FileLocal

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

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

Jan Hawn
City of Renton

Executive Board Agenda

May 29, 2018

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4090
SEATTLE, WA

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

2. **PUBLIC COMMENT***

3. **APPROVAL OF 3-26-18 MEETING SUMMARY**
   a. 3-26-18 Meeting Summary

4. **REVIEW OF MARCH AND FEBUARY 2018 FINANCIAL STATEMENTS**
   a. March 2018 Financial Statements
   b. February 2018 Financial Statements

5. **ACTION ITEMS**
   a. Resolution **FL2018-05: Reimbursement Allocation: New and Originating Cities**
      i. Briefing Paper: Resolution **FL2018-05**
      ii. Resolution **FL2018-05**
      iii. Attachment A: Fiscal Manual
      iv. Attachment B: Redline Comparison
   b. Resolution **FL2018-06: Draft Budget 2019-2023**
      i. Briefing Paper: **FL2018-06**
      ii. Resolution: **FL2018-06**
      iii. Attachment A: Draft Budget 2019-2023
   c. Resolution **FL2018-07: Leviathan Contract**
      i. Briefing Paper: **FL2018-07**
      ii. Resolution: **FL2018-07**
      iii. Attachment A: Leviathan Contract

6. **OTHER BUSINESS**
   a. Monthly Business Report
   b. IT Services Agreement – extension

*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.

c. New City Update
d. Employee Update
e. HB2005 Next Steps

7. NEXT MEETING:

A. FLEB September 24th, 2018

8. ADJOURNMENT

FileLocal

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

Executive Board Meeting Summary

March 26, 2018

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
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 **3-26-18**, meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at **12:01 p.m**. and held in Conference Room **4070** of the Seattle Municipal Tower in Seattle, Washington.

ROLL CALL

Board Members Present: Susy Haugen (phone), Toni Call (phone), Chris Bothwell (phone), Glen Lee, and Andy Cherullo (phone)

Staff and Guests: Kevin Fitzpatrick, David Linehan (phone), Horace Francis (phone), Rick Mekdessie (phone), Jan Hawn (phone), Kari Roller (phone), Nate Malone (phone) Jeanette Wischhoefer and Wendy Thomaston

2. **PUBLIC COMMENT**

There were no public comments.

3. **APPROVAL OF MEETING SUMMARY**

On a motion made by **Andy Cherullo** and seconded by **Toni Call**, the board approved the **3-19-18**, meeting summary.

4. **ACTION ITEMS**

A. FL2018-01 – Bremerton Admission – Subscriber. Kevin reviewed the briefing paper, resolution, and discussion document. There were no questions and, on a motion, made by Glen Lee and seconded by Andy Cherullo the board, made up of Lake Forest Park and all of the original member cities, unanimously approved the motion by a roll-call vote to add Bremerton as a subscriber city.

B. FL2018-02 – Renton Admission – Principal. Kevin reviewed the briefing paper, resolution, and discussion document. There were no questions and, on a

*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.

motion, made by Andy Cherullo and seconded by Toni Call the board, made up of Lake Forest Park and all of the original member cities, unanimously approved the motion on a roll-call vote to add Renton as a principal city

C. FL2018-03 – Fiscal Manual Updates – Kevin had previously reviewed the updates with each of the Board Members and there were no follow-on questions. On a motion made by Toni Call and seconded by Andy Cherullo the board, made up of Lake Forest Park and all of the original member cities, approved the motion to update the Operating/Fiscal Manual.

D. FL2018-04 – FileLocal Executive Board Officers – Kevin reviewed the 2-year term limit on the Chair and Vice-Chair positions and then the resolution to elect Chris Bothwell as Chair and Toni Call as the Vice-Chair. On a motion made by Andy Cherullo and seconded by Glen Lee, the board approved the motion to elect Chris Bothwell as the Chair and Toni Call as the Vice-Chair.

5. **DISCUSSION ITEMS:**

A. Monthly Business Report – Kevin reviewed the monthly business report for the three months ended January 31st, 2018. Overall, Accounts Created (8,957), Forms filed (9,981), Licenses and Renewals (9,299) and Payments $16,247m were up significantly compared to the like period a year ago. Help Desk calls were 3,414 which is 10.5% of the Accounts Started and Forms Filed. Key areas noted for help desk calls include account creation – 35%, password reset 19%, and Licensing 15%.

B. Account Setup Task Force – Troy Lucas (Bellevue) reviewed the work done by the Account Setup Task Force – the group focused their efforts on two releases - Q1'18 was focused on easy to fix items such as wording, help screens etc. and Q2'18 items primarily focused on simplifying the user experience.

C. January 2018 Help Desk Issues – Kevin reviewed the Help Desk Issues encountered in January 2018 and the remedies to fix these issues. The remedies include – 2nd Help Desk Center in Birmingham, Al, new call center and email software, monthly meetings to discuss city onboarding initiatives.

6. **ADJOURNMENT**

On a motion made by **Andy Cherullo** and seconded by **Toni Call**, the meeting of the Executive Board adjourned at **12:27 p.m**.

Respectfully Submitted,

Andy Cherullo
Interim Secretary, FileLocal

FileLocal

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

FileLocal
Financial Statements
March 31, 2018

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

ASSETS		
Cash	**$**	**1,017,449**
Accounts receivable		**28,773**
Billable to Cities		**5,081**
Prepaid		**135,009**
Total Current Assets		**1,186,312**
TOTAL ASSETS	**$**	**1,186,312**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	**$**	**2,028**
Accrued liabilities	**$**	**115,022**
Total Current Liabilities		**117,050**
TOTAL LIABILITIES	**$**	**117,050**
NET ASSETS		
Net assets, unrestricted	**$**	**395,500**
Net Income	**$**	**673,762**
TOTAL NET ASSETS	**$**	**1,069,262**
TOTAL LIABILITIES AND NET ASSETS	**$**	**1,186,312**

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FILELOCAL
STATEMENT OF ACTIVITIES
FOR THE THREE MONTHS
AND YEAR-TO-DATE ENDED MARCH 31, 2018

	January	February	March	YTD
REVENUES				
User fees	34,816	8,536	5,320	**48,672**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	543,559	-	-	**543,559**
City of Bellevue	85,125	-	-	**85,125**
City of Tacoma	133,922	-	-	**133,922**
City of Everett	38,821	-	-	**38,821**
City of Lake Forest Park	10,955	-	-	**10,955**
Total direct reimbursable costs	812,382	-	-	**812,382**
Shared cost reimbursements		-	-	**-**
Total revenues	847,198	8,536	5,320	**861,054**
EXPENSES				
Accounting fees	2,500	2,500	2,500	**7,500**
Agency IT costs	-	-	-	**-**
Bank fees	-	-	-	**-**
Capital Recovery Payment	-	-	-	**-**
Conference cost	-	-	-	**-**
Consulting	-	-	-	**-**
Insurance	433	433	433	**1,299**
Labor costs	30,000	30,000	30,000	**90,000**
Legal fees	1,537	1,653	1,885	**5,075**
License and membership fees	335	-	-	**335**
Meals and entertainment	-	-	-	**-**
Office and operation supplies	-	-	-	**-**
Printing and copying	-	-	-	**-**
Technology costs	15,350	40,705	9,234	**65,289**
Transaction fees	13,056	2,471	1,995	**17,522**
Travel Expense	-	63	209	**272**
Reimbursable Shared Costs	-	-	-	**-**
Total expenses	63,211	77,825	46,256	**187,292**
CHANGE IN NET ASSETS	783,987	(69,289)	(40,936)	**673,762**
			-	**-**

FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED MARCH 31, 2018

	Budget	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 184,000	$ 46,000	48,672	$ 2,672
Reimbursable cost/Capital cost recovery charges				
City of Seattle	$ 543,559	$ 543,559	543,559	$ -
City of Bellevue	$ 85,125	$ 85,125	85,125	$ -
City of Tacoma	$ 133,922	$ 133,922	133,922	$ -
City of Everett	$ 38,821	$ 38,821	38,821	$ -
City of Lake Forest Park	$ 10,955	$ 10,955	10,955	$ -
Total direct reimbursable costs	812,382	812,382	812,382	-
Other				
Fund carryover	$ 30,000			
Total sources	1,026,382	858,382	861,054	2,672
EXPENSES				
Labor costs	347,882	$ 86,971	90,000	$ 3,029
Contracts	45,670	$ 11,418	8,799	$ (2,619)
Overhead	57,049	$ 14,262	5,682	$ (8,580)
Technology costs	544,482	$ 136,121	82,811	$ (53,310)
Operating reserve	15,299	$ 3,825	-	$ (3,825)
Capital cost recovery payments	16,000	$ 4,000	-	$ (4,000)
Consulting	-	$ -	-	$ -
Meals and entertainment	-	$ -	-	$ -
Total operating expenses	1,026,382	256,597	187,292	(69,305)
CHANGE IN NET ASSETS			673,762	
NET ASSETS, AS OF JANUARY 1, 2018			395,500	
NET ASSETS, AS OF MARCH 31, 2018			1,069,262	
Schedule I - Contracts				
Accounting	27,169	$ 6,793	7,500	707
Auditing	10,961	$ 2,740	-	(2,740)
Insurance	6,029	$ 1,507	1,299	(208)
Bank fees	1,511	$ 378	-	(378)
Total	45,670	11,418	8,799	(2,619)
	-	-	-	
Schedule II - Overhead				
Legal	33,021	$ 8,255	5,075	(3,180)
Office and operating supplies	5,543	$ 1,386	-	(1,386)
Printing	5,542	$ 1,385	-	(1,385)
Licenses/Memberships	5,542	$ 1,385	607	(778)
Agency IT costs	2,218	$ 555	-	(555)
Marketing	5,183	$ 1,296		(1,296)
Total	57,049	14,262	5,682	(8,580)
	-	-	-	

FILELOCAL
STATEMENT OF CASHFLOW
FOR THE YEAR TO DATE ENDED MARCH 31, 2018

		MARCH 2018
Net Income		673,762
Adjustments to reconcile Net Income		
to net cash provided by operations:		
	Accounts Receivable	(14,701)
	Billable to Cities	(10,346)
	Prepaid	(134,079)
	Accounts Payable and Accrued Liabilities	(11,761)
Net cash increase for three months ending 3/31/2018		502,875
Cash at 1/1/2018		514,574
Cash at 3/31/2018		**1,017,449**
Less Operating Reserve		**149,262**
Cash Available		**868,187**

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FileLocal

700 5th Avenue, Suite 4350
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FileLocal
Financial Statements
February 28, 2018

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 2018

ASSETS		
Cash	**$**	**1,067,170**
Accounts receivable		**28,773**
Billable to Cities		**5,081**
Prepaid		**149,942**
Total Current Assets		**1,250,966**
TOTAL ASSETS	**$**	**1,250,966**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	**$**	**60,241**
Accrued liabilities	**$**	**80,527**
Total Current Liabilities		**140,768**
TOTAL LIABILITIES	**$**	**140,768**
NET ASSETS		
Net assets, unrestricted	**$**	**395,500**
Net Income	**$**	**714,698**
TOTAL NET ASSETS	**$**	**1,110,198**
TOTAL LIABILITIES AND NET ASSETS	**$**	**1,250,966**

-

FILELOCAL
STATEMENT OF ACTIVITIES
FOR THE TWO MONTHS
AND YEAR-TO-DATE ENDED FEBRUARY 28, 2018

	January	February	YTD
REVENUES			
User fees	34,816	8,536	**43,352**
Reimbursable cost/Capital cost recovery charges			
City of Seattle	543,559	-	**543,559**
City of Bellevue	85,125	-	**85,125**
City of Tacoma	133,922	-	**133,922**
City of Everett	38,821	-	**38,821**
City of Lake Forest Park	10,955	-	**10,955**
Total direct reimbursable costs	812,382	-	**812,382**
Shared cost reimbursements		-	**-**
Total revenues	847,198	8,536	**855,734**
EXPENSES			
Accounting fees	2,500	2,500	**5,000**
Agency IT costs	-	-	**-**
Bank fees	-	-	**-**
Capital Recovery Payment	-	-	**-**
Conference cost	-	-	**-**
Consulting	-	-	**-**
Insurance	433	433	**866**
Labor costs	30,000	30,000	**60,000**
Legal fees	1,537	1,653	**3,190**
License and membership fees	335	-	**335**
Meals and entertainment	-	-	**-**
Office and operation supplies	-	-	**-**
Printing and copying	-	-	**-**
Technology costs	15,350	40,705	**56,055**
Transaction fees	13,056	2,471	**15,527**
Travel Expense	-	63	**63**
Reimbursable Shared Costs	-	-	**-**
Total expenses	63,211	77,825	**141,036**
CHANGE IN NET ASSETS	783,987	(69,289)	**714,698**
		-	**-**

FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED FEBRUARY 28, 2018

	Budget	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 184,000	$ 30,667	43,352	$ 12,685
Reimbursable cost/Capital cost recovery charges				
City of Seattle	$ 543,559	$ 543,559	543,559	$ -
City of Bellevue	$ 85,125	$ 85,125	85,125	$ -
City of Tacoma	$ 133,922	$ 133,922	133,922	$ -
City of Everett	$ 38,821	$ 38,821	38,821	$ -
City of Lake Forest Park	$ 10,955	$ 10,955	10,955	$ -
Total direct reimbursable costs	812,382	812,382	812,382	-
Other				
Fund carryover	$ 30,000			
Total sources	1,026,382	843,049	855,734	12,685
EXPENSES				
Labor costs	347,882	$ 57,980	60,000	$ 2,020
Contracts	45,670	$ 7,612	5,866	$ (1,746)
Overhead	57,049	$ 9,508	3,588	$ (5,920)
Technology costs	544,482	$ 90,747	71,582	$ (19,165)
Operating reserve	15,299	$ 2,550	-	$ (2,550)
Capital cost recovery payments	16,000	$ 2,667	-	$ (2,667)
Consulting	-	$ -	-	$ -
Meals and entertainment	-	$ -	-	$ -
Total operating expenses	1,026,382	171,064	141,036	(30,028)
CHANGE IN NET ASSETS			714,698	
NET ASSETS, AS OF JANUARY 1, 2018			395,500	
NET ASSETS, AS OF FEBRUARY 28, 2018			1,110,198	
Schedule I - Contracts				
Accounting	27,169	$ 4,528	5,000	472
Auditing	10,961	$ 1,827	-	(1,827)
Insurance	6,029	$ 1,005	866	(139)
Bank fees	1,511	$ 252	-	(252)
Total	45,670	7,612	5,866	(1,746)
	-	-	-	
Schedule II - Overhead				
Legal	33,021	$ 5,504	3,190	(2,314)
Office and operating supplies	5,543	$ 924	-	(924)
Printing	5,542	$ 923	-	(923)
Licenses/Memberships	5,542	$ 923	398	(525)
Agency IT costs	2,218	$ 370	-	(370)
Marketing	5,183	$ 864		(864)
Total	57,049	9,508	3,588	(5,920)
	-	-	-	

FILELOCAL
STATEMENT OF CASHFLOW
FOR THE YEAR TO DATE ENDED FEBRUARY 28, 2018

		February 18
Net Income		714,698
Adjustments to reconcile Net Income		
to net cash provided by operations:		
	Accounts Receivable	(14,701)
	Billable to Cities	(10,346)
	Prepaid	(149,012)
	Accounts Payable and Accrued Liabilities	11,958
Net cash provided by Operating Activities		552,596
Net cash increase for period		552,596
Cash at beginning of period		514,574
Cash at end of period		**1,067,170**
Less Operating Reserve		**149,262**
Cash Available		**917,908**

FileLocal

700 5th Avenue, Suite 4350
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File Local Resolution FL2018-05
Briefing Paper

Date: May 29th, 2018

Issue: Shall the Washington Multi-City Business Tax and License Portal Agency Executive Board approve the updated Fiscal Manual of the Portal Operations Policy to incorporate the approved cost-allocation method among Original Principals and new Participating Cities?

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

Rationale: The Interlocal Agreement (ILA) provided a methodology for allocating costs for the four originating cities: Bellevue, Everett, Seattle and Tacoma. In years 2014-2018, each city's historical transactions in FY2012 were used. This allocation was extended to FY2021 under Resolution FL2017-04. After FY2021, the actual number of transactions on the Portal will be used to determine the allocation.

For cities other than the originating cities, the ILA was amended in FL2017-04 to say "*From and after 2019, the allocation among other Participating Cities will be determined by considering the actual number of Transactions (if the City had joined before 2019), historical tax and license information, and the experience of the Original Principals as to how quickly businesses have adopted use of the Portal since its launch. The details of the cost allocation calculation shall be set forth in the Portal Operations Policy. Nothing in this Agreement shall be construed to prohibit the Executive Board from including factors in addition to the number of City Transactions in the cost allocation formulas as between*

Participating Cities, so long as the primary basis for allocation remains the City Transaction count.".

Resolution FL2018-05 approves the following Reimbursement Allocation.

- Originating Cities – Bellevue, Everett, Tacoma and Seattle. Allocation will be done using the 2012 actual historical transaction counts through FY2021. After 2021, allocation will be based on actual transactions processed on the Portal.

- New Cites – The cities' historical counts agreed on during the implementation phase will be used through FY2021. After 2021, allocation will be based on actual transactions processed on the Portal.

RESOLUTION NO. FL2018-05

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, FileLocal Resolution FL2018-03 adopted the current portions of the Portal Operations Policy referred to as the Fiscal Manual;

Whereas, the Interlocal Agreement, as amended via FileLocal Resolution FL2017-04, provides in Section 13.g. that the details of the methodology for allocating costs among participating cities must be set forth in the Portal Operations Policy;

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.

ADOPTED by super-majority vote this 29th day of May, 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.

   a. Reimbursement Allocation: Costs will be allocated to Original Principals and new Participating Cities as follows:

      i. Original Principals – Bellevue, Everett, Tacoma and Seattle. Allocation will be done using the 2012 actual historical transaction counts through FY2021. After 2021, the reimbursement allocation will be based on actual transactions processed on the Portal.

      ii. New Participating Cites – The cities' historical counts agreed on during the implementation phase will be used through FY2021. After 2021, the reimbursement allocation will be based on actual transactions processed on the Portal.

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



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.

a. Reimbursement Allocation: Costs will be allocated to Original Principals and new Participating Cities as follows:

Original~~ting~~ Principals~~Cities~~ – Bellevue, Everett, Tacoma and Seattle. Allocation will be done using the 2012 actual historical transaction ~~schedule~~counts through FY2021. After 2021, the reimbursement allocation will be based on actual transactions processed on the Portal.

i.

ii. New Participating Cites – The cities' historical counts agreed on during the implementation phase will be used through FY2021. After 2021, the reimbursement allocation will be based on actual transactions processed on the Portal.

~~i. Originating Cities – Bellevue, Everett, Tacoma and Seattle. Allocation will be done using the 2012 actual schedule through FY2021. After 2021, the reimbursement allocation will be based on actual transactions.~~

~~i. New Cites – The cities historical counts agreed on during the implementation phase will be used through FY2021. After 2021, the reimbursement allocation will be based on actual transactions.~~

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.

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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

7.1 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

FileLocal

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

FileLocal Resolution FL2018-06
Briefing Paper

Date: May 29, 2018

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the draft 2019-2023 budget?

Recommendation: The Portal Agency Executive Board should pass Resolution **FL2018-06** approving the draft 2019-2023 budget.

Rationale: The Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement Section 13 sets a process for approving the annual budget. The process steps are as follows:

- The draft budget is to be approved by the Operating Committee and presented to the Executive Board with the Operating Committee's recommendation by May 1, 2018.
- No later than June 15 the Executive Board shall (1) review and revise the draft budget as it deems appropriate; (2) approve the draft budget by Supermajority Vote, and (3) forward the same to the principals no later than July 1.
- A final budget must be approved by December 31.

The Operations Committee discussed the draft budget at their **May 14,2018** meeting and approved the draft budget included as Attachment A to Resolution **FL2018-06**. The Executive Board should review the draft budget at the May 29th board meeting and approve the draft budget by no later than June 15 so it can be timely forwarded to the Principal Cities for consideration.

RESOLUTION NO. FL2018-06

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Adopting a Draft Budget for 2019-2023.

Whereas, the Washington Multi-City Interlocal Business License and Tax Portal Agency ("Portal Agency") Executive Board Interlocal Agreement ("Agreement") requires the Executive Board to adopt a draft Portal Agency budget for the years 2019-2023 by June 15, 2018;

Whereas, the Program Manager shall present a proposed budget to the Executive Board no later than May 1 prior to the commencement of the budget period, together with the Operation Committee's recommendations with respect to the proposed budget;

Whereas, the Portal Agency Manager developed a draft 2019-2023 budget;

Whereas, the Operations Committee reviewed and recommended a draft 2019-2023 budget on May 14, 2018 and transmitted the draft budget to the Executive Board on May 22, 2018;

Whereas, the draft budget must be approved by a supermajority vote by June 15, 2018, and forwarded to the Principal Cities by no later than July 1;

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 adopts the draft 2019-2023 budget for the Portal Agency as set forth in Exhibit A to this Resolution.

SECTION 2. The Executive Board directs the Portal Agency Program Manager to forward the approved draft budget to the Principals by July 1, 2018.

ADOPTED this 29th day of May, 2018.

ATTEST:

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

Board Secretary

Board Chair

Washington Cities Business License and Tax Portal Agency

FY2019-FY2023 Draft Budget (FL2018-06)

5/29/2018

Washington Cities Business License and Tax Portal Agency
FY2019-FY2023 Draft Budget (FL2018-06)
5/29/2018

		Actual	Budget 2019-2023						Variance to Prior Year Budget to Budget					
		2017	2018 Projected	2019	2020	2021	2022	2023	2018 Projected to 2017 Actual	2019 Budget to 2018 Projected	2020	2021	2022	2023
Revenue:	<1>													
Fund Carryover	<2>		30,000						30,000	(30,000)	-	-	-	-
User Fees	T1**	87,615	245,148	378,324	476,040	624,476	829,990	867,642	157,533	133,176	97,716	148,436	205,514	37,652
Reimbursable Costs	T3	730,037	825,052	780,322	750,143	641,136	552,386	545,494	95,015	(44,730)	(30,179)	(109,007)	(88,750)	(6,893)
Capital Cost Recovery Charges	T2	12,000	20,000	17,000	17,000	19,000	19,000	19,000	8,000	(3,000)	-	2,000	-	-
Total Revenue		**829,652**	***1,120,200***	***1,175,646***	***1,243,183***	***1,284,612***	***1,401,376***	***1,432,136***	***290,548***	***55,446***	***67,537***	***41,429***	***116,764***	***30,759***
Expenditures														
Regular Expenditures:														
Labor	T4.1	318,796	343,971	349,738	361,785	374,473	387,607	401,097	25,175	5,767	12,047	12,688	13,134	13,490
Contracts	T4.2	35,185	45,670	46,766	47,888	49,037	50,214	51,419	10,485	1,096	1,122	1,149	1,177	1,205
Overhead	T4.3	29,585	56,407	97,761	99,147	60,567	62,020	63,509	26,822	41,354	1,386	(38,580)	1,454	1,488
Technology Costs	T4.4	346,741	566,516	593,527	649,311	716,099	805,896	828,730	219,775	27,011	55,784	66,788	89,797	22,834
Operating Reserve	T4.5	-	22,392	15,167	10,787	6,550	16,084	6,110	22,392	(7,224)	(4,380)	(4,238)	9,534	(9,974)
Capital Cost Recovery Payments	T4.6	12,000	20,000	17,000	17,000	19,000	19,000	19,000	8,000	(3,000)	-	2,000	-	-
Total Regular Expenditures		***742,307***	***1,054,954***	***1,119,958***	***1,185,918***	***1,225,726***	***1,340,821***	***1,369,865***	***312,648***	***65,004***	***65,960***	***39,807***	***115,096***	***29,044***
Incremental Expenses from The New Partners:	<3>													
Incremental Labor	T4.1	-	21,388	40,030	41,231	42,468	43,742	45,055	21,388	18,642	1,201	1,237	1,274	1,312
Incremental Overhead	T4.3	-	3,507	6,526	6,683	6,843	7,008	7,176	3,507	3,019	157	160	164	168
Incremental Technology Cost	T4.4	-	4,908	9,132	9,351	9,575	9,805	10,040	4,908	4,224	219	224	230	235
Total Incremental Expenditures		***-***	***29,803***	***55,688***	***57,265***	***58,887***	***60,555***	***62,271***	***29,803***	***25,885***	***1,577***	***1,622***	***1,668***	***1,716***
Total Expenditures		**742,307**	**1,084,757**	**1,175,646**	**1,243,183**	**1,284,612**	**1,401,376**	**1,432,136**	**342,451**	**90,889**	**67,537**	**41,429**	**116,764**	**30,759**
Excess (Deficit)		***87,345***	***35,443***	***-***	***-***	***-***	***-***	***-***	***(51,902)***	***(35,443)***	***0***	***0***	***0***	***(0)***

Assumptions and Notes

<1> The allocation methodology is based on 2012 amounts but ends in 2018. The methodology is the same for 2019-2022 budget but will revert to actual transactions in future forecasts.

<2> 2018 Fund Carryover is up $30k. Fund carryover in 2018 is $30K.

<3> Incremental expenses - to be completed. FCO

** User fee increases are due to increase in total fee for current cities' transactions($145K) and adding 3,000 transactions for Renton and Bremerton ($12K)
, T1, T2 and T3 are presented in the budgeted revenue.

**T4.1-T4.6 : Expenditures and Reserves are included in "T4. Expenditures and Reserves"

Washington Cities Business License and Tax Portal Agency

FY2019-FY2023 Draft Budget (FL2018-06)

T1. User Fees:

	Budgeted Fee	Fee Revenue						Variances - Comparison to Prior Year Revenue					
								2018 Projected to 2017 Actual	2019 Budget to 2018 Projected	Budget to Budget			
	Per Transaction	2017 Actual	2018 Projected	2019	2020	2021	2022			2020	2021	2022	2023
Bellevue	$4	33,850	46,388	78,376	86,836	90,036	93,560	97,436	12,538	31,988	8,460	3,200	3,524	3,876
Tacoma	$4	31,036	57,180	96,612	107,040	110,984	115,328	120,104	26,144	39,432	10,428	3,944	4,344	4,776
Everett	$4	5,644	14,180	23,960	26,548	27,524	28,604	29,788	8,536	9,780	2,588	976	1,080	1,184
Lake Forest Park	$4	-	4,536	5,040	5,600	8,400	11,200	14,000	4,536	504	560	2,800	2,800	2,800
Renton	$4	-	6,000	6,164	12,328	24,656	36,984	49,312	6,000	164	6,164	12,328	12,328	12,328
Bremerton	$4	-	6,000	6,272	12,688	25,376	38,064	50,752	6,000	272	6,416	12,688	12,688	12,688
Seattle	$4	17,085	110,864	161,900	225,000	337,500	506,250	506,250	93,779	51,036	63,100	112,500	168,750	-
Total		***87,615***	***245,148***	***378,324***	***476,040***	***624,476***	***829,990***	***867,642***	***157,533***	***133,176***	***97,716***	***148,436***	***205,514***	***37,652***

The users fees are based on the number of transactions provided in the following table "T1. a. Transactions Schedule "

** User fee increases are due to increase in total fee for current cities' transactions($145K) and adding 3,000 transactions for Renton and Bremerton ($12K)

T1. a. Transactions Schedule

	Growth Rate %				Budgeted Transactions							Variances - Comparison to Prior Year Revenue					
												2018 Projected to 2017 Actual	2019 Budget to 2018 Projected	Budget to Budget			
	2018	2019	2020-2022	2023	2017 Actual	2018 Projected	2019	2020	2021	2022	2023			2020	2021	2022	2023
Bellevue	20%	10%	10%	10%	8,463	11,597	19,594	21,709	22,509	23,390	24,359	3,134	7,997	2,115	800	881	969
Tacoma	20%	10%	10%	10%	7,759	14,295	24,153	26,760	27,746	28,832	30,026	6,536	9,858	2,607	986	1,086	1,194
Everett	20%	10%	10%	10%	1,411	3,545	5,990	6,637	6,881	7,151	7,447	2,134	2,445	647	244	270	296
Lake Forest Park	10%	10%	20%	20%	-	1,134	1,260	1,400	2,100	2,800	3,500	1,134	126	140	700	700	700
Renton *	*	10%	20%	20%	-	1,500	1,541	3,082	6,164	9,246	12,328	1,500	41	1,541	3,082	3,082	3,082
Bremerton *	*	10%	20%	20%	-	1,500	1,568	3,172	6,344	9,516	12,688	1,500	68	1,604	3,172	3,172	3,172
Seattle	**	50%	50%	0%	4,271	27,716	40,475	56,250	84,375	126,563	126,563	23,445	12,759	15,775	28,125	42,188	-
Total					***21,904***	***61,287***	***94,581***	***119,010***	***156,119***	***207,498***	***216,911***	***39,383***	***33,294***	***24,429***	***37,109***	***51,379***	***9,413***

* Renton and Bremerton: 1,500 transactions for each city in 2018

**Assume 25k transactions for Seattle for 2018.

**User Fees assume various groups of growth rate for different cities: Bellevue, Tacoma, Everett 10% from 2019-2023; Lake Forest Park, Renton, Bremerton 10% in 2019, and 20% from 2020-2023, Seattle 50% from 2019-2022 and 0% in 2023.

*T2. - Capital Cost Recovery Charge **

	2017 Actual	Capital Cost Recovery Budget						Variances - Comparison to Prior Year Revenue					
		2018 Projected	2019	2020	2021	2022	2023	2018 Projected to 2017 Actual	2019 Budget to 2018 Projected	Budget to Budget 2020	Budget to Budget 2021	Budget to Budget 2022	Budget to Budget 2023
City of Bellevue	4,000	6,000	6,000	6,000	6,000	6,000	6,000	2,000	-	-	-	-	-
City of Tacoma	6,000	6,000	6,000	6,000	6,000	6,000	6,000	-	-	-	-	-	-
City of Everret	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-	-	-	-
City of Lake Forest Park		2,000	1,000	1,000	1,000	1,000	1,000	2,000	(1,000)	-	-	-	-
City of Renton		2,000	1,000	1,000	2,000	2,000	2,000	2,000	(1,000)	-	1,000	-	-
City of Bremerton		2,000	1,000	1,000	2,000	2,000	2,000	2,000	(1,000)	-	1,000	-	-
Total	12,000	20,000	17,000	17,000	19,000	19,000	19,000	***8,000***	***(2,000)***	***-***	***1,000***	***-***	***-***

* Capital cost recovery is budgeted based on the 3-2014 Interlocal Agreement.

T3.Reimbursement:

	Allocation % *				2017 Actual	Budgeted Reimbursement Revenue from Cities Allocation						Variances - Comparison to Prior Year Revenue					
	Transaction #	2018%	Updated %			2018 Projected	2019	2020	2021	2022	2023	2018 Projected to 2017 Actual	2019 Budget to 2018 Projected	Budget to Budget 2020	Budget to Budget 2021	Budget to Budget 2022	Budget to Budget 2023
Allocable Cost *				<1>	***730,037***	***825,052***	***780,322***	***750,143***	***641,136***	***552,386***	***545,494***	***95,015***	***(44,730)***	***(30,179)***	***(109,007)***	***(88,750)***	***(6,893)***
Allocation:																	
City of Seattle	212,457	68%	62.02%		502,378	539,416	483,972	465,254	397,646	342,601	338,326	37,038	(55,445)	(18,718)	(67,608)	(55,044)	(4,275)
City of Bellevue	30,927	10%	9.03%		73,130	78,522	70,451	67,726	57,885	49,872	49,250	5,392	(8,071)	(2,725)	(9,842)	(8,013)	(622)
City of Tacoma	50,000	16%	14.60%		118,231	126,947	113,899	109,494	93,583	80,628	79,622	8,716	(13,048)	(4,405)	(15,911)	(12,954)	(1,006)
City of Everret	14,392	5%	4.20%		34,032	36,540	32,785	31,517	26,937	23,208	22,918	2,508	(3,756)	(1,268)	(4,580)	(3,729)	(290)
City of Lake Forest Park	3,500	1%	1.02%	<2>	2,266	8,886	7,973	7,665	6,551	5,644	5,574	6,620	(913)	(308)	(1,114)	(907)	(70)
City of Renton	15,410	FA	4.50%	<3>	-	17,118	35,104	33,746	28,842	24,850	24,540	17,118	17,986	(1,358)	(4,904)	(3,993)	(310)
City of Bremerton	15,865	FA	4.63%		-	17,623	36,140	34,742	29,694	25,583	25,264	17,623	18,518	(1,398)	(5,049)	(4,110)	(319)
Total Allocation	***342,551***	***100%***	***100%***	<3>	***730,037***	***825,052***	***780,322***	***750,143***	***641,136***	***552,386***	***545,494***	***95,015***	***(44,730)***	***(30,179)***	***(109,007)***	***(88,750)***	***(6,893)***

<1> Overall, allocated cost are calculated based on the differences between Expenses less User Fee". The detailed cost calculations are provided in the following table "T3.b. Reimbursement Amount".

i.Originating Cities – Bellevue, Everett, Tacoma and Seattle. Allocation will be done using the 2012 actual schedule through FY2021. After 2021, the reimbursement allocation will be based on actual transactions.

ii.New Cites – The cities historical counts agreed on during the implementation phase will be used through FY2021. After 2021, the reimbursement allocation will be based on actual transactions.

<2> Per the Interlocal Agreement, 2012 actual transaction counts are used to estimate transaction fees and to determine cost allocation percentages among participating cities.

Lake Forest Park, Renton and Bremerton were not included in the initial allocation; therefore, based on the projected allocation, the updated percentage were calculated for 2018 based on including LFP, but using a fee per transaction for Renton and Bremerton. For 2019 and thereafter, the allocation percentage were re-calculated

FA= Fixed Amount

<3> Assume 2018 Renton and Bremerton contribute $17k and $17.6K reimbursable cost respectively to Filelocal.

T3. b. Reimbursement Amount

	Actual 2017	*Capital Cost Recovery Budget*						*Variances - Comparison to Prior Year Revenue*					
		2018 Projected	*2019*	*2020*	*2021*	*2022*	*2023*	*2018 Projected to 2017 Actual*	*2019 Budget to 2018 Projected*	*Budget to Budget*			
										2020	*2021*	*2022*	*2023*
Total Projected Cost *	730,307	1,064,757	1,158,646	1,226,183	1,265,612	1,382,376	1,413,136	334,451	93,889	67,537	39,429	116,764	30,759
Less: User Fee Revenue	(87,615)	(245,148)	(378,324)	(476,040)	(624,476)	(829,990)	(867,642)	(157,533)	(133,176)	(97,716)	(148,436)	(205,514)	(37,652)
Less: Fund Carryover		(30,000)						(30,000)	30,000	-	-	-	-
Add (less): Planned Excess (deficit):	87,345	35,443						(51,902)	(35,443)	-	-	-	-
Cost to be Recovered:	***730,037***	***825,052***	***780,322***	***750,143***	***641,136***	***552,386***	***545,494***	***95,015***	***(44,730)***	***(30,179)***	***(109,007)***	***(88,750)***	***(6,893)***

* Projected Cost have been calculated based on the budgeted Expenditures
* Projected User Fees have been calculated based on "T1.User Fees"

T4. Expenditures and Reserves

		Actual	Budgeted Expenditures						2018 Projected to 2017 Actual	Variance to Prior Year				
			Projected							2019 Budget to 2018 Projected	2020	2021	2022	2023
		2017	2018	2019	2020	2021	2022	2023						
T4.1. Labor Cost	<1>													
Personnel costs assumes max rate, 35% burden and 3% cola each year	**FTE**													
Portal Manager (assumes existing position salary)	1.0	162,972	162,370	166,708	172,396	178,443	184,701	191,130	(601)	4,338	5,688	6,046	6,259	6,428
Administrative Specialist (assume mid range)	0.5	44,920	50,066	45,406	47,020	48,668	50,375	52,128	5,146	(4,660)	1,613	1,649	1,707	1,753
Project Manager/Business Analyst (assume mid range)	1.0	110,904	131,534	137,624	142,369	147,362	152,531	157,839	20,630	6,090	4,745	4,993	5,168	5,309
Total Reg Labor Cost		***318,796***	***343,971***	***349,738***	***361,785***	***374,473***	***387,607***	***401,097***	***25,175***	***5,767***	***12,047***	***12,688***	***13,134***	***13,490***
Incremental Labor from Lake Forest Park		-	3,912	4,029	4,150	4,274	4,403	4,535	3,912	117	121	124	128	132
Incremental Labor from Renton & Bremerton		-	17,476	36,002	37,082	38,194	39,340	40,520	17,476	18,525	1,080	1,112	1,146	1,180
Total Incremental Labor Cost		-	***21,388***	***40,030***	***41,231***	***42,468***	***43,742***	***45,055***	***21,388***	***18,642***	***1,201***	***1,237***	1,274	1,312
Labor Total		**318,796**	**365,359**	**389,768**	**403,016**	**416,941**	**431,349**	**446,152**	**46,563**	**24,410**	**13,248**	**13,925**	**14,408**	**14,802**
T4.2. Consultants and Service Fees	<2>													
Outside Accounting Services		29,794	27,169	27,821	28,489	29,172	29,872	30,589	(2,625)	652	668	684	700	717
State Auditor		-	10,961	11,224	11,493	11,769	12,051	12,341	10,961	263	269	276	282	289
Insurance and WCIA Fee		5,195	6,029	6,173	6,322	6,473	6,629	6,788	834	145	148	152	155	159
Bank Fees		196	1,511	1,547	1,585	1,623	1,662	1,701	1,315	36	37	38	39	40
Consultants and Service Fees, Total		**35,185**	**45,670**	**46,766**	**47,888**	**49,037**	**50,214**	**51,419**	**10,485**	**1,096**	**1,122**	**1,149**	**1,177**	**1,205**
T4.3. Overhead	<3>													
Legal		12,826	32,649	33,432	34,235	35,056	35,898	36,759	19,823	784	802	822	841	862
City of Seattle Technology Fees		9,675	2,192	2,245	2,299	2,354	2,410	2,468	(7,483)	53	54	55	56	58
Office and Operating Supplies		947	5,480	5,612	5,747	5,885	6,026	6,170	4,533	132	135	138	141	145
Printing		-	5,480	5,612	5,747	5,885	6,026	6,170	5,480	132	135	138	141	145
Licenses/Memberships		2,898	5,480	5,612	5,747	5,885	6,026	6,170	2,582	132	135	138	141	145
Travel		-	0	0	0	0	0	0	-	-	-	-	-	-
Other	<4>	3,239	0	40,000	40,000	0	0	0	(3,239)	40,000	-	(40,000)	-	-
Marketing		-	5,125	5,248	5,374	5,503	5,635	5,770	5,125	123	126	129	132	135
Total Reg Overhead Cost		***29,585***	***56,407***	***97,761***	***99,147***	***60,567***	***62,020***	***63,509***	***26,822***	***41,354***	***1,386***	***(38,580)***	***1,454***	***1,488***
Incremental Overhead from Lake Forest Park		-	641	657	673	689	705	722	641	15	16	16	17	17
Incremental Overhead from Renton & Bremerton		-	2,866	5,869	6,010	6,155	6,302	6,454	2,866	3,004	141	144	148	151
Total Incremental Overhead		**-**	***3,507***	***6,526***	***6,683***	***6,843***	***7,008***	***7,176***	***3,507***	***3,019***	***157***	***160***	***164***	***168***
Overhead Total		**29,585**	**59,914**	**104,287**	**105,830**	**67,410**	**69,028**	**70,684**	**30,329**	**44,373**	**1,543**	**(38,420)**	**1,618**	**1,657**
T4.4. Info. Technology	<5>													
ASP Hosting fees		24,000	24,000	24,576	25,166	25,770	26,388	27,022	-	576	590	604	618	633
SAAS per Year		150,000	153,750	157,440	161,219	165,088	169,050	173,107	3,750	3,690	3,779	3,869	3,962	4,057
FileLocal.org Hosting Fees		5,400	5,535	5,668	5,804	5,943	6,086	6,232	135	133	136	139	143	146
USPS Address Validation (assumes 50,000 new address validations at .04 cents to be		-	2,050	2,099	2,150	2,201	2,254	2,308	2,050	49	50	52	53	54
Transaction Fees (cost per transaction is $1.4 for 2017 and goes up subsequent years	<6>	39,099	91,931	141,872	190,416	249,790	331,996	347,057	52,832	49,941	48,545	59,374	82,206	15,061
Contract with Leviathan for security monitoring and auditing (Note 1)		23,375	51,250	52,480	53,740	55,029	56,350	57,702	27,875	1,230	1,260	1,290	1,321	1,352
Miscellaneous Technology Expense (Eg. Performance Testing,ADA)		-	88,000	59,392	60,817	62,277	63,772	65,302	88,000	(28,608)	1,425	1,460	1,495	1,531
Software Development		104,867	150,000	150,000	150,000	150,000	150,000	150,000	45,133	-	-	-	-	-
Total Reg IT Cost		***346,741***	***566,516***	***593,527***	***649,311***	***716,099***	***805,896***	***828,730***	***219,775***	***27,011***	***55,784***	***66,788***	***89,797***	***22,834***
Incremental IT from Lake Forest Park		-	898	919	941	964	987	1,011	898	22	22	23	23	24
Incremental IT from Renton & Bremerton		-	4,010	8,213	8,410	8,611	8,818	9,030	4,010	4,203	197	202	207	212
Total Incremental IT		**-**	***4,908***	***9,132***	***9,351***	***9,575***	***9,805***	***10,040***	***4,908***	***4,224***	***219***	***224***	***230***	***235***
Info. Technology, Total		**346,741**	**571,423**	**602,658**	**658,662**	**725,674**	**815,701**	**838,770**	**224,682**	**31,235**	**56,003**	**67,012**	**90,027**	**23,070**
Total Operating Expenditures		**730,307**	**1,042,366**	**1,143,479**	**1,215,396**	**1,259,062**	**1,366,292**	**1,407,026**	**312,059**	**101,114**	**71,917**	**43,666**	**107,230**	**40,734**
T5. Reserves														
Operating Reserve - 15%	<7>	-	156,355	171,522	182,309	188,859	204,944	211,054	156,355	15,167	10,787	6,550	16,084	6,110
Prior Year(s) Reserve			133,963	156,355	171,522	182,309	188,859	204,944	133,963	22,392	15,167	10,787	6,550	16,084
Current Year Reserve Need		**-**	**22,392**	**15,167**	**10,787**	**6,550**	**16,084**	**6,110**	**22,392**	**(7,224)**	**(4,380)**	**(4,238)**	**9,534**	**(9,974)**
Total Budget		**730,307**	**1,064,757**	**1,158,646**	**1,226,183**	**1,265,612**	**1,382,376**	**1,413,136**	**334,451**	**93,889**	**67,537**	**39,429**	**116,764**	**30,759**
T6. Capital recovery payment														
Capital recovery payment	<8>	12,000	20,000	17,000	17,000	19,000	19,000	19,000	8,000	(3,000)	-	2,000	-	-
Total Expenditures & Reserves & Capital Recovery		**742,307**	**1,084,757**	**1,175,646**	**1,243,183**	**1,284,612**	**1,401,376**	**1,432,136**	**342,451**	**90,889**	**67,537**	**41,429**	**116,764**	**30,759**

<1> Labor Costs are derived assuming 2.5 FTE on loan from the City of Seattle and incremental costs associated with adding new cites.

i.The labor cost estimates are provided by the City of Seattle and the Incremental Costs are derived using a formula in the Interlocal Agreement.

<2> Consulting and Service Fees are made up of Accounting, State Audit, Insurance and Bank Fees. These are estimated based on 2017 actuals.

<3> Overhead includes normal overhead and incremental costs associated with adding new cities.

<4> Lobby costs of $40K are budgeted in 2019 and 2020.

<5> Technology is made up of Hosting Fees, SAAS Fees, Misc. Technology Fees, Transaction Fees, Leviathan, software development and incremental IT costs associated with adding new cities. 2018 Technology is up $225k. This is due to the increased number of transactions ($53k), IT Audit ($30k), software development flat and forecasted growth of 2.5% for all other ($142k).

<6> Transaction Fees are per the FAS3102 contract.

-(cost per transaction is $1.4 for 2017 and goes up subsequent years per agreed upon payment schedule; uses the same adoption rate as user fees as well as the baseline budget allocation transaction count of 307,776 from updated 2012 #'s)

Transaction Fee Schedule						
Year	2018	2019	2020	2021	2022	2023
Cost/Transaction	1.5	1.5	1.6	1.6	1.6	1.6
Total Cost	91,931	141,872	190,416	249,790	331,996	347,057

- 2018 transaction cost increases by $4,500 when Renton & Bremerton comes onboard.

<7> Operating Reserve is per the ILA and is set at 15% of the total expenditure budget.

<8> Capital cost recovery is budgeted based on the 3-2014 ILA.

<9> CPI: Extracted from https://www.seattle.gov

	2018	2019	2020	2021	2022	2023	
CPI-U-Sea-Tac-Bell MSA	2.50%	2.40%	2.40%	2.40%	2.40%	2.40%	Note 1

2017 Actual to 2018 Projected

Revenue is up $291k

1. Fund Carryover is up $30k – ADA compliance work budgeted in FY17 carried over to FY18.
2. User Fees are up $157k – transactions increased by 39.3k at $4 per.
3. Reimbursable Costs are up $95k
4. Capital Cost Recovery is up $8k – Bellevue, Lake Forest Park, Renton, and Bremerton $2k each.

Expenses are up $342k

1. Labor is up $25k – City of Seattle estimate.
2. Contracts are up $10k – State Auditors $10k
3. Overhead is up $27k – Legal Fees $19k – new city related, printing and marketing is up $10k HB2005 related
4. Information Technology is up $219k – performance testing and ADA compliance is up $88k, Leviathan IT is up $27k, software development is up $45k (underspending due to Q3'17 Seattle work in FY17) and transaction cost is up $50k.
5. Fund Balance is up $19k
6. Incremental Costs are up $30k – new cities (LFP, Renton and Bremerton)

2018 Projected to 2019 Budget

Revenue is up $55k

1. User Fees are up $133k – transactions increased by 33k
2. Fund Carryover is down $30k – ADA carried over in FY18
3. Reimbursable Costs are down $45k

Expenses are up $90k

7. Overhead is up $41k – HB2005 Lobby Fees increased by $40k
8. Information Technology is up $27k – Transaction Fees are up $50k, Misc. Tech is down 29k. (FY18 ADA and city to city penetration testing not in FY19)
9. Incremental Costs are up $25k – new cities (LFP, Renton and Bremerton)

2019 Budget to 2020 Budget delta $67k

Revenue is up $67k

1. User Fees are up $98k – transactions increased by 24k
2. Reimbursable costs are down $30k

Expenses are up $67k

1. Information Technology is up $55k – transaction fees are up $49k,

2. Labor is up $12k – City of Seattle quote.

2020 Budget to 2021 Budget delta $41k

Revenue is up $41k

1. User Fees are up $148k – transactions increased by 37k
2. Reimbursable costs are down $109k

Expenses are up $41k

1. Information Technology is up $67k – transaction fees are up $59k
2. Labor is up $13k – City of Seattle quote.
3. Overhead is down $38k – HB2005 lobby fees are taken out.

2021 Budget to 2022 Budget delta $117k

Revenue is up $117k

1. User Fees are up $206k – transactions increased by 51k
2. Reimbursable costs are down $89k

Expenses are up $117k

1. Information Technology is up $90k – transaction fees are up $82k
2. Labor is up $13k – City of Seattle quote.

2022 Budget to 2023 Budget delta $31k

Revenue is up $31k

1. User Fees are up $38k – transactions increased by 9k
2. Reimbursable costs are down $7k

Expenses are up $31k

1. Information Technology is up $23k – transaction fees are up $15k
2. Labor is up $13k – City of Seattle quote.

FileLocal

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

File Local Resolution FL2018-07
Briefing Paper Leviathan Security Group Contract

Date: May 29, 2018

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board authorize the Chair to execute a contract for Tax Portal Security Services with Leviathan?

Operating Committee Recommendation: The Portal Agency Executive Board should pass Resolution FL2018-07 approving the continued use of Leviathan as the Agency's Security Services vendor.

Rationale: Pursuant to Section 4 of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, guiding principals for Agency Security were established to ensure the integrity of the FileLocal product and City and Taxpayer Data. The Agency contracted with Leviathan during the implementation phase and after go-live of the originating cities and Lake Forest Park. The Agency believes the vendor provides a unique service due to their history and familiarity with the existing system and key suppliers.

RESOLUTION NO. FL2018-07

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Authorizing a Contract with Leviathan Security Group for 2018-2020.

Whereas, Pursuant to Section 4 of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, guiding principles for Security were established to ensure the integrity of the FileLocal product and City and Taxpayer Data; and

Whereas, The City of Seattle contracted with Leviathan Security Group during the implementation phase and during the subsequent launch period, and the Agency would like to retain Leviathan as its Security Vendor to ensure the product and data remain safe and secure for users and Participating Cities;

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

SECTION 1. The Executive Board authorizes the Chair to execute a contract with Leviathan Security Group as set forth in Attachment A to this Resolution.

ADOPTED this 29th day of May, 2018.

ATTEST:

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

Board Secretary

Board Chair

FILELOCAL AGENCY

PROFESSIONAL SERVICES CONTRACT

Contract Title: Information Security Management Services

Contract No. FL LSG 2018-2020

This Agreement is entered into by and between the Washington Multi-City Business License and Tax Portal Agency d/b/a FileLocal ("Agency") and Leviathan Security Group, Inc. ("Consultant").

WHEREAS, the Agency desires to have certain information security services performed for the benefit of the Agency; and

WHEREAS, the Agency has selected Consultant to perform such services on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual terms, conditions, benefits, and covenants set forth below, the Agency and Consultant agree as follows:

1. Scope of Work. Consultant shall perform the services described in Exhibit "A" ("Scope of Work") attached to and made part of this Agreement.

2. Warranty. In performing these services, Consultant shall comply with all federal, state, and local laws and regulations applicable to the services to be provided under this Agreement. Consultant represents and warrants that all staff that it assigns to provide the contracted services (and anyone performing work on Consultant's behalf or under its direction) have the requisite training, skill, and experience necessary to provide the services and have all requisite licenses or certifications. Consultant shall perform the services provided under this Agreement diligently, thoroughly, with due care, and in accordance with applicable standards of conduct and performance for members of Consultant's profession.

3. Compensation and Method of Payment.

A. The total compensation to be paid to Consultant by the Agency shall not exceed $50,000 in any calendar year, except upon advanced written approval from the Agency. The Agency shall pay Consultant as sole compensation for the services performed under this Agreement:

(i) such sums as are arrived at by multiplying the number of hours worked by Consultant in performing its work under this Agreement by the applicable hourly rates, as set forth in Exhibit "B" ("Hourly Rates"), attached hereto; plus

(ii) any additional costs such as travel, copying costs, phone charges, materials, and supplies, incidental expenses, or similar costs directly related to Consultant's work for the Agency.

B. Consultant's hourly rates as reflected in Exhibit B are effective for work performed through term noted in (4) below.

C. Consultant shall request payment for work performed using the billing invoice form attached hereto as Exhibit "C." Consultant shall submit invoices, with appropriate documentation, monthly to the Agency for work completed during the previous month. The invoices shall include a description of the work performed during the month, the number of hours spent on such work, and any reimbursable costs, if any, incurred in connection with such work. The Agency shall pay Consultant for services rendered within thirty (30) from the Agency's receipt of a properly submitted invoice.

D. Consultant shall complete Exhibit "D" ("Tax Identification Number"), attached hereto, and return it to the Agency prior to or along with the first billing invoice.

E. All payments made by Agency to Consultant are subject to adjustment for any amounts determined, upon audit or otherwise, to have been improperly invoiced. If the Agency believes, in good faith, that some portion of the work performed under this Agreement has not been completed in the manner described in Section 2, above, the Agency may retain any amount equal to the cost to the Agency of correcting or completing the deficient or substandard work.

4. Duration of Agreement. This Agreement remains in full force and effect until July 15, 2020, unless sooner terminated under the provisions of this Agreement or extended by a mutual, written agreement of the parties. Time is of the essence for this Agreement and each of its provisions wherein performance is required.

5. Termination of Agreement. Either party may terminate this Agreement at any time, with or without cause, by giving ten (10) days' notice in writing to the other party. In the event of termination by the Agency without cause, the Consultant may, with the Agency's consent, complete such analyses and records as may be necessary to place its files in order, and such consent shall not be unreasonably withheld. Upon termination by the Agency without cause, Consultant shall be entitled to receive compensation for satisfactory work completed prior to the date of termination and any reimbursable expenses, not to exceed the total compensation set forth herein. Upon the termination (with or without cause) or expiration of this Agreement, copies of files containing the written record of the Consultant's work for the Agency, including all finished and unfinished documents, data, studies, or reports, shall be delivered to Agency upon request. A termination of this 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 Agreement.

6. Force Majeure. A party's delay or failure to perform any obligation under this Agreement is excused if unforeseen events or circumstances beyond the reasonable control of that party, including acts of God, render timely performance impossible, infeasible, or impracticable.

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

8. Assignment of Intellectual Property Rights. Consultant hereby assigns to the Agency all rights, title, and interest Consultant has or may have in any Data and Publications created, developed, or adapted by Consultant under this Agreement for the Agency's use or benefit. The term "Data and Publications" means all work product to be provided by Consultant under this Agreement and includes, but is not limited to, draft and final reports, documents, pamphlets, advertisements, books, magazines, surveys studies, computer programs and source codes, films, tapes and/or sound reproductions, records, files, documents, plans, computer disks, magnetic media, or other material which may be produced or modified by Consultant while performing services for the Agency. Consultant may not seek to patent or register trademark or copyright in any Data and Publications assigned to the Agency under this Agreement, and Consultant shall cooperate reasonably with the Agency in pursuing any patent, trademark, or copyright registration. Consultant may not, without the Agency's prior written approval, publish any results of studies and/or services performed or to be performed under this Agreement for any purpose other than for Agency use. This intellectual property assignment provision does not apply to any data that is developed by Consultant independently of this Agreement.

9. Intellectual Property Infringement. If any of Consultant's work under this Agreement infringes upon or misappropriates any patent, copyright, trade secret, trademark or other intellectual property right belonging to a third party, Consultant 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.

10. Access to Records. Until at least twelve (12) months following final payment, Consultant shall provide the Agency prompt access to (and Agency shall have the right to examine, audit, and copy) all of Consultant's books, documents, papers, and records related to the services provided to the Agency under this Agreement.

11. Independent Contractor. Consultant and the Agency agree that Consultant is an independent contractor with respect to the services provided in connection with this Agreement. Nothing in this Agreement is intended to create the relationship of employer

and employee between the parties hereto. The work of Consultant's employees shall remain at all times under the direct control and supervision of Consultant, and not the Agency. Consultant shall provide at its sole expense all materials, office space, and other materials necessary to perform the services contemplated under this Agreement. Consultant is solely responsible for its acts and for the acts of its employees, agents, subconsultants and representatives during the performance of this Agreement. Neither Consultant nor any of its employees, agents, subconsultants, or representatives is entitled to any benefits accorded Agency employees. The Agency is not responsible for paying wages to any employee, agent, subconsultant, or representative of Consultant, 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 Consultant or any employee, agent, subconsultant, or representative of Consultant.

12. Taxes, Licenses, Fees; Withholding. Consultant acknowledges that it is responsible for the payment of all charges and taxes applicable to the services performed under this Agreement, and Consultant agrees to comply with all applicable laws regarding the reporting of income, maintenance of insurance and records, and all other requirements and obligations imposed as a result of Consultant's status as an independent contractor. If the Agency is assessed or found liable or responsible in any manner for those charges or taxes, Consultant agrees to hold the Agency harmless from those costs, including attorney's fees. In the event Consultant fails to pay any taxes, assessments, penalties, or fees imposed by any governmental body, including a court of law, that are related to services performed under this Agreement, then Consultant authorizes the Agency to deduct and withhold or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. Any such payments shall be deducted from Consultant's compensation.

13. Indemnification.

A. Consultant 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, Consultant's acts, errors, or omissions, or the acts, errors, or omissions of Consultant's employees, subconsultants, or agents in the performance of Consultant's work under this Agreement. Consultant'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 Consultant's work hereunder. Consultant 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 City. Where such claims, suits, or actions result from the concurrent negligence of Consultant and the

Agency (including its officers, board members, employees, and volunteers), 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 Consultant's proportionate fault. In the event of any claims, demands, actions, or suits, Consultant shall, upon notice from the Agency, assume all costs of defense thereof, including legal fees incurred by the Agency, and of all resulting judgments that may be obtained against the Agency, to the extent of Consultant's liability as described hereunder. 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 Consultant.

B. The Consultant agrees that its indemnification obligations under this section extend to any claim, demand and/or cause of action brought by, or on behalf of, any employee(s), subconsultant(s), or agent(s) of Consultant while performing any work under this Agreement. Consultant hereby waives with respect to the Agency only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions of chapter 51.12 RCW. THE CONSULTANT ACKNOWLEDGES THAT THIS WAIVER WAS SPECIFICALLY ENTERED INTO PURSUANT TO THE PROVISIONS OF RCW 4.24.115, SHALL SURVIVE TERMINATION OF THIS AGREEMENT, AND WAS THE SUBJECT OF MUTUAL NEGOTIATION.

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

14. Insurance. Consultant shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of this Agreement by Consultant, its agents, representatives, subcontractors, or employees. Consultant's maintenance of insurance as required herein does not limit the liability of the Consultant to the coverage provided by such insurance or otherwise limit the Agency's recourse to any remedy available at law or in equity. Consultant's insurance must be placed with insurers with a current A.M. Best rating of not less than A:VII.

A. Required coverages. At a minimum, Consultant shall obtain and maintain the following types of insurance coverages:

(i) Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

(ii) Commercial General Liability insurance shall be written at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap, independent contractors, and personal injury and advertising injury. The Agency shall be named as an additional insured under Contractor's insurance policy with respect to the work performed for the Agency, using an additional-insured endorsement as least as broad as ISO CG 20 26.

(iii) Technology Errors and Omissions/Professional Liability insurance for those services delivered pursuant to this Agreement that, either directly through Consultant's employees or indirectly through contractual or other arrangements with third parties, involve providing professional services. "Professional services" as used in this subsection include, but are not limited to, any services provided by any licensed professional.

(iv) Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

(v) Network Security (Cyber) and Privacy Insurance, including, but not limited to, coverage, including defense, for the following losses or services:

(a) Liability arising from theft, dissemination, and/or use of the Agency's confidential and personally identifiable information, including but not limited to, any information about an individual maintained by the Agency, including any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information regardless of how or where the information is stored or transmitted.

(b) Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks; or the inability of an authorized third party to gain access to supplier systems and/or Agency data, including denial of service, unless caused by a mechanical or electrical failure; or introduction of any unauthorized software computer code or virus causing damage to the Agency or any other third-party data.

(c) Lawfully insurable fines and penalties resulting or alleging from a data breach.

(d) Event management services and first-party loss expenses for a data breach response including crisis management services, credit monitoring for individuals, public relations, legal service advice,

notification of affected parties, independent information security forensics firm, and costs to re-secure, re-create, and restore data or systems.

B. Minimum Limits. Consultant shall maintain at least the following minimum insurance limits:

(i) Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of no less than $1,000,000 per accident.

(ii) Commercial General Liability insurance limits of no less than $1,000,000 per occurrence, $2,000,000 general aggregate.

(iii) Technology Errors and Omissions/Professional Liability insurance with limits of no less than $1,000,000 per claim, $1,000,000 policy aggregate limit.

(iv) Workers' Compensation insurance with statutory limits.

(v) Network Security (Cyber) and Privacy Insurance with limits no less than $1,000,000 per claim, $1,000,000 policy aggregate limit for network security and privacy coverage; $100,000 per claim for regulatory action (fines and penalties); and $250,000 per claim for event management services.

C. Required provisions. Consultant's Automobile Liability and Commercial General Liability insurance must contain, or be endorsed to contain, provision stating that they are primary insurance with respect to the Agency. Any insurance, self-insurance, or self-insured pool coverage maintained by the Agency is excess of Contractor's insurance and will not contribute to it.

D. Notice of cancellation. Consultant shall provide the Agency written notice of any policy cancellation within two business days of Consultant's receipt of such notice.

E. Coverage verification. Consultant shall furnish the Agency with original certificates and a copy of the amendatory endorsements, including but not limited to the additional insured endorsement, evidencing the minimum insurance requirements of Consultant before commencing work under this Agreement. Certificates of coverage required hereunder must be delivered to the Agency within thirty (30) days of execution of this Agreement.

F. Failure to Maintain Insurance. Consultant failure to maintain the required insurance constitutes a material breach of contract. If such breach is not cured within five (5) business days after demand by the Agency to the Consultant,

the Agency may immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the Agency on demand, or at the sole discretion of the Agency, offset against funds due Consultant from the Agency.

G. Availability of Full Coverage Limits. If Consultant maintains higher insurance limits than the minimums listed above, the Agency will likewise be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by Consultant, irrespective of whether such limits maintained by Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the Agency evidences limits of liability lower than those actually maintained by Consultant.

15. Record Keeping and Reporting.

A. Consultant shall maintain accounts and records, including personnel, property, financial, and programmatic records, sufficient to reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. Consultant shall maintain such other records as may be deemed necessary by the Agency to ensure proper accounting of all funds contributed by the Agency to the performance of this Agreement, or as otherwise necessary to comply with the state Public Records Act. These records shall be maintained for a period of seven (7) years after termination of this Agreement or final payment hereunder, whichever occurs later, unless permission to destroy them is granted by the Office of the Archivist in accordance with Chapter 40.14 RCW and by the Agency.

B. Consultant, at such times and in such forms as the Agency may require, shall furnish the Agency with periodic reports pertaining to the work and services undertaken pursuant to this Agreement. Consultant will make available to the Agency all work-related accounts, records and documents for inspections, auditing, or evaluation during normal business hours in order to assess performance, compliance, and/or quality assurance under this Agreement, provided that any such inspection, audit, or evaluation shall not unreasonably disrupt Consultant's normal business operation.

16. Audits and Inspections. The records and documents with respect to all matters covered by this Agreement are subject at all times to inspection, review, or audit by the Agency during the performance of this Agreement. Any delay or failure of the Agency to conduct such inspection or audit does not relieve Consultant of its obligations of performance under this Agreement, even if the Agency has knowledge or reason to know of some defective or noncompliant performance. The Agency may conduct an inspection or audit of Consultant's records and work related to this Agreement upon reasonable advance notice to Consultant, and Consultant shall provide sufficient, safe, and reasonable facilities to allow the inspection or audit to proceed without undue interruption to Consultant's normal business. The Agency is entitled to receive a copy of the results of

any such audit or other examination, whether performed by or on behalf of the Agency, or by or on behalf of Consultant.

17. Business Licenses and Taxes. Consultant will ensure, throughout the term of this Agreement and any extension hereof, that it obtains and maintains current business licenses in all participating cities (i.e., the "Principals" and "Subscribers," as those terms are defined in the applicable interlocal agreement), and that it remains current in payment of all state and local taxes due and owing to any jurisdiction where such taxes are owed.

18. Discrimination Prohibited. Consultant may not discriminate against any employee, applicant for employment, or any person seeking the services of the Consultant under this Agreement, on the basis of race, color, religion, creed, sex, sexual orientation, age, national origin, veteran or military status, marital status, or presence of any sensory, mental, or physical disability. Prohibited discrimination by Consultant constitutes cause for termination of this Agreement.

19. Assignment and Subcontract. Consultant may not assign, delegate, or subcontract any obligation to perform any portion of the services contemplated by this Agreement, or the right to compensation therefor, without prior written consent of the Agency.

20. Conflict of Interest. No officer, employee, or agent of the Agency, nor any member of the immediate family of any such officer, employee, or agent, has any personal financial interest, direct or indirect, in this Agreement, either in fact or in appearance. Consultant shall comply with all applicable federal, state, and Agency conflict of interest laws, statutes, regulations and policies. Consultant represents to the Agency that it has no conflict of interest in performing any of the services set forth in Exhibit "A." In the event that Consultant is asked to perform services for a project or third party that gives rise to a conflict or potential conflict of interest, Consultant will immediately disclose such conflict or potential conflict to the Agency. Consultant agrees that, during the term of this Agreement, Consultant will not employ any person having a conflict of interest with the Agency or the project contemplated by this Agreement.

21. Confidentiality. Except where otherwise available from public sources through lawful means, all information regarding the Agency obtained by Consultant in performance of this Agreement is confidential. Consultant may not, without the Agency's prior written consent, disclose to third parties information regarding the Agency that is not otherwise publicly available through lawful means. Breach of confidentiality by the Consultant is grounds for immediate termination.

22. Safeguarding of Personal Information.

A. Consultant may not use or disclose Personal Information, as defined in RCW 19.255.010, in any manner that would constitute a violation of federal law or applicable provisions of Washington State law. Consultant agrees to comply with all federal and state laws and regulations, as currently enacted or revised, regarding data security and electronic data interchange of Personal Information. Consultant shall ensure its directors, officers, employees, subcontractors or agents use Personal Information solely for the purposes of accomplishing the services set forth in this Agreement.

B. Consultant shall protect Personal Information collected, used, or acquired in connection with this Agreement, against unauthorized use, disclosure, modification, or loss. Consultant and its subconsultants agree not to release, divulge, publish, transfer, sell, or otherwise make Personal Information known to unauthorized persons without the express written consent of the Agency or as otherwise authorized by law. Consultant agrees to implement physical, electronic, and managerial policies, procedures, and safeguards to prevent unauthorized access, use, or disclosure of Personal Information. Consultant shall make the Personal Information available to amend as directed by Agency and incorporate any amendments into all the copies maintained by Consultant or its employees, agents, or subconsultants.

C. Consultant shall certify the return or destruction of Personal Information, upon expiration or termination of the Agreement, and Consultant may retain no copies. If Consultant and the Agency mutually determine that return or destruction is not feasible, Consultant may not use the Personal Information in a manner other than those permitted or authorized by state and federal laws.

D. Consultant shall notify the Agency in writing immediately upon becoming aware of any unauthorized access, use or disclosure of Personal Information. Consultant shall take necessary steps to mitigate the harmful effects of such use or disclosure. Consultant is financially responsible for notification of any unauthorized access, use or disclosure. The details of the notification must be approved by Public Entity.

E. Any breach of this section may result in termination of this Agreement and the demand for return of all Personal Information.

23. Non-appropriation of Funds. If sufficient funds are not appropriated or allocated for payment under this Agreement for any future fiscal period, the Agency will so notify Consultant and shall not be obligated to make payments for services or amounts incurred after the end of the current fiscal period. This Agreement will terminate without penalty or expense to the Agency upon the completion of all remaining services for which funds are allocated.

24. Entire Agreement. This 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 Agreement. No changes to this Agreement are effective unless reflected in written amendments to this Agreement, signed by both parties.

25. Notices. Notices required or permitted under this 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: Kevin Fitzpatrick
C/O City of Seattle FAS Finance
700 Fifth Avenue, Suite 4350
P.O. Box 94669
Seattle, WA 98124-4669

Consultant: Leviathan Security Group
Attn: Bill Gambardella
3223 3rd Avenue S., Suite 100
Seattle, WA 98134

26. 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. 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.

27. Severability. Any provision or part of this 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 Consultant. The parties agree that the Agreement shall be reformed to replace such stricken provision or part 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 FILELOCAL

By: _____
Kevin Fitzpatrick
Title: Program Manager

Date: _____

LEVIATHAN SECURITY GROUP, INC.

By: _____
Chad Thunberg
Title: Chief Operating Officer

Date: _____

ATTEST AS TO FORM:

_____
David A. Linehan, Agency Attorney

EXHIBIT A

SCOPE OF WORK

Consultant shall provide the following services:

1.1. Interim CISO: Company will provide temporary Interim Chief Information Security Officer (CISO) staff augmentation support on a retained basis in support of the Client Information Security Management Program. Bob Bregant, or other Company assigned staff pre-approved by Client, will act at Client written direction to complete duties as Client CISO of Record and/or trusted advisor SME guidance and strategic leadership support. Additional duties of Client CISO of Record shall, in conjunction with Client, manage Client's response to security audit questionnaires and other requests as required by Client's customers. Duties may include completing questionnaires and participating in conference calls with Client's customers.

1.2. Refine Adopted Policies: Company will assist with the development and refining of the procedures for cities and vendors to follow related to the policies. Policies to be aligned with existing Client processes and procedures.

1.3. Vulnerability Assessment and Management Process: Company will provide ongoing support to ensure the smooth operation of the Vulnerability Assessment and Management process, assisting in prioritization, risk assessment and artifact generation / follow through on the part of the operations teams.

1.4. Security Incident Management: Company to provide Security Incident Management and Support as necessary to ensure that Client operations may be resumed as quickly as possible.

1.5. Security Assessment: Company will provide an assessment of the FileLocal platform from the perspective of a member city. Tests will be performed on site at two cities using those cities own X.509 certificates for authentication and networks for access to facilitate testing the FileLocal platform from a city perspective. Consultant security assessment will use a combination of automated and manual assessment methodologies and solely focus on identifying vulnerabilities in Internet-accessible interfaces. The Company will also perform an automated vulnerability assessment of the underlying infrastructure to identify security flaws. Company will evaluate for security and privacy vulnerabilities including those found in the OWASP Top 10. These vulnerability and weakness categories include:

- Injection
- Broken Authentication
- Sensitive Data Exposure
- XML External Entities (XXE)
- Broken Access Control
- Security Misconfiguration
- Cross-Site Scripting (XSS)
- Insecure Deserialization
- Using Components with Known Vulnerabilities
- Insufficient Logging & Monitoring

1.5.1. Post-remediation Evaluation Assessment: Subsequent to Client implementation of remediation activities related to any identified Critical or High ranked vulnerabilities, Company will perform targeted re-testing and confirm the effectiveness of remediation activities.

1.5.2. Assessment Deliverable: Upon completion of the testing, the Company will provide a written report containing the following:

- Executive summary, including a high-level summary of the analysis and findings and prioritized recommendations for remediation
- A brief description of assessment methodologies.
- A detailed discussion of analysis results, including relevant findings, risk levels, and recommended corrective action.
- Appendices with relevant raw data, output, and reports from the analysis tools used during the engagement.

1.6. Executive summary: Company will provide a report including a high-level summary of the work accomplished over the preceding year.

EXHIBIT B

Hourly Rates

For all services provided as described in Exhibit A, the hourly rate of $250 shall apply.

EXHIBIT C

FileLocal Agency
Billing Invoice

To: FileLocal
700 Fifth Avenue, Suite 4350
P.O. Box 94669
Seattle, WA 98124-4669
Kevin.Fitzpatrick-FLO@seattle.gov

Invoice Number: _____ Date of Invoice: _____

Consultant: _____
Mailing Address: _____
_____
Telephone: ( )_____

Contract Period:_____ Reporting Period:_____

Amount requested this invoice: $_____

Attach itemized description of services provided.

Specific Program: _____

_____
Authorized signature

For Department Use Only

BUDGET SUMMARY

Total contract amount	$_____
Previous payments	$_____
Current request	$_____
Balance remaining	$_____

Approved for payment by: _____ Date: _____

EXHIBIT D

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY
d/b/a FILELOCAL
TAX IDENTIFICATION NUMBER

In order for you to receive payment from FileLocal, you must have either a Tax Identification Number or a Social Security Number. The Internal Revenue Service Code requires a Form 1099 for payments to every person or organization other than a corporation for services performed in the course of trade or business. Further, the law requires the City to withhold 20% on reportable amounts paid to unincorporated persons who have not supplied us with their correct Tax Identification Number or Social Security Number.

Please complete the following information request form and return it to the Agency prior to or along with the submittal of the first billing invoice.

Please check the appropriate category:

_____ Corporation _____ Partnership _____ Government Consultant

_____ Individual/Proprietor _____ Other (explain)

TIN No.: _____

Social Security No.: _____

Print Name: _____

Title: _____

Business Name: _____

Business Address: _____

Business Phone: _____

_____ _____

Date Authorized Signature (Required)

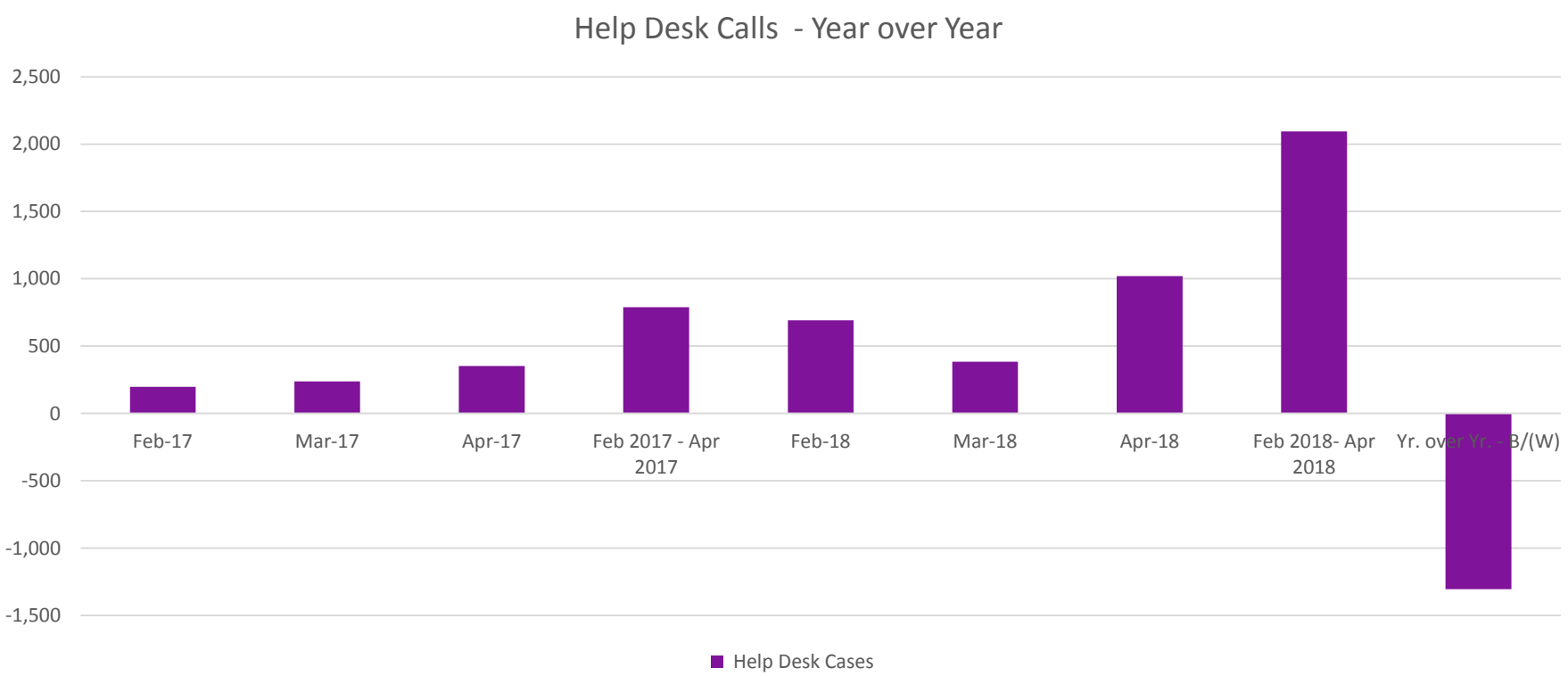
FileLocal

Your one stop for local business licensing and tax filing

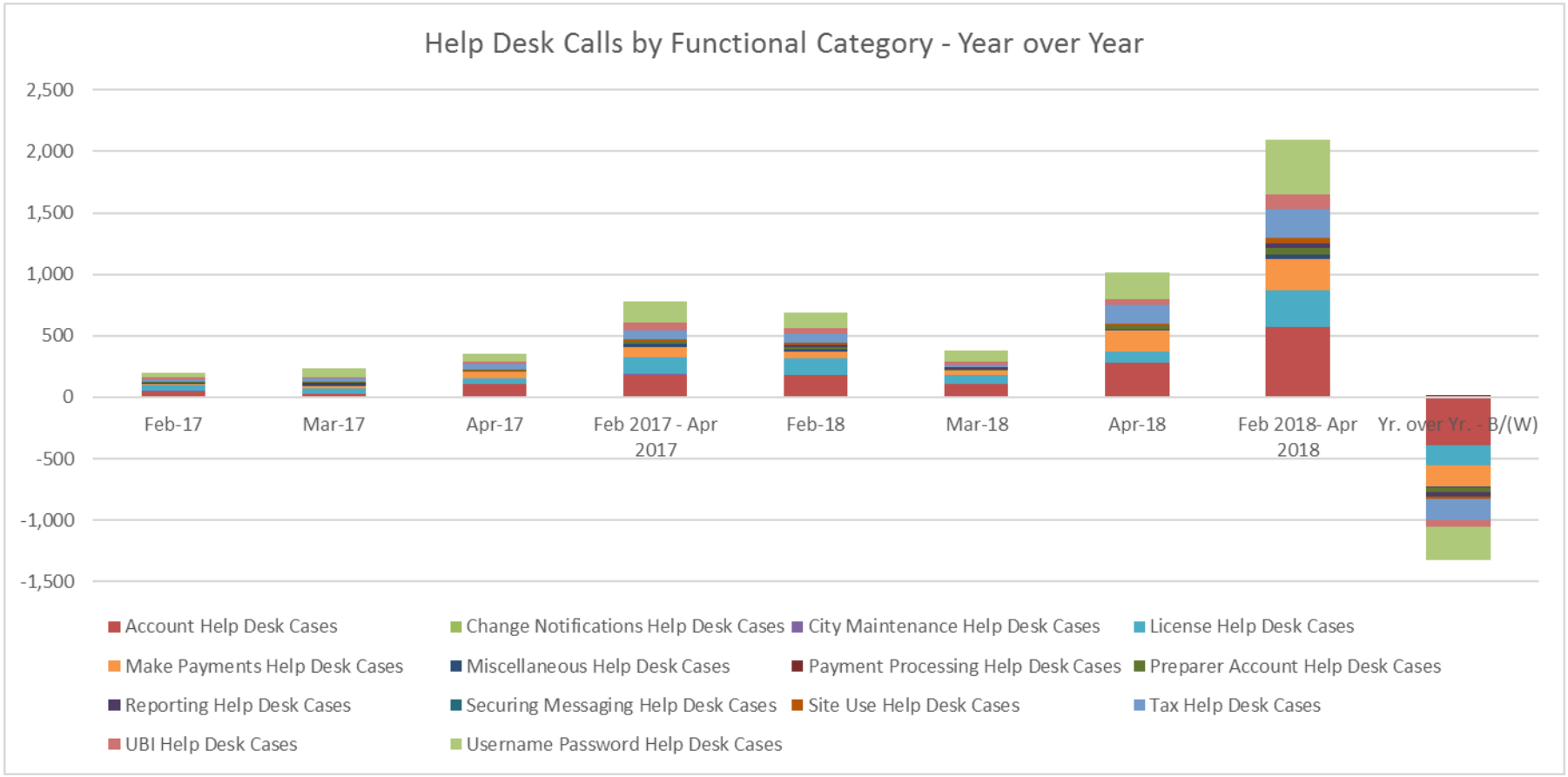
www.filelocal-wa.gov

FileLocal: Monthly Business Review

April 2018

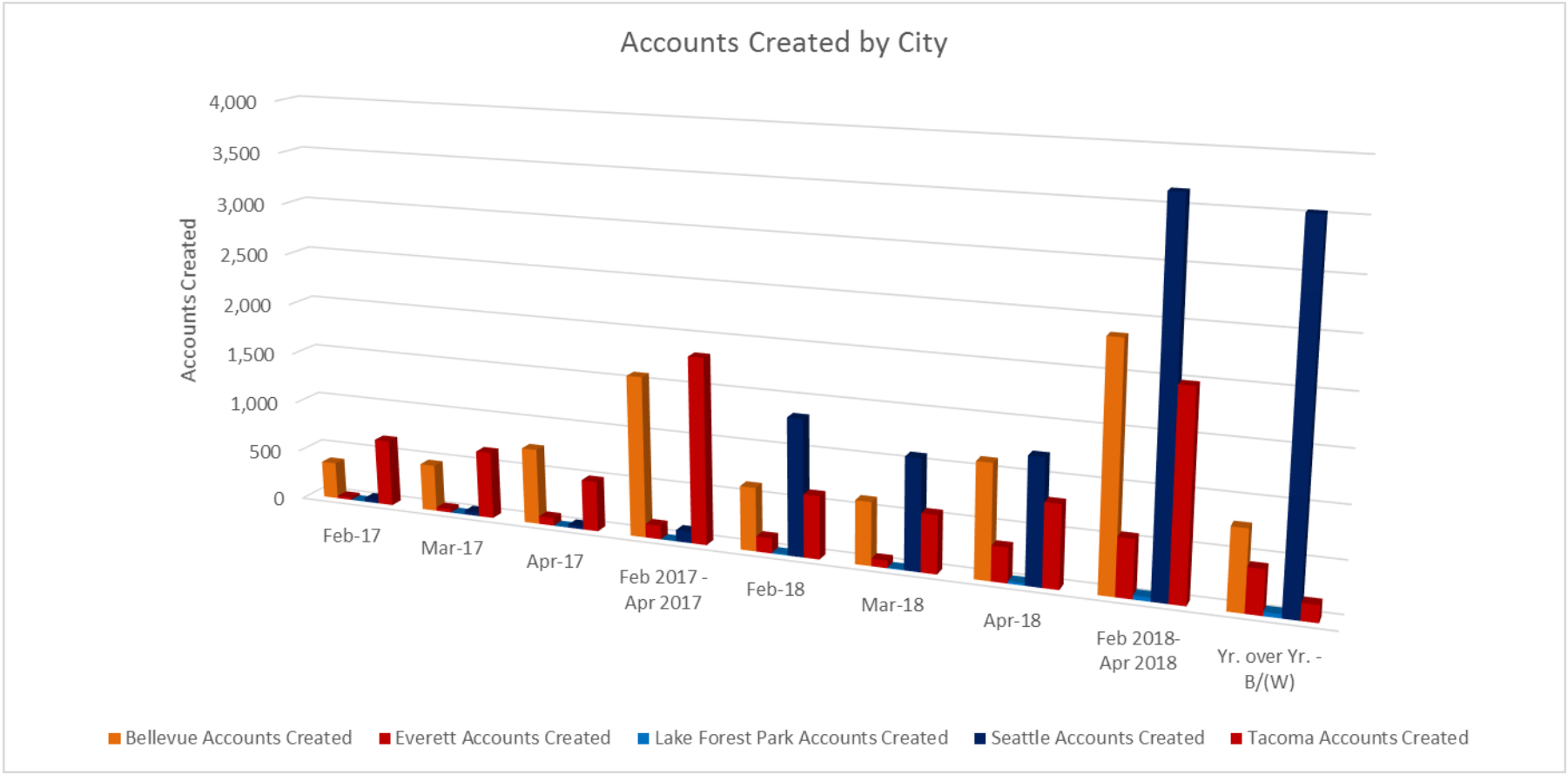


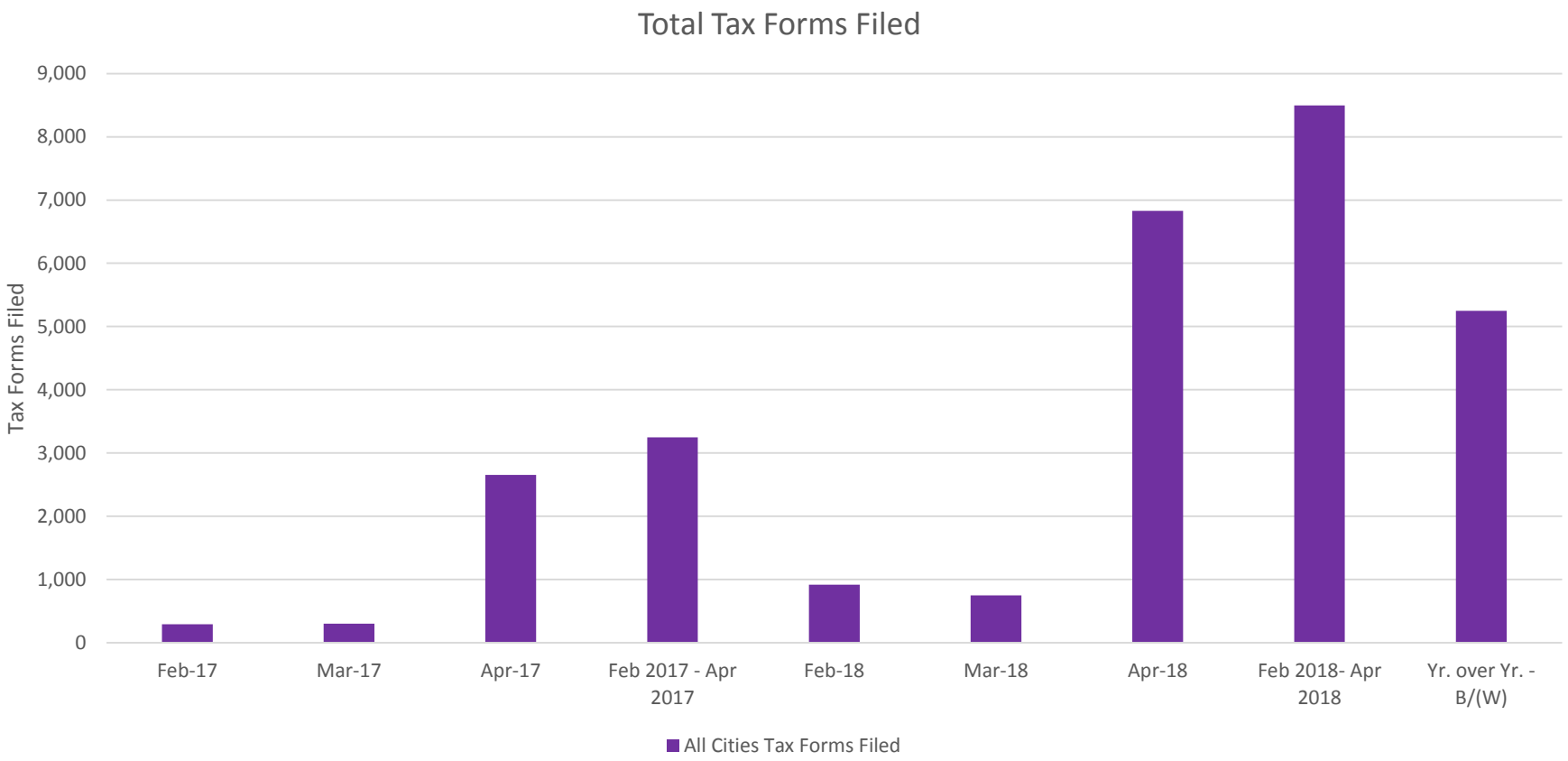
Help desk calls totaled 2,094 for the three months ending Apr. 2018. This is 12.2% of the accounts created and forms filed which is .8% higher than the same three months in the prior year (11.4%). Compared to the prior year, the number of calls were up 1,306. Three categories make up the highest (62%) % of calls - account creation (27%), licenses (14%) and username/password reset (21%).


Help Desk Calls by Functional Category - Year over Year
2,500
2,000
1,500
1,000
500
0
-500
-1,000
-1,500
Feb-17
Mar-17
Apr-17
Feb 2017 - Apr 2017
Feb-18
Mar-18
Apr-18
Feb 2018- Apr 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

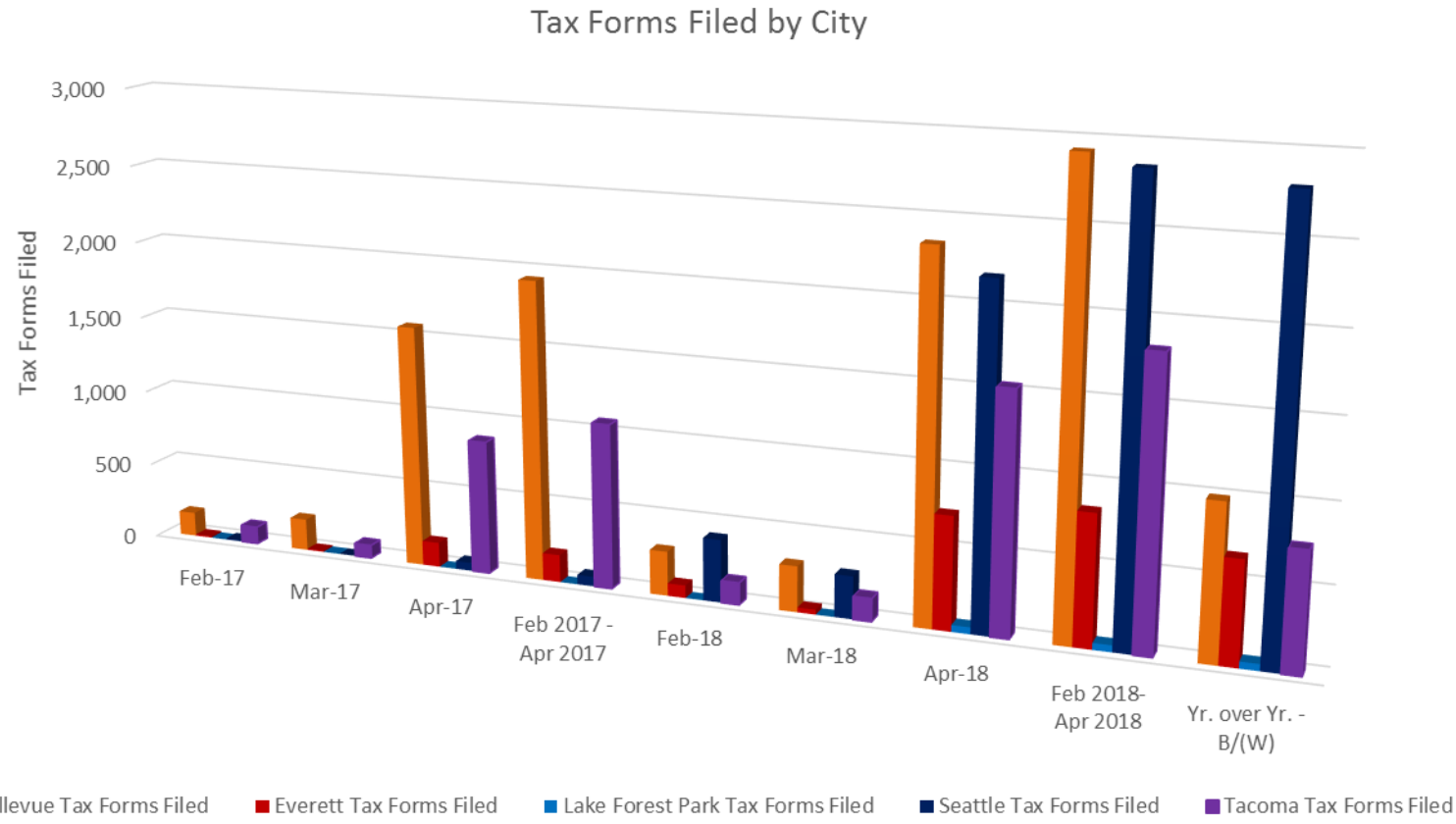


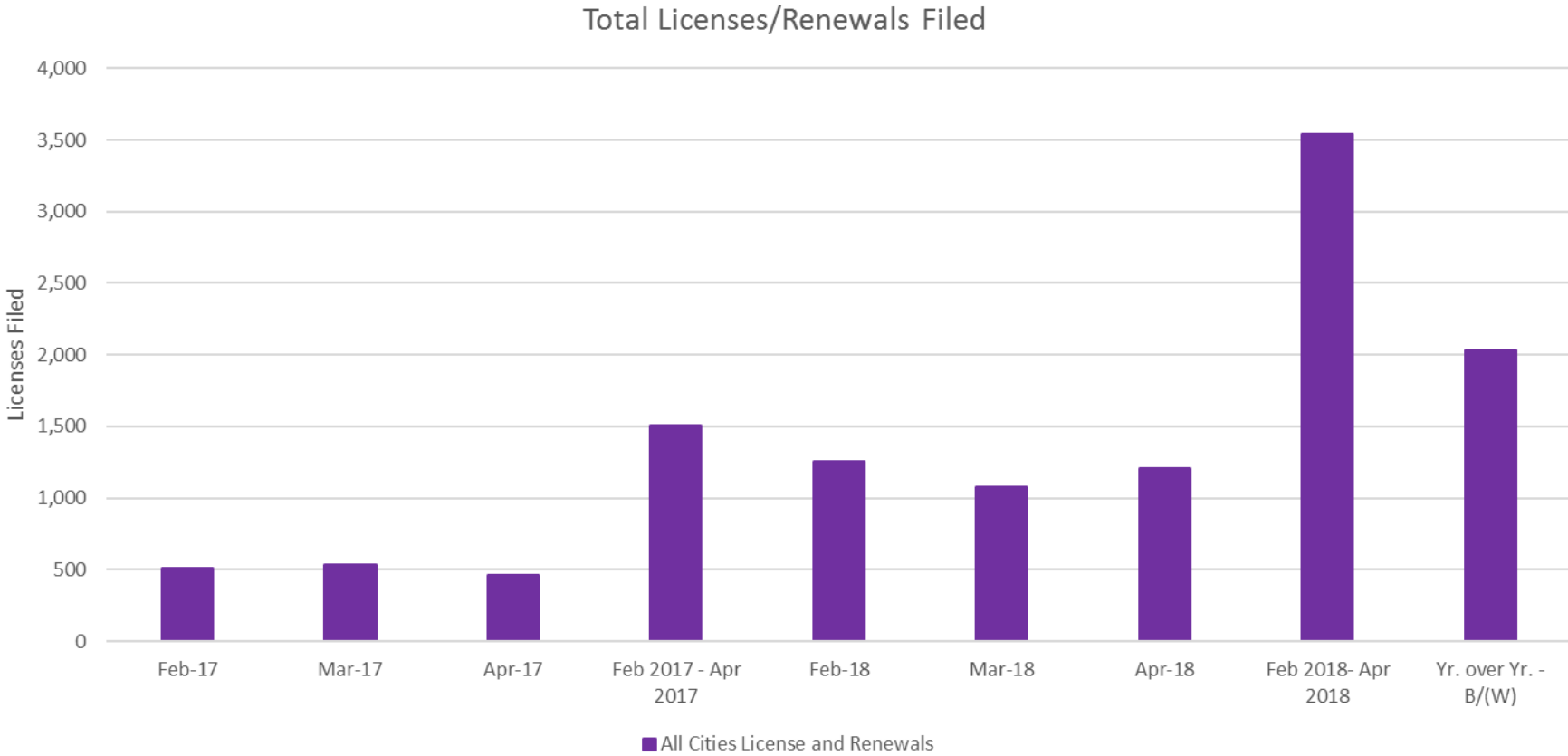
Accounts created for the 3 months ended Apr 2018 were 8,598 which is up 4,946 accounts compared to the same 3 months in the prior year. All five cities were up with Seattle up 3,533 accounts, Tacoma up 166, Bellevue up 779 accounts, Everett up 428 accounts and Lake Forest Park up 40 accounts. Note: Accounts created doesn't represent fully registered customers. See 3-9-18 chart from eGov.


Accounts Created by City
Accounts Created
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Feb-17
Mar-17
Apr-17
Feb 2017 - Apr 2017
Feb-18
Mar-18
Apr-18
Feb 2018- Apr 2018
Yr. over Yr. - B/(W)
Bellevue Accounts Created
Everett Accounts Created
Lake Forest Park Accounts Created
Seattle Accounts Created
Tacoma Accounts Created

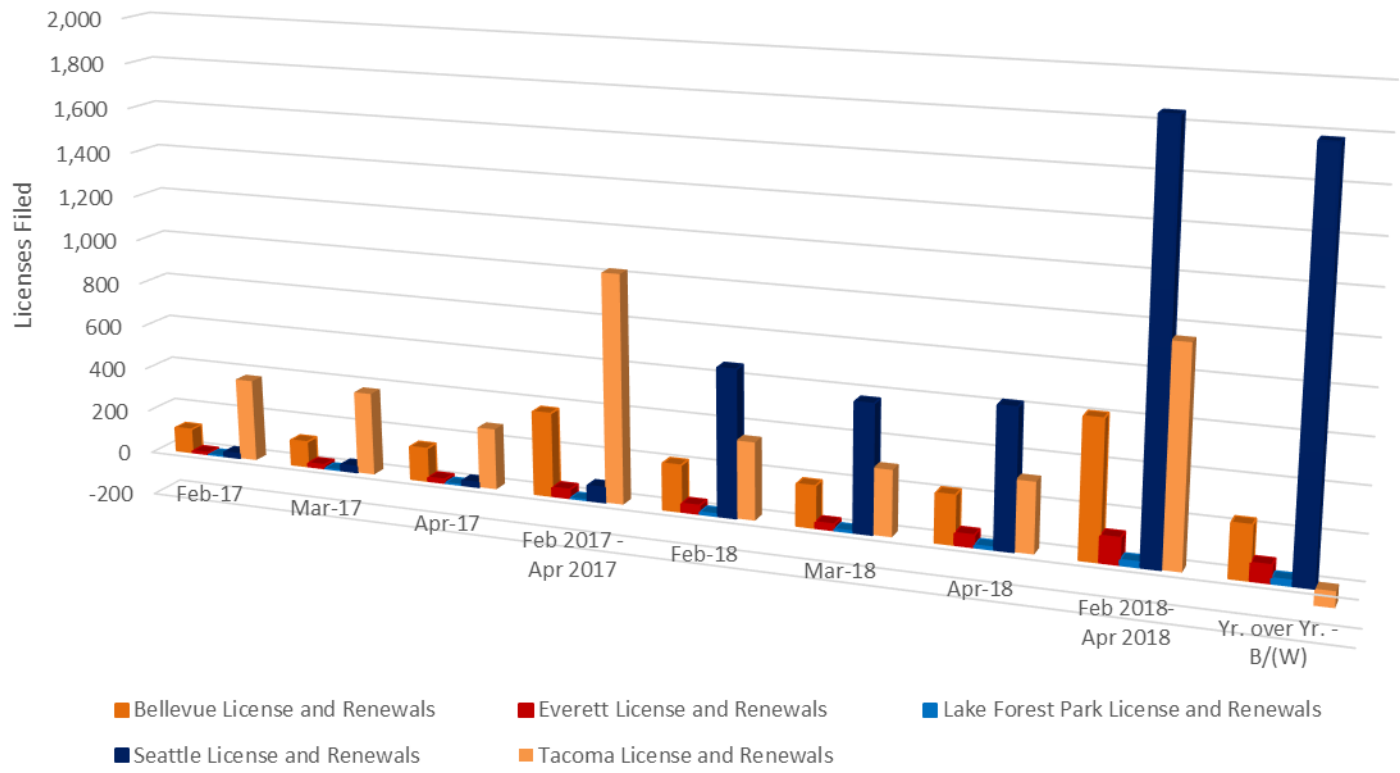


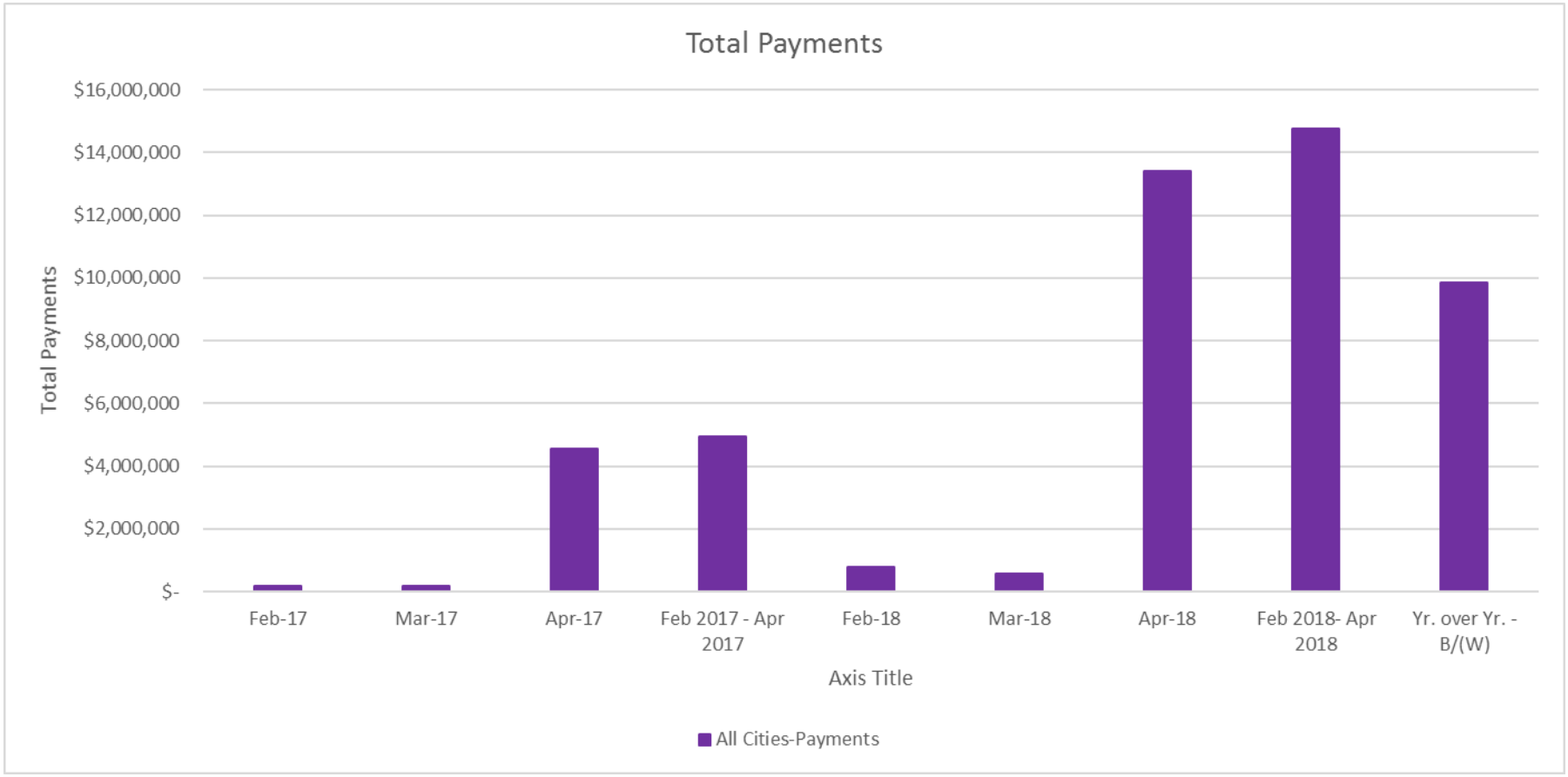
Tax Forms filed for the 3 months ended Apr. 2018 were 8,497 which is up 5,249 filings compared to the same 3 months from the prior year. All five cities were up with Seattle up 2,795, Tacoma up 758, Everett up 661 and Bellevue up 991 and Lake Forest Park up 44.


Tax Forms Filed by City
Tax Forms Filed
3,000
2,500
2,000
1,500
1,000
500
0
Feb-17
Mar-17
Apr-17
Feb 2017 - Apr 2017
Feb-18
Mar-18
Apr-18
Feb 2018- Apr 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

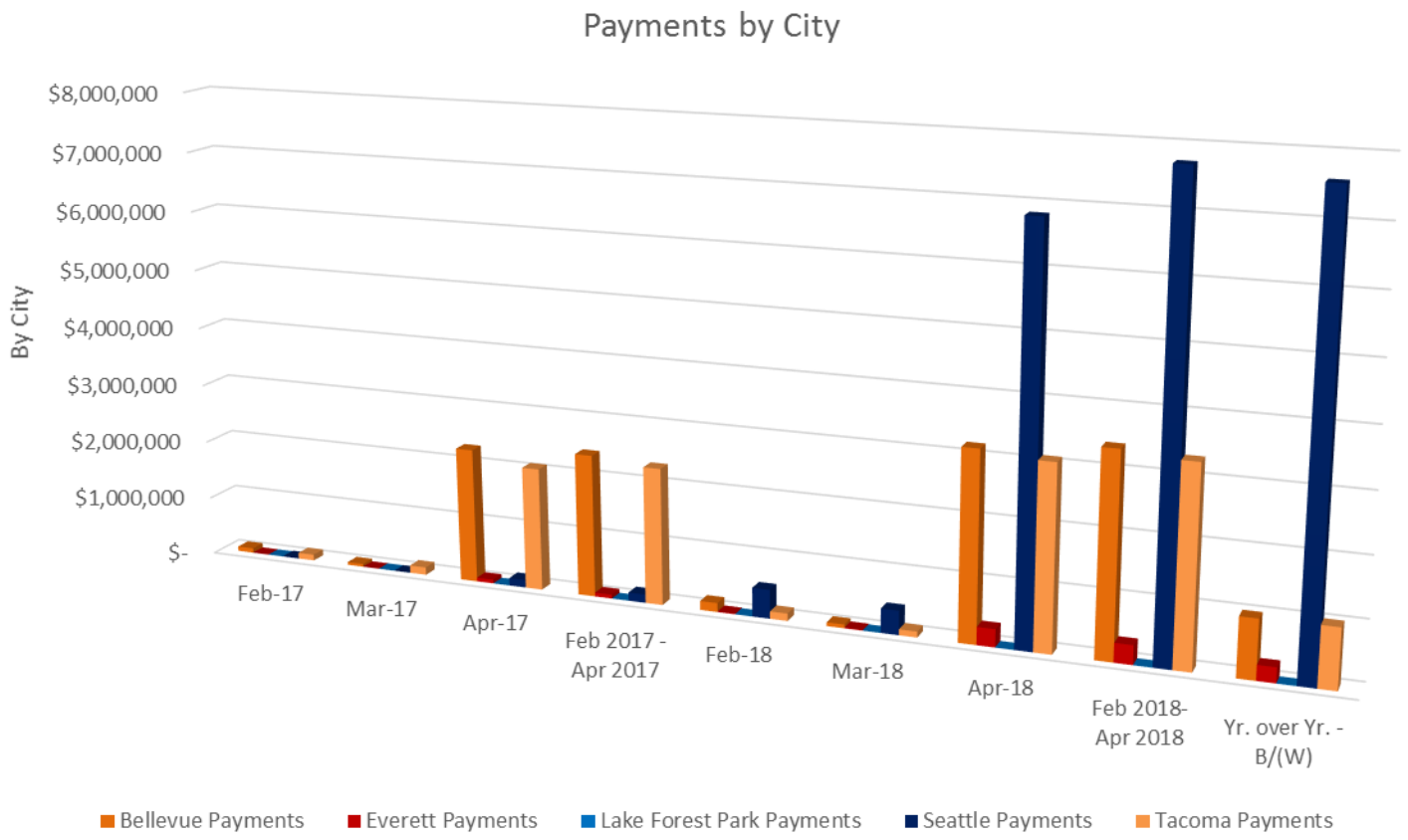


License/Renewals created for the 3 months ended Mar 2018 were 3,543 which is up 2,038 filings compared to the same 3 months from the prior year. Four cities were up with Seattle up 1,778, Everett up 76, Bellevue up 233 and Lake Forest Park up 22 and Tacoma down 71.


Licenses/Renewals Filed by City
Licenses Filed
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
-200
Feb-17
Mar-17
Apr-17
Feb 2017 - Apr 2017
Feb-18
Mar-18
Apr-18
Feb 2018- Apr 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 Apr 2018 were $14,771m which is up $9.840m compared to the same 3 months from the prior year. All five cities were up with Seattle up $7.583m, Tacoma up $1.007m, Bellevue up $.989m, Everett up .258m and Lake Forest Park up $3.3k.


Payments by City
$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
Feb-17
Mar-17
Apr-17
Feb 2017 - Apr 2017
Feb-18
Mar-18
Apr-18
Feb 2018- Apr 2018
Yr. over Yr. - B/(W)
Bellevue Payments
Everett Payments
Lake Forest Park Payments
Seattle Payments
Tacoma Payments

Seattle
Information Technology

City of Seattle Information Technology Department

With

Washington Multi-City Business License and Tax Portal Agency

AGREEMENT

Title: Provide Email and Messaging Services

AGREEMENT NUMBER: ITD ENT 01-18

This Agreement is made and entered into by and between The City of Seattle ("the City"), a Washington municipal corporation, through its Department of Information Technology as represented by the Chief Technology Officer, and Washington Multi-City Business License and Tax Portal Agency ("Agency" or "FileLocal"), a not for profit corporation of the State of Washington and authorized to do business in the State of Washington.

WHEREAS, the Agency was created as a separate legal entity and municipal instrumentality by an interlocal agreement between the cities of Seattle, Bellevue, Everett and Tacoma effective as of March 1, 2014 (the "Interlocal"); and

WHEREAS, the Agency was created for the purposes of facilitating the development and overseeing and managing operation of an internet web application gateway ("Portal"), where tax collection and business licensing functions of participating cities can be collectively administered and where businesses operating in multiple cities can use a "one-stop" system for tax payment or business license application filing; and

WHEREAS, the Agency is in need of the use of information technology and electronic record systems; and

WHEREAS, the Agency and the City will by this Agreement outline the specific terms associated with the provision of email and information technology messaging services; and

WHEREAS, the Agency has determined that the City's offer of technology services as described in this Agreement will meet its needs;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties agree as follows:

1. TERM OF AGREEMENT.
The term of this Agreement begins when fully executed by all parties, and ends on June 30, 2022, unless amended by written agreement or terminated earlier under termination provisions.

2. SCOPE OF WORK.
The City will provide the following services at the rates set forth below in Section 3:

1. Four FileLocal Email Accounts and Email Storage

2. Separate secure storage to hold FileLocal electronic files that can be accessed by only FileLocal staff and Seattle IT support staff.
3. Help Desk and internal support services

FileLocal will request services by contacting the City's Help Desk at 206-386-1212. FileLocal will report support issues via the Seattle IT Service Desk by calling 386-1212 or by sending an email to the Seattle IT Service Desk.

3. PAYMENT.

FileLocal will compensate the City based on actual usage. FileLocal anticipates using some or all of the services listed below. Prices below are per annum for 2018 and are subject to change.

SERVICE	2018 RATES	QUANTITY	TOTAL
Messaging per account	$287.63	4	$1,150.52
User Identity per account	Included w/ Messaging	n/a	n/a
Filer Sharing per account	Included w/ Messaging	n/a	n/a
Tier 1 Storage per Gig	$0.73	397	$289.81
Tier 2 Storage per Gig	$4.60	397	$1,826.20
MS Office365 per account	$264.78	4	$1,059.12
TOTAL			**$4,325.65**

Compensation for future years will be adjusted based on the then-current annual rates. The rates will be published each year.

4. INVOICING AND PAYMENT PROCEDURES.

The City shall submit invoices to Filelocal annually. The City shall submit invoices to:

FileLocal
Kevin Fitzpatrick, Program Manager
700 Fifth Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

FileLocal shall pay the City within thirty (30) days of the date of the City's invoice and submit payment to:

Department of Information Technology
Accounts Receivable Unit
PO Box 94709
Seattle, WA 98124-4709
ITD_AR@seattle.gov

5. ADDRESSES FOR NOTICES.

Deliver all notices under this Agreement to:

If to the City:	If to the Agency:
Chief Technology Officer Information Technology Department PO Box 94709 Seattle WA 98124-94709 206-684-0600 With a copy to: Jeremy Doane, IT Contracts Manager Information Technology Department	FileLocal Kevin Fitzpatrick, Program Manager 700 Fifth Avenue, Suite 4350 PO Box 94669 Seattle, WA 98124-4669 With a copy to: David Linehan Kenyon Disend 11 Front Street

PO Box 94709 Seattle WA 98124-94709 206-684-5962 Jeremy.doane@seattle.gov	Issaquah, WA 98027-3820

6. DISPUTES.

Any dispute or misunderstanding that may arise under this Agreement shall first be addressed through negotiations, if possible, between FileLocal's Program Manager and the City's Project Manager. If necessary, it shall be referred to the Director and to FileLocal's Board Chair. If such officials do not agree upon a decision within a reasonable period of time, either party may decline or discontinue such discussions and may then pursue legal means to resolve such disputes, including but not limited to alternative dispute resolution processes and/or litigation.

7. TERMINATION.

Either party may terminate this Agreement with or without cause, by giving the other party ninety (90) calendar days' notice in writing. In the event the City has commenced the services, the City shall be paid for the services properly performed prior to termination, together with any reimbursable expenses then due, but in no event shall such compensation exceed the annual maximum compensation to be paid under the Agreement during the year of the termination notice.

8. MISCELLANEOUS PROVISIONS.

A. Amendments: No modification of this Agreement shall be effective unless in writing and signed by an authorized representative of each of the parties hereto.

B. Background Checks and Immigrant Status: The City may require background checks for some or all of the employees that may perform work under this Agreement. The City reserves the right to require such background checks at any time. The City has strict policies regarding the use of background checks, criminal checks, immigrant status, and/or religious affiliation for contract workers. The policies are incorporated into the contract and available for viewing on-line at http://www.seattle.gov/city-purchasing-and-contracting/social-equity/background-checks.

C. Notification Requirements for Federal Immigration Enforcement Activities: Prior to responding to any requests from an employee or agent of any federal immigration agency including the Immigration and Customs Enforcement (ICE), the U.S. Department of Homeland Security (DHS), Homeland Security Investigations (HSI), Enforcement Removal Operations (ERO), Customs and Border Protection (CBP), and U.S. Citizenship and Information Services (USCIS) regarding your City contract, the Agency shall notify the Project Manager immediately.

   Such requests include, but are not limited to:

   a. requests for access to non-public areas in City buildings and venues (i.e., areas not open to the public such as staff work areas that require card key access and other areas designated as "private" or "employee only"); or
   b. requests for data or information (written or oral) about workers engaged in the work of this contract or City employees.

   No access or information shall be provided without prior review and consent of the City. The Consultant shall request the ICE authority to wait until the Project Manager is able to verify the credentials and authority of the ICE agent and will direct the Consultant on how to proceed.

D. Binding Agreement: This Agreement shall not be binding until signed by both parties. The provisions, covenants and conditions in this Agreement shall bind the parties, their legal heirs, representatives, successors and assigns.

E. HOLD

F. Federal and State Compliance: The Agency, at no expense to the City, shall comply with all laws of the United States and Washington, the Charter and ordinances of the City of Seattle; and rules, regulations, orders and directives of their administrative agencies and officers, except where City of Seattle charters, ordinances, rules, regulations, or directives conflict with the bylaws, regulations, policies, and other governing documents of the Agency (including the Interlocal), which have been duly adopted and previously approved by the Seattle City Council, in which case the governing documents of the Agency shall control.

G. Venue: This Agreement shall be construed and interpreted under the laws of Washington. The venue of any judicial action brought to interpret, construe, or enforce this Agreement shall be in the Superior Court of King County.
H. Remedies Cumulative: Rights under this Agreement are cumulative and nonexclusive of any other remedy of law or in equity.
I. Captions: The titles of sections or subsections are for convenience only and do not define or limit the contents.
J. Severability: If any term or provision is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected, and each term and provision shall be valid and enforceable to the fullest extent permitted by law.
K. Waiver: No covenant, term or condition or the breach shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed a waiver of any preceding or succeeding breach of the same or any other covenant, term of condition. Neither the acceptance by the City or Agency of any performance by the City or Agency after the time the same shall have become due nor payment to the City for any portion of the Work shall constitute a waiver by the City or Agency of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by the City and Agency in writing.
L. Entire Agreement: This document along with any exhibits and all attachments, and subsequently issued addenda, comprises the entire agreement between the City and the Agency.
M. Negotiated Agreement: The parties acknowledge this is a negotiated agreement, that they have had this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against any party on the basis of such party's draftsmanship.
N. No personal liability: No officer, agent or authorized employee of the City or Agency shall be personally responsible for any liability arising under this Contract, whether expressed or implied, nor for any statement or representation made or in any connection with this Agreement.

IN WITNESS WHEREOF, in consideration of the terms, conditions and covenants contained, or attached and incorporated and made a part, the parties have executed this Agreement by having legally-binding representatives affix their signatures below.

FILELOCAL

By_____
Signature Date

_____
Type or Print Name

_____
Title

Approved as to form:

_____
Attorney for Agency

CITY OF SEATTLE

By Tracy Cantrell 7 MAY 2018
Signature Date

Tracye Cantrell

Acting Director – Information Technology Department

FileLocal

Your one stop for local business licensing and tax filing

www.filelocal-wa.gov

New City Status

May 2018

Key New City Onboarding Activities

- **Implementation Options**
  - Fit analysis
  - Implementation options
- **Onboarding Schedule**
- **Fees**
- **Onboarding City Type**
- **Executive Board Approval**

New City Status 1 of 4

- **Bremerton/Renton**
  - On track for Q3’18 Implementation

- **Shoreline**
  - FIT Analysis Complete – City is working differences
  - SOR – City to finalize system by end of May
  - Targeting Q3’18 Board Presentation

New City Status 2 of 3

- **Issaquah**
  - FIT Analysis Complete – City fits the Standard Implementation
  - SOR – City working with Vendors Now
  - Targeting Q3'18 Board Presentation

- **Snoqualmie**
  - New Finance Director – started May 2018
    - Indicated they want to go with FileLocal
  - FIT Analysis Complete – City is working differences
  - SOR – early stages of the engagement
  - Board Presentation - TBD

New City Status 3 of 4

- **Kent**
  - FIT Analysis Complete
  - SOR Development is in process
  - Targeting Q4’18 Board Presentation

- **Des Moines**
  - Preadmission Guide Completed
  - Targeting FIT Analysis to be Complete May 2018

New City Status 4 of 4

- **Redmond/Mercer Island**
  - Preadmission Guide Completed/FY19 Preliminary Budget Numbers Sent
  - Targeting FIT Analysis Q4’18

Employee Update

- **Administrative Specialist II**
  - Position was put on hold by HRIS
  - Hold was released in April 2018 and the position posted.
  - Panel Interview 5-9-18

- **Incremental Position Add**
  - Result of adding new cities
  - Assess needs after the Admin Spec II position is filled