

Annual Update Document: Common Reporting Errors

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Overview of Content

Information for filing the AUD

OSC's AUD review process

Common issues found in AUD reports

Debt reporting



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Information for Filing the AUD



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Filing the AUD

- Municipal Code and PIN information is e-mailed to the CFO.
- ↓
- Download latest version of EFS.
- ↓
- Download prior year data file.
- ↓
- Upload data file into EFS.
 - Need Help? Call 1-866-321-8503
 - Option 1 for software assistance
 - Option 4 for reporting assistance



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AUD Filing Deadlines

Population	Deadline	Extension
20,000 or More	120 Days	None
5,000 - 19,999	90 Days	30 Days*
Less than 5,000	60 Days	60 Days*

*Written request must be received by OSC from the municipal chief fiscal officer

<https://www.osc.state.ny.us/local-government/required-reporting/annual-update-document-annual-financial-report-filing-deadlines>



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OSC's AUD Review Process



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AUD Review Process

Key Problems:

- Improper accounting
- Inconsistency

Financial edits help identify errors:

- Critical and non-critical



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AUD - Critical Edits

- Prevent you from submitting the AUD.
 - Balance Sheet
 - Changes in Fund Balance
- Non-Critical – can submit AUD.

Number of Edits: 0 Click on any Edit to See Detail

Run Edits Comments

Ready



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AUD - Critical Edits

All Financial Edits		
Changes in Fund Balance End of Year - Total Fund Balance from Balance Sheet		
Changes in Fund Balance - Ending Fund Balance (code 8029)	Fund Balance on Balance Sheet	Difference
(DA) HIGHWAY-TOWN-WIDE	\$7,529,27	(\$19,250.62) Critical

Financial Section - (DA) HIGHWAY-TOWN-WIDE			
Balance Sheet	Results of Operation	Changes in Fund Balance	Budget Summary
Description	2019	Code	2020
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	\$259,254.60	DA8021	\$154,716.59
Prior Period Adj. Decrease in Fund Balance		DA8015	
Restated Fund Balance - Reg of Year	\$259,254.60	DA8022	\$154,716.59
ADD - REVENUES AND OTHER SOURCES	\$1,076,901.00		\$1,076,901.00
DEDUCT - EXPENDITURES AND OTHER USES	\$1,181,339.07		(\$11,721.31)
Fund Balance - End of Year	\$154,716.55	DA8029	

Financial Section - (DA) HIGHWAY-TOWN-WIDE			
Balance Sheet	Results of Operation	Changes in Fund Balance	Budget Summary
Description	2019	Code	2020
Liabilities			
Group Insurance		DA720	\$1,056.00
TOTAL Other Liabilities	\$0.00		\$1,056.00
Due To Other Funds		DA830	\$50,000.00
TOTAL Due To Other Funds	\$0.00		\$50,000.00
TOTAL Liabilities	\$0.00		\$51,056.00
Capital Reserve	\$232.73	DA878	\$232.73
TOTAL Restricted Fund Balance	\$232.73		\$232.73
Assigned Appropriated Fund Balance	\$5,000.00	DA814	
Assigned Unappropriated Fund Balance	\$148,483.82	DA815	\$7,286.54
TOTAL Assigned Fund Balance	\$154,483.82		\$7,286.54
TOTAL Fund Balance	\$154,716.55		\$7,529.27
TOTAL Liabilities, Deferred Inflows And Func	\$154,716.55		

Fund Balance Codes

- 806 Not in Spendable Form
- 807 Must Remain Intact
- 814-899 Restricted
- 913 Committed
- 914 Assigned Appropriated
- 915 Assigned Unappropriated
- 917 Unassigned

Common Issues Found in AUD Reports

ERROR



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Appropriated Fund Balance Reporting

- Assigned Appropriated Fund Balance (914)
 - Portion of fund balance appropriated for use in the ensuing fiscal years' budget.
- Should match Appropriated Fund Balance (599N) on the Budget Summary





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Fund Balance Reporting

- Exception for reporting Appropriated Fund Balance

Assigned Appropriated Fund Balance	A914	\$15,000.00	
TOTAL Assigned Fund Balance		\$15,000.00	
Unassigned Fund Balance	A917	\$0.00	
TOTAL Unassigned Fund Balance		\$0.00	
TOTAL Fund Balance		\$15,000.00	

Assigned Appropriated Fund Balance	A914	\$20,000.00	
TOTAL Assigned Fund Balance		\$20,000.00	
Unassigned Fund Balance	A917	(\$5,000.00)	
TOTAL Unassigned Fund Balance		(\$5,000.00)	
TOTAL Fund Balance		\$15,000.00	

Negative Balances

- Rarely appropriate to report negatives
 - Exceptions include:
 - Allowance for Receivables (credit balance)
 - Deficit Fund Balance (917)
- Reimbursements
 - Net against expenditure if current year
 - If prior year use revenue code 2701 "Refund of Prior Year's Expenditures"

Negative Cash

- Improper reporting of interfund loans
- Misstates cash balances
- Should use Due To/ Due From

Loaning Fund:

A391	Due From Other Funds	5,000	
A200	Cash		5,000

Borrowing Fund:

FX200	Cash	5,000	
FX630	Due To Other Funds		5,000



Interfund Transfers

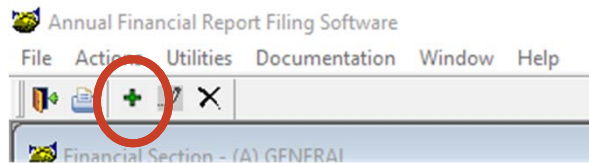
Transfer activity between funds (9901.9, 9950.9, 5031).

Don't include bank transfers.



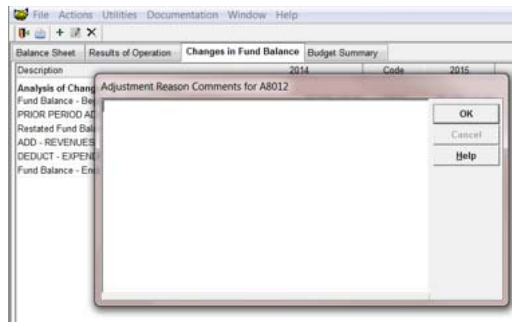
Unclassified Revenues

- Account Code 2770:
 - Search available codes first.
 - <http://wwe1.osc.state.ny.us/acctlookup/accountlookup.cfm>
 - Add comment/description.



Prior Period Adjustments

- To correct an error made in a previous report.
 - Code 8012 to increase fund balance
 - Code 8015 to decrease fund balance
 - Provide reason for adjustment



Debt Reporting



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Capital Projects Fund

- Purpose – to account for the acquisition or construction of major capital assets and improvements other than those acquired through proprietary or fiduciary funds
- Used When:
 - Major capital acquisition or construction extends beyond a year
 - Financed by obligations

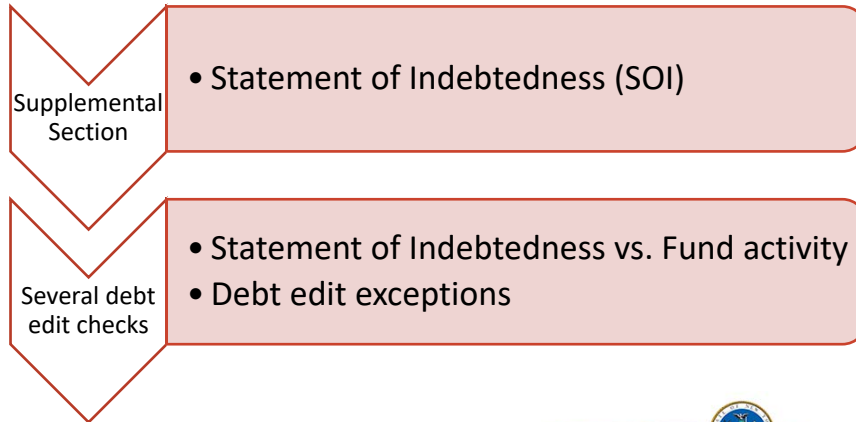
Although Debt is generally the major source of financing, other financing sources can include: *state & federal aid, gifts, budgetary appropriations & capital reserves.*



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Reporting Debt in the Annual Update Document (AUD)



Reporting BANs in the Annual Update Document (AUD)

	Bond Anticipation Notes (BANs)*
Term	Typically Short-term
Liability	Capital Projects (H) fund
Proceeds	Capital Projects (H) fund-liability
Capital Purchases	Capital Projects (H) fund
Principal/Interest Payments	Operating Fund or Debt Service (V) Fund

*Represents recording for Short-term BAN's. For more information regarding Long-term BAN's please refer to the Capital Projects Fund Local Government Management Guide: <https://www.osc.state.ny.us/localgov/pubs/lgm/capital-projects-fund.pdf>

BAN in Governmental Funds – Short-Term

- New **short-term** BAN issued for \$200,000.

H200	Cash	200,000	
H626	BANs Payable		200,000

- Proceeds used to purchase \$200,000 truck.

H5110.2	Maintenance of Streets, Equipment and Cap. Outlay	200,000	
H200	Cash		200,000



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BAN in Governmental Funds – Short-Term

- Paid principal of \$50,000 and interest of \$5,000 out of General (A) Fund.

A9730.6	Debt Principal, BANs	50,000	
A9730.7	Debt Interest, BANs	5,000	
A200	Cash		55,000

- Liability reported in Capital Projects (H) Fund.

H626	BANs Payable	50,000	
H5731	BANs Redeemed From Appropriations		50,000



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BAN in Governmental Funds – Short-Term

- \$150,000 BAN is redeemed with proceeds from new bond issuance (Liability in H Fund).

H200	Cash	150,000	
H5710	Serial Bonds		150,000
H626	BANs Payable	150,000	
H200	Cash		150,000
W129	Total Non-current Govt. Liabilities	150,000	
W628	Bonds Payable		150,000



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Debt Edits – BANs

BAN liabilities on Balance Sheet (626) = BANs outstanding at year-end on SOI

Total BAN principal (9730.6) in funds = BAN principal payments on SOI

Total BAN principal (9730.6) = BANs Redeemed from Appropriations (H5731)



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Bond Anticipation Notes – Exceptions

Long-term BANs

- Liability in W schedule (AUD will have edit)

Judgments and Claims

- e.g., Tax Certiorari

Deficit Financing

Enterprise Funds



Reporting Bonds in the Annual Update Document (AUD)

	Bonds
Term	Long-Term
Liability	Schedule of General Long-Term Debt (W)
Proceeds	Capital Projects (H) fund-revenue
Capital Purchases	Capital Projects (H) fund
Principal/Interest Payments	Operating Fund or Debt Service (V) Fund



Bond in Governmental Funds

- Bond issued for \$300,000. No proceeds spent.

H200	Cash	300,000	
H5710	Serial Bonds		300,000
W129	Total Non-current Govt. Liabilities	300,000	
W628	Bonds Payable		300,000

- Proceeds used to purchase a building.

H1620.2	Buildings, Equip. and Cap. Outlay	300,000	
H200	Cash		300,000



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Bond in Governmental Funds (cont'd)

- \$20,000 Bond principal and \$5,000 interest paid in General Fund

A9710.6	Debt Principal, Serial Bonds	20,000	
A9710.7	Debt Interest, Serial Bonds	5,000	
A200	Cash		25,000

- Liability reported in Schedule of Non-current Governmental Liabilities (W)

W628	Bonds Payable	20,000	
W129	Total Non-current Govt. Liabilities		20,000



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Debt Edits – Bonds

Bond liabilities on Balance Sheet (628) =
Bonds outstanding at end of year on SOI

Total Bond principal expenditures in the funds
(9710.6, 9720.6) = Bonds redeemed on SOI

Total Bond revenue (5710, 5720) =
Bonds issued on SOI



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Bonds - Exceptions

Judgments and Claims

- e.g., Tax Certiorari

Deficit Financing

Advanced Bond Refunding

Enterprise Funds



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Disposition of Unexpended Balances

Source of Balance	Disposition
Bonds and BANs	Transfer to the debt service fund to apply to debt on project bonds/BANs.
Interfund Transfer	Transfer back to the fund that provided the money and use for any legal purpose.
Multiple Sources (e.g., bonds, BANs, State/federal aid, interfund transfer)	Transfer to the debt service fund to apply to debt service on project bonds. It is assumed that the residual of a project financed by bonds and other sources is bond proceeds. ¹⁷



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Resources

- Online Chart of Accounts Query
 - <http://wwe1.osc.state.ny.us/acctlookup/accountlookup.cfm>
- Online Contact Update System
 - <https://nysosc11.osc.state.ny.us/product/contacts.nsf>
- Accounting Advisories and Bulletins
 - <http://www.osc.state.ny.us/localgov/pubs/releases/index.htm>
- Accounting and Reporting Manuals (ARM)
 - <https://www.osc.state.ny.us/files/local-government/publications/pdf/arm.pdf>
- Data Management Unit Help Line
 - Software Questions:1-866-321-8503, Option 1
 - Reporting Questions:1-866-321-8503, Option 4



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GASB 84 & Impact on AUD Reporting

- No longer reporting TA Fund
- Addition of TC Fund
- LOSAP reporting changes
- GASB 84 bulletin
 - <https://www.osc.state.ny.us/files/local-government/publications/pdf/accounting-and-financial-reporting-for-fiduciary-activities-gasb-84.pdf>
- FAQ document
- OSC webinar
 - <https://register.gotowebinar.com/recording/1464790693706573059>



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Thank You



**Division of Local Government and
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