



### Town of Manlius Accounting Function

As part of the Consolidation, Shared Services and Integration (CSI) Onondaga initiative, the Onondaga County Comptroller’s Office performed an assessment of the Town of Manlius accounting function. Historically, the Manlius Town Manager, a non-elected, full-time position, has held the responsibility for the oversight of the Town finances as well as human resource and payroll issues. However, in early January of 2011 the Manlius Town Manager resigned after many years of service. This departure raised issue with the job description culminating in the Board’s decision to assess the Town’s financial record keeping requirements before refilling the position. The Town Supervisor contacted the Onondaga County Comptroller and asked for assistance in this regard. Following is our report.

#### Background

The Town of Manlius is home to nearly 32,000 people, making it the third most populous town in Onondaga County. Governed by the Town Board consisting of the Supervisor and six Council members, the Town maintains three main offices (Town Hall, Police Department & Highway Department) and has approximately 190 full and part-time employees. Within its boundaries are the villages of Manlius, Fayetteville, and Minoa, each with its own Village Board.

In 2010, the Town’s expenditures totaled \$15.1 million across 40 separate funds, the majority applied to Police, Fire Protection, Road Maintenance and Refuse Removal. Wages and employee benefits accounted for \$7.7 million (50%), with the remainder, \$7.4 million spent on contracted services.

Out of the 19 towns in Onondaga County, the Town of Manlius ranks 18<sup>th</sup> in Administration expenditures per resident as illustrated in SCHEDULE A:

County of Onondaga					SCHEDULE A
2009 Town Expenses - Per NYS Comptroller AUD					
<b>RANKED</b>		Administration			
	Name	Population	Expenditures	Per Resident	Administration falls under General Government Support:
1	Marcellus	6,319	680,544	107.70	• Legislative (1010.0 - 1099.9)
2	Spafford	1,661	173,366	104.37	• Judicial (1110.0 - 1199.9)
3	Skaneateles	7,323	644,899	88.06	• Executive (1210.0 - 1299.9)
4	Tully	2,709	225,138	83.11	• Finance (1310.0-1399.9)
5	La Fayette	4,833	298,257	61.71	• Municipal Staff (1410.0 - 1499.9)
6	Fabius	1,974	119,829	60.70	
7	Lysander	19,285	1,027,892	53.30	
8	DeWitt	24,071	1,147,298	47.66	
9	Elbridge	6,091	289,846	47.59	
10	Geddes	17,740	806,632	45.47	
11	Cicero	27,982	1,202,357	42.97	
12	Van Buren	12,667	522,998	41.29	
13	Otisco	2,561	102,394	39.98	
14	Camillus	23,152	902,441	38.98	
15	Pompey	6,159	234,292	38.04	
16	Salina	33,290	1,174,700	35.29	
17	Onondaga	21,063	652,300	30.97	
18	Manlius	31,872	874,182	27.43	
19	Clay	58,805	1,228,115	20.88	
	Total/Avg:	309,557	12,307,480	39.76	

## Municipal Fiscal Oversight Responsibility

New York State Town Law (Article 8 – Section 125) states the supervisor shall keep in his records, in such manner and form as the state department of audit and control may direct, a separate account with every appropriation for which funds are appropriated or raised by tax. He shall state in every check or draft drawn by him the fund against which it is drawn and the appropriate account chargeable therewith. He shall not permit any fund or appropriation account to be overdrawn at any time nor draw upon one fund or appropriation account to pay a claim chargeable to another. Simply put, the law requires a complete and accurate accounting of all monies received and spent.

Article 3 of the NYS General Municipal Law sets forth the guidelines for municipal accounting in New York State are established by the Office of the New York State Comptroller (a/k/a Department of Audit and Control). These guidelines, established from the framework set by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP), detail the requirements for fund based accounting for local governments including, but not limited to, general ledger account structure, budgetary control, audit of claims, and periodic reporting. The emphasis is on accountability for tax dollars spent to support government operations and, though it offers taxpayers more clarity, the application of these guidelines requires a thorough understanding of financial accounting.

## Town of Manlius Accounting Overview

The Town of Manlius utilizes a fund accounting software system called **Incode** for its centralized financial data recording and reporting. Created and supported by Tyler Technologies, a nationwide company solely dedicated to providing software and services to the public sector, the system offers a wide range of information management functionality that follows GASB and GAAP guidelines. The Town uses several fully integrated accounting modules including General Ledger, Budgeting, Accounts Payable and Check Reconciliation. All four modules contain versatile financial reporting and data export capabilities.

All cash receipts are received and recorded by the clerical staff under the supervision of the Town Manager. Summarized journal entries are then entered into the accounting software weekly. Aside from the Tax Receiver data system, an accounts receivable software module is not utilized for the other Town receipts due the low volume.

Disbursements are managed using a purchase order (PO) system within the **Incode** accounts payable module. Each department administers their own POs. As POs are entered, the **Incode** system encumbers dollars against the appropriate department budget as required by municipal accounting guidelines. The Town Manager's clerical staff enters vendor invoices into the **Incode** software and verifies existing POs prior to the payment request being submitted to the Board. Every two weeks the Board reviews all payment requests prior to approval.

The Town of Manlius payroll is processed weekly through ADP, an established and reputable payroll processing service provider. The highway employees clock in and clock out using an electronic hand scanner. The scans are recorded within the ADP database, which department heads then review and approve via ADP's internet-based software interface. The approved scans, along with manually entered approved timesheets for all other employees, are finalized and uploaded to ADP for payroll processing. After each payroll run ADP provides standard reports detailing wages paid, tax withholdings, garnishments and voluntary deductions, which are used to enter the payroll expenditures into the accounting software. ADP is also responsible for forwarding tax withholdings to the appropriate federal and state agencies. Garnishments and voluntary deductions are the responsibility of the Town.

The Town Manager completes the bank reconciliations, the annual New York State Comptroller financial report (AUD), weekly bank transfers and year-end general ledger account reconciliations.

### Findings & Recommendations

Our overall goal was to assess the Town of Manlius accounting function and, as such, we did not audit or review the financial statements. Accordingly, we do not express an opinion or provide any assurance about whether the financial statements are in accordance with generally accepted accounting principles.

Our assessment found that up until the departure of the Town Manager the day-to-day accounting data appears to have been processed and recorded to the proper funds in a timely manner under the established procedures. Year-end account reconciliations and general ledger closing procedures were incomplete for the year ending December 31, 2010 which is understandable considering the Town Manager departed in early January 2011.

As mentioned earlier, the Town utilizes an accounting software package designed specifically for municipalities. It provides acceptable functionality for GAAP and GASB compliance. The software features flexible reporting, however, interim financial reports detailing cash position and year-to-date budget status were not being routinely produced for analysis. The absence of this type of periodic review suggests inconsistent budget monitoring placing the Town at risk of overspending.

The Town of Manlius is a \$15 million a year operation serving 32,000 residents. At the close of business on 12/31/2010, they had banked nearly \$4 million spread across 14 accounts. In 2010 the Town entered over 8,000 transactions into a general ledger containing over 500 different accounts and paid varying sums to nearly 600 different vendors and 200 individual employees. Municipal Law dictates every penny must be accounted for and details of expenditures are open to the public.

#### **Recommendation #1**

Due to the significant accounting volume and complexity we recommend adequate resources be applied to ensure compliance with all municipal accounting requirements and generally accepted accounting principles. Dedicated resources will assist the Board in receiving and reviewing financial information in a timely fashion.

#### **Discussion**

There is great need for and value in acquiring appropriate municipal accounting knowledge and experience. We suggest the Town adjust administrative personnel accordingly. As shown earlier in SCHEDULE A, Manlius has one of the lowest Administration expenditure rates in Onondaga County suggesting the absence of sufficient staff. Accurate, complete and timely financial reporting is the foundation for financial success and having adequate expertise can make all the difference.

#### **Recommendation #2**

We recommend the Town employ a part-time accountant to assist the Town Manager with the accounting and financial functions. This employee should report regularly to the Supervisor and the Board.

### ***Discussion***

Many towns throughout New York State employ a full-time comptroller to oversee the accounting function. The Town of Manlius does not. Situations vary and should be addressed independently. Our review found a capable staff, appropriate software, and established procedures that preclude, in our opinion, the need for a full-time comptroller. However, we do recommend that a part-time accountant be employed, one with thorough knowledge of both general and municipal accounting, as well as related matters such as payroll processing and taxes, budgeting and financial reporting.

While we suggest the part-time employee assist the Town Manager best practices dictate the employee appear before the Supervisor and Town Board regularly to discuss financial matters.