing it to the parties entitled to the money.

### IV) Terminology

**Self-Generated Revenues** – money collected as a result of the agency’s services, the sale of merchandise produced by the agency, or legislatively authorized licenses, permits, and fees.

**Dedicated Revenues** – money collected by an agency that is statutorily dedicated for a specific purpose and required to be deposited into a special fund known as a statutorily dedicated fund.

**Interagency Transfer (IAT) Revenues** – money collected from another state agency for services provided by the receiving agency.

**Federal Revenues** – money collected from federal sources in the form of a grant, contract, cooperative agreement, etc.

**General Fund Revenues** – money collected in accordance with legislation for the ordinary expenses of state government, other than money otherwise dedicated, and fees, licenses, and permits, inter agency receipts/transfers and federal receipts

**Escrow Fund Revenues** – money collected by a state agency that fits the exclusions in Article 7, Section 9 of the constitution is held by the agency solely in a restricted or custodial capacity. This money is matched with the liability to pay that money to the intended recipient. The State, as a whole, only has one Escrow Fund; however, each agency can have one or more approved escrow organizations within the Escrow Fund.

## **V) Deposit and Classification of State Revenues**

All revenues received by a state agency shall be deposited into the state treasury and classified into the correct means of finance (type of revenue) in accordance with the legislative authority authorizing the collection of the revenue (Except for the revenues exempt under Article 7 section 9 of the Constitution). Agencies shall follow Chapter 4 of OSRAP’s Policy and Procedure Manual for the specific instructions on depositing and classifying revenue in the statewide accounting system, Integrated Statewide Information System (ISIS).

## **VI) Deposit and Classification of Non-State Revenues**

When a state agency receives money that it is not legislatively authorized to collect, or receives money that is not readily identifiable as state or non-state revenue (public versus non-public funds), the agency has a responsibility to get the money to the intended recipient. This is when the agency should use a CMRB approved escrow organization within the Escrow Fund. Agencies shall follow Chapter 4 of OSRAP’s Policy and Procedure Manual for the specific instructions on depositing and classifying revenue in ISIS. If at any time it is determined the money is considered to be state money, the agency is responsible for moving the money out of the Escrow Fund and into the correct type of revenue following the policies outlined in the section below, titled “Transferring Money Out of Escrow Organization.”

## **VII) Creation of an Escrow Organization**

When a state agency has the need for an escrow organization, they must submit the request, along with justification, to the Cash Management Review Board (CMRB). Upon approval of the establishment of the escrow organization, CMRB will provide written notifications to the agency, as well as, the Commissioner and JLCB.

The following examples are characteristics of monies that must be deposited into an escrow organization:

- Monies whose ownership are in dispute.
- Monies with restricted use due to the ownership being under dispute.
- Monies restricted by donors from being spent on the State's general appropriated expenditures or operations.
- Monies held in custody that are owed to third parties outside state government and are not appropriated.

It is the responsibility of each individual agency to use the approved escrow organization for its intended purpose. This responsibility includes, but is not limited to:

- Keeping detailed accounting records.
- Documenting the restrictions that require the funds to be held in an escrow organization, e.g., federal funds that are required to be placed in a dedicated account to avoid comingling with other state monies.
- Providing the estimated duration of restrictions on the monies.

#### **VIII) Withdrawal/Transfer of Money Out of Escrow Organization**

Money can only be removed from an escrow organization when:

- The rightful owner is identified, e.g., a non-state individual or entity who is due payment.
- There is a specific appropriation in the current fiscal year or direction by the legislature to transfer or pay the money out of the escrow organization.
- There is a specific appropriation in the form of a budget adjustment to transfer the money out of the escrow organization. This budget adjustment must be approved by JLCB and the commissioner of administration.
- Monies received by the State in error that need to be returned. This can be done without an appropriation.

#### **IX) Reporting requirements**

##### **Monthly Report on Escrow Funds**

On a monthly basis, agencies must send a report by the 10<sup>th</sup> day of the month to the State Treasurer, who will then compile the reports into one and submit to CMRB and JLCB. The monthly agency reports shall include the following, but not limited to:

- date the escrow fund/organization was established
- balance at the beginning of the month
- deposits made during the month, along with the date
- withdrawals made during the month, along with the date
- balance at the end of the month
- journal vouchers or transfer requests made during the month
- any other information requested by CMRB or JLCB

### **Quarterly Report on Fees and Self-Generated Revenue in Escrow Funds**

On a quarterly basis, agencies must send a report by the 10<sup>th</sup> of the month following the end of the quarter to the State Treasurer, who will then compile the reports into one and submit to CMRB and JLCB. The quarterly agency reports shall include the following, but not limited to, in regards to the fees and self-generated revenues in the escrow fund/organization:

- balance at the beginning of the month
- deposits made during the month, along with the date
- withdrawals made during the month, along with the date
- balance at the end of the month
- any other information requested by CMRB or JLCB