FileLocal

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Call
City of Bellevue

Chris Bothwell
City of Lake Forest Park

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

Executive Board Agenda

March 26th,2018

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

1. **CALL TO ORDER**
   A. Introductions

2. **PUBLIC COMMENT***

3. **APPROVAL OF 3-19-18 MEETING SUMMARY**

4. **ACTION ITEMS**
   A. Resolution FL2018-01: Bremerton Subscription Admission
      I. Briefing Paper: Resolution FL2018-01
      II. Resolution FL2018-01
      III. Attachment A: Subscriber Agreement
      IV. FL2018-01 FLEB Overview

   B. Resolution FL2018-02: Renton Principal Admission
      V. Briefing Paper: Resolution FL2018-02
      VI. Resolution FL2018-02
      VII. Attachment A: Addendum
      VIII. FL2018-02 FLEB Overview

   C. Resolution FL2018-03: Fiscal Manual
      IX. Briefing Paper: Resolution FL2018-03
      X. Resolution FL2018-03
      XI. Attachment A: Fiscal Manual
      XII. Attachment B: Redline Comparison
      XIII. Attachment C: DOA

   D. Resolution FL2018-04: FileLocal Executive Board Officer Elections
      XIV. Resolution FL2018-04

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

5. OTHER BUSINESS

A. Monthly Business Report
B. Account Setup Task Force Update
C. January Help Desk Issues

6. NEXT MEETING:

A. FLEB May 29th, 2018

7. ADJOURNMENT

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

Executive Board Meeting Summary

March 19, 2018

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4240
SEATTLE, WA

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Call
City of Bellevue

Chris Bothwell
City of Lake Forest Park

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

KEY: Underlined text indicates actions/decisions.
Bold/italicized text indicates follow up items.

Standing Items

1. **CALL TO ORDER**

The **March 19th, 2018**, meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at **11:09 a.m.** and held in Conference Room **4240** of the Seattle Municipal Tower in Seattle, Washington.

ROLL CALL

Board Members Present: Toni Call (phone), Chris Bothwell (phone), Joseph Cunha (in person) for Glen Lee, and Danielle Larson (phone) for Andy Cherullo

Staff and Guests: Kevin Fitzpatrick, David Linehan (phone), and Horace Francis (phone)

2. **PUBLIC COMMENT**

There were no public comments.

3. **APPROVAL OF MEETING SUMMARY**

On a motion made by **Chris Bothwell** and seconded by **Joseph Cunha**, the board approved the **12-11-17**, meeting summary.

4. **REVIEW OF FINANCIAL STATEMENT**

Kevin Fitzpatrick summarized the **November 2017, December 2017 and January 2018** financial statements and cash status. There were no questions or comments

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

5. **ACTION ITEMS:**

   A. **Action Items to be reviewed at the 3-26-18 FileLocal Executive Board.**

6. **DISCUSSION ITEMS:**

   A. A quorum was established with the cities of Bellevue, Lake Forest Park and Seattle initially at the meeting and Tacoma joining later.

   B. With the absence of the Chair and the Vice-Chair, Toni Call was nominated by Chris Bothwell and seconded by Joseph Cunha to chair the meeting. Toni Call accepted.

   C. FL2018-03 Fiscal Manual

      a. All board members/acting board members had previously reviewed the Fiscal Manual changes so no further review was deemed necessary.

      b. Resolution FL2018-03 to be voted on during the next FLEB Meeting March 26, 2018.

   D. IT Security Audit

      a. Leviathan completed the audit in January 2018.

         i. None of the gaps identified constitute a significant risk to FileLocal or their customers, with many of the gaps being gaps against an audit requirement alone.

         ii. Key activities include the Agency to update change requests to include provision for security, an annual review to be implemented (Q3'XX), contractual updates with Kubra/eGov and Leviathan to update/align the IT Process steps.

   E. Vendor Warrants

      a. Review of the vendor warrant list for Q1'18.

7. **ADJOURNMENT**

   On a suggestion made by **Toni Call** and seconded by **Kevin Fitzpatrick**, the meeting of the Executive Board adjourned at **11:24 a.m**.

Respectfully Submitted,



Danielle Larson for Andy Cherullo
Vice-Chair, FileLocal

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

File Local Resolution FL2018-01
Briefing Paper

Date: 3-26-18

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the addition of a new city – City of Bremerton – as a Subscriber city.

Operating Committee Recommendation: The Portal Agency Executive Board should pass Resolution 2018-01 approving the addition of the City of Bremerton as a subscriber city as determined by the FileLocal Executive Board (FLEB).

Rationale: The Agency was founded through an Interlocal Agreement ("ILA") signed in March 2014 by the cities of Bellevue, Everett, Seattle, and Tacoma. The founding cities ("Principals") created a web application gateway ("Portal") to collectively administer business licensing and tax collection that allows businesses in the Principal cities to use a "one-stop" system for licensing and tax payments. The ILA anticipates the addition of new cities either as Principals or Subscribers, with the costs of operating the Portal thereby being spread among a greater number of participants. New cities may join as Principals by becoming signatories to the ILA after approval by a super-majority vote of the Executive Board. Cities joining as Principals obtain a voting seat on the Executive Board. Alternatively, new cities may join as "Subscribers" by entering into a separate agreement with the Agency, upon approval by super-majority vote of the Executive Board. In general, Subscriber cities do not have voting rights on the Executive Board, and they may have somewhat different financial obligations to the Agency, depending on the terms of the negotiated Subscriber agreement approved by the Board. The proposed Subscriber Agreement for Bremerton is attached as Attachment A to the Resolution.

This Resolution approves the admittance of the City of Bremerton as a Subscriber city, conditioned upon Bremerton's legislative body also approving the attached Subscriber Agreement.

RESOLUTION NO. 2018-01

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board approving the addition of the City of Bremerton as a Subscriber City.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Agency") was originally established under the Interlocal Agreement By and Between the Cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014 ("Interlocal Agreement"); and

Whereas, Section 8.c. and 8.d. of the Interlocal Agreement authorize the Executive Board to approve, by super-majority vote, the admission of new cities as either Principals or Subscribers; and

Whereas, the City of Bremerton has indicated its interest and desire to become a Subscriber of the Portal, and its willingness to execute a Subscriber Agreement in a form substantially similar to the agreement attached hereto as Attachment A, upon approval of its legislative body, and to fulfill any and all financial terms and conditions included therein as the Executive Board may deem appropriate and consistent with the Agency's Bylaws and Portal Operations Policy;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby approves admission of the City of Bremerton as a Subscriber of the Agency, pursuant to Section 8 of the ILA.

SECTION 2. The addition of the City of Bremerton as a Subscriber is conditioned upon its execution of the Subscriber Agreement in a form substantially similar to that which is attached hereto as Attachment A, provided such execution is authorized by the City Council of the City of Bremerton and completed by no later than the 31st day of December, 2018.

SECTION 3. The addition of the City of Bremerton as a Participating City is further conditioned upon its written consent to comply with the Agency's Portal Operations Policy.

ADOPTED by super-majority vote, this 26th day of March 2018.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

FILE LOCAL AGENCY

SUBSCRIBER AGREEMENT

This Subscriber Agreement is entered into by and between the Washington Multi-City Business License and Tax Portal Agency d/b/a FileLocal ("Agency") and the City of Bremerton, Washington ("City").

WHEREAS, the Agency was formed and is governed by that certain Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement by and between the Cities of Bellevue, Everett, Seattle, and Tacoma ("Interlocal Agreement") Exhibit B; and

WHEREAS, the Interlocal Agreement provides for the acceptance of new cities to join the Agency as either Principals or Subscribers, as those terms are defined in the Interlocal Agreement; and

WHEREAS, the City enters into this Subscriber Agreement in order to comply with new State Law (EHB 2005) as passed by the Washington State Legislature in July 2017. The law becomes effective in 2018 and requires cities to partner with either the State Business License System or FileLocal. The bill seeks to improve the business climate in the state by simplifying the administration of municipal business licenses. The City Council has selected to partner with FileLocal; and

WHEREAS, the Agency has determined by vote of its Executive Board to accept City as a new Subscriber, as that term is defined in Section 3.cc of the Interlocal Agreement; and

WHEREAS, City has agreed to become a Subscriber of the Agency on the terms and conditions set forth in this Subscriber Agreement;

NOW, THEREFORE, the Agency and City agree as follows:

1. Scope of Services. Agency shall provide City with a Standard Implementation package of services, comprising access to and use of the General Business License ("GBL"), GBL Renewal, and Taxes functionalities of the FileLocal Portal, utilizing information from the Standard Implementation Guide which will be agreed upon by both parties and will be on file with the City.

2. Commencement of Services. Services provided by Agency to City under this Subscriber Agreement shall commence on September 18, 2018, or the day during the third quarter of 2018 that the anticipated update to the File Local Portal software is released, whichever is later ("Commencement Date").

3. Subscriber Status. City shall have and enjoy all the rights, benefits, and obligations of a Subscriber, as that term is defined in Section 3.cc of the Interlocal Agreement.

4. Compensation Payable to Agency.

A. Onboarding Costs. At the time of execution of this Subscriber Agreement, City shall pay to Agency a total implementation charge of $12,200, comprising the following onboarding costs:

(i) Implementation Cost – eGov: $3,000;

(ii) Custom work by eGov to add an additional 90-day penalty period: $4,000;

(iii) Praxis implementation with CSV renewels, est. $3,200 and

(iv) Standardized City Template Recovery Charge: $2,000.

B. Yearly Costs. In addition to the Onboarding Costs listed above, City shall also pay the Agency yearly costs in amounts to be determined in accordance with Section 13 of the Subscriber Agreement. The first annual payment of yearly costs shall be prorated based on the signing date of this Subscriber Agreement. Payment of yearly costs is due within 30 days of Subscriber's receipt of the annual invoice from the Agency. Projected yearly costs through the year 2022 are shown on Exhibit A, but are subject to revision and final determination annually pursuant to Section 13.e. of the Interlocal Agreement.

C. Delinquencies. As provided in Section 13.k. and 13.l. of the Interlocal Agreement, Subscriber agrees that if fees and charges are not paid in full within 30 days of receipt of an invoice from the Agency, interest shall begin accruing immediately on any unpaid fees and charges at the Federal Reserve Prime Rate as of the date payment was originally due, plus three percent per year. In the event that Subscriber fails to pay all fees and charges within six months of receipt of the Agency's invoice, then the Executive Board may terminate provision of the Agency's services to Subscriber.

5. Duration of Agreement. This Subscriber Agreement takes effect on the date it is last signed by one of the parties hereto. This Subscriber Agreement will remain in full force and effect for three (3) years after the Commencement Date, unless sooner terminated under the provisions of this Subscriber Agreement or extended by a mutual, written agreement of the parties.

6. Termination of Agreement. Either party may terminate this Subscriber Agreement at any time, with or without cause, by giving notice in writing to the other

party. If Subscriber elects to terminate this Subscriber Agreement before the end of the initial term, it must provide written notice to the Executive Board on or before December 31st, with termination effective on the last day of the next calendar year. Upon termination (with or without cause) or expiration of this Subscriber Agreement, Subscriber shall have the same right to copies of data as departing Principals have under Section 17.c. of the Interlocal Agreement. A termination of this Subscriber Agreement by either party for cause will not prevent the terminating party from seeking any other legal remedies it may otherwise have for the violation or nonperformance of any provisions of this Subscriber Agreement.

7. Subscriber's Non-Voting Seat on Executive Board. Pursuant to Section 7.d. of the Interlocal Agreement, City shall select a representative to serve as City's non-voting member of the Agency's Executive Board. This selection shall be made and reported to the Secretary of the Agency no later than 10 days before the next regular meeting of the Executive Board following execution of this Subscriber Agreement. If other cities later join the Agency as Subscribers, then City shall confer with such new Subscriber(s) to determine the means by which to select the non-voting member of the Executive Board to jointly represent the Subscribers. If the voting members of the Executive Board later vote to increase the number of non-voting seats on the Executive Board pursuant to Section 7.d. of the Interlocal Agreement, then the cities who are Subscribers at that time shall confer among themselves to determine the means by which to select the representatives who will fill the non-voting seats on the Executive Board to represent the Subscribers, and further, they shall report their selection(s) as required by Section 7.d. of the Interlocal Agreement. All persons serving as non-voting members of the Executive Board must meet the eligibility requirements of Section 7.e. of the Interlocal Agreement, and their service on the Executive Board is subject to all other requirements of the Interlocal Agreement pertaining to members of the Executive Board.

8. Ownership and Use of Documents. Any records, files, documents, drawings, specifications, data or information, regardless of form or format, and all other materials provided by Agency to City in connection with the services provided to the City hereunder, shall be the property of the Agency whether the project for which they were created is executed or not.

9. Assignment of Intellectual Property Rights. City hereby assigns to the Agency all rights, title, and interest City has or may have in any data and publications created, developed, or adapted by City under this Subscriber Agreement for the Agency's use or benefit. City may not seek to patent or register trademark or copyright in any data or publications assigned to the Agency under this Subscriber Agreement, and City shall cooperate reasonably with the Agency in pursuing any patent, trademark, or copyright registrations available to it. City may not, without the Agency's prior written approval, publish any results of studies and/or services performed or to be performed under this Subscriber Agreement for any purpose other than for Agency use. This intellectual property assignment provision does not apply to any data that is developed by City independently of this Subscriber Agreement.

10. Intellectual Property Infringement. If the City or any of its Consultant's work under this Subscriber Agreement infringes upon or misappropriates any patent, copyright, trade secret, trademark or other intellectual property right belonging to a third party, City shall either (a) procure for Agency the right to use such work at no cost to the Agency; or (b) modify such work so that it no longer infringes or misappropriates any such third-party intellectual property right.

11. Independent Contractor. Nothing in this Subscriber Agreement is intended to create the relationship of employer and employee between the parties hereto or any of their employees or contractors. The work of any of City's employees shall remain at all times under the direct control and supervision of City, and not the Agency. City shall provide at its sole expense all materials, office space, and other materials necessary to utilize the services contemplated under this Subscriber Agreement. City is solely responsible for its acts and for the acts of its employees, agents, officers, volunteers, and representatives during the performance of this Subscriber Agreement. Neither City nor any of its employees, agents, officials, volunteers, or representatives is entitled to any benefits accorded Agency employees. The Agency is not responsible for paying wages to any employee, agent, official, volunteer, or representative of City, nor is Agency responsible for withholding or otherwise deducting any customary state or federal payroll deductions, including but not limited to FICA, FUTA, state industrial insurance, state workers compensation, or the like. The Agency assumes no duties of an employer with respect to the City or any employee, agent, official, volunteer, or representative of City.

12. Indemnification.

A. City shall protect, defend, indemnify, and hold harmless the Agency, its officers, board members, officials, employees, agents, and volunteers while acting within the scope of their employment or capacity as such, from any and all claims, costs, losses, injuries, demands, judgments, suits, actions, awards of damages, or liabilities of any kind, including attorney's fees, that arise out of, or in any way result from, City's acts, errors, or omissions, or the acts, errors, or omissions of City's employees, consultants, or agents in connection with this Subscriber Agreement. City's obligations under this paragraph extend to any claims, demands, suits, or actions asserted by third parties against the Agency, and any resulting costs, awards of damages, liability of any kind arising out of or resulting in any way from the acts or omissions of City. City will not be required to indemnify, defend, or hold harmless the Agency if the claim, suit, demand, or action for loss, injury, or damages (whether to persons or property, or both) is caused by the sole negligence of the Agency. Where such claims, suits, or actions result from the concurrent negligence of City and the Agency (including its officers, board members, employees, and volunteers) or any third party, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein, including the duty and cost to defend, apply only to the extent of City's proportionate fault. In the event that the Agency incurs attorneys' fees,

costs, or other legal expenses to enforce the indemnity provisions of this Agreement, all such fees, costs, and expenses shall be recoverable by the Agency from City.

B. This indemnification and waiver shall survive the termination of this Subscriber Agreement. Any failure or delay by either party in seeking to enforce any provisions of this Subscriber Agreement may not be construed as a waiver of such provisions or of any other provision of this Agreement.

13. Public Records. If City seeks the assistance of Agency in identifying, searching, retrieving, copying, or producing City records that are in the possession or control of Agency and that are or may be responsive to a public records request directed to City under the state Public Records Act, Chapter 42.56 RCW, City agrees to reimburse Agency for its costs associated with fulfilling such request for assistance.

14. Entire Agreement. This Subscriber Agreement, including the Exhibits referenced herein, contains the entire agreement between the parties, and it supersedes all oral or written proposals and contracts previously made on the subject matter hereof. Either party may request changes to this Subscriber Agreement. No changes to this Subscriber Agreement are effective unless reflected in written amendments, signed by both parties.

15. Notices. Except where otherwise noted in this Subscriber Agreement, notices required or permitted under this Subscriber Agreement must be sent to the following addresses, and are considered effective only when delivered by the U.S. Mail, postage prepaid, return-receipt requested, or when personally delivered by messenger or nationally recognized overnight courier service (e.g., Federal Express), addressed to:

Agency: FileLocal
Attn: Program Manager
700 Fifth Avenue, Suite 4350
P.O. Box 94669
Seattle, WA 98124-4669

City: City of Bremerton
Attn: Andrea Spencer, Director
Community Development
345 6th Street, Suite 100
Bremerton, WA 98337

16. Applicable Law; Venue; Attorneys' Fees. This Agreement is governed by and shall be interpreted and construed in accordance with the laws of the State of Washington, excluding its conflict-of-laws rules. The parties specifically understand and agree that King County, Washington, is the exclusive venue for any suit, arbitration, or other dispute-resolution proceeding instituted to resolve any dispute arising out of or related to this Agreement or the parties' performance hereunder. The prevailing party in

any such action is entitled to its reasonable attorneys' fees, costs, and expenses incurred, the amount of which shall be fixed by the judge or arbitrator hearing the case, and such fees, costs, and expenses shall be included in the judgment or award.

17. Severability. Any provision or part of this Subscriber Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon the Agency and City. The parties agree that the Subscriber Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as reasonably possible to effectuating the original intent of the parties with respect to the stricken provision.

AGREED TO AND EXECUTED BY:

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY d/b/a FILE LOCAL	CITY OF BREMERTON
By: _____	By: _____
Kevin Fitzpatrick	Greg Wheeler
Title: Program Manager	Title: Mayor
Date: _____	Date: _____
APPROVED AS TO FORM:	APPROVED AS TO FORM:
_____	_____
David A. Linehan, Agency Attorney	Bremerton City Attorney

EXHIBIT A

PROJECTED YEARLY COSTS

Pursuant to the Subscriber Agreement, yearly charges to the City of Bremerton are projected as follows, but are subject to revision and final determination annually pursuant to Section 13.e. of the Interlocal Agreement:

Washington Cities Business License and Tax Portal Agency
2018-2022 Proposed Budget
2/20/2018

	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Revenue					
Fund Carryover	30,000				
User Fees	184,000	242,400	326,640	449,304	629,234
User Fees from Renton & Bremerton	62,550	137,610	151,371	166,508	183,159
Reimbursable Costs					
- City of Seattle	539,416	424,588	409,173	371,357	313,602
- City of Bellevue	78,522	61,807	59,563	54,058	45,651
- City of Tacoma	126,947	99,923	96,295	87,396	73,804
- City of Everett	36,540	28,762	27,718	25,156	21,244
- City of Lake Forest Park	8,886	6,995	6,741	6,118	5,166
- City of Renton	17,118	30,796	29,678	26,935	22,746
- City of Bremerton	17,623	31,706	30,555	27,731	23,418
Total Reimbursable Costs	825,052	684,576	659,722	598,751	505,631
Capital Cost Recovery Charges					
- City of Bellevue	6,000	6,000	6,000	6,000	6,000
- City of Tacoma	6,000	6,000	6,000	6,000	6,000
- City of Everett	2,000	2,000	2,000	2,000	2,000
- City of Lake Forest Park	2,000	2,000	2,000	2,000	2,000
- City of Renton	2,000	4,000	4,000	4,000	4,000
- City of Bremerton	2,000	4,000	4,000	4,000	4,000
Total Capital Cost Recovery Charges	20,000	24,000	24,000	24,000	24,000
Total Revenue	**1,121,602**	**1,088,586**	**1,161,733**	**1,238,563**	**1,342,024**
Expenditures					
Labor	347,882	358,319	369,068	380,140	391,544
Contracts	45,670	46,766	47,841	48,942	50,067
Overhead	57,049	58,418	59,761	61,136	62,542
Technology Costs	567,939	595,078	650,738	712,977	798,893
Operating Reserve	19,016	6,006	10,324	11,368	14,978
Capital Cost Recovery Payments	20,000	24,000	24,000	24,000	24,000
Total Expenditures	**1,057,555**	**1,088,586**	**1,161,733**	**1,238,563**	**1,342,024**
	-	-	-	-	-
Excess (Deficit)	**64,047**	-	-	-	-

Key New City Onboarding Activities

1. **Preadmission Meeting with the City**
   - Agency/System Overview – 7.19.17
   - Standard Implementation Fit Review – 9.8.17
2. **Onboarding Schedule/Fees**
   - eGov Quote Review/email – 10.17.17
3. **Agency Yearly Fee Schedule**
   - See Portal Agency – yearly costs 7.19.17
4. **Onboarding City Type**
   - Standard Implementation Fit Review 9.8.17
5. **Executive Board Approval - 3.26.18**

FileLocal

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Yearly Agency Fee's

Washington Cities Business License and Tax Portal Agency

New City Worksheet for Bremerton

2/20/2018

	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Revenue					
User Fees from Bremerton	31,730	69,806	76,787	84,465	92,912
* Reimbursable Cost	17,623	34,204	32,949	30,192	25,948
* Capital Recovery Charge	2,000	4,000	4,000	4,000	4,000
Total Revenue	51,353	108,010	113,735	118,657	122,860
	-	-	-	-	-
Expenditures					
Transaction Cost	11,899	26,177	30,715	33,786	37,165
Incremental Cost	12,353	25,406	26,118	26,851	27,604
Capital Recovery Charge	2,000	4,000	4,000	4,000	4,000
Total Expenditures	26,252	55,583	60,833	64,637	68,769
	-	-	-	-	-

* Yearly Projected Fee

- **Key Assumptions**
  - Starting Budget is the December 2017 Final (2018-2022) Budget
  - City of Bremerton will onboard Q3'18
  - 2018 Full Year Bremerton Transactions 15,865 prorated for Q3'18 turn-on

Onboarding Option/Schedule/Fees

- Onboarding Schedule – schedule is dependent on Praxis implementation ~Q3'18

- Onboarding Option – Standardized City Template
  1. General Business Licensing, GBL Renewals, Taxes
  2. Web Services
  3. Penalty Customization

- Implementation Fees

eGov – B&O Cust, STD Setup, Web Service	$10,200
Agency STD. City Template Recovery Charge	$ 2,000
Total Cost	$12,200

Onboarding City Type

- **Subscriber**
  1. Contract with the Agency – City Legislative Authorization
     1. Nature of the Services Provided – License, Renewal, Taxes
     2. Price of Admission - $12,200
     3. Duration of the Participation – 12/2018
     4. Any other Assistance Provided - none
  2. Doesn’t Assist with the Management of the Agency
  3. Non-Voting Member of the Executive Board

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

File Local Resolution FL2018-02
Briefing Paper
Title

Date: 3-26-18

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the addition of a new city – City of Renton – as a Principal?

Options: The Portal Agency Executive Board needs to vote on whether to pass Resolution 2018–02 approving the addition of the City of Renton as a principal.

Operating Committee Recommendation: The Portal Agency Executive Board should pass Resolution 2018–02 approving the addition of the City of Renton as a principal.

Rationale: The Agency was founded through an Interlocal Agreement ("ILA") signed in March 2014 by the cities of Bellevue, Everett, Seattle, and Tacoma. The founding cities ("Principals") created a web application gateway ("Portal") to collectively administer business licensing and tax collection that allows businesses in the Principal cities use a "one-stop" system for licensing and tax payments. The ILA anticipates the addition of new cities either as Principals or Subscribers, with the costs of operating the Portal thereby being spread among a greater number of participants. New cities may join as Principals by becoming signatories to the ILA after approval by a super-majority vote of the Executive Board. Cities joining as Principals obtain a voting seat on the Executive Board. Alternatively, new cities may join as "Subscribers" by entering into a separate agreement with the Agency, upon approval by super-majority vote of the Executive Board. In general, Subscriber cities do not have voting rights on the Executive Board, and they may have somewhat different financial obligations to the Agency, depending on the terms of the negotiated Subscriber agreement approved by the Board.

This Resolution approves the admittance of the City of Renton as a Principal city, conditioned upon Renton's legislative body also approving the ILA.

RESOLUTION NO. FL2018-02

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board approving the addition of the City of Renton as a Principal City.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Agency") was originally established under the Interlocal Agreement By and Between the Cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014 ("Interlocal Agreement"); and

Whereas, Section 8.c. and 8.d. of the Interlocal Agreement ("ILA") authorize the Executive Board to approve, by super-majority vote, the admission of new cities as either Principals and Subscribers; and

Whereas, the City of Renton has indicated its interest and desire to become a Principal of the Portal, and its willingness to execute the ILA, upon approval of its legislative body, and to fulfill any and all financial terms and conditions included therein as the Executive Board may deem appropriate and consistent with the Agency's Bylaws and Portal Operations Policy;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby approves admission of the City of Renton as a Principal of the Agency, pursuant to Section 8 of the ILA.

SECTION 2. The addition of the City of Renton as a Principal is conditioned upon its execution of the ILA, provided such execution is authorized by the City Council of City of Renton and completed by no later than December 31, 2018.

SECTION 3. The addition of the City of Renton as a Participating City is further conditioned upon its written consent to comply with the Agency's Portal Operations Policy.

ADOPTED by super-marority vote, this 26th day of March, 2018.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

SECOND ADDENDUM TO PAGE 31 OF THE WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY INTERLOCAL AGREEMENT DATED MARCH 1, 2014

Pursuant to FileLocal Resolution FL2018-02 and Section 8 of the foregoing, this Agreement has been executed by the City of Renton to become a Principal city on the date set forth below:

City of Renton

_____
Mayor

_____
Date

Key New City Onboarding Activities

1. **Preadmission Meeting with the City**
   - Agency/System Overview – 5.26.17
   - Standard Implementation Fit Review – 10.30.17
2. **Onboarding Schedule/Fees**
   - Fit Review 1.31.18
3. **Agency Yearly Fee Schedule**
   - Yearly Fee Schedule – 7.24.17
4. **Onboarding City Type**
   - Agency/System Overview – 7.24.17
5. **Executive Board Approval**
   - FileLocal Executive Board 3.26.17

Onboarding Option/Schedule/Fees

- Onboarding Schedule – schedule is dependent on Praxis implementation which is estimated to be Q3'18

- Onboarding Option – Standardized City Template
  1. General Business Licensing, GBL Renewals, Taxes
  2. Web Services
  3. B&O Form Customization

- Implementation Fees

eGov – B&O Cust, STD Setup, Web Service	$11,450
Agency STD. City Template Recovery Charge	$ 2,000
Kubra Setup	$ 3,500
Total Cost	$16,950

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Yearly Agency Fee's

Washington Cities Business License and Tax Portal Agency

New City Worksheet for Renton

2/20/2018

	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Revenue					
User Fees from Renton	30,820	67,804	74,584	82,043	90,247
* Reimbursable Cost	17,117	33,223	32,004	29,326	25,204
* Capital Recovery Charge	2,000	4,000	4,000	4,000	4,000
Total Revenue	49,937	105,027	110,588	115,369	119,451
	-	-	-	-	-
Expenditures					
Transaction Cost	11,558	25,427	29,834	32,817	36,099
Incremental Cost	11,999	24,677	25,369	26,081	26,812
Capital Recovery Charge	2,000	4,000	4,000	4,000	4,000
Total Expenditures	25,557	54,104	59,203	62,898	66,911
	-	-	-	-	-

* Yearly Projected Fee

- **Key Assumptions**
  - Starting Budget is the December 2017 Final (2018-2022) Budget
  - City of Renton will onboard Q3'18
  - 2018 Full Year Renton Transactions 15,410 prorated for Q3'18 turn-on
  - Assumes only Revenue/Cost increases related to 15,410k transactions

Onboarding City Type

- **Principal**
  1. Interlocal Agreement – City Legislative Authorization
  2. Assist with the Management of the Agency
  3. Voting Member of the Executive Board

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

File Local Resolution FL2018-03
Briefing Paper

Date: March 26th, 2018

Issue: Shall the Washington Multi-City Business Tax and License Portal Agency Executive Board approve the updated Fiscal Manual?

Operating Committee Recommendation: The Portal Agency Executive Board should approve the updated Fiscal Manual.

Rationale: The Fiscal Manual needs to be updated to reflect both principal and subscriber cities as well as simplifying authorization for spending while maintaining sound financial controls.

The Fiscal Manual adopted under resolution FL2014-20 and contained in the body of the current Operating Manual was written from the perspective of the four founding cities who are all principal cities and would be a member of the Agency for a full fiscal year. As new cities are brought into the Agency, they will be brought in mid-year as both Subscriber and Principal cites.

The FL2014-20 manual was written so that authorization levels depended on the type of transaction. The authorizations were not always consistent, so the policy was updated to simplify the authorization to authorizations for contracts, program manager expenditures, and non-program manager expenditures.

A summary of key changes to the Fiscal Manual is attached to this Briefing Paper.

Key Changes

1. **INTERNAL CONTROL**

   Reason for the Change

   - Fiscal Manual currently calls out for a financial statement review with the board monthly. This align the financial statement review with the current practice.

   Section Changed

   Procedure

   1. FileLocal Program Manager will review financials monthly.
   2. The Executive Board will review the financials per the resolution authorizing the FileLocal Executive Board meeting.

2. **ACCOUNTING SYSTEMS**

   No Changes

3. **BUDGET**

   No Changes

4. **CASH MANAGEMENT**

   No Changes

5. **CASH RECEIPTS AND DEPOSITS**

   Reason for the Change

   - Change the spelling of third party to third-party.

   Procedure Sections C and D

6. DISBURSEMENTS

6.1 AUTHORIZATIONS

Reason for the Change

- To align and simplify budgeted and unbudgeted authorizations. This change is recommended for authorizations for purchases, contracts and all other expenditures other than Program Manager specific items.

Policy Sections (A)

1. Unbudgeted authorizations less than $5,000 – Executive Chair, Vice Chair and Program Manager
2. Unbudgeted authorizations equal or greater than $5,000 – board resolution
3. Budgeted items less than $50,000 - Program Manager
4. Budgeted items greater than $50,000 - Executive Chair, Vice Chair and Program Manager
5. Contracts to be reviewed with the FileLocal Executive Board at the next regularly scheduled Executive Board Meeting

Reason for the Change

- To align and simplify budgeted and unbudgeted Program Manager authorizations.

Policy Sections (B)

1. Unbudgeted authorizations less than $500 – Executive Chair and Vice Chair
2. Unbudgeted authorizations equal or greater than $500 – board resolution
3. Budgeted items less than $250 - Treasurer
4. Budgeted items greater than $250 – Treasurer and either Executive Chair or Vice Chair

6.2 CASH DISBURSEMENTS

No Changes

6.3 CHECK REQUEST

Reason for the Change

- Alignment and simplification for check requests. Prior policy included an authorization provision which was different (authorization from the Treasurer and Executive Board) than the authorization policy in 6.1.2.A and 6.1.2.B. This aligns the authorization with the Authorization Policy.

Responsibility Sections

1. Check and reimbursement request must follow the Authorization Policy in 6.1.2.A and 6.1.2.B.

6.4 CHECK CONTROL

No Changes

6.5 TRAVEL EXPENSE

Reason for the Change

- Alignment and simplification for travel expense. Prior policy included an authorization provision which was different for the Program Manager (check request for the Program Manager must be approved by the Treasurer or any Executive Board Member) than the authorization policy in 6.1.2.A and 6.1.2.B. This aligns the authorization with the Authorization Policy.

Responsibility Sections

1. The authorization and check requests must follow the same process as outlined in 6.1 Authorizations and 6.3 Check Requests.

7. REVENUE AND RECEIVABLES

7.1 REVENUE RECOGNITION

Reason for the Change

- The prior policy was written to reflect the four founding cities which used the Interlocal Agreement as the basis for Revenue Recognition. The changes being recommended reflect new cities are being added mid-year and that there are both subscriber and Interlocal Agreement cities being added.

Procedure Section

1. The Procedure Section (4a) has specific references to the founding cities. This was changed to participating cities.
2. Reimbursable costs were written assuming all cities joined via the Interlocal Agreement and that all costs were known at the beginning of the year. Procedure Sections (4c and 4d) were updated to reflect mid-year cities and including verbiage for subscriber cities.

7.2 BILLINGS AND ACCOUNTS RECEIVABLE

Reason for the Change

- The prior policy was written to reflect the four founding cities which used the Interlocal Agreement as the basis for Revenue Recognition. The changes being recommended reflect new cities are being added mid-year and that there are both subscriber and Interlocal Agreement cities being added.

Procedure Section

1. The Procedure Section (4b) was modified to include mid-year cities.

8. PROCUREMENT AND CONTRACT MANAGEMENT

8.1 PROCUREMENT

No Changes

8.2 CONTRACTS

Reason for the Change

- To align and simplify budgeted and unbudgeted authorizations. This change is recommended for authorizations for purchases, contracts and all other expenditures other than Program Manager specific items.
- Second change is to remove the assignment clause and contracts between government entities at the recommendation of David Linehan.

Policy Section

1. Prior Policy said that personal or professional services with private entities or individuals must be approved in writing by the Chair of the Executive Board. The change being recommended doesn't differentiate between contracts and simply says that budgeted contracts less than $50,000 can be approved by the Program Manager and contracts greater than $50,000 require the approval of the Board Chair and Vice Chair. All contracts will be reviewed with the Board during the next scheduled Board Meeting.

Procedure Section

2. Assignment clause (8.2.3.D) removed from the procedure section at the recommendation of Agency's attorney.
3. Contracts between governmental entities (8.2.3.F) removed from the procedure section at the recommendation of Agency's attorney.

9. CAPITAL ASSET MANAGEMENT

9.1 CAPITALIZATION POLICY

No Changes

9.2 PHYSICAL INVENTORY

No Changes

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9.3 Disposition

No Changes

9.4 Capital Asset Impairment

No Changes

10. JOURNAL ENTRIES

No Changes

RESOLUTION NO. 2018-03

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Approving Amendments to the Portal Agency Operations Policy — Fiscal Manual.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Portal Agency") Interlocal Agreement requires the development of a Portal Agency Operations Policy;

Whereas, File Local Resolutions FL2014-15 and FL2014-20 adopted the current portions of the Portal Operations Policy referred to as the Fiscal Manual;

Whereas, the Interlocal Agreement specifies that the Operations Committee shall assist in the review of the Portal Operation Policy and any amendments thereto;

Whereas, the Operations Committee has reviewed and recommends certain changes to the portions of the Portal Operations Policy known as the Fiscal Manual, as shown on Attachment A hereto; and

Whereas, approval of amendments to the Portal Operations Policy requires a super-majority vote of the Executive Board;

Now Therefore,

BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby approves the attached amendments to the Fiscal Manual portion of the Portal Agency Operations Policy, as shown in Attachment A to this Resolution. For ease of reference, a "redline" of the Fiscal Manual

revisions is attached hereto as Attachment B. All previous versions of the Fiscal Manual and any related Operations Policies that are inconsistent with the amendments shown on Attachment A are hereby repealed and replaced.

SECTION 2. Appendix C of the File Local Operations Policies and Procedures manual concerning delegation of authorities, which was originally adopted by the Executive Board on September 22, 2014, is hereby repealed and replaced with the Delegation of Authorities schedule attached hereto as Attachment C.

ADOPTED by super-majority vote this _____ day of _____, 2018.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

_____
Board Secretary

_____
Board Chair



Fiscal Manual

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1. INTERNAL CONTROL

PURPOSE

To ensure that FileLocal assets are received when tendered, protected while in custody, and used only for the purpose intended. The objectives are to segregate duties and responsibilities so that one person does not handle all phases of a transaction, and establish policies and procedures so that errors, omissions, and irregularities are detected and minimized.

POLICY

Policies and procedures established for the accounting function shall be designed to achieve and preserve, to the maximum practical extent, internal controls to safeguard the assets of FileLocal, minimize and detect errors and omissions, and maintain an audit trail for independent review of FileLocal's activities.

RESPONSIBILITY

Executive Board, Program Manager, Francis & Company and Others

PROCEDURE

A. Accounting work by Francis & Company staff on behalf of FileLocal will be reviewed by senior level staff within the firm.

B. Financial statements prepared by Francis & Company will be reviewed by FileLocal's Program Manager on a monthly basis.

C. The Program Manager and Executive Board review, per the resolution authorizing the FileLocal Executive Board meetings for the year, the financial reports, budget variance, and large or unusual transactions.

D. Accounting documents and records shall be maintained in safe, secured drawers at Francis & Company to prevent their inadvertent or intentional loss.

E. Although not designed exclusively to catch fraud, should our internal control procedures uncover fraud, the Program Manager, the Board, and the State auditor will be notified within 5 business days.

2. ACCOUNTING SYSTEMS

1. PURPOSE

To describe the fundamental system for accounting, the internal controls within the system, and the reconciliation between functional areas.

2. POLICY

Automated and manual accounting systems shall be maintained and reconciled to provide a comprehensive and consistent accounting system that meets federal, state, and local requirements, as well as generally accepted accounting principles.

3. RESPONSIBILITY

Francis & Company shall establish and maintain a system that ensures that both integrated and independent accounting modules reconcile to the general ledger of FileLocal, and that proper internal controls exist within these systems to protect the integrity of the data, safeguard the assets of the organization, and identify errors and irregularities in the normal course of operation.

4. PROCEDURE

A. The automated accounting system QuickBooks consists of three components that integrate to produce accurate financial reports and other pertinent information related to the accounting process:

   I. General Ledger

   II. Accounts Receivable

   III. Accounts Payable

B. Capital assets, prepaid expenses and long-term assets and liabilities that are depreciable and amortizable are maintained in Excel spreadsheets. These are designed for FileLocal to keep detailed information to meet the accounting needs of the Agency. Manual systems are reconciled to QuickBooks on a monthly basis.

C. Backup of QuickBooks is performed routinely, each transaction; system is backed up daily. All essential worksheets and other files that are maintained by Francis & Company are stored on its network server. Records and files are retained at Francis & Company for seven (7) years.

3. BUDGET

1. PURPOSE

The biennial budget and related processes provide a tool for achieving financial oversight over the FileLocal's financial well-being. In addition, the budget enables the Program Manager and Executive Board to focus on anticipated revenue, estimated expenditures, capital asset acquisition, long term financial health, and continuity of services.

2. POLICY

On an annual basis, the Agency will develop and propose a budget for revenue and expenditures for overall program and administration. The budget will be developed, adopted, and administered in accordance with Section 13 of the Interlocal Agreement.

3. RESPONSIBILITY

Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

A. On an annual basis, the Program Manager and Francis & Company draft initial revenue and expenditure forecasts. During the annual budget process, the needs of FileLocal are evaluated to ensure proper staffing to meet the needs of the consortium, ensure website data security, and meet the organizational goals. This budget is - in part - established based on the number of customers and emerging community needs.

B. The proposed budget is submitted to the Operations Committee for preliminary review and to the Executive Board for its final review and ultimate approval of the final budget.

C. Modifications to the budget shall be approved by a supermajority vote of the Executive Board (and also unanimous consent of the Original Principals if required by Section 13 b.iv of the Washington Multi-City License and Tax Portal Agency Interlocal Agreement) as necessary from time to time to account for changes in expenditures and revenues.

D. The budget is monitored through a monthly schedule of actual and budget comparisons submitted by Francis & Company. This schedule shows the variance between year-to-date revenue and expenditures, and amounts budgeted by the Agency.

4. CASH MANAGEMENT

1. PURPOSE

   To outline the policy for cash management.

2. POLICY

   FileLocal shall maintain an effective system of cash management that anticipates cash needs and have plans to meet its cash flow needs.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. All receipts shall be deposited within 3 business days

   B. Disbursements shall be released within 30 days, no later than due date.

   C. Every effort will be made to take advantage of early pay discounts if they result in benefit to FileLocal.

   D. Francis & Company shall maintain a current daily balance of checking accounts and shall record deposits and checks in such manner to know the available cash balances at all times.

   E. Bank reconciliation is performed by Francis & Company on a monthly basis and will be subject to review by the Program Manager.

   F. The operating cash reserve goal is to maintain a reserve equal to 15% of the annual budget, consistent with the reserve fund provision in section 13 m. of the Washington Multi-City License and Tax Portal Agency Interlocal Agreement.

5. CASH RECEIPTS AND DEPOSITS

1. PURPOSE

To outline cash receipts and deposit policies and procedures.

2. POLICY

All fees, receipts, and income collected or received are deposited into FileLocal's bank depository account.

3. RESPONSIBILITY

Program Manager and Francis & Company

4. PROCEDURE

A. Cash receipts received by mail at Francis & Company are deposited into FileLocal's bank account at Wells Fargo within 3 business days.

B. Francis & Company Administrator opens, sorts, and deposits cash receipts. Deposit slips and copies of checks are given to an accountant at Francis & Company for booking cash receipts in FileLocal's accounting system.

C. Service fees collected or received by the third-party service company are electronically swiped/transferred to FileLocal's bank account at Wells Fargo. The third-party service company shall provide Francis & Company daily cash receipts data and documents on a monthly basis.

D. Cash receipt data and documents submitted by the third-party service company are reconciled by Francis & Company and entered in FileLocal's accounting system. If any errors are encountered, Francis & Company will notify both the Program Manager and the third-party service company of any overage or shortage. Francis & Company will contact the third-party service company to obtain the necessary information to make the correction. Once the receipt is correct, Francis & Company will update the FileLocal general ledger and communicate the corrected data to the Program Manager.

6. DISBURSEMENTS

6.1 AUTHORIZATIONS

1. PURPOSE

   To establish signature approval levels for the purpose of authorizing purchases, contracts, and expenditures.

2. POLICY

   A. Authorizations for purchases, contracts and all other expenditures excluding Program Manager requests must follow this delegation of authority:

      a. Unbudgeted authorizations of $5,000 or less must be approved by the Executive Board Chair and Vice-Chair;

      b. Unbudgeted authorizations of more than $5,000 must be approved via a resolution of the Executive Board;

      c. Budgeted authorizations of $50,000 or less require approval of the Program Manager;

      d. Budgeted Authorizations of more than $50,000 require approval of the FileLocal Executive Board Chair and Vice-Chair;

      e. All contracts will be reviewed by the Executive Board prior to finalization of the agreement.

   B. Authorizations for purchases, contracts and all other expenditures requested by the Program Manager must follow this delegation of authority:

      a. Program Manager Unbudgeted authorizations of $500 or less must be approved by the Executive Board Chair and Vice-Chair;

      b. Program Manager Unbudgeted authorizations of more than $500 must be approved via a resolution of the Executive Board;

      c. Program Manager budgeted authorizations of $250 or less require approval of the Treasurer;

      d. Program Manager budgeted authorizations of more than $250 require approval of the Treasurer and either the Executive Board Chair or Vice-Chair.

3. RESPONSIBILITY

   The Program Manager and Executive Board.

4. PROCEDURE

   Prior to purchase and/or disbursement all applicable forms must be authorized in accordance with the above policy.

6.2 CASH DISBURSEMENTS

1. PURPOSE

   To outline the policy for cash disbursements**.**

2. POLICY

   Disbursements shall be made only for valid transactions by authorized personnel only.

3. RESPONSIBILITY

   The Program Manager and Executive Board

4. PROCEDURE

   A. All disbursements and electronic fund transfers, including ACH transactions, shall be for FileLocal business and each transaction must be supported with properly authorized documentation such as an invoice, payroll record, or expenditure/check request.

   B. Invoices and requests for payment must be approved by the Program Manager before checks are prepared.

   C. Francis & Company prepares checks and also maintains and initiates electronic payments. Maintenance of vendor information files and initiating of payments will be performed by two separate staff persons at Francis & Company.

   D. Checks made payable to “bearer” or “cash” or signed blank are prohibited.

   E. Checks are mailed directly to the payee.

   F. Checks or electronic payments that are returned or rejected must be investigated and resolved within 2 business days of receipt/notification in order to avert loss from fraud or negligence.

   G. Bank statements are received in the mail, reviewed, and reconciled to the general ledger on a monthly basis by Francis & Company. Copies of checks are to be matched to the supporting documentation. Prior to filing, all disbursement support shall be reviewed for proper documentation and approving signatures. Account reconciliations will be available for review by the Program Manager.

   H. A list of vendor names and disbursements is prepared by Francis & Company and sent to the Executive Board for review on a quarterly basis.

6.3 CHECK REQUEST

1. PURPOSE

   To outline the policy for check requests.

2. POLICY

   The Check Request form (see attachment A) must be completed for all expenditures not covered by a Purchase Order Requisition or detailed invoice.

3. RESPONSIBILITY

The Program Manager shall be responsible for signing check requests to indicate approval. Check and reimbursement request must follow the Authorization Policy in 6.1.2.A and 6.1.2.B.

4. POLICY EXCEPTIONS

The Executive Board shall authorize expenditures not anticipated or included in the budget per Authorizations Section 6.1. Payroll liabilities, taxes, and certain recurring costs do not require the Executive Board's direct authorization and do not require a Check Request.

Recurring payments do not require the Executive Board or the Program Manager's authorization. These expenditures have been constructively approved by virtue of the Executive Board's approval of the contracts and agreements giving rise to the recurring obligation. A sample list of these types of expenditures is as follows:

A. Purchase orders supported by purchase requisitions;
B. Contract payments supported by previously approved contracts;
C. Pre-authorized temporary personnel help;
D. Utilities invoices.

5. PROCEDURES

For the items listed below, no Purchase Order Requisition form is required. A Check Request form may be used:

A. US Postal costs;
B. Licenses;
C. Legal services;
D. Conference fees, tuition, and temporary employment services;
E. Freight bills, express shipping, common carriers, import/export duties, customs & brokerage fees;
F. Travel expenses, including transportation, meals and hotel;
G. Dues, subscriptions, professional membership & association dues, and
H. Advertising.

6.4 CHECK CONTROL

1. PURPOSE

To detail the policy and procedures for control of signed checks and unsigned check stock.

2. POLICY

All checks are to be accounted for by check number. Francis & Company shall maintain internal controls with respect to custody of check stock, preparation, printing, signing, mailing, filing and voiding of all checks.

3. RESPONSIBILITY

Francis & Company

4. PROCEDURE

A. Check stock is to be securely maintained in a locked cabinet at Francis & Company.

B. Francis & Company is responsible for typing or printing checks, and will not have access or authority to use the signature machine or request the hand-written signature of the authorized check signers.

C. Check reconciliation will include accounting for all void or destroyed checks.

D. All checks will be signed by the authorized check signers – the Program Manager or the Treasurer.

6.5 TRAVEL EXPENSE

1. PURPOSE

   To outline the policy for travel expense reimbursement and ensure adequate cost controls are in place, travel expenditures are appropriate and provide a uniform and consistent approach for timely reimbursement of authorized expenses. For the purpose of this policy, Board members are considered staff.

2. POLICY

   It is the policy of FileLocal to reimburse staff for reasonable and necessary expenses incurred in connection with approved travel on behalf of FileLocal. FileLocal strongly encourages use of travel discounts when making travel arrangements.

   Travelers seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is only allowed when not available or provided by other sources. If a circumstance arises that is not specifically covered in this travel policy, then the most conservative course of action should be taken.

3. RESPONSIBILITY

   Staff travel must be authorized prior to expenditures being incurred. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. Within 30 days of completion of a trip, the traveler must submit a check request form and supporting documentation to obtain reimbursement of expenses. The authorization and check requests must follow the same process as outlined in 6.1 Authorizations and 6.3 Check Requests.

4. PROCEDURE

   A. Authorized business travel for staff must be pre-approved.

   B. Conference registration fees can be pre-paid with a check prepared by the Agency's accounting firm with a completed and approved check request form.

   C. Requests for reimbursements of travel-related expenses are submitted via a check request form. This form must be accompanied by supporting documentation and is required to be approved by the Program Manager. Reimbursement requests for the Program Manager must be approved by the Treasurer, or any FileLocal Executive Board member in the absence of the Treasurer.

   D. The check request form must be submitted to the Agency's accounting firm within 30 days after the trip is completed. Exception approval from the Program Manager or Treasurer is required if this form is not submitted within this timeframe.

   E. Reimbursement of travel expenses is based on documentation of reasonable and actual expenses supported by the original itemized receipts. Reimbursements that may be paid by FileLocal are shown below:

   I. **Airfare:** An original itemized airline receipt, an e-ticket receipt/statement or an Internet receipt/statement is required. The receipt must show the method of payment and indicate that

payment was made. Travelers are expected to obtain the lowest available airfare that reasonably meets business travel needs. Travelers are encouraged to book flights at least 20 days in advance to avoid premium pricing. Coach class or economy tickets must be purchased for domestic or international flights. A higher-priced coach ticket cannot be purchased for a subsequent upgrade in seating. First-class tickets are not reimbursable.

II. **Rail Transportation:** FileLocal will pay for rail transportation provided the cost does not exceed the cost of the least expensive airfare. An original itemized receipt, original e-ticket receipt/statement or Internet receipt/statement is required. The receipt must show the method of payment and indicate that payment was made.

III. **Automobile (personally owned):** A valid driver's license issued within the United States and personal automobile insurance are required for expenses to be reimbursed. Drivers should be aware of the extent of coverage (if any) provided by his or her automobile insurance company for travel that is business or not personal in nature. Reimbursement for use of a personal automobile is based on the mileage rate issued by the Internal Revenue Service. Travelers may opt to request reimbursement for gasoline in lieu of the mileage. In these instances original, itemized receipts are required. A check request form is require for reimbursement for all vehicle-related expenses.

IV. **Automobile (rental):** Reimbursement for a commercial rental vehicle as a primary mode of transportation is authorized only if the rental vehicle is more economical than any other type of public transportation, or if the destination is not otherwise accessible. Vehicle rental at a destination city is reimbursable. Original receipts are required. When vehicle rentals are necessary, FileLocal encourages travelers to purchase collision damage waiver (CDW) and loss damage waiver (LDW) coverage. FileLocal will reimburse the cost of CDW and LDW coverage; all other insurance reimbursements will be denied. Travelers are required to fill the gas tank before returning the vehicle to the rental agency to avoid service fees and more expensive fuel rates.

V. **Conference Registration Fees:** If the conference fee was not prepaid, FileLocal will reimburse these fees, including business-related banquets or meals that are part of the conference registration. Original receipts to support the payment are required. If the conference does not provide a receipt, then a cancelled check, credit card slips/statement or documentation that the amount was paid is required for reimbursement.

VI. **Lodging (commercial):** The cost of overnight lodging will be reimbursed to the traveler if the authorized travel is 45 miles or more from the traveler's home or primary worksite. The Runzheimer Cost Index will be used for determining the maximum allowable expense for all lodging at the travel destination, with the following exceptions:

    a. When the hotel or motel is the conference or convention site, the conference rate is allowable.

    b. When the event sponsor arranges the lodging for the event participant, the participant rate is allowable. If the hotel where the event is scheduled in unavailable to the employee, the employee's supervisor may approve lodging expenses at the rate charged at the nearest hotel.

    c. Allowable lodging expenses include the cost of lodging and any applicable sales taxes and/or hotel/motel taxes. The original, detailed lodging receipt must be submitted with the expense claim.

d. If reserved rooms are not needed, it is the traveling employee's responsibility to make sure the room is canceled.

VII. **Meal:** FileLocal will pay a per diem amount for meals based on the Runzheimer Cost Index for meals by location. These meal per diem amounts include tips.

a. The amount of authorized meal allowance is determined on a per meal basis dependent upon the departure time from Seattle and the arrival time on return to Seattle. Snacks and/or meals served on the airlines will not reduce the meal allowance.

b. If meals are included in a lodging, conference or training registration fee, the employee's daily per diem will be adjusted accordingly. A "continental" breakfast provided at a meeting, conference or training session will not reduce the employee's meal allowance.

c. Reimbursement of meal expenses will be based on actual expenses per meal, limited to the allowable maximum established by the Runzheimer Cost Index. Employees are required to collect original meal receipts for all allowable expenses incurred and to submit those receipts with their expense report.

VIII. **Parking:** Original receipts are required for parking fees, including airport parking. The lodging bill can be used as a receipt when charges are included as part of the overnight stay.

IX. **Other Travel Expenses:** Other travel expenses, including faxes, photocopies, internet charges, data ports and business telephone calls incurred while traveling, can be reimbursed. Original itemized receipts are required.

The following items that may be associated with business travel will not be reimbursed by FileLocal:

a. Airline club membership

b. Airline upgrades

c. Business class for domestic flights or first class for all flights

d. Child care, babysitting, house-sitting, or pet-sitting/kennel charges

e. Commuting between home and the primary work location

f. Costs incurred by traveler's failure to cancel travel or hotel reservations in a timely fashion

g. Evening or formal wear expenses

h. Haircuts and personal grooming

i. Laundry and dry cleaning

j. Personal entertainment expenses, including in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-theater movies, social activities and related incidental costs

k. Travel accident insurance premiums or purchase of additional travel insurance

l. Other expenses nor directly related to the business travel

7. REVENUE AND RECEIVABLES

7.1 REVENUE RECOGNITION

1. PURPOSE

   To establish revenue recognition policy and procedures.

2. POLICY

   All revenue is recognized in accordance with generally accepted accounting principles.

3. RESPONSIBILITY

   Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

   A. Current revenue consists of service fees, reimbursable costs, and shared cost reimbursement from participating cities of FileLocal.

   B. Service fees are recognized at the time a customer completes his or her licensing application.

   C. For participating cites of FileLocal at the beginning of the year, reimbursable costs revenue is pre-determined through budget, subscriber agreements, or the Interlocal Agreement, including any amendments. Reimbursable cost revenue is billed at the beginning of the year and recognized as revenue at that time. On an annual basis, actual costs to be reimbursed are compared to amounts budgeted and billed. Adjustments will be made to reconcile billed reimbursable costs to accrual amount of costs incurred. Credits will be issued to the participating cities when an overbilled amount is identified; and as a result, a reduction of revenue is recognized. If additional costs are identified to be reimbursed from the participating cities, additional invoices are submitted to the participating cities. Additional reimbursable costs revenue is also recognized at year-end.

   D. For cities that join FileLocal during the year, the reimbursable cost revenue will be billed based on the go-live date.

   E. Any other contributions and donations are recognized as revenue when cash is received.

   F. Any changes in revenue recognition shall be made in writing by the Program Manager and/or Francis & Company and is subject to approval by the Executive Board.

7.2 BILLINGS AND ACCOUNTS RECEIVABLE

1. PURPOSE

   To ensure billings are made for services actually provided and based on the Interlocal Agreement, subscriber agreements, or budget.

2. POLICY

FileLocal shall follow prudent and efficient business practices to obtain payment of its receivables.

3. RESPONSIBILITY

Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

A. Service fees are paid by customers when they submit their licensing applications. Automatic billing and payment processing is done daily by the third party service company. Francis & Company performs a monthly reconciliation of service fees and cash receipts.

B. Francis & Company prepares invoices for reimbursable cost revenue based on the budgeted amount established at the beginning of the year and/or the prorated shares due from new cities added during the year. At year-end, Francis & Company conducts a reconciliation of reimbursables according to the actual operation revenue. Any refund or under-billed amounts identified by Francis & Company through the annual reconciliation is subject to review and approval by the Program Manager and then the Executive Board. Refunds or additional invoices are then processed by Francis & Company.

C. On a monthly basis, Accounts Receivable is reconciled by Francis & Company. For any delinquent balance, Francis & Company sends letters requesting payment and makes a reasonable effort via other means to contact and collect outstanding balances.

D. Any adjustments and write-off to Accounts Receivable is subject to approval by the Program Manager

E. All payments received by Francis & Company are reconciled to Accounts Receivable, the general ledger, and the bank deposits.

8. PROCUREMENT AND CONTRACT MANAGEMENT

8.1 PROCUREMENT

1. PURPOSE

   To outline procurement policies and processes.

2. POLICY

   All contracts for labor, professional services, lease of equipment, and supplies for $10,000 or more must be let by free and open competitive bidding, on sealed bids, to the responsible bidder.

3. RESPONSIBILITY

   Executive Board and Program Manager

4. PROCEDURE

   A. FileLocal is required to advertise for sealed bids on contracts for labor, professional services and equipment leases in excess of $10,000 by posting a notice at its website or by publication of a one-time notice in a newspaper published in the State of Washington.

   B. In case of an emergency affecting the public's health, safety, economic welfare, or security, a contract may be let to the extent necessary to meet the emergency without public advertisement. The Program Manager will honor payment for a period of six months from the date of declaration posting; should the emergency continue to exist after a six month period, it will be necessary to re-declare the emergency.

   C. Sealed bids are accepted by the Program Manager for evaluation. Based on the Program Manager's recommendation, the Executive Board approves and awards the responsible bidder through competitive bidding with consideration given for the quality of the commodities, conformity to specifications, terms of delivery, and freight charges. Multiple-awards may be issued, if notice is contained within the competitive bid, when technical compatibility and/or operational specification are required.

   D. A contract for labor, professional services and equipment leases will be let for periods no greater than five years.

   E. An awarded contract is not assignable by the bidder without written consent of FileLocal. A contract cannot be assigned to a bidder whose bid was rejected.

8.2 CONTRACTS

1. PURPOSE

   To provide policy and procedures for the review, approval, establishment, and modification of personal and professional services contract.

2. POLICY

All contracts must be authorized according to the Authorization Policy and approved as to form by the Agency's attorney

3. PROCEDURE

A. Personal and professional service contracts must include the following information:

I. Name, including contract name and tax identification number (Form W-9);

II. Scope of contract – what is to be done, the purpose, goal, job, etc.;

III. Term of contract, including the beginning and ending dates, to the extent they can be reasonably determined in advance;

IV. Total contract amount and the method of payment;

V. Termination clause;

VI. Signatures.

B. A contract cannot be assigned to a third party without the written consent of the Agency. If the Agency does not consent to assignment and a different contractor is required, the original contract must be canceled and a new contact must be initiated.

C. An emergency contract for personal or professional services shall be let for a period of not more than 6 months.

9. CAPITAL ASSET MANAGEMENT

9.1 CAPITALIZATION POLICY

1. PURPOSE

   To define capitalization policy.

2. POLICY

   All personal and real property with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years are recognized as capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the assets. The costs for normal maintenance and repairs are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

   - Software 3 – 5 years
   - Computers and equipment 3-7 years

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Francis & Company shall assign the appropriate accounting classification codes to all purchases, contracts and acquisitions that qualify as capital assets.

   B. The Program Manager shall provide Francis & Company copies of all purchase orders, requisitions, and receiver's reports covering capital asset purchases.

   C. Francis & Company shall be responsible for recording the asset on the capital asset schedule, a manual spreadsheet/sub-ledger, showing the description, physical location, owners, cost, acquisition date, useful life, depreciation, and disposition date including the date of disposal and sales price of the property.

9.2 PHYSICAL INVENTORY

1. PURPOSE

   To establish physical inventory of capital assets

2. POLICY

   All capital assets should be inventoried periodically, but not less than every two years, to reconcile the total capital assets with the capital asset schedule (a sub-ledger).

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Francis & Company shall perform a physical inventory of capital assets at least once every two years.

   B. Once the physical inventory is complete, it must be reconciled to the individual capital asset record (a manual capital asset sub-ledger) and general ledger.

   C. Inventory count sheet and reconciliation is subject to the Program Manager's review. Any discrepancy is investigated by the Program Manager.

9.3 DISPOSITION

1. PURPOSE

   To outline disposition of capital assets.

2. POLICY

   All capital asset dispositions shall be approved by the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Disposition of capital assets shall be requested in writing and addressed to the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.

   B. All disposition documents shall be forwarded to Francis & Company to record the disposition. Gains and losses are recognized on the sale of capital assets.

   C. The capital assets and related depreciation shall be removed from both the capital asset sub-ledger and general ledger.

9.4 CAPITAL ASSET IMPAIRMENT

1. PURPOSE

   To outline capital asset impairment policy and procedures.

2. POLICY

   Capital asset impairment is conducted on an annual basis or at the time the impairment occurs. Only permanent impairments of capital assets should be recognized in the financial statements.

3. RESPONSIBILITY

Program Manager and Francis & Company

4. PROCEDURE

A. Francis & Company shall conduct an impairment analysis on an annual basis, or at time the impairment occurs in accordance with the generally accepted accounting principles.

B. A memo of impairment analysis with calculated loss prepared by Francis & Company is submitted to the Program Manager for review and approval.

C. Francis & Company records impairment loss in FileLocal general ledger system.

10. JOURNAL ENTRIES

1. PURPOSE

   To outline types of journal entries and internal controls over journal entries.

2. POLICY

   All journal entries must be self-balancing and include an account type (asset, liability, revenue, expense, net assets) for each line of the journal entry. Journal entries are subject to review and approval based on the policies and procedures herein.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   Journal entries are used to:

   A. Correct errors: most of journal entries will be to correct account-coding errors. The journal entry must include the debit entries and credit entries to correctly produce the required accounting effects. There is no review or approval for this type of journal entry prior to or after posting the journal entries.

   B. Record cost allocation: cost allocation is processed by Francis & Company based on the approved cost allocation documents, including budgets. No review or approval is required for this type of journal entry.

   C. Record recurring balance sheet transactions: recurring journal entries include monthly depreciation, amortization, receivable, and accrued liabilities. They are not required for review or approval.

   D. Implement accounting policies and guidance: a memo is prepared for the implementation of a new accounting standard by Francis & Company to the Program Manager for review and approval. The memo will provide a reference of the new accounting standard, accounting effects, and a proposed journal entry.

   E. Record non-routine, nonrecurring transactions: a memo in writing to the Program Manager is required for review and approval of non-routine, non-recurring transactions.

   Internal controls over monthly and annual financial reporting are considered an effective control over journal entry type 1, 2, and 3.

11. FINANCIAL REPORTING

1. PURPOSE

   To establish and catalog the reporting requirements for accounting.

2. POLICY

   Financial statements and reports shall be prepared on a monthly and annual basis to provide the Program Manager and Executive Board, and outside auditors with sufficient financial information to report accurately the results of operations.

3. RESPONSIBILITY

   Francis & Company shall maintain supporting records in sufficient detail to prepare financial statements or reports for the Agency.

4. PROCEDURE

   A. On an annual basis, Francis and Company prepares and presents:

      I. Annual financial statements with full footnote disclosures.

      II. Other required supplemental schedules and information.

   The annual financial statements are prepared in accordance with generally accepted accounting principles. The annual financial statements along with required supplemental information are subject to review by the Executive Board and the Program Manager. The Executive Board adopts the annual financial statements.

   B. On a quarterly basis, Francis & Company submits to the Executive Board to adopt:

      I. List of vendor warrants.

   C. On a monthly basis, Francis & Company prepares and presents:

      I. Internal financial statements.

      II. Schedule of actual and budget comparison.

      III. Variance analysis, as needed, will be prepared with monthly financial statements.

Attachment A: Check Request Form

FileLocal
Check Request Form

Deliver Check to:

Date Required	Check Amount

Purpose of Payment

G/L Account #:

Vendor Name	Invoice/Receipt Number	Invoice Date	Amount

Originator	Date

Approval	Date

Submit Form to Francis & Company PLLC
701 N Dexter Avenue, Suite 404
Seattle, Washington 98109

Attachment B - Comparison Doc FL2018-03 to FL2014-20 and FL2014-22

Fiscal Manual

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1. INTERNAL CONTROL

PURPOSE

To ensure that FileLocal assets are received when tendered, protected while in custody, and used only for the purpose intended. The objectives are to segregate duties and responsibilities so that one person does not handle all phases of a transaction, and establish policies and procedures so that errors, omissions, and irregularities are detected and minimized.

POLICY

Policies and procedures established for the accounting function shall be designed to achieve and preserve, to the maximum practical extent, internal controls to safeguard the assets of FileLocal, minimize and detect errors and omissions, and maintain an audit trail for independent review of FileLocal's activities.

RESPONSIBILITY

Executive Board, Program Manager, Francis & Company and Others

PROCEDURE

A. Accounting work by Francis & Company staff on behalf of FileLocal will be reviewed by senior level staff within the firm.

B. Financial statements prepared by Francis & Company will be reviewed by FileLocal's Program Manager on a monthly basis.

C. The Program Manager and Executive Board review, ~~on a monthly basis~~per the resolution authorizing the FileLocal Executive Board meetings for the year, the financial reports, budget variance, and large or unusual transactions.

D. Accounting documents and records shall be maintained in safe, secured drawers at Francis & Company to prevent their inadvertent or intentional loss.

E. Although not designed exclusively to catch fraud, should our internal control procedures uncover fraud, the Program Manager, the Board, and the State auditor will be notified within 5 business days.

2. ACCOUNTING SYSTEMS

1. PURPOSE

To describe the fundamental system for accounting, the internal controls within the system, and the reconciliation between functional areas.

2. POLICY

Automated and manual accounting systems shall be maintained and reconciled to provide a comprehensive and consistent accounting system that meets federal, state, and local requirements, as well as generally accepted accounting principles.

3. RESPONSIBILITY

Francis & Company shall establish and maintain a system that ensures that both integrated and independent accounting modules reconcile to the general ledger of FileLocal, and that proper internal controls exist within these systems to protect the integrity of the data, safeguard the assets of the organization, and identify errors and irregularities in the normal course of operation.

4. PROCEDURE

A. The automated accounting system QuickBooks consists of three components that integrate to produce accurate financial reports and other pertinent information related to the accounting process:

   I. General Ledger

   II. Accounts Receivable

   III. Accounts Payable

B. Capital assets, prepaid expenses and long-term assets and liabilities that are depreciable and amortizable are maintained in Excel spreadsheets. These are designed for FileLocal to keep detailed information to meet the accounting needs of the Agency. Manual systems are reconciled to QuickBooks on a monthly basis.

C. Backup of QuickBooks is performed routinely, each transaction; system is backed up daily. All essential worksheets and other files that are maintained by Francis & Company are stored on its network server. Records and files are retained at Francis & Company for seven (7) years.

3. BUDGET

1. PURPOSE

The biennial budget and related processes provide a tool for achieving financial oversight over the FileLocal's financial well-being. In addition, the budget enables the Program Manager and Executive Board to focus on anticipated revenue, estimated expenditures, capital asset acquisition, long term financial health, and continuity of services.

2. POLICY

On an annual basis, the Agency will develop and propose a budget for revenue and expenditures for overall program and administration. The budget will be developed, adopted, and administered in accordance with Section 13 of the Interlocal Agreement.

3. RESPONSIBILITY

Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

A. On an annual basis, the Program Manager and Francis & Company draft initial revenue and expenditure forecasts. During the annual budget process, the needs of FileLocal are evaluated to ensure proper staffing to meet the needs of the consortium, ensure website data security, and meet the organizational goals. This budget is - in part - established based on the number of customers and emerging community needs.

B. The proposed budget is submitted to the Operations Committee for preliminary review and to the Executive Board for its final review and ultimate approval of the final budget.

C. Modifications to the budget shall be approved by a supermajority vote of the Executive Board (and also unanimous consent of the Original Principals if required by Section 13 b.iv of the Washington Multi-City License and Tax Portal Agency Interlocal Agreement) as necessary from time to time to account for changes in expenditures and revenues.

D. The budget is monitored through a monthly schedule of actual and budget comparisons submitted by Francis & Company. This schedule shows the variance between year-to-date revenue and expenditures, and amounts budgeted by the Agency.

4. CASH MANAGEMENT

1. PURPOSE

   To outline the policy for cash management.

2. POLICY

   FileLocal shall maintain an effective system of cash management that anticipates cash needs and have plans to meet its cash flow needs.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. All receipts shall be deposited within 3 business days

   B. Disbursements shall be released within 30 days, no later than due date.

   C. Every effort will be made to take advantage of early pay discounts if they result in benefit to FileLocal.

   D. Francis & Company shall maintain a current daily balance of checking accounts and shall record deposits and checks in such manner to know the available cash balances at all times.

   E. Bank reconciliation is performed by Francis & Company on a monthly basis and will be subject to review by the Program Manager.

   F. The operating cash reserve goal is to maintain a reserve equal to 15% of the annual budget, consistent with the reserve fund provision in section 13 m. of the Washington Multi-City License and Tax Portal Agency Interlocal Agreement.

5. CASH RECEIPTS AND DEPOSITS

1. PURPOSE

To outline cash receipts and deposit policies and procedures.

2. POLICY

All fees, receipts, and income collected or received are deposited into FileLocal's bank depository account.

3. RESPONSIBILITY

Program Manager and Francis & Company

4. PROCEDURE

A. Cash receipts received by mail at Francis & Company are deposited into FileLocal's bank account at Wells Fargo within 3 business days.

B. Francis & Company Administrator opens, sorts, and deposits cash receipts. Deposit slips and copies of checks are given to an accountant at Francis & Company for booking cash receipts in FileLocal's accounting system.

C. Service fees collected or received by the third-party service company are electronically swiped/transferred to FileLocal's bank account at Wells Fargo. The third-party service company shall provide Francis & Company daily cash receipts data and documents on a monthly basis.

D. Cash receipt data and documents submitted by the third-party service company are reconciled by Francis & Company and entered in FileLocal's accounting system. If any errors are encountered, Francis & Company will notify both the Program Manager and the third-party service company of any overage or shortage. Francis & Company will contact the third-party service company to obtain the necessary information to make the correction. Once the receipt is correct, Francis & Company will update the FileLocal general ledger and communicate the corrected data to the Program Manager.

6. DISBURSEMENTS

6.1 AUTHORIZATIONS

1. PURPOSE

   To establish signature approval levels for the purpose of authorizing purchases, contracts, and expenditures.

2. POLICY

   A. ~~All~~ Authorizations for purchases, contracts and all other expenditures excluding Program Manager requests must follow this delegation of authority:

      a. Unbudgeted authorizations of $5,000 or less must be approved by the Executive Board Chair and Vice-Chair;

      b. Unbudgeted authorizations of more than $5,000 must be approved via a resolution of the Executive Board;

      c. Budgeted authorizations of $50,000 or less require ~~the signature~~ approval of the Program Manager~~. All expenditures greater~~;

      ~~A.~~d. Budgeted Authorizations of more than $~~10~~50,000 require ~~the signature~~ approval of the ~~File~~Local Executive Board ~~Treasurer.~~ Chair and Vice-Chair;

      e. ~~Expenditures~~ All contracts will be reviewed by the Executive Board prior to finalization of the agreement.

   B. Authorizations for purchases, contracts and all other expenditures requested by the Program Manager ~~will~~must follow this delegation of authority:

      a. Program Manager Unbudgeted authorizations of $500 or less must be approved by the Executive Board Chair and Vice-Chair;

      b. Program Manager Unbudgeted authorizations of more than $500 must be approved via a resolution of the Executive Board;

      c. Program Manager budgeted authorizations of $250 or less require approval of the Treasurer;

      ~~B.~~d. Program Manager budgeted authorizations of more than $250 require approval of the Treasurer and either the Executive Board Chair or Vice-Chair.

3. RESPONSIBILITY

   The Program Manager and Executive Board.

4. PROCEDURE

   Prior to purchase and/or disbursement all applicable forms must be authorized in accordance with the above policy.

6.2 CASH DISBURSEMENTS

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1. PURPOSE

   To outline the policy for cash disbursements**.**

2. POLICY

   Disbursements shall be made only for valid transactions by authorized personnel only.

3. RESPONSIBILITY

   The Program Manager and Executive Board

4. PROCEDURE

   A. All disbursements and electronic fund transfers, including ACH transactions, shall be for FileLocal business and each transaction must be supported with properly authorized documentation such as an invoice, payroll record, or expenditure/check request.

   B. Invoices and requests for payment must be approved by the Program Manager before checks are prepared.

   C. Francis & Company prepares checks and also maintains and initiates electronic payments. Maintenance of vendor information files and initiating of payments will be performed by two separate staff persons at Francis & Company.

   D. Checks made payable to “bearer” or “cash” or signed blank are prohibited.

   E. Checks are mailed directly to the payee.

   F. Checks or electronic payments that are returned or rejected must be investigated and resolved within 2 business days of receipt/notification in order to avert loss from fraud or negligence.

   G. Bank statements are received in the mail, reviewed, and reconciled to the general ledger on a monthly basis by Francis & Company. Copies of checks are to be matched to the supporting documentation. Prior to filing, all disbursement support shall be reviewed for proper documentation and approving signatures. Account reconciliations will be available for review by the Program Manager.

   H. A list of vendor names and disbursements is prepared by Francis & Company and sent to the Executive Board for review on a quarterly basis.

6.3 CHECK REQUEST

1. PURPOSE

   To outline the policy for check requests.

2. POLICY

   The Check Request form (see attachment A) must be completed for all expenditures not covered by a Purchase Order Requisition or detailed invoice.

3. RESPONSIBILITY

The Program Manager shall be responsible for signing check requests to indicate approval. Check and reimbursement ~~requests made by the Program Manager~~request must ~~be authorized by the Executive Board Treasurer prior to approval by the Executive Board~~follow the Authorization Policy in 6.1.2.A and 6.1.2.B.

4. POLICY EXCEPTIONS

The Executive Board shall authorize expenditures not anticipated or included in the budget~~.~~ per Authorizations Section 6.1. Payroll liabilities, taxes, and certain recurring costs do not require the Executive Board's direct authorization and do not require a Check Request.

Recurring payments do not require the Executive Board or the Program Manager's authorization. These expenditures have been constructively approved by virtue of the Executive Board's approval of the contracts and agreements giving rise to the recurring obligation. A sample list of these types of expenditures is as follows:

A. Purchase orders supported by purchase requisitions;

B. Contract payments supported by previously approved contracts;

C. Pre-authorized temporary personnel help;

D. Utilities invoices.

5. PROCEDURES

For the items listed below, no Purchase Order Requisition form is required. A Check Request form may be used:

A. US Postal costs;

B. Licenses;

C. Legal services;

D. Conference fees, tuition, and temporary employment services;

E. Freight bills, express shipping, common carriers, import/export duties, customs & brokerage fees;

F. Travel expenses, including transportation, meals and hotel;

G. Dues, subscriptions, professional membership & association dues, and

H. Advertising.

6.4 CHECK CONTROL

1. PURPOSE

To detail the policy and procedures for control of signed checks and unsigned check stock.

2. POLICY

All checks are to be accounted for by check number. Francis & Company shall maintain internal controls with respect to custody of check stock, preparation, printing, signing, mailing, filing and voiding of all checks.

3. RESPONSIBILITY

Francis & Company

4. PROCEDURE

A. Check stock is to be securely maintained in a locked cabinet at Francis & Company.

B. Francis & Company is responsible for typing or printing checks, and will not have access or authority to use the signature machine or request the hand-written signature of the authorized check signers.

C. Check reconciliation will include accounting for all void or destroyed checks.

D. All checks will be signed by the authorized check signers – the Program Manager or the Treasurer.

6.5 TRAVEL EXPENSE

1. PURPOSE

   To outline the policy for travel expense reimbursement and ensure adequate cost controls are in place, travel expenditures are appropriate and provide a uniform and consistent approach for timely reimbursement of authorized expenses. For the purpose of this policy, Board members are considered staff.

2. POLICY

   It is the policy of FileLocal to reimburse staff for reasonable and necessary expenses incurred in connection with approved travel on behalf of FileLocal. FileLocal strongly encourages use of travel discounts when making travel arrangements.

   Travelers seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is only allowed when not available or provided by other sources. If a circumstance arises that is not specifically covered in this travel policy, then the most conservative course of action should be taken.

3. RESPONSIBILITY

   Staff travel must be authorized prior to expenditures being incurred. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. Within 30 days of completion of a trip, the traveler must submit a check request form and supporting documentation to obtain reimbursement of expenses. ~~The check request form must be signed by the Program Manager. In the event that travel and reimbursement is being submitted by or on behalf of the Program Manager, then the check request form must be approved by the Treasurer, or any FileLocal Executive Board member in the absence of the Treasurer.~~ The authorization and check requests must follow the same process as outlined in 6.1 Authorizations and 6.3 Check Requests.

4. PROCEDURE

   A. Authorized business travel for staff must be pre-approved.

   B. Conference registration fees can be pre-paid with a check prepared by the Agency's accounting firm with a completed and approved check request form.

   C. Requests for reimbursements of travel-related expenses are submitted via a check request form. This form must be accompanied by supporting documentation and is required to be approved by the Program Manager. Reimbursement requests for the Program Manager must be approved by the Treasurer, or any FileLocal Executive Board member in the absence of the Treasurer.

   D. The check request form must be submitted to the Agency's accounting firm within 30 days after the trip is completed. Exception approval from the Program Manager or Treasurer is required if this form is not submitted within this timeframe.

E. Reimbursement of travel expenses is based on documentation of reasonable and actual expenses supported by the original itemized receipts. Reimbursements that may be paid by FileLocal are shown below:

I. **Airfare:** An original itemized airline receipt, an e-ticket receipt/statement or an Internet receipt/statement is required. The receipt must show the method of payment and indicate that payment was made. Travelers are expected to obtain the lowest available airfare that reasonably meets business travel needs. Travelers are encouraged to book flights at least 20 days in advance to avoid premium pricing. Coach class or economy tickets must be purchased for domestic or international flights. A higher-priced coach ticket cannot be purchased for a subsequent upgrade in seating. First-class tickets are not reimbursable.

II. **Rail Transportation:** FileLocal will pay for rail transportation provided the cost does not exceed the cost of the least expensive airfare. An original itemized receipt, original e-ticket receipt/statement or Internet receipt/statement is required. The receipt must show the method of payment and indicate that payment was made.

III. **Automobile (personally owned):** A valid driver's license issued within the United States and personal automobile insurance are required for expenses to be reimbursed. Drivers should be aware of the extent of coverage (if any) provided by his or her automobile insurance company for travel that is business or not personal in nature. Reimbursement for use of a personal automobile is based on the mileage rate issued by the Internal Revenue Service. Travelers may opt to request reimbursement for gasoline in lieu of the mileage. In these instances original, itemized receipts are required. A check request form is require for reimbursement for all vehicle-related expenses.

IV. **Automobile (rental):** Reimbursement for a commercial rental vehicle as a primary mode of transportation is authorized only if the rental vehicle is more economical than any other type of public transportation, or if the destination is not otherwise accessible. Vehicle rental at a destination city is reimbursable. Original receipts are required. When vehicle rentals are necessary, FileLocal encourages travelers to purchase collision damage waiver (CDW) and loss damage waiver (LDW) coverage. FileLocal will reimburse the cost of CDW and LDW coverage; all other insurance reimbursements will be denied. Travelers are required to fill the gas tank before returning the vehicle to the rental agency to avoid service fees and more expensive fuel rates.

V. **Conference Registration Fees:** If the conference fee was not prepaid, FileLocal will reimburse these fees, including business-related banquets or meals that are part of the conference registration. Original receipts to support the payment are required. If the conference does not provide a receipt, then a cancelled check, credit card slips/statement or documentation that the amount was paid is required for reimbursement.

VI. **Lodging (commercial):** The cost of overnight lodging will be reimbursed to the traveler if the authorized travel is 45 miles or more from the traveler's home or primary worksite. The Runzheimer Cost Index will be used for determining the maximum allowable expense for all lodging at the travel destination, with the following exceptions:

   a. When the hotel or motel is the conference or convention site, the conference rate is allowable.

b. When the event sponsor arranges the lodging for the event participant, the participant rate is allowable. If the hotel where the event is scheduled in unavailable to the employee, the employee's supervisor may approve lodging expenses at the rate charged at the nearest hotel.

c. Allowable lodging expenses include the cost of lodging and any applicable sales taxes and/or hotel/motel taxes. The original, detailed lodging receipt must be submitted with the expense claim.

d. If reserved rooms are not needed, it is the traveling employee's responsibility to make sure the room is canceled.

VII. **Meal:** FileLocal will pay a per diem amount for meals based on the Runzheimer Cost Index for meals by location. These meal per diem amounts include tips.

a. The amount of authorized meal allowance is determined on a per meal basis dependent upon the departure time from Seattle and the arrival time on return to Seattle. Snacks and/or meals served on the airlines will not reduce the meal allowance.

b. If meals are included in a lodging, conference or training registration fee, the employee's daily per diem will be adjusted accordingly. A "continental" breakfast provided at a meeting, conference or training session will not reduce the employee's meal allowance.

c. Reimbursement of meal expenses will be based on actual expenses per meal, limited to the allowable maximum established by the Runzheimer Cost Index. Employees are required to collect original meal receipts for all allowable expenses incurred and to submit those receipts with their expense report.

VIII. **Parking:** Original receipts are required for parking fees, including airport parking. The lodging bill can be used as a receipt when charges are included as part of the overnight stay.

IX. **Other Travel Expenses:** Other travel expenses, including faxes, photocopies, internet charges, data ports and business telephone calls incurred while traveling, can be reimbursed. Original itemized receipts are required.

The following items that may be associated with business travel will not be reimbursed by FileLocal:

a. Airline club membership

b. Airline upgrades

c. Business class for domestic flights or first class for all flights

d. Child care, babysitting, house-sitting, or pet-sitting/kennel charges

e. Commuting between home and the primary work location

f. Costs incurred by traveler's failure to cancel travel or hotel reservations in a timely fashion

g. Evening or formal wear expenses

h. Haircuts and personal grooming

i. Laundry and dry cleaning

j. Personal entertainment expenses, including in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-theater movies, social activities and related incidental costs

k. Travel accident insurance premiums or purchase of additional travel insurance

l. Other expenses nor directly related to the business travel

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

7. REVENUE AND RECEIVABLES

7.1 REVENUE RECOGNITION

1. PURPOSE

   To establish revenue recognition policy and procedures.

2. POLICY

   All revenue is recognized in accordance with generally accepted accounting principles.

3. RESPONSIBILITY

   Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

   A. Current revenue consists of service fees ~~and~~, reimbursable costs, and shared cost reimbursement from participating cities of FileLocal~~, including the City of Bellevue, City of Everett, City of Lake Forest Park, City of Seattle, and City of Tacoma.~~.

   B. Service fees are recognized at the time a customer completes his or her licensing application.

   C. ~~Reimbursable~~For participating cites of FileLocal at the beginning of the year, reimbursable costs revenue is pre-determined through budget ~~and inter-local agreement~~, subscriber agreements, or the Interlocal Agreement, including any amendments. Reimbursable cost revenue is billed at the beginning of the year and recognized as revenue at that time. On an annual basis, actual costs to be reimbursed are compared to amounts budgeted and billed. Adjustments will be made to reconcile billed reimbursable costs to accrual amount of costs incurred. Credits will be issued to the ~~four~~ participating cities when an overbilled amount is identified; and as a result, a reduction of revenue is recognized. If additional costs are identified to be reimbursed from the ~~four~~ participating cities, additional invoices are submitted to the ~~four~~ participating cities. Additional reimbursable costs revenue is also recognized at year-end.

   D. For cities that join FileLocal during the year, the reimbursable cost revenue will be billed based on the go-live date.

   ~~D.~~E. Any other contributions and donations are recognized as revenue when cash is received.

   ~~E.~~F. Any changes in revenue recognition shall be made in writing by the Program Manager and/or Francis & Company and is subject to approval by the Executive Board.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

7.2 Billings and Accounts Receivable

1. Purpose

   To ensure billings are made for services actually provided and based on the Interlocal Agreement ~~and~~, subscriber agreements, or budget.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

2. POLICY

   FileLocal shall follow prudent and efficient business practices to obtain payment of its receivables.

3. RESPONSIBILITY

   Executive Board, Program Manager, and Francis & Company

4. PROCEDURE

   A. Service fees are paid by customers when they submit their licensing applications. Automatic billing and payment processing is done daily by the third party service company. Francis & Company performs a monthly reconciliation of service fees and cash receipts.

   B. Francis & Company prepares invoices for reimbursable cost revenue based on the budgeted amount established at the beginning of the year~~.~~ and/or the prorated shares due from new cities added during the year. At year-end, Francis & Company conducts a reconciliation of reimbursables according to the actual operation revenue. Any refund or under-billed amounts identified by Francis & Company through the annual reconciliation is subject to review and approval by the Program Manager and then the Executive Board. Refunds or additional invoices are then processed by Francis & Company.

   C. On a monthly basis, Accounts Receivable is reconciled by Francis & Company. For any delinquent balance, Francis & Company sends letters requesting payment and makes a reasonable effort via other means to contact and collect outstanding balances.

   D. Any adjustments and write-off to Accounts Receivable is subject to approval by the Program Manager

   E. All payments received by Francis & Company are reconciled to Accounts Receivable, the general ledger, and the bank deposits.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

8. PROCUREMENT AND CONTRACT MANAGEMENT

8.1 PROCUREMENT

1. PURPOSE

   To outline procurement policies and processes.

2. POLICY

   All contracts for labor, professional services, lease of equipment, and supplies for $10,000 or more must be let by free and open competitive bidding, on sealed bids, to the responsible bidder.

3. RESPONSIBILITY

   Executive Board and Program Manager

4. PROCEDURE

   A. FileLocal is required to advertise for sealed bids on contracts for labor, professional services and equipment leases in excess of $10,000 by posting a notice at its website or by publication of a one-time notice in a newspaper published in the State of Washington.

   B. In case of an emergency affecting the public's health, safety, economic welfare, or security, a contract may be let to the extent necessary to meet the emergency without public advertisement. The Program Manager will honor payment for a period of six months from the date of declaration posting; should the emergency continue to exist after a six month period, it will be necessary to re-declare the emergency.

   C. Sealed bids are accepted by the Program Manager for evaluation. Based on the Program Manager's recommendation, the Executive Board approves and awards the responsible bidder through competitive bidding with consideration given for the quality of the commodities, conformity to specifications, terms of delivery, and freight charges. Multiple-awards may be issued, if notice is contained within the competitive bid, when technical compatibility and/or operational specification are required.

   D. A contract for labor, professional services and equipment leases will be let for periods no greater than five years.

   E. An awarded contract is not assignable by the bidder without written consent of FileLocal. A contract cannot be assigned to a bidder whose bid was rejected.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

8.2 CONTRACTS

1. PURPOSE

   To provide policy and procedures for the review, approval, establishment, and modification of personal and professional services contract.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

2. POLICY

All contracts ~~for personal or professional services with private entities or individuals~~ must be authorized according to the Authorization Policy and approved ~~in writing~~as to form by the ~~Chair of the Executive Board.~~ Agency's attorney.

~~3. RESPONSIBILITY~~

~~Executive Board and Program Manager~~

4.3. PROCEDURE

A. Personal and professional service contracts must include the following information:

I. Name, including contract name and tax identification number (Form W-9);

II. Scope of contract – what is to be done, the purpose, goal, job, etc.;

III. Term of contract, including the beginning and ending dates, to the extent they can be reasonably determined in advance;

IV. Total contract amount and the method of payment;

V. Termination clause;

VI. Signatures.

~~B. All contracts for personal and professional services must be reviewed by the Program Manager and Executive Board within a reasonable time, not to exceed 45 days after it has been submitted.~~

~~C. All contracts for personal or professional services must be approved in writing by the Chair of the Executive Board.~~

~~D.~~B. A contract cannot be assigned to a third party~~.~~ without the written consent of the Agency. If the Agency does not consent to assignment and a different contractor is required, the original contract must be canceled and a new contact must be initiated.

~~E.~~C. An emergency contract for personal or professional services shall be let for a period of not more than 6 months.

~~F. Contracts between governmental entities must be separately tracked to ensure additional reporting and regulatory compliance required by federal and state law.~~

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~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

9. CAPITAL ASSET MANAGEMENT

9.1 CAPITALIZATION POLICY

1. PURPOSE

   To define capitalization policy.

2. POLICY

   All personal and real property with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years are recognized as capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the assets. The costs for normal maintenance and repairs are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

   - Software 3 – 5 years
   - Computers and equipment 3-7 years

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Francis & Company shall assign the appropriate accounting classification codes to all purchases, contracts and acquisitions that qualify as capital assets.

   B. The Program Manager shall provide Francis & Company copies of all purchase orders, requisitions, and receiver's reports covering capital asset purchases.

   C. Francis & Company shall be responsible for recording the asset on the capital asset schedule, a manual spreadsheet/sub-ledger, showing the description, physical location, owners, cost, acquisition date, useful life, depreciation, and disposition date including the date of disposal and sales price of the property.

9.2 PHYSICAL INVENTORY

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

1. PURPOSE

   To establish physical inventory of capital assets

2. POLICY

   All capital assets should be inventoried periodically, but not less than every two years, to reconcile the total capital assets with the capital asset schedule (a sub-ledger).

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Francis & Company shall perform a physical inventory of capital assets at least once every two years.

   B. Once the physical inventory is complete, it must be reconciled to the individual capital asset record (a manual capital asset sub-ledger) and general ledger.

   C. Inventory count sheet and reconciliation is subject to the Program Manager's review. Any discrepancy is investigated by the Program Manager.

9.3 DISPOSITION

1. PURPOSE

   To outline disposition of capital assets.

2. POLICY

   All capital asset dispositions shall be approved by the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Disposition of capital assets shall be requested in writing and addressed to the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

B. All disposition documents shall be forwarded to Francis & Company to record the disposition. Gains and losses are recognized on the sale of capital assets.

C. The capital assets and related depreciation shall be removed from both the capital asset sub-ledger and general ledger.

9.4 CAPITAL ASSET IMPAIRMENT

1. PURPOSE

   To outline capital asset impairment policy and procedures.

2. POLICY

   Capital asset impairment is conducted on an annual basis or at the time the impairment occurs. Only permanent impairments of capital assets should be recognized in the financial statements.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   A. Francis & Company shall conduct an impairment analysis on an annual basis, or at time the impairment occurs in accordance with the generally accepted accounting principles.

   B. A memo of impairment analysis with calculated loss prepared by Francis & Company is submitted to the Program Manager for review and approval.

   C. Francis & Company records impairment loss in FileLocal general ledger system.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

10. JOURNAL ENTRIES

1. PURPOSE

   To outline types of journal entries and internal controls over journal entries.

2. POLICY

   All journal entries must be self-balancing and include an account type (asset, liability, revenue, expense, net assets) for each line of the journal entry. Journal entries are subject to review and approval based on the policies and procedures herein.

3. RESPONSIBILITY

   Program Manager and Francis & Company

4. PROCEDURE

   Journal entries are used to:

   A. Correct errors: most of journal entries will be to correct account-coding errors. The journal entry must include the debit entries and credit entries to correctly produce the required accounting effects. There is no review or approval for this type of journal entry prior to or after posting the journal entries.

   B. Record cost allocation: cost allocation is processed by Francis & Company based on the approved cost allocation documents, including budgets. No review or approval is required for this type of journal entry.

   C. Record recurring balance sheet transactions: recurring journal entries include monthly depreciation, amortization, receivable, and accrued liabilities. They are not required for review or approval.

   D. Implement accounting policies and guidance: a memo is prepared for the implementation of a new accounting standard by Francis & Company to the Program Manager for review and approval. The memo will provide a reference of the new accounting standard, accounting effects, and a proposed journal entry.

   E. Record non-routine, nonrecurring transactions: a memo in writing to the Program Manager is required for review and approval of non-routine, non-recurring transactions.

   Internal controls over monthly and annual financial reporting are considered an effective control over journal entry type 1, 2, and 3.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

11. FINANCIAL REPORTING

1. PURPOSE

   To establish and catalog the reporting requirements for accounting.

2. POLICY

   Financial statements and reports shall be prepared on a monthly and annual basis to provide the Program Manager and Executive Board, and outside auditors with sufficient financial information to report accurately the results of operations.

3. RESPONSIBILITY

   Francis & Company shall maintain supporting records in sufficient detail to prepare financial statements or reports for the Agency.

4. PROCEDURE

   A. On an annual basis, Francis and Company prepares and presents:

      I. Annual financial statements with full footnote disclosures.

      II. Other required supplemental schedules and information.

   The annual financial statements are prepared in accordance with generally accepted accounting principles. The annual financial statements along with required supplemental information are subject to review by the Executive Board and the Program Manager. The Executive Board adopts the annual financial statements.

   B. On a quarterly basis, Francis & Company submits to the Executive Board to adopt:

      I. List of vendor warrants.

   C. On a monthly basis, Francis & Company prepares and presents:

      I. Internal financial statements.

      II. Schedule of actual and budget comparison.

      III. Variance analysis, as needed, will be prepared with monthly financial statements.

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

Attachment A: Check Request Form

FileLocal
Check Request Form

Deliver Check to:

Date Required	Check Amount

Purpose of Payment

G/L Account #:

Vendor Name	Invoice/Receipt Number	Invoice Date	Amount

Originator	Date

Approval	Date

Submit Form to Francis & Company PLLC
701 N Dexter Avenue, Suite 404
Seattle, Washington 98109

~~*This policy was adopted by the Executive Board on 09.22.2014 via Resolution FL2014-20*~~

Delegation of Authority Schedule – FL2018-03

FLEB March 2018

Proposed FL2018-03

AUTHORITIES DELEGATED BY FILELOCAL EXECUTIVE BOARD	TOPIC	DOCUMENTATION REFERENCE	PROGRAM MANAGER	OPERATIONS COMMITTEE	OTHER	ACCOUNTANT	LEGAL
Authorizes budgeted expenditures of $50,000 or less - excluding Program Manager (PM) requests.	F	(FM §6.1)	X				
Authorizes budgeted expenditures of more than $50,000 - excluding PM requests .	F	(FM §6.1)			X		
Authorizes unbudgeted expenditures of $5,000 or less-excluding PM requests .	F	(FM §6.1)			X		
Authorizes unbudgeted expenditures of more than $5,000-excluding PM requests.	F	(FM §6.1)			X		
Contract Review	F	(FM §6.1)			X		
Authorizes all budgeted PM requests $250 or less.	F	(FM §6.1)			X		
Authorizes all budgeted PM requests greater than $250.	F	(FM §6.1)			X		
Authorizes all unbudgeted PM requests $500 or less.	F	(FM §6.1)			X		
Authorizes all unbudgeted PM requests greater than $500.	F	(FM §6.1)			X		
Assist in Development and review proposed agency budgets	F	(FM §3)		X			
Advises on proposed budget	F	(FM §3)	X				
Develops proposed operating budget in consultation with operations committee	F	(FM §3)	X				
Submits budget and operation performance reports to Board	F	(FM §1)	X				
Reviews/approves cash disbursements	F	(FM, §6.2)	X				
Prepares checks, maintains and initiates electronic payments	F	(FM, §6.2)				X	
Reviews bank accounts and reconciliations	F	(FM, §6.2)				X	
Approves check requests (as authorized by Executive Board)	F	(FM, §6.3)				X	
Controls check stock	F	(FM, §6.4)				X	
Establishes and maintains accounting system	F	(FM, §2)				X	
Preparation of financial statements	F	(FM, §11)				X	
Provides external audit preparation and response	F	(FM, §6.11)				X	
Conducts compliance monitoring, financial analysis, internal audits, and other financial management and accounting services as directed by Board	F	(FM, §6.11)				X	

Legend

F=Fiscal O=Operations P=Policy FM=Fiscal Manual	ILA=Interlocal Agrement B=Bylaws SLA=Service Level Agreement

Proposed FL2018-03

AUTHORITIES DELEGATED BY FILELOCAL EXECUTIVE BOARD	TOPIC	DOCUMENTATION REFERENCE	PROGRAM MANAGER	OPERATIONS COMMITTEE	OTHER	ACCOUNTANT	LEGAL
Provides legal services regarding formation as a non-profit municipal corporation	L	(FL2014-18)					X
Provides general legal counsel	L	(FL2014-18)					X
Manages/oversees vendor performance	O	(ILA §11)	X				
Consults with Operations Committee on issues coming before Board	O	(ILA §11)	X				
Provide, equip, and maintain office space for staff	O	(FL2014-19)			X COS		
Reviews and develops operations policy and amendments, new service options, and other matters directed by Board	P	(ILA §9)		X			
Reports and recommends on policy matters deemed appropriate	P	(ILA §9)		X			
Assists in communications to City Councils, legislators, business community, etc.	Policy	(ILA 16-17)		X			
Conducts outreach to tech staff within respective cities	Policy	(ILA 16-17)		X			
Briefs executive board members	Policy	(ILA 16-17)		X			
Administers day-to-day operations consistent with policies	Policy	(ILA 18)	X				
Conducts outreach to taxpayers, licenses and businesses	Policy	(ILA 18)	X				
Advise on conflicts of interest	Policy	(SLA, p4)			X SEEC		
Preserves agency public records as required by state law, response to public records requests, segregation of agency records from city records	Policy	(SLA, p5)	X		X Seattle		
Outreach and communications with elected officials	Policy				xOIR		
Appoints other staff positions established by Board	Staffing	(B p9)	X				
Appoints persons to fill other staff positions (Administrative support staff, project manager/business analyst, etc.)	Staffing	(ILA 18, SLA 3)	X				
Backfills employees	Staffing	(SLA, p4)			X Seattle		

Legend

F=Fiscal O=Operations P=Policy FM=Fiscal Manual	ILA=Interlocal Agrement B=Bylaws SLA=Service Level Agreement

RESOLUTION NO. FL2018-04

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Portal Agency") bylaws Article 5 Section 5.1 calls for the Portal Agency to elect a chair and vice-chair:

Whereas, the Portal Agency bylaws Article 5 Section 5.2 sets a two-year term for the chair and vice-chair;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The slate of officers for the Portal Agency commencing April 1, 2018 shall be:

Chris Bothwell, City of Lake Forest Park, Chair (two-year term)

Toni Call, City of Bellevue, Vice-Chair (two-year term)

Toni Call, City of Bellevue, Secretary (interim, pending separate appointment)

Horace Francis, Francis and Company, Treasurer (indefinite term)

ADOPTED this _____ day of _____, 2018.

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

ATTEST:

_____ _____

Board Secretary **Board Chair**

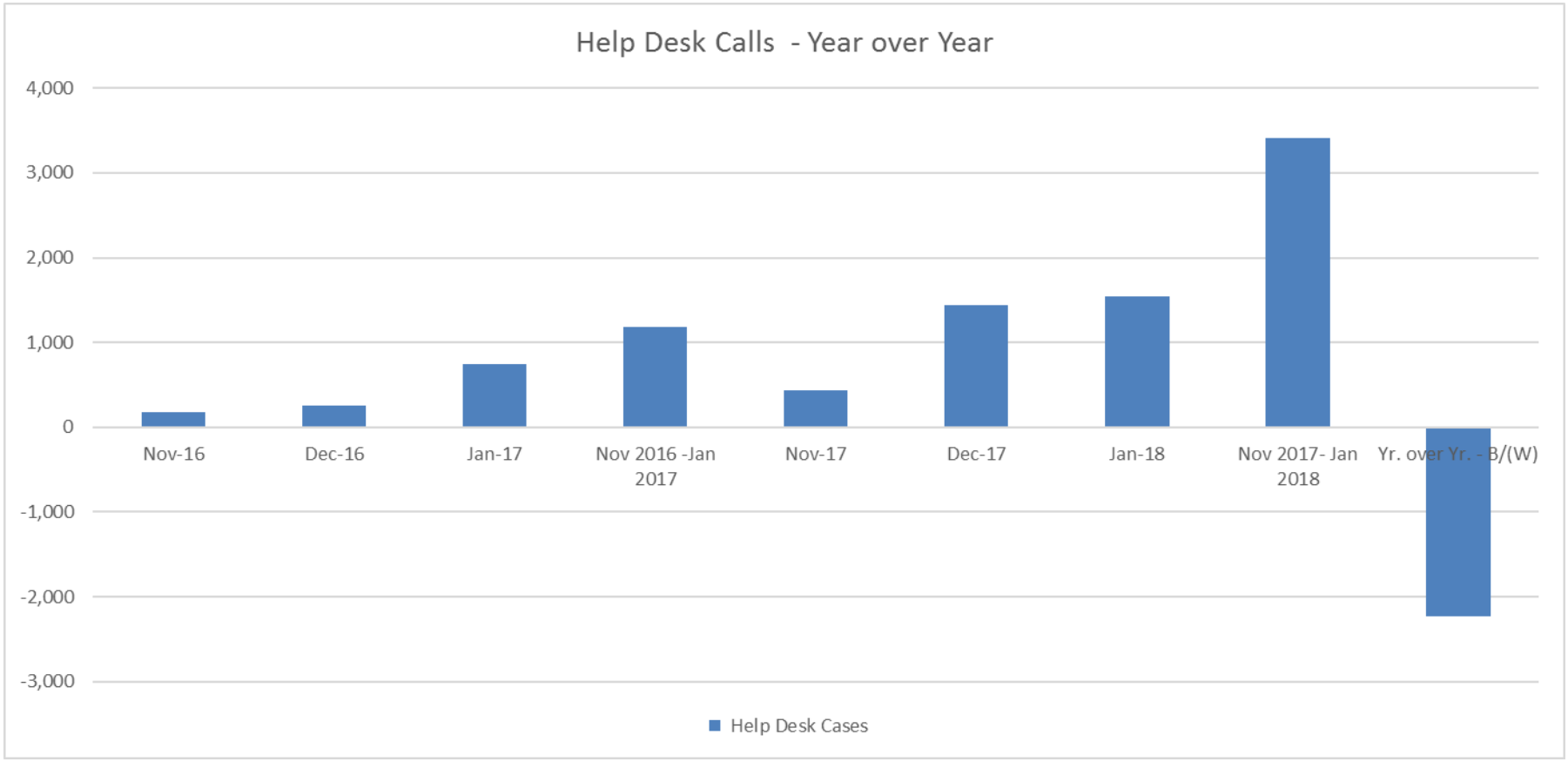
FileLocal

Your one stop for local business licensing and tax filing

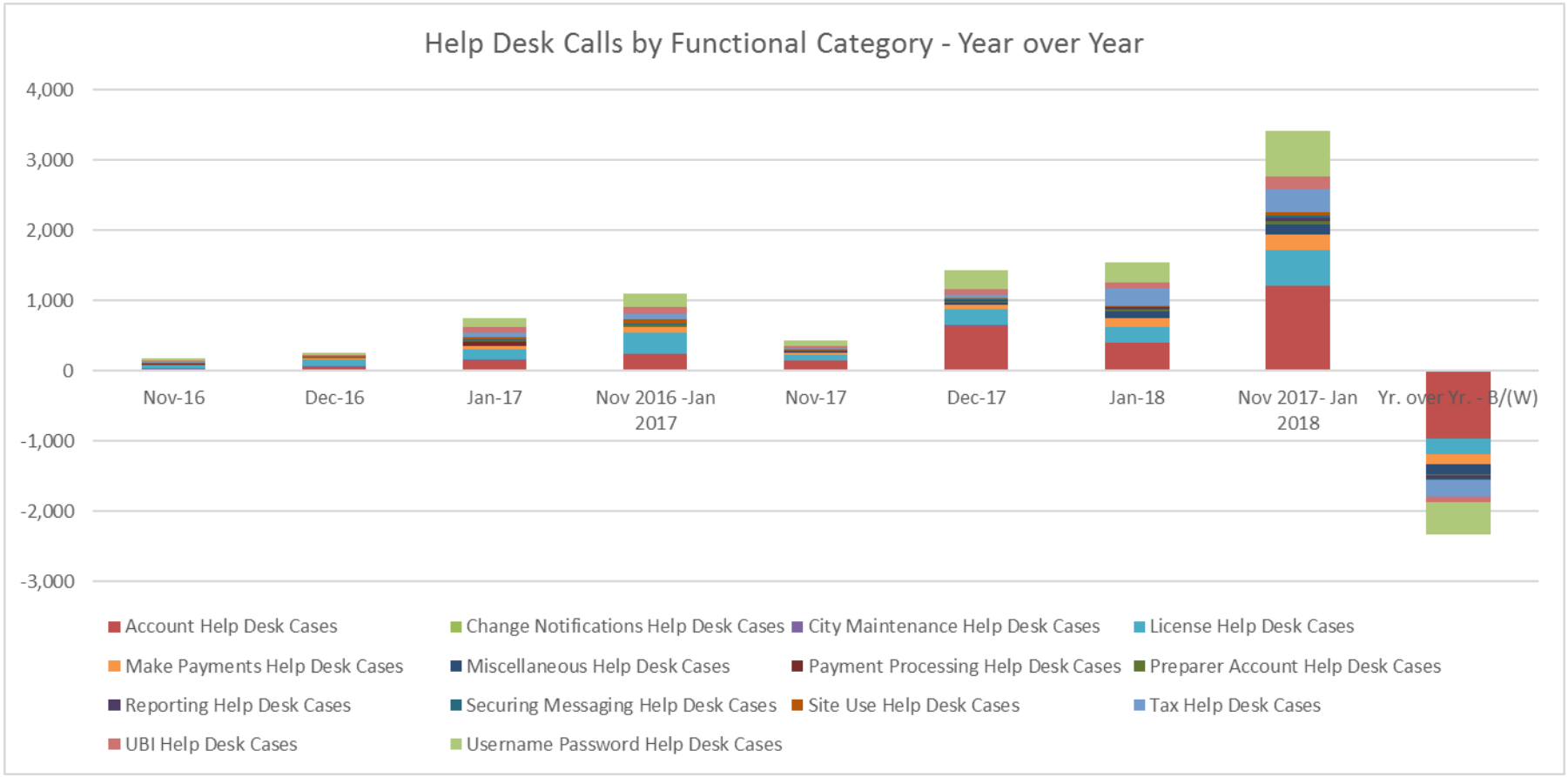
www.filelocal-wa.gov

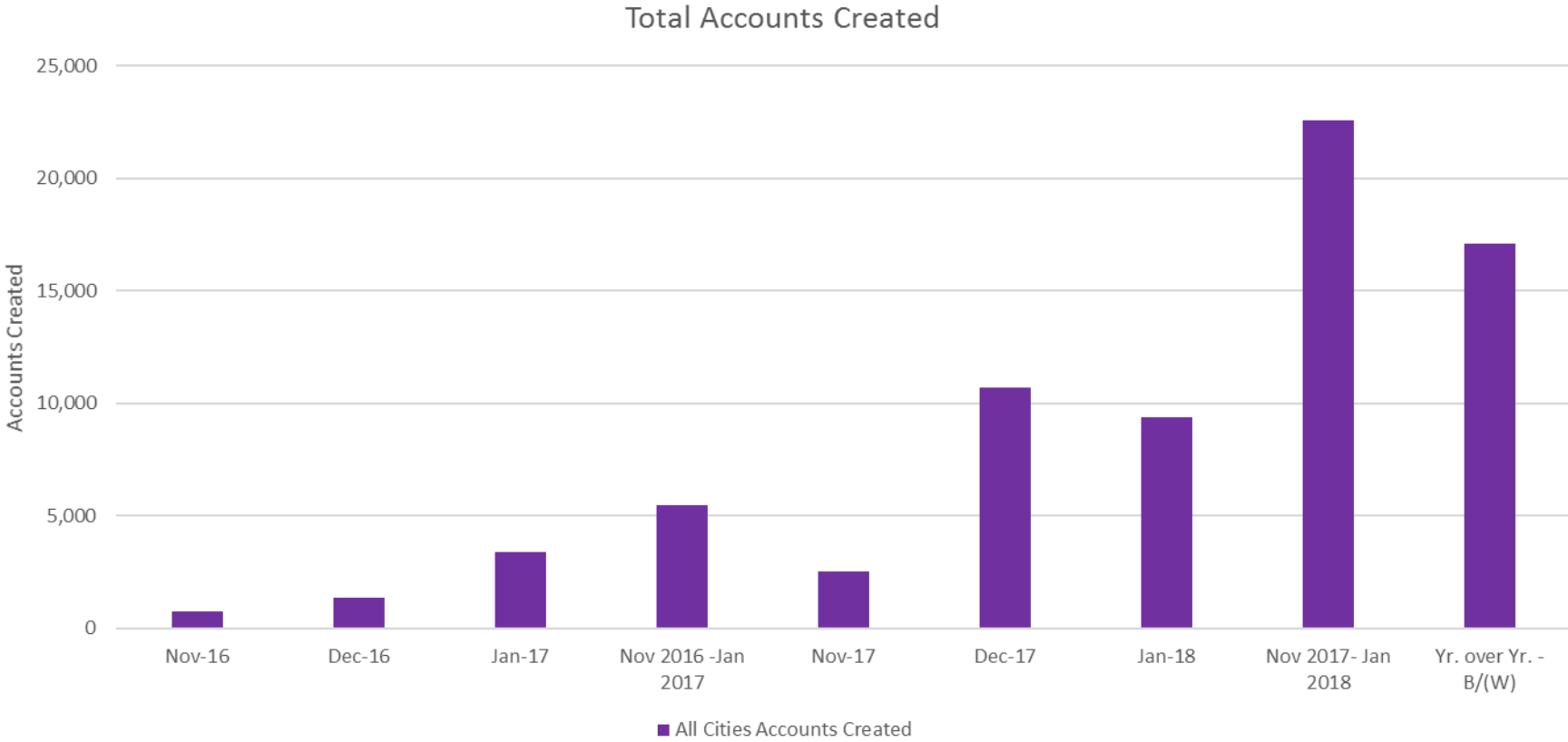
FileLocal: Monthly Business Review

January 2018

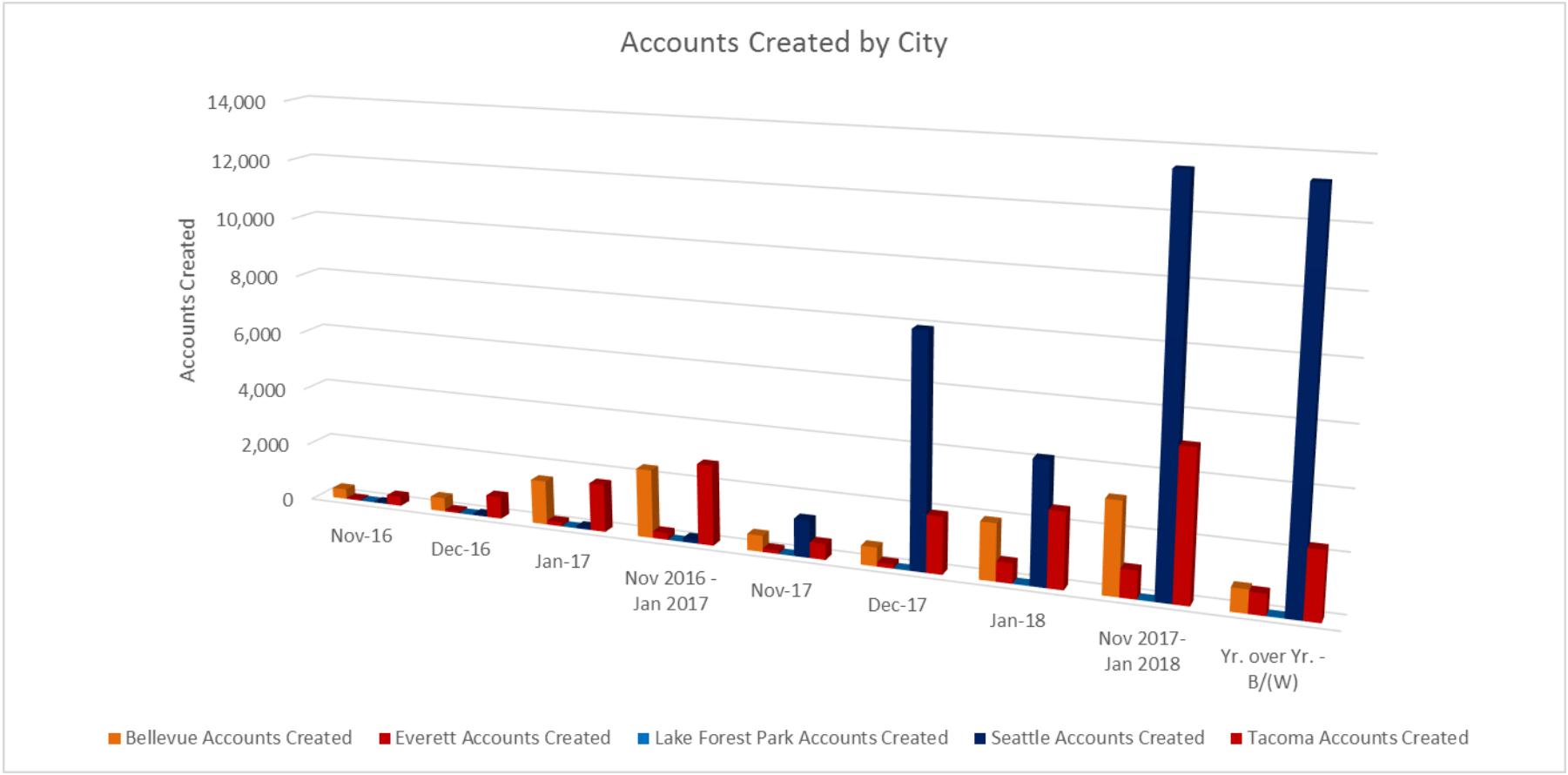


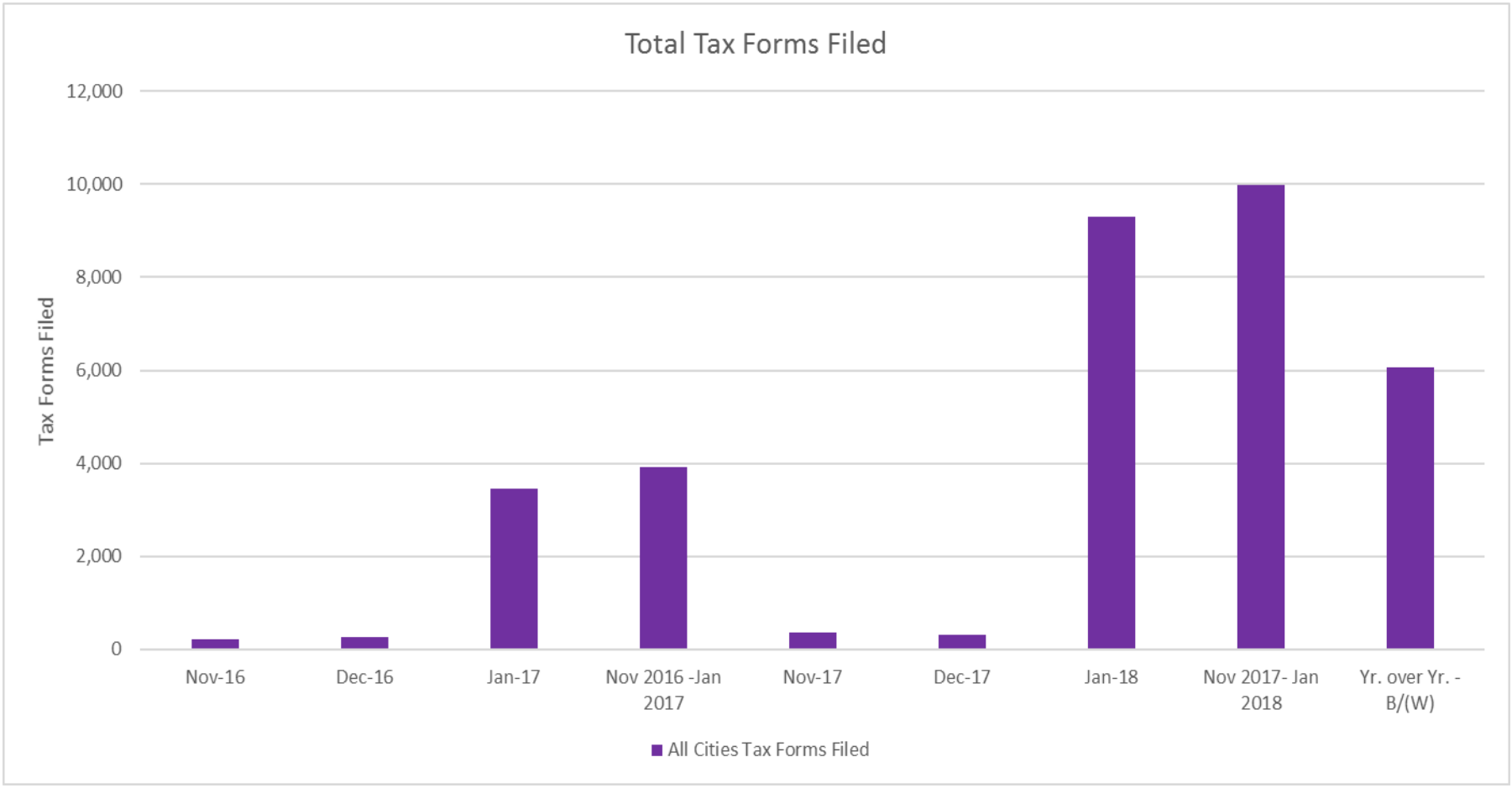
Help desk calls totaled 3,414 calls for the three months ending Jan 2018. This is 10.5% of the accounts created and forms filed which is 2% lower than the three months ended in the prior year (12.5%). The number of calls for the three months were up 2,237. Three categories make up the highest % of calls - account creation (35%), licenses (15%) and username/password reset (19%).


Help Desk Calls by Functional Category - Year over Year
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
Nov-16
Dec-16
Jan-17
Nov 2016 -Jan 2017
Nov-17
Dec-17
Jan-18
Nov 2017- Jan 2018
Yr. over Yr. - B/(W)
Account Help Desk Cases
Change Notifications Help Desk Cases
City Maintenance Help Desk Cases
License Help Desk Cases
Make Payments Help Desk Cases
Miscellaneous Help Desk Cases
Payment Processing Help Desk Cases
Preparer Account Help Desk Cases
Reporting Help Desk Cases
Securing Messaging Help Desk Cases
Site Use Help Desk Cases
Tax Help Desk Cases
UBI Help Desk Cases
Username Password Help Desk Cases

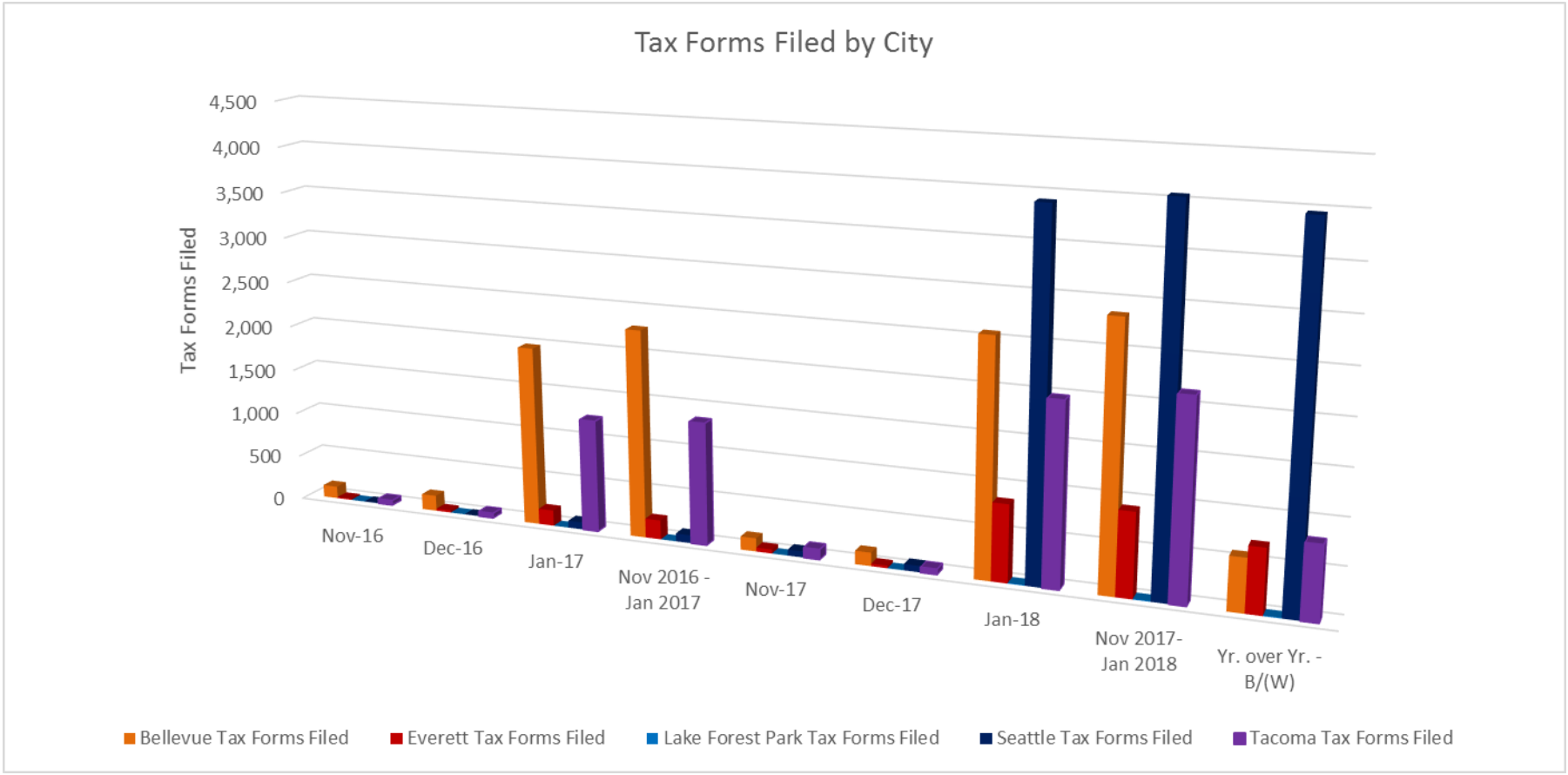


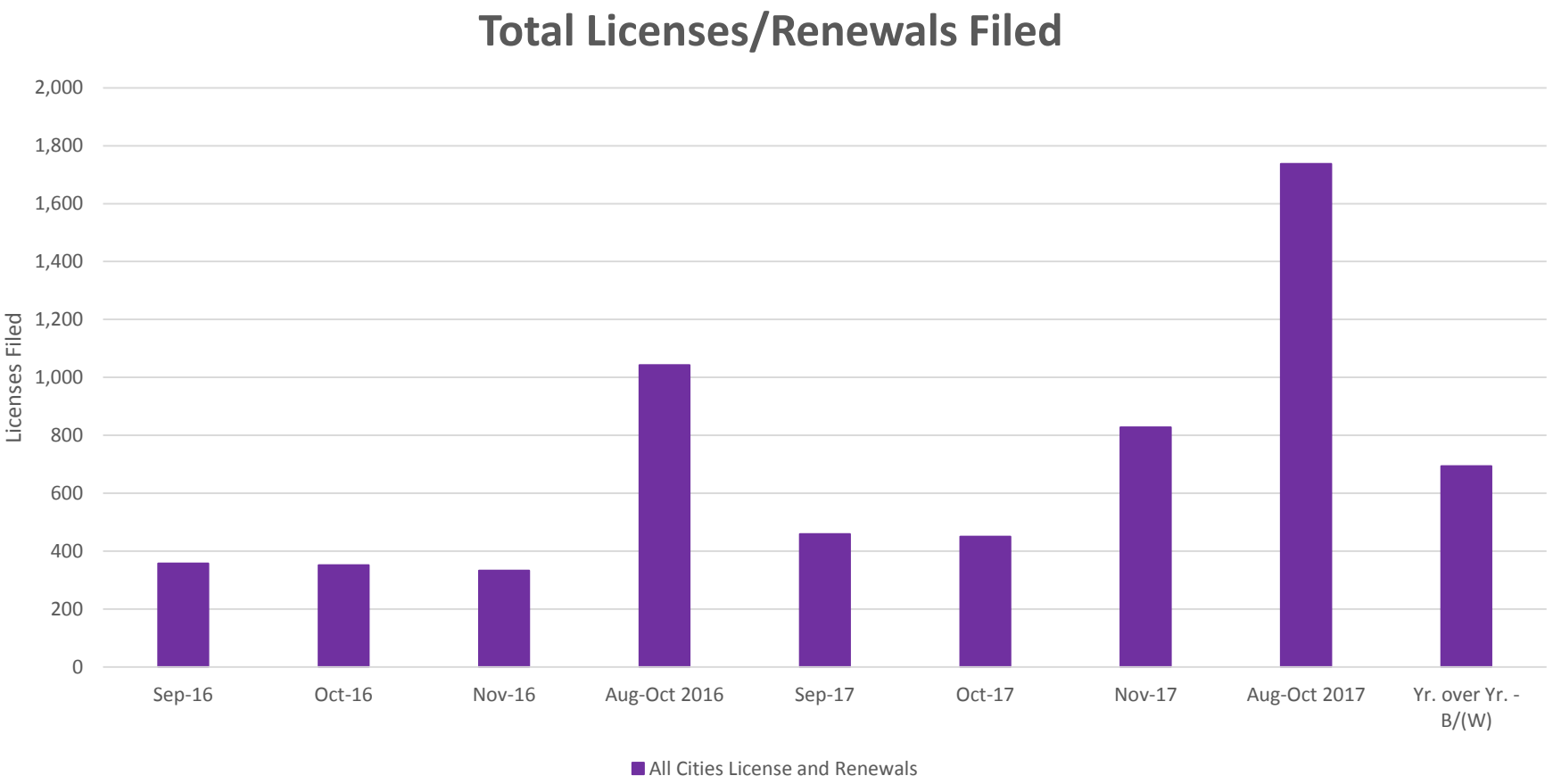
Accounts created for the 3 months ended Jan 2018 were 22,585 which is up 17,099 accounts compared to the 3 months ended Jan 2017. All five cities were up with Seattle up 13,262 accounts, Tacoma up 2,316, Bellevue up 788 accounts, Everett up 717 accounts and Lake Forest Park up 16 accounts. Note: Accounts created doesn't represent fully registered customers. See 3-9-18 chart from eGov, 22,282 users started the sign up process but only 8,957 (40%) completed it through the tax form set-up. The break down of where filers stopped is as follows: 1,393 (6%) received an email but didn't confirm it, 8,688 (39%) confirmed the email but didn't complete the UBI Questions Screen, 1,810 (8%) completed the main location but not the other locations screen, 1,434 (6%) completed the location screen but not the forms setup. This note is consistent with the findings of the Account Set-Up Task Force.


Accounts Created by City
Accounts Created
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Nov-16
Dec-16
Jan-17
Nov 2016 - Jan 2017
Nov-17
Dec-17
Jan-18
Nov 2017- Jan 2018
Yr. over Yr. - B/(W)
Bellevue Accounts Created
Everett Accounts Created
Lake Forest Park Accounts Created
Seattle Accounts Created
Tacoma Accounts Created

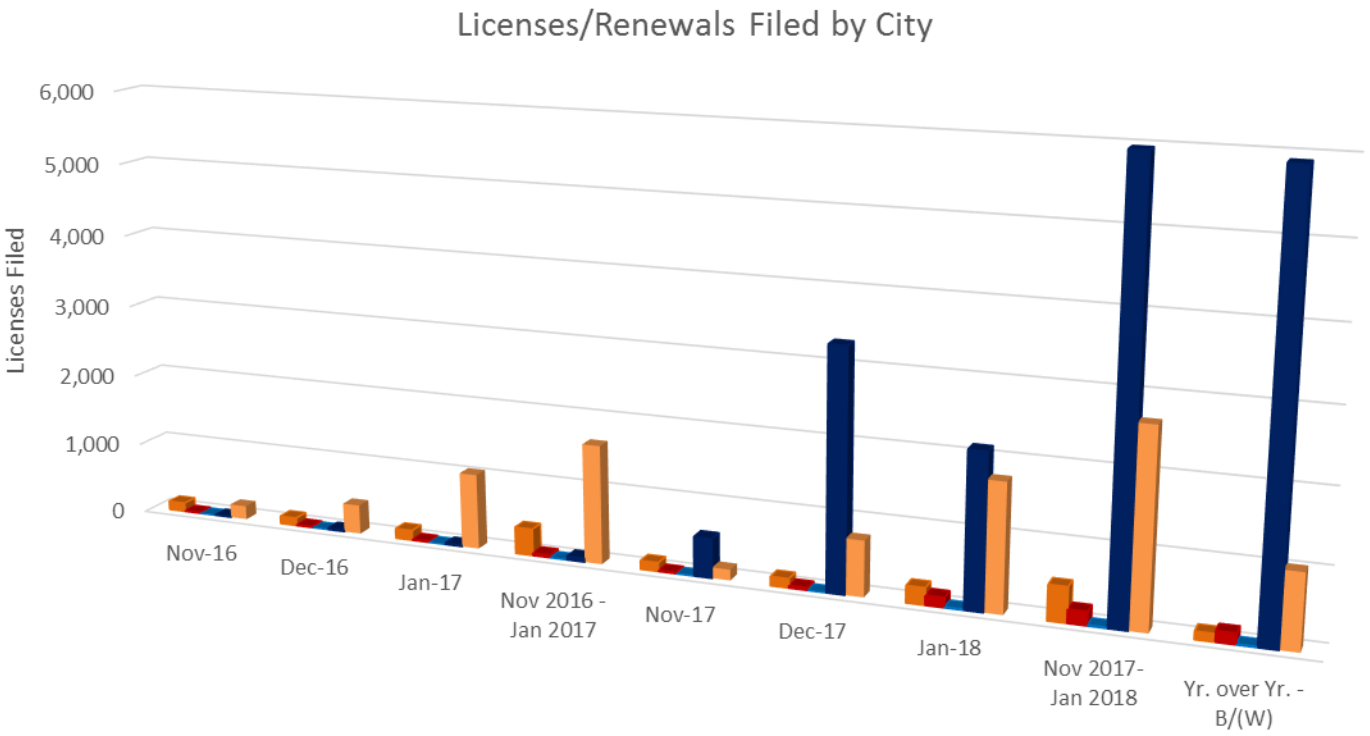


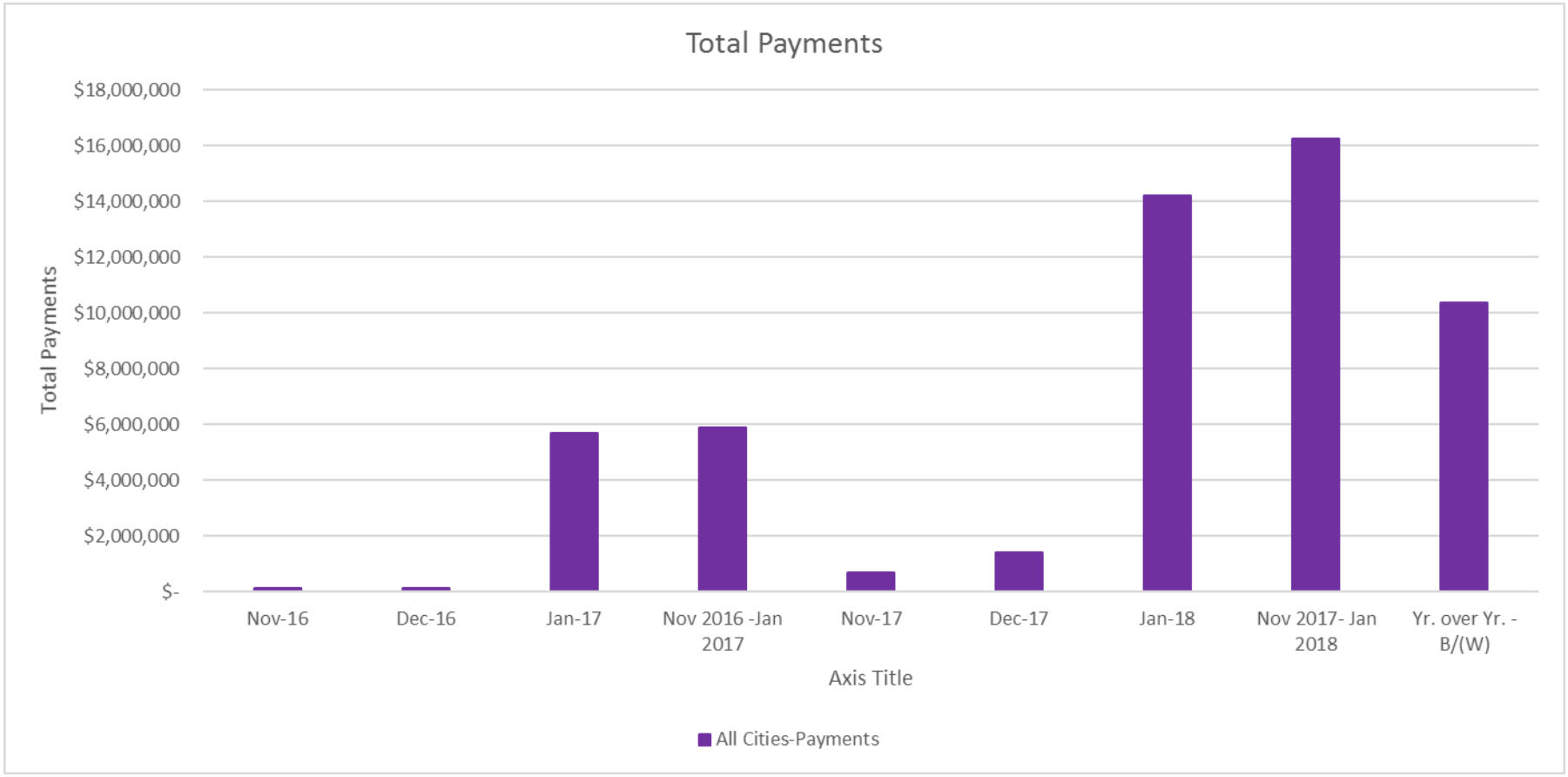
Tax Forms filed for the 3 months ended Jan 2018 were 9,981 which is up 6,051 filings compared to the 3 months ended Jan 2017. All four cities were up with Seattle up 3,974, Tacoma up 799, Everett up 702 and Bellevue up 577.


Tax Forms Filed by City
Tax Forms Filed
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Nov-16
Dec-16
Jan-17
Nov 2016 - Jan 2017
Nov-17
Dec-17
Jan-18
Nov 2017- Jan 2018
Yr. over Yr. - B/(W)
Bellevue Tax Forms Filed
Everett Tax Forms Filed
Lake Forest Park Tax Forms Filed
Seattle Tax Forms Filed
Tacoma Tax Forms Filed

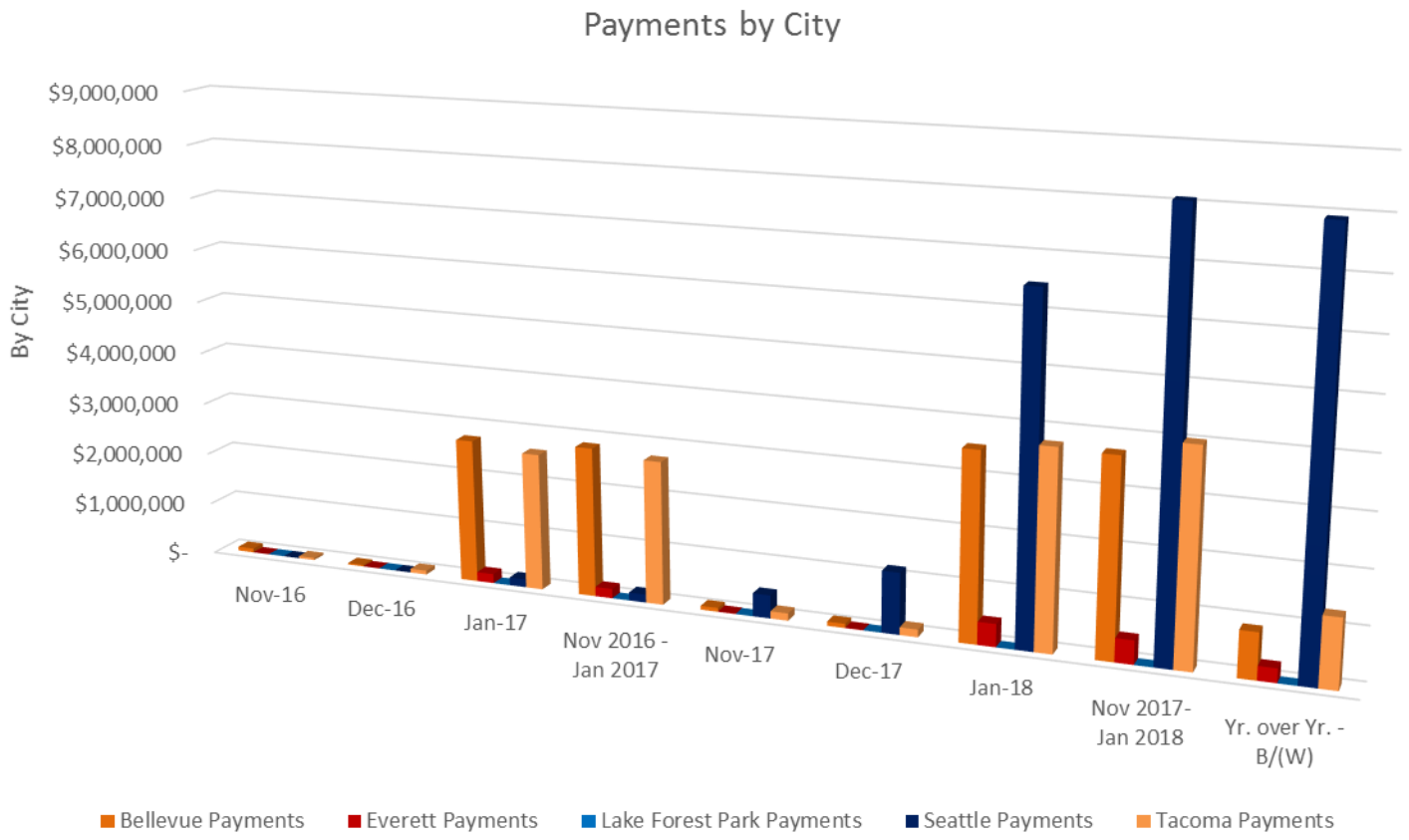


License/Renewals created for the 3 months ended Jan 2018 were 9,299 which is up 7,192 filings compared to the 3 months ended Jan 2017. All five cities are up with Seattle up 5,899, Tacoma up 1,025, Everett up 148, Bellevue up 108 and Lake Forest Park up 12.


Licenses/Renewals Filed by City
Licenses Filed
6,000
5,000
4,000
3,000
2,000
1,000
0
Nov-16
Dec-16
Jan-17
Nov 2016 - Jan 2017
Nov-17
Dec-17
Jan-18
Nov 2017- Jan 2018
Yr. over Yr. - B/(W)
Bellevue License and Renewals
Everett License and Renewals
Lake Forest Park License and Renewals
Seattle License and Renewals
Tacoma License and Renewals



Payments made for the 3 months ended Jan 2018 were $16,257m which is up $10.362m compared to the 3 months ended Jan 2017. All five cities were up with Seattle up $7.929m, Tacoma up $1.299m, Bellevue up $.866m, Everett up .267m and Lake Forest Park up $1.1k.


Payments by City
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
By City
Nov-16
Dec-16
Jan-17
Nov 2016 - Jan 2017
Nov-17
Dec-17
Jan-18
Nov 2017- Jan 2018
Yr. over Yr. - B/(W)
Bellevue Payments
Everett Payments
Lake Forest Park Payments
Seattle Payments
Tacoma Payments

FileLocal

Account Set Up Task Force Update

March 26, 2018

- **Team Members –** Troy Lucas, Jackie Mitchell, Sharon Fuller, Jenni Barrett, Wendy Thomaston , Richard Hondt

  - Team met from December - February to review help desk issues and business complaints
  - Identified main pain point areas to address and listed solutions
    - Number of steps to sign up for an account
    - UBI 16
    - Buttons and language
  - Prioritized minor design changes for Q1 2018 release
    - CR 186 tested and approved – Buttons and Language
  - Prioritized major design changes for Q2 2018 release
    - CR 184 – Removing/combining steps, removing non essential information, etc.
  - On 2/27 eGov presented a proposal for major design changes for City review
    - Cities are reviewing proposed design changes

FileLocal

January Help Desk Issues

March 26, 2018

- **Key Issues**
  - **Severe Weather**
  - **Call Center Response Time**
  - **Closed Loop Tracking – calls and emails**
  - **Renewal Processing**
- **Updates**
  - **A Second Call Center in Birmingham is being brought online in March 2018 to handle overflow.**
  - **Help Desk Software Assessment/Replacement will be completed by the end of the month – calls only**
  - **Help Desk Software for email tracking is being implement and will be completed by the end of the month.**