

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**



**MINUTES OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Workshop Room
5850 West Glendale Avenue
May 15, 2012
1:30 p.m.**

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Steven E. Frate and Councilmembers Joyce V. Clark, Yvonne J. Knaack, H. Phillip Lieberman, and Manuel D. Martinez,

ABSENT: Councilmember Norma S. Alvarez

ALSO PRESENT: Horatio Skeete, Assistant City Manager; Deborah Robberson, Deputy City Attorney; and Pamela Hanna, City Clerk

1. FINANCIAL REPORTING ENHANCEMENTS

Presented by: Diana Bundschuh, Deputy Chief Information Technology Officer
Diane Goke, Finance Director
Tracy Tang, Systems Analyst

This is a request to provide an update to the City Council on enhancements related to Glendale's current financial reporting requirements.

In 2010, the Arizona State Legislature passed Arizona Revised Statute (A.R.S.) §41-725, which establishes online comprehensive financial reporting requirements for Arizona and its local municipalities. The City of Glendale is in compliance with the statute as a result of publishing its comprehensive annual financial report on the city website.

To enhance this information, the city has developed an online reporting tool titled, "Follow Your Money." This user-friendly tool facilitates the public's ability to easily access the city's financial expenditure data and enhances the experience by allowing the user to easily search and download financial expenditure data. The tool is expected to be on the city's website and available to the public during the first quarter.

The reporting enhancements described herein facilitate the citizen's access to current expenditure information through the use of an easy to use reporting tool.

Mr. Skeete stated that this afternoon staff will present a series of demonstrations captioned Follow Your Money. About a year ago, there was a discussion about what kind of information the Council would receive in regard to large expenses and expenses that were budgeted in the line item of the budget that were not coming back to Council for awards of bids and contracts. Council agreed to put in place a stop-gap report that gives you a semi-annual list of all expenses in excess of \$50,000 that was not brought to Council in an evening meeting as a bid or a contract. Mr. Skeete challenged the IT and Finance Departments to do something more detailed than that. Ms. Goke, Ms. Bundschuh and Mr. Tang will offer the result of the challenge Mr. Skeete provided to them. They are going to provide the Council and the public full transparency and opportunity for people to be able to see every detail of the expenditures.

Ms. Bundschuh spoke. She stated the Arizona State Legislature passed a law that outlined financial reporting requirements for the State and local municipalities. Cities are in compliance if they post their annual financial report on their website, which Glendale does. The City has decided to go a step further and from that and developed Follow Your Money. They are using the State law as a guideline to develop this tool. The public will easily be able to search and download financial expenditure data that comes from the City's financial system. This is expected to be available to the public in the first quarter of FY13. A demonstration was provided to the Council with a mockup of the website so Council could see how users would access the site. Users are able to access the site multiple ways. A link was provided at the Follow Your Money page to the comprehensive annual financial report in case that is the information the user is looking for. Users are able to search the current year's data as well as the previous three fiscal years. They can search by department and also by vendor spending.

Ms. Bundschuh continued that under department spending, there is a graph that shows total expenditures by department. The department name and total amount expended is available in that graph. The information matches the table below. Page numbers are available at the bottom so users are able to access a certain page number quickly. Users are also able to choose how many rows of data they can view at once. Departments can also be sorted in alphabetical order A to Z or from Z to A. There is also an option to sort by amount. There is a button that will download the data into a PDF file for the user. A search box is available as well to search various words. Using the IT Department as an example, users can look at specific accounts and how much is spent for each account. There are detailed financial transactions that make up the amounts listed. Clicking on a specific date, a user can get more information about a transaction that occurred on a certain date. The user also has the ability to print this information. Ms. Bundschuh then accessed different areas in the program, using technology replacement as an example. A search was conducted on software maintenance which showed \$664,000 was spent on software in the technology replacement fund. Expenditures behind the \$664,000 can also be seen. By clicking on a specific description, the vendor can also be seen, as well as when the vendor was paid along with the check number. The user has the ability to print this information.

Ms. Bundschuh then talked about the way to access vendor spending. The user is able to search for a specific vendor using a search box. A vendor name was searched, showing payment to that vendor of \$327,000. The user could obtain more detailed information about the amount spent, by clicking on the vendor name which would show all the transactions behind that amount. This program will be released internally to staff over the next two months for testing to make sure it works properly. Glendale is one of the first cities in the Valley to offer this sort of detailed information in a searchable database. This is the first phase of this program. Revenues are expected to be added to the tool as well as some other functions.

Councilmember Lieberman asked if the City owned the program outright or if the program was leased. Ms. Bundschuh advised the City owns this program and it was developed by IT staff. Councilmember Lieberman was advised that the amounts listed are actual dollars and wanted to see the actual debt for this year. A demonstration was provided, but was advised not all of the debt service was in the fund shown as there were several funds which provided all the debt service for the City. Councilmember Lieberman asked to see the wages paid to date. The wages would have to be viewed by each department. Councilmember Lieberman also wanted to know if he would get to see this program before it is released to the public. Ms. Goke advised it would be available internally right after the meeting. Councilmember Lieberman expressed concern that the program did not show all the debt service in one page, rather than going by department. He said the current debt in all programs should be shown. Ms. Goke said there were other sources to look at the debt, including the comprehensive annual financial report. This program is another way to present the financial information for the City. Councilmember Lieberman said the program is called Follow Your Money and the program should show the debt service transactions as they occur.

Mayor Scruggs stated that she knew Councilmember Clark wanted to speak, but she would like to follow up on something on that Councilmember Lieberman was asking. She thought that staff was really trying to respond to what Council asked for, which was to see all the expenses that go out. Council wanted to know exactly what was being spent, so she thinks this is more like a ledger kind of thing. But, she would like to follow up on some questions that Councilmember Lieberman had, having to do with the debt service. For example, Ms. Goke was leading us to Technology Replacement Fund and what had been spent out of that. Will the public be able to see that money was moved out of the Technology Replacement Fund to put over to the hockey arena? Will that type of movement show in this program for instance to the NHL [National Hockey League]? Ms. Goke answered yes; it would show any payment made and any money that was transferred. It would not show any appropriation that was transferred.

Mayor Scruggs asked so would a search show money in there right now. The other question was going to be are the enterprise funds up there and can people go and see where money was taken out of water and sewer and sent to, well, in one case to the NHL and in the other case sent to the escrow account? That is an actual expenditure, that's not an appropriation. So, would they be able to see that on there? Ms. Goke answered they would be able to see last year expenditures to the NHL. Mayor Scruggs said but there has been money that was sent. Ms. Goke said only expenditures, only expenditures out of the expenditure accounts, so that money would not show up at this time. Mr. Skeete stated when a payment is made to the NHL, it will show up. Mayor

Scruggs asked how is the balance of the accounts tracked, because you had to send real money to the Bank of America. You didn't just send them a piece of paper saying we will send you money later. You had to send them real money to put into escrow, so that is real money going out. Why would it not show? Ms. Goke said it does show in the ledger, but this is not showing the entire general ledger, this is simply the expenditures out of the ledger and expenditures have not gone out for that. The money is sitting in an account at Bank of America. Mayor Scruggs said the money is at Bank of America, it is not in the City of Glendale Enterprise Fund account. Ms. Goke said the money is showing as an investment right now because we haven't expended the money yet. When the money is expended, it will show up in the expenditures in the general ledger. Mayor Scruggs said, but you've spent it, it's gone. We are not going to get it back. Mr. Skeete advised they do not record the expense until it actually occurs, and they do not record income until it is received. A commitment to pay is not expenditure. The money has been set aside to honor that commitment, but that money is still regarded as an asset to the City, not as expenditure. When an invoice from the NHL is presented, the agreement will be honored and the money will be expended. He said the City does not regard sales tax as revenue until that money shows up. The City does not regard money from a grant as revenue until the money shows up in the account.

Councilmember Clark said this was fantastic. There is a possibility of earning revenue by leasing this program out to other cities. This would be something to explore in case other cities want to do something similar. Councilmember Clark spoke about the first graph showing expenditures by department. She was bothered by the fact that expenditures were shown, but felt some explanation might be helpful of what the total budget is. Councilmember Clark also wanted to see the number of FTEs shown. She gave kudos to a program very well done. She knew of some citizens who were going to use the program beginning July 1st.

Mayor Scruggs said she would like to see that too. She has issues that have to do with how money is being spent, but let's talk about what is going on here. She continued that she would like to begin with Mr. Skeete, because she believes that his commitment to openness and transparency in government is paramount and that has led the city to the point where we are right now. So, she would like to give my thank you, appreciation, gratitude and congratulations to Mr. Skeete, because I know how you feel in your heart, your commitment to your profession and your commitment to transparency. We may not like what we see, but you, at least, are willing to let us see it. For everybody who is listening, she congratulates him. To the talent in your departments to actually make this happen, she thinks this is great. Addressing Councilmember Clark, she would take a different approach to what was being suggested that they add, because if they start adding all this other information, then we may as well go the budget book. Really, if everyone thinks back to where this started, it started because Councilmember Lieberman wanted a way for citizens to know how the money was being spent on a real time type basis. Mayor Scruggs asked if this was going to be updated monthly. Ms. Bundschuh stated it is updated every 24 hours. Mayor Scruggs said so when responding to constituents who are asking where the money is being spent, when constituents want to know and it is not enough that to let them know it was in the budget book and it was ok to spend it.

Mayor Scruggs continued that if you start with the current program, and if you start adding more information, you are kind of rebuilding the budget book and she thinks it will become clunky. However, in response to Councilmember Clark's valid points, maybe some narrative on each page that says for information on number of personnel, [click here](#) and it could take you to the budget book, or for information on the total budgeted amount for this department, [click here](#). She added that if people have to read too much, she thought it would become clunky. Mayor Scruggs continued that just like Councilmember Lieberman wants the debt thing, asking that a line be added to say for more information on the full picture of the City's debt, [click here](#), and you go to CAFR [Comprehensive Annual Financial Report]. She doesn't want to make it too clunky too, but she thought that the current tool is what addresses what the issue started out to be in a Council item of special interest and does an excellent job of it. She commented that it is so clean, so crisp and so user friendly, congratulations to you. Mayor Scruggs continued that she apologized if she gave a different impression because she does have other issues, but this is great. Like she said kudos it all starts at the top. This is what Council wants; transparent government or government not to make it so hard to find information, people give up and go away. This tool is transparent government.

Councilmember Lieberman stated he was looking for a daily balance sheet. He wanted something he could look at day to day to see where the City was. He wanted one line per day saying the City is ahead or behind, where is the City at. The citizens would like to see that. He said the average citizen who has a hard time balancing their checkbook probably would not be able to read the City's balance sheet, but he would like to see a daily balance sheet to the program.

Councilmember Martinez wanted to thank staff for creating an excellent tool, showing that staff is doing everything possible to be transparent and let people know what is going on.

Councilmember Knaack asked if this program could be copyrighted. Ms. Bundschuh said that would be something that would have to be looked into. Councilmember Knaack said it should be looked at.

Mayor Scruggs said if they can figure it out, you don't think every other IT and Finance Department can figure it out.

Councilmember Knaack was considering the revenue aspect of the program.

Vice Mayor Frate wanted to thank the staff for doing a great job and creating a user friendly program. He continued that not all cities have the ability that Glendale does, as smaller cities don't have the people to create these programs.

Mayor Scruggs cautioned the Vice Mayor to be careful so that he doesn't insult people along the way.

Vice Mayor Frate said it was not an insult, the other cities don't have the expertise or they are not as large a city as the City of Glendale.

Ms. Bundschuh thanked Mr. Tang and Mr. Polintan and other IT staff that were integral in developing the program and made it come to life over the last several months. The prototype is not what it looks like today. They figured out a way to make it happen.

Mayor Scruggs commented on how clean the program was adding that you can just put everything in the world in a program and then everybody just get frustrated. The presentation is just wonderful, really it is. Then, if you can figure out how to make my computer work as quickly as this one does, when you click and something comes right up, boy, come on over. It's really, really nice. Again, let's go back to what started the whole thing in the first place. What was our request of staff? That's like vendors, businesses who want to know why aren't they buying from me, who are they buying from, so they can go right in. Like you used IT, they want to see who IT is buying from; they can go right to it and find that out. She thought it was great, thank you. Thank you.

Mr. Skeete reiterated this is a tool in a series of steps. The revenue side is being worked on as well as tying this to the contracts that we have on file as well. He added that a person can look where the \$500,000 was spent, did we have a contract and what is that contract. In addition to this, they are working on tracking the budget numbers as well. These are things in the pipeline now.

Mayor Scruggs stated that when Councilmember Lieberman was talking about how he wants to know today how much are we in debt or how much we have spent, compared to the budget; she was picturing those websites for fundraising where they have the dial. Ok, today we are here on the dial and tomorrow we're are there. Never mind, just something simple. In response to Councilmember Clark's statement about it being a thermometer, Mayor Scruggs continued that's right, that's what she meant, the thermometer. It shows that things are going up here, so you can have the whole budget, now we are here, here and here. I think it is beautiful the way it is and you have enough to do listening to Mr. Skeete and figuring out how to please him with all his ideas. Thanks for the ideas, Mr. Skeete, we appreciate you keep having ideas. Thank you.

That concludes our workshop session for today.
ADJOURNMENT

The meeting was adjourned at 2:15 p.m.