FileLocal

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

Executive Board:

Jamie Thomas
City of Auburn

Jamie Robinson
City of Bellevue

Beth Anne Wroe
City of Des Moines

Susy Haugen, Vice-Chair
City of Everett

Paula Painter
City of Kent

Lindsey Vaughn
City of Lake Forest Park

Kari Roller
City of Renton

Glen Lee
City of Seattle

Andy Cherullo, Chair
City of Tacoma

Executive Board Meeting Agenda

June 23, 2022

TEAMS CONFERENCE CALL
SEATTLE, WA

1. **CALL TO ORDER**
   a. Introductions

2. **PUBLIC COMMENT***

3. **APPROVAL OF 03-24-22 MEETING SUMMARY**
   a. 03-24-22 Meeting Summary

4. **REVIEW OF MAY 2022, APRIL 2022, AND MARCH 2022 FINANCIAL STATEMENTS**
   a. May 2022 Financial Statements
   b. April 2022 Financial Statements
   c. March 2022 Financial Statements

5. **ACTION ITEMS**
   a. Resolution **FL2022-02: Draft Budget 2023-2027** (Supermajority Vote)
      i. Briefing Paper**: FL2022-02**
      ii. Resolution: **FL2022-02**
      iii. Attachment A: **Draft Budget 2023-2027**
   b. Resolution **FL2022-03: Leviathan Security Contract** (Majority Vote)
      i. Briefing Paper**: FL2022-03**
      ii. Resolution: **FL2022-03**
      iii. Attachment A: **Leviathan Security Contact 2022-2024**

6. **OPERATIONAL UPDATES**
   a. Annual Financial Statements 2021
   b. MBR
   c. Hosting transition
   d. Avenu Security Practices Risk Assessment Findings
   e. Vendor warrants

7. **ADJOURNMENT**

*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.

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

Executive Board Meeting Summary

March 24, 2022

CONFERENCE CALL

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

Executive Board:

Jamie Thomas
City of Auburn

Jamie Robinson
City of Bellevue

Beth Anne Wroe
City of Des Moines

Susy Haugen
City of Everett

Paula Painter
City of Kent

Lindsey Vaughn
City of Lake Forest Park

Kari Roller
City of Renton

Glen Lee, Chair
City of Seattle

Andy Cherullo, Vice-Chair
City of Tacoma

Standing Items

1. CALL TO ORDER

The 3-24-22 meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at 11:04 a.m. and conducted by conference call.

ROLL CALL

Board Members Present: Jamie Thomas (phone), Jamie Robinson (phone) Beth Anne Wroe (phone), Susy Haugen (phone), Paula Painter (phone), Kari Roller (phone), Glen Lee (phone), Andy Cherullo (phone)

Staff and Guests: Horace Francis (phone), Shea Nangle (phone), Kelly Ohlert (phone), Kevin Fitzpatrick (phone), Julie Panick (phone)

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF MEETING SUMMARY

On a motion made by Andy Cherullo and seconded by Paula Painter, the board approved the 12-16-21 meeting summary.

4. REVIEW OF FINANCIAL STATEMENTS

Kevin Fitzpatrick summarized the February 2022 and December 2021 financial statements and cash status. There were no questions or comments.

5. ACTION ITEMS

A. Resolution FL2022-01: Election of Officers.

a. Kevin Fitzpatrick reviewed the resolution. Andy Cherullo is the new Board Chair and Susy Haugen is the new Vice-Chair. There were no questions or comments.

i. Motion to accept: Paula Painter
ii. Motion seconded: Andy Cherullo

*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.

iii. Majority vote: Passed

VOTE FL2022-01	City	Member
YES	Auburn	Jamie Thomas
YES	Bellevue	Jamie Robinson
YES	Des Moines	Beth Ann Wroe
YES	Everett	Susy Haugen
YES	Kent	Paula Painter
YES	Lake Forest Park	Lindsey Vaughn (absent)
YES	Renton	Kari Roller
YES	Seattle	Glen Lee
YES	Tacoma	Andy Cherullo

6. DISCUSSION ITEMS:

A. Risk Assessment Update

- Shea Nangle and Kelly Ohlert from Leviathan provided an overview of Risk Assessments and their recent assessment of risk to FileLocal.

  ACTION: Kevin Fitzpatrick will start reporting on breach notices he receives monthly from Avenu to Leviathan.

  Note: Member cities can find this information on the monthly MBR excel file under the worksheet tab “Security Performance”.

B. February Monthly Business Review

- Kevin Fitzpatrick reviewed the Monthly Business Review. Continued focus on Hardware, Production Support Tickets, and the Call Center. Hardware, RAM, Storage, and CPU usage were all within guidelines. Production Support tickets are down by 107 month-over-month. Growth in the 3+ week bucket was a concern and resolving them was the focus in early March. Call Center metrics showed improvement in February over January, primarily due to a 43% reduction in call volume month over month and a staffing adjustment.

C. Draft Budget 2023 - 2027

- Kevin Fitzpatrick presented the Draft Budget 2023-2027. A Draft Budget must be approved by the Board no later than June 15 and sent to member cities by July 1. Individual city breakdowns for Reimbursable and Capital Cost Recovery charges. There were no questions or comments.

D. Program Manager Transition

- Kevin Fitzpatrick announced his retirement and shared the plan for hiring a new Program Manager. The job posting will close on March 29th, and panel interviews are planned with member city participation.

E. Vendor Warrants

- Kevin Fitzpatrick reviewed the 4th Quarter 2021 Vendor Warrant list. There were no questions or comments.

7. ADJOURNMENT

On a motion made by Andy Cherullo and seconded by Glen Lee, the meeting of the Executive Board adjourned at 11:52 p.m.

Respectfully Submitted,

Julie Panick
Secretary, FileLocal

FileLocal

700 5th Avenue, Suite 4350
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FileLocal
Financial Statements
May 31, 2022

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
MAY 31, 2022

ASSETS		
Cash	$	251,896
LGIP Investment		1,622,147
Due from cities		36,130
Prepaid		104,515
Total Current Assets		2,014,688
TOTAL ASSETS	**$**	**2,014,688**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	27,143
Accrued liabilities		86,742
Total Current Liabilities		113,885
TOTAL LIABILITIES		113,885
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		617,899
TOTAL NET ASSETS		1,900,803
TOTAL LIABILITIES AND NET ASSETS	**$**	**2,014,688**

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

FILELOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH
AND YEAR-TO-DATE ENDED MAY 31, 2022

	March	April	May	YTD
REVENUES				
User fees	$ 22,052	$ 75,044	$ 34,220	**$ 302,360**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	-	-		**462,720**
City of Bellevue	-	-		**71,357**
City of Tacoma	-	-		**112,897**
City of Everett	-	-		**35,345**
City of Lake Forest Park	-	-		**8,623**
City of Auburn	-	-		**10,397**
City of Renton	-	-		**35,562**
City of Des Moines	-	-		**16,028**
City of Snoqualmie	-	-		**17,335**
City of Shoreline	-	-		**14,745**
City of Kent	-	-		**17,335**
Total direct reimbursable costs	-	-	-	**802,344**
Interest income	219	376	747	**1,532**
Total revenues	$ 22,271	$ 75,420	$ 34,967	**$ 1,106,236**
EXPENSES				
Accounting fees	$ 3,957	$ 7,547	$ 3,143	**23,223**
Agency IT costs	-	-		**-**
Bank fees	34	8	4	**200**
Capital Cost recovery	-	-		**20,500**
Insurance	431	431	430	**2,153**
Labor costs	35,399	(6,501)	35,399	**135,094**
Legal fees	-	62	775	**992**
License and membership fees	-	-		**410**
Office and operating supplies	-	5	-	**5**
Technology costs	35,224	33,023	14,500	**144,117**
Transaction fees	8,270	31,839	26,735	**161,643**
Travel Expense	-	-		**-**
Other Expense	-	-		**-**
Total expenses	83,315	66,414	80,986	**488,337**
CHANGE IN NET ASSETS	**$ (61,044)**	**$ 9,006**	**$ (46,019)**	**$ 617,899**

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FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED MAY 31, 2022

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 229,375	$ 302,360	$ 72,985
Reimbursable cost/Capital cost recovery charges				
City of Seattle	462,720	462,720	462,720	-
City of Bellevue	71,357	71,357	71,357	-
City of Tacoma	112,897	112,897	112,897	-
City of Everett	35,345	35,345	35,345	-
City of Lake Forest Park	8,623	8,623	8,623	-
City of Auburn	10,397	10,397	10,397	-
City of Renton	35,562	35,562	35,562	-
City of Des Moines	16,028	16,028	16,028	-
City of Snoqualmie	17,335	17,335	17,335	-
City of Shoreline	14,745	14,745	14,745	-
City of Kent	17,335	17,335	17,335	-
Total direct reimbursable costs	802,344	802,344	802,344	-
Interest income	-	-	1,532	1,532
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 1,031,719	$ 1,106,236	$ 74,517
EXPENSES				
Labor costs	$ 425,579	$ 177,325	$ 135,094	$ 42,231
Contracts	71,762	29,901	25,576	4,325
Overhead	70,187	29,244	1,407	27,837
Technology costs	764,816	318,673	305,760	12,913
Operating reserve	0	0	-	0
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 575,643	$ 488,337	$ 87,306
CHANGE IN NET ASSETS			617,899	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF MAY 31, 2022			$ 1,900,803	
Schedule I - Contracts				
Accounting	$ 51,457	$ 21,440	$ 23,223	$ (1,783)
Auditing	12,030	5,013	-	5,013
Insurance	6,617	2,757	2,153	604
Bank fees	1,658	691	200	491
Total Contracts	$ 71,762	$ 29,901	$ 25,576	$ 4,325
Schedule II - Overhead				
Legal	$ 35,831	$ 14,930	$ 992	$ 13,938
Office and operating supplies	2,127	886	5	881
Printing	2,127	886	-	886
Licenses/Memberships	2,127	886	410	476
Agency IT Costs	21,963	9,151	-	9,151
Miscellaneous	6,012	2,505	-	2,505
Total Overhead	$ 70,187	$ 29,244	$ 1,407	$ 27,837

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FILELOCAL
STATEMENT OF CASHFLOW
FOR THE YEAR-TO-DATE ENDED MAY 31, 2022

		May 31, 2022
Change in Net Assets		$ 617,899
Adjustments to reconcile Change in Net Assets		
to net cash provided by operations:		
	Due from Cities	53,673
	Prepaid	(104,515)
	Accounts Payable and Accrued Liabilities	(39,129)
Cash provided by operating activities		527,928
	Contributions to LGIP	(505,321)
	Net interest earned	(1,507)
Cash (used) for investing activities		(506,828)
Net cash increase (decrease)		21,100
Cash at January 1, 2022		230,796
Cash at March 31, 2022		**251,896**
Less Operating Reserve		**-**
Cash Available		**$ 251,896**

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FileLocal
Financial Statements
April 30, 2022

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2022

ASSETS		
Cash	$	883,093
LGIP Investment		1,116,083
Due from cities		36,130
Prepaid		103,445
Total Current Assets		2,138,751
TOTAL ASSETS	**$**	**2,138,751**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	111,973
Accrued liabilities		79,956
Total Current Liabilities		191,929
TOTAL LIABILITIES		191,929
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		663,918
TOTAL NET ASSETS		1,946,822
TOTAL LIABILITIES AND NET ASSETS	**$**	**2,138,751**

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FILELOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH
AND YEAR-TO-DATE ENDED APRIL 30, 2022

	February	March	April	YTD
REVENUES				
User fees	$ 52,352	$ 22,052	$ 75,044	**$ 268,140**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	-	-		**462,720**
City of Bellevue	-	-		**71,357**
City of Tacoma	-	-		**112,897**
City of Everett	-	-		**35,345**
City of Lake Forest Park	-	-		**8,623**
City of Auburn	-	-		**10,397**
City of Renton	-	-		**35,562**
City of Des Moines	-	-		**16,028**
City of Snoqualmie	-	-		**17,335**
City of Shoreline	-	-		**14,745**
City of Kent	-	-		**17,335**
Total direct reimbursable costs	-	-	-	**802,344**
Interest income	98	219	376	**785**
Total revenues	$ 52,450	$ 22,271	$ 75,420	**$ 1,071,269**
EXPENSES				
Accounting fees	$ 4,288	$ 3,957	$ 7,547	**20,080**
Agency IT costs	-	-		**-**
Bank fees	64	34	8	**196**
Capital Cost recovery	-	-		**20,500**
Insurance	431	431	431	**1,723**
Labor costs	35,399	35,399	(6,501)	**99,695**
Legal fees	155	-	62	**217**
License and membership fees	-	-		**410**
Office and operating supplies	-	-	5	**5**
Technology costs	18,175	35,224	33,023	**129,617**
Transaction fees	13,925	8,270	31,839	**134,908**
Travel Expense	-	-		**-**
Other Expense	-	-		**-**
Total expenses	72,437	83,315	66,414	**407,351**
CHANGE IN NET ASSETS	**$ (19,987)**	**$ (61,044)**	**$ 9,006**	**$ 663,918**

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FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED APRIL 30, 2022

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 137,625	$ 268,140	$ 130,515
Reimbursable cost/Capital cost recovery charges				
City of Seattle	462,720	462,720	462,720	-
City of Bellevue	71,357	71,357	71,357	-
City of Tacoma	112,897	112,897	112,897	-
City of Everett	35,345	35,345	35,345	-
City of Lake Forest Park	8,623	8,623	8,623	-
City of Auburn	10,397	10,397	10,397	-
City of Renton	35,562	35,562	35,562	-
City of Des Moines	16,028	16,028	16,028	-
City of Snoqualmie	17,335	17,335	17,335	-
City of Shoreline	14,745	14,745	14,745	-
City of Kent	17,335	17,335	17,335	-
Total direct reimbursable costs	802,344	802,344	802,344	-
Interest income	-	-	785	785
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 939,969	$ 1,071,269	$ 131,300
EXPENSES				
Labor costs	$ 425,579	$ 106,395	$ 99,695	$ 6,700
Contracts	71,762	17,941	21,999	(4,058)
Overhead	70,187	17,548	632	16,916
Technology costs	764,816	191,204	264,525	(73,321)
Operating reserve	0	0	-	0
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 353,588	$ 407,351	$ (53,763)
CHANGE IN NET ASSETS			663,918	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF APRIL 30, 2022			$ 1,946,822	
Schedule I - Contracts				
Accounting	$ 51,457	$ 12,864	$ 20,080	$ (7,216)
Auditing	12,030	3,008	-	3,008
Insurance	6,617	1,654	1,723	(69)
Bank fees	1,658	415	196	219
Total Contracts	$ 71,762	$ 17,941	$ 21,999	$ (4,058)
Schedule II - Overhead				
Legal	$ 35,831	$ 8,958	$ 217	$ 8,741
Office and operating supplies	2,127	532	5	527
Printing	2,127	532	-	532
Licenses/Memberships	2,127	532	410	122
Agency IT Costs	21,963	5,491	-	5,491
Miscellaneous	6,012	1,503	-	1,503
Total Overhead	$ 70,187	$ 17,548	$ 632	$ 16,916

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FILELOCAL
STATEMENT OF CASHFLOW
FOR THE YEAR-TO-DATE ENDED APRIL 30, 2022

		Apr 30, 2022
Change in Net Assets		$ 663,918
Adjustments to reconcile Change in Net Assets to net cash provided by operations:		
	Due from Cities	53,673
	Prepaid	(103,445)
	Accounts Payable and Accrued Liabilities	38,915
Cash provided by operating activities		653,061
	Net interest earned	(764)
Cash (used) for investing activities		(764)
Net cash increase (decrease)		652,297
Cash at January 1, 2022		230,796
Cash at March 31, 2022		**883,093**
Less Operating Reserve		**-**
Cash Available		**$ 883,093**

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FileLocal
Financial Statements
March 31, 2022

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

ASSETS		
Cash	$	721,865
LGIP Investment		1,115,712
Due from cities		123,294
Prepaid		116,375
Total Current Assets		2,077,246
TOTAL ASSETS	**$**	**2,077,246**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	-
Accrued liabilities		139,432
Total Current Liabilities		139,432
TOTAL LIABILITIES		139,432
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		654,910
TOTAL NET ASSETS		1,937,814
TOTAL LIABILITIES AND NET ASSETS	**$**	**2,077,246**

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FILELOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH
AND YEAR-TO-DATE ENDED MARCH 31, 2022

	January	February	March	YTD
REVENUES				
User fees	$ 118,692	$ 52,352	$ 22,052	**$ 193,096**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	462,720	-	-	**462,720**
City of Bellevue	71,357	-	-	**71,357**
City of Tacoma	112,897	-	-	**112,897**
City of Everett	35,345	-	-	**35,345**
City of Lake Forest Park	8,623	-	-	**8,623**
City of Auburn	10,397	-	-	**10,397**
City of Renton	35,562	-	-	**35,562**
City of Des Moines	16,028	-	-	**16,028**
City of Snoqualmie	17,335	-	-	**17,335**
City of Shoreline	14,745	-	-	**14,745**
City of Kent	17,335	-	-	**17,335**
Total direct reimbursable costs	802,344	-	-	**802,344**
Interest income	92	98	219	**409**
Total revenues	$ 921,128	$ 52,450	$ 22,271	**$ 995,849**
EXPENSES				
Accounting fees	$ 4,288	$ 4,288	$ 3,957	**12,533**
Agency IT costs	-	-	-	**-**
Bank fees	90	64	34	**188**
Capital Cost recovery	20,500	-	-	**20,500**
Insurance	431	431	431	**1,293**
Labor costs	35,399	35,399	35,399	**106,197**
Legal fees	-	155	-	**155**
License and membership fees	410	-	-	**410**
Office and operating supplies	-	-	-	**-**
Technology costs	22,460	18,175	55,959	**96,594**
Transaction fees	80,874	13,925	8,270	**103,069**
Travel Expense	-	-	-	**-**
Other Expense	-	-	-	**-**
Total expenses	164,452	72,437	104,050	**340,939**
CHANGE IN NET ASSETS	**$ 756,676**	**$ (19,987)**	**$ (81,779)**	**$ 654,910**

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FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED MARCH 31, 2022

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 137,625	$ 193,096	$ 55,471
Reimbursable cost/Capital cost recovery charges				
City of Seattle	462,720	462,720	462,720	-
City of Bellevue	71,357	71,357	71,357	-
City of Tacoma	112,897	112,897	112,897	-
City of Everett	35,345	35,345	35,345	-
City of Lake Forest Park	8,623	8,623	8,623	-
City of Auburn	10,397	10,397	10,397	-
City of Renton	35,562	35,562	35,562	-
City of Des Moines	16,028	16,028	16,028	-
City of Snoqualmie	17,335	17,335	17,335	-
City of Shoreline	14,745	14,745	14,745	-
City of Kent	17,335	17,335	17,335	-
Total direct reimbursable costs	802,344	802,344	802,344	-
Interest income	-	-	409	409
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 939,969	$ 995,849	$ 55,880
EXPENSES				
Labor costs	$ 425,579	$ 106,395	$ 106,197	$ 198
Contracts	71,762	17,941	14,014	3,927
Overhead	70,187	17,548	565	16,983
Technology costs	764,816	191,204	199,663	(8,459)
Operating reserve	-	-	-	-
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 353,588	$ 340,939	$ 12,649
CHANGE IN NET ASSETS			654,910	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF MARCH 31, 2022			$ 1,937,814	
Schedule I - Contracts				
Accounting	$ 51,457	$ 12,864	$ 12,533	$ 331
Auditing	12,030	3,008	-	3,008
Insurance	6,617	1,654	1,293	361
Bank fees	1,658	415	188	227
Total Contracts	$ 71,762	$ 17,941	$ 14,014	$ 3,927
Schedule II - Overhead				
Legal	$ 35,831	$ 8,958	$ 155	$ 8,803
Office and operating supplies	2,127	532	-	532
Printing	2,127	532	-	532
Licenses/Memberships	2,127	532	410	122
Agency IT Costs	21,963	5,491	-	5,491
Miscellaneous	6,012	1,503	-	1,503
Total Overhead	$ 70,187	$ 17,548	$ 565	$ 16,983

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

FILELOCAL
STATEMENT OF CASHFLOW
FOR THE YEAR-TO-DATE ENDED MARCH 31, 2022

Change in Net Assets		$	654,910
Adjustments to reconcile Change in Net Assets			
to net cash provided by operations:			
	Due from Cities		(33,491)
	Prepaid		(116,375)
	Accounts Payable and Accrued Liabilities		(13,583)
Cash provided by operating activities			491,461
	Net interest earned		(392)
Cash (used) for investing activities			(392)
Net cash increase (decrease)			491,069
Cash at January 1, 2022			230,796
Cash at March 31, 2022			**721,865**
Less Operating Reserve			**-**
Cash Available		**$**	**721,865**

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Sustancially all disclosures required by accounting principles generally accepted in the United States are not included.

FileLocal

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

FileLocal Resolution FL2022-02
Briefing Paper
Draft Budget 2023-2027

Date: June 23, 2022

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the draft 2023-2027 budget?

Recommendation: The Portal Agency Executive Board should pass Resolution FL2022-02 approving the draft 2023-2027 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:

- No later than May 1 present a proposed budget to the Executive Board. The draft budget was presented to the Executive Board during the March 24, 2022 Board Meeting.
- 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 March 16, 2022 meeting and approved the draft budget included as Attachment A to Resolution FL2022-02.

RESOLUTION NO. FL2022-02

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Adopting a Draft Budget for 2023-2027.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Portal Agency") Interlocal Agreement, Section 13.b., requires the Executive Board to adopt a draft Portal Agency budget for the years 2023-2027 by June 15, 2022; and

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; and

Whereas, the Portal Agency Manager developed a draft 2023-2027 budget; and

Whereas, the Operations Committee reviewed and recommended a draft 2023-2027 budget on March 16, 2022, and transmitted the draft budget to the Executive Board on March 24, 2022; and

Whereas, the draft budget must be approved by a supermajority vote by June 15, 2022, and forwarded to the Principal Cities by no later than July 1, 2022;

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 2023-2027 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, 2022.

ADOPTED this ____ day of June 2022.

ATTEST:

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

Board Secretary

Board Chair

May'22 Draft Budget FY2023-FY2027

May 2022

Washington Cities Business License and Tax Portal Agency
Summary of Budget
May 2022 Draft FY2023-FY2027

		Actual (A), Projection (P), Budget (B)							B/(W) - Actual (A), Budget (B), Projection (P)					
		2021 (A)	2022 Budget Approved - Dec 2021	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027 (B)	2022 (B) vs. 2021 (A)	2023 (B) vs. 2022 (B)	2024 (B) vs. 2023 (B)	2025 (B) vs. 2024 (B)	2026 (B) vs. 2025 (B)	2027 (B) vs. 2026 (B)
Revenue:														
Fund Carryover	T4	-	-	-	-	-	-	-	-	-	-	-	-	-
User Fees	T1	592,800	550,500	576,921	588,747	600,655	612,719	625,030	(42,300)	26,421	11,826	11,908	12,064	12,312
Reimbursable Costs	T3	854,893	781,844	762,744	797,798	831,027	865,501	889,665	(73,049)	(19,100)	35,053	33,229	34,474	24,164
Capital Cost Recovery Charges	T2	16,000	20,500	20,500	20,500	20,500	20,500	20,500	4,500	-	-	-	-	-
Interest Income		1,022	-	-	-	-	-	-	(1,022)	-	-	-	-	-
Total Revenue B/(W)		1,464,715	1,352,844	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	(111,871)	7,321	46,879	45,137	46,538	36,475
Expenditures														
Regular Expenditures:														
Labor	T4.1	398,016	422,376	435,047	448,099	461,542	475,388	489,650	(24,360)	(12,671)	(13,051)	(13,443)	(13,846)	(14,262)
Contracts	T4.2	54,578	71,762	73,341	74,998	76,896	78,841	80,836	(17,184)	(1,579)	(1,658)	(1,897)	(1,945)	(1,995)
Overhead	T4.3	7,260	69,801	71,512	73,295	75,259	77,276	79,231	(62,541)	(1,711)	(1,784)	(1,964)	(2,017)	(1,955)
Technology Costs	T4.4	575,548	758,810	758,810	783,913	811,283	839,770	859,315	(183,262)	(0)	(25,102)	(27,371)	(28,487)	(19,545)
Operating Reserve	T4.5	-	0	955	6,239	6,701	6,944	5,663	(0)	(955)	(5,284)	(462)	(243)	1,281
Capital Cost Recovery Payments	T4.6	16,000	20,500	20,500	20,500	20,500	20,500	20,500	(4,500)	-	-	-	-	-
Total Regular Expenditures		1,051,402	1,343,249	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	(291,847)	(16,916)	(46,879)	(45,137)	(46,538)	(36,475)
									-					-
Incremental Expenses from The New Partners:									-					-
Incremental Labor	T4.1	-	3,203	-	-	-	-	-	(3,203)	3,203	-	-	-	-
Incremental Overhead	T4.3	-	386	-	-	-	-	-	(386)	386	-	-	-	-
Incremental Technology Cost	T4.4	-	6,006	-	-	-	-	-	(6,006)	6,006	-	-	-	-
Total Incremental Expenditures		-	9,596	-	-	-	-	-	(9,596)	9,596	-	-	-	-
									-					-
Total Expenditures B/(W)		1,051,402	1,352,844	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	(301,442)	(7,321)	(46,879)	(45,137)	(46,538)	(36,475)
Excess (Deficit)		413,313	-	-	-	-	-		(413,313)	(0)	0	(0)	0	-

Revenue

T1 FY2023 (B) user fees are up $26k compared to FY2022 (B). This is due to an increase in transaction count by approximately 9K.
T3 FY2023 (B) reimbursable costs increased by $31K primarily due to the increase in expenditures budgeted in 2023. Total expenditures are up to $57K while user fees are up to $26K in 2023.

Expense
T4.1 FY2023 (B) Labor increases by approximately 3%.
T4.2 FY2023 (B) Contracts increases by $2k, due to the estimated CPI inflation adjustments and additional costs for accounting
T4.3 FY2023 (B) Overhead increases $2K due to estimated CPI inflation adjustments.
T4.4 FY2023 (B) Technology costs are up by $32K. This is primarily due to the higher transaction numbers.
T4.1/.3/.4 Incremental labor, overhead and technology costs are reflecting the incremental costs from Auburn and Kent.

Washington Cities Business License and Tax Portal Agency
Key Assumptions for Budget
May 2022 Draft FY2023-FY2027
FY2023-FY2027 Budget Final

Assumptions and Notes

Revenue

Fund Carryover	T4	Fund Carryover is the process by which unobligated funds remaining at the end of the budget period may be carried over to the next budget period. This is typically approved during the December Board Meeting
User Fees	T1	User Fees are fees charged to the business user for each city specific transaction net of zero dollar returns. The allocation methodology is based on projected transaction amounts.
Reimbursable Costs	T3	Costs to be reimbursed by participating cities.
Capital Cost Recovery Charges	T2/T4.6	Capital Cost Recovery Charge is an annual fee charged to all participating cities other than Seattle, for the purposes of reimbursing Seattle for a portion of the funding provided to pay for the start up of the Portal Agency. See Section 13.j in the Interlocal Agreement for further information.

Expense

Labor	T4.1	Labor is broken into two primary categories. Agency employees which are budgeted based on City of Seattle estimates and Incremental Labor which is based on new city additions with the calculation determined in the Interlocal Agreement.
Contracts	T4.2	Consulting and Service Fees - is comprised of Outside Accounting, State Auditor, Insurance and Bank Fees.
Overhead	T4.3	Overhead is comprised of Legal, City of Seattle Technology Fees, Office and Operating Supplies, Printing, Licenses, Travel, Marketing, Incremental
Technology Costs	T4.4	Technology Costs are outside IT Costs and comprised of ASP Hosting, Software as a Service, USPS Address Lists, Transaction Fees, IT and Security Audit, Misc. Technology, Software Development and Incremental IT.
Operating Reserve	T4.5	Operating Reserve is an unrestricted fund balance set aside to provide a cushion against unexpected events. The current operating reserve is 15% of total operating expenditures.
Incremental Labor	T4.1	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.
Incremental Overhead	T4.3	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.
Incremental Technology Cos	T4.4	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.

Washington Cities Business License and Tax Portal Agency
Summary of Budget
FY2023-FY2027
May 2022 Draft FY23-FY27 Budget v.s. December 2021 Final Budget

		May'22 Draft FY2023- FY2027							Dec'21 Final FY2022- FY2026					
		Actual (A), Projection (P), Budget (B)							Actual (A), Projection (P), Budget (B)					
		2021 (A)	2022 Budget Approved - Dec 2021	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027 (B)	2021 Budget Approved - Dec 2020	2022 (B)	2023 (B)	2024 (B)	2025 (B)	2026 (B)
Transaction counts:		197,873	183,500	192,307	196,249	200,218	204,240	208,343	165,732	183,500	192,307	196,249	200,218	204,240
Revenue:														
Fund Carryover	T4	-	-	-	-	-	-	-	-	-	-	-	-	-
User Fees	T1	592,800	550,500	576,921	588,747	600,655	612,719	625,030	497,196	550,500	576,921	588,747	600,655	612,719
Reimbursable Costs	T3	854,893	781,844	762,744	797,798	831,027	865,501	889,665	849,041	781,844	812,641	842,648	877,057	912,767
Capital Cost Recovery Charges	T2	16,000	20,500	20,500	20,500	20,500	20,500	20,500	16,000	20,500	20,500	20,500	20,500	20,500
Interest Income	T2	1,022	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue B/(W)		1,464,715	1,352,844	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	1,362,237	1,352,844	1,410,062	1,451,895	1,498,211	1,545,985
Expenditures														
Regular Expenditures:														
Labor	T4.1	398,016	422,376	435,047	448,099	461,542	475,388	489,650	390,611	422,376	435,047	448,099	461,542	475,388
Contracts	T4.2	54,578	71,762	73,341	74,998	76,896	78,841	80,836	62,387	71,762	73,341	74,998	76,896	78,841
Overhead	T4.3	7,260	69,801	71,512	73,295	75,259	77,276	79,231	48,820	69,801	71,512	73,295	75,259	77,276
Technology Costs	T4.4	575,548	758,810	758,810	783,913	811,283	839,770	859,315	741,760	758,810	791,248	817,084	845,293	874,641
Operating Reserve	T4.5	-	0	955	6,239	6,701	6,944	5,663	13,894	0	7,463	6,430	6,880	7,129
Capital Cost Recovery Payments	T4.6	16,000	20,500	20,500	20,500	20,500	20,500	20,500	16,000	20,500	20,500	20,500	20,500	20,500
Total Regular Expenditures		1,051,402	1,343,249	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	1,273,472	1,343,249	1,399,111	1,440,406	1,486,370	1,533,775
Incremental Expenses from The New Partners:														
Incremental Labor	T4.1	-	3,203	-	-	-	-	-	56,314	3,203	3,689	3,924	4,096	4,278
Incremental Overhead	T4.3	-	386	-	-	-	-	-	8,916	386	436	454	466	478
Incremental Technology Cost	T4.4	-	6,006	-	-	-	-	-	23,535	6,006	6,826	7,111	7,279	7,455
Total Incremental Expenditures		-	9,596	-	-	-	-	-	88,765	9,596	10,951	11,489	11,841	12,211
Total Expenditures B/(W)		1,051,402	1,352,844	1,360,165	1,407,045	1,452,181	1,498,720	1,535,195	1,362,237	1,352,844	1,410,062	1,451,895	1,498,211	1,545,985
Excess (Deficit)		413,313	-	-	-	-	-		(0)	-	-	-	-	-

Washington Cities Business License and Tax Portal Agency
Summary of Budget
FY2023-FY2027
May 2022 Draft FY23-FY27 Budget v.s. December 2021 Final Budget

			Delta						
			Actual (A), Projection (P), Budget (B)						
			2021	2022	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027(B)
Transaction counts:			32,141	-	-	-	-	-	-
Revenue:									
	Fund Carryover	T4	-	-	-	-	-	-	-
	User Fees	T1	95,604	-	-	-	-	-	-
	Reimbursable Costs	T3	5,852	-	(49,897)	(44,850)	(46,030)	(47,265)	-
	Capital Cost Recovery Charges	T2	-	-	-	-	-	-	-
	Interest Income	T2	1,022	-	-	-	-	-	-
	Total Revenue B/(W)		102,478	-	(49,897)	(44,850)	(46,030)	(47,265)	-
Expenditures									
Regular Expenditures:									
	Labor	T4.1	(7,405)	-	-	-	-	-	-
	Contracts	T4.2	7,809	-	-	-	-	-	-
	Overhead	T4.3	41,560	-	-	-	-	-	-
	Technology Costs	T4.4	166,212	-	32,438	33,171	34,010	34,870	-
	Operating Reserve	T4.5	13,894	-	6,508	191	179	184	-
	Capital Cost Recovery Payments	T4.6	-	-	-	-	-	-	-
	Total Regular Expenditures		222,070	-	38,946	33,361	34,189	35,055	-
Incremental Expenses from The New Partners:									
	Incremental Labor	T4.1	56,314	-	3,689	3,924	4,096	4,278	-
	Incremental Overhead	T4.3	8,916	-	436	454	466	478	-
	Incremental Technology Cost	T4.4	23,535	-	6,826	7,111	7,279	7,455	-
	Total Incremental Expenditures		88,765	-	10,951	11,489	11,841	12,211	-
			-	-	-	-	-	-	
	Total Expenditures B/(W)		310,835	-	49,897	44,850	46,030	47,265	-
Excess (Deficit)			(413,313)	-	-	-	-	-	-

Supplemental Schedules
Reimbursable Cost
May 2022 Draft FY2023-2027

	May'22 Draft FY2023- FY2027							Dec'21 Final FY2022- FY2026						
	Actual (A), Projection (P), Budget (B)							Actual (A), Projection (P), Budget (B)						
	2021 (A)	2022 Budget Approved - Dec 2021	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027 (B)	2021 Budget Approved - Dec 2020	2022 (B)	2023 (B)	2024 (B)	2025 (B)	2026 (B)	
Reimbursable Costs														
Auburn	-	9,897	9,655	10,099	10,519	10,956	11,261	-	9,897	10,286	10,666	11,102	11,554	
Bellevue	72,142	67,357	65,712	68,732	71,595	74,565	76,646	70,910	67,357	70,011	72,596	75,560	78,637	
Bremertion	37,008	-	-	-	-	-	-	36,376	-	-	-	-	-	
Des Moines	16,095	15,028	14,661	15,334	15,973	16,636	17,100	15,821	15,028	15,620	16,197	16,858	17,544	
Everett	33,572	31,345	30,579	31,985	33,317	34,699	35,668	32,998	31,345	32,580	33,783	35,162	36,594	
Kent	8,594	16,335	15,936	16,668	17,362	18,082	18,587	17,196	16,335	16,978	17,605	18,324	19,070	
Lake Forest Park	8,164	7,623	7,437	7,778	8,102	8,438	8,674	8,025	7,623	7,923	8,216	8,551	8,899	
Renton	35,946	33,562	32,742	34,247	35,673	37,153	38,191	35,332	33,562	34,884	36,172	37,649	39,182	
Seattle	495,593	462,720	451,416	472,162	491,828	512,231	526,532	487,128	462,720	480,947	498,706	519,070	540,204	
Shoreline	13,651	12,745	12,434	13,005	13,547	14,109	14,503	13,418	12,745	13,247	13,737	14,297	14,880	
Snoqualmie	17,495	16,335	15,936	16,668	17,362	18,082	18,587	17,196	16,335	16,978	17,605	18,324	19,070	
Tacoma	116,633	108,897	106,237	111,119	115,748	120,549	123,915	114,641	108,897	113,187	117,366	122,159	127,133	
Total	854,893	781,844	762,744	797,798	831,027	865,501	889,665	849,041	781,844	812,641	842,648	877,057	912,767	

Supplemental Schedules
Reimbursable Cost
May 2022 Draft FY2023-FY2027
Delta

	Delta						
	Actual (A), Projection (P), Budget (B)						
	2021	2022	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027(B)
Reimbursable Costs							
Auburn	-	-	(632)	(568)	(583)	(598)	11,261
Bellevue	1,232	-	(4,299)	(3,864)	(3,966)	(4,072)	76,646
Bremertion	632	-	-	-	-	-	-
Des Moines	274	-	(959)	(862)	(885)	(908)	17,100
Everett	574	-	(2,000)	(1,798)	(1,845)	(1,895)	35,668
Kent	(8,602)	-	(1,042)	(937)	(962)	(987)	18,587
Lake Forest Park	139	-	(486)	(437)	(449)	(461)	8,674
Renton	614	-	(2,142)	(1,925)	(1,976)	(2,029)	38,191
Seattle	8,465	-	(29,530)	(26,544)	(27,242)	(27,973)	526,532
Shoreline	233	-	(813)	(731)	(750)	(771)	14,503
Snoqualmie	299	-	(1,042)	(937)	(962)	(987)	18,587
Tacoma	1,992	-	(6,950)	(6,247)	(6,411)	(6,583)	123,915
Total	5,852	-	(49,897)	(44,850)	(46,030)	(47,265)	889,665

Supplemental Schedules
Capital Cost Recovery Charge
May 2022 Draft FY2023-2027

	Per Interlocal Agreement					Actual			Projected	Capital Cost Recovery Charge				
	<1000	<4001	<14401	<31001	>31001	2019 (A)	2020 (A)	2021 (A)	2022 (B/P)	2023 (B)	2024 (B)	2025 (B)	2026 (B)	2027 (B)
Capital Cost Recovery Charge	$500	$1,000	$2,000	$4,000	$6,000									
Auburn						N/A	N/A	N/A	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
Bellevue						$ 6,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Bremertion						$ 1,000	$ 2,000	$ 500	N/A	N/A	N/A	N/A	N/A	N/A
Des Moines						N/A	$ 500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Everett						$ 2,000	$ 1,000	$ 2,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Kent						N/A	$ -	$ 500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Lake Forest Park						$ 1,000	$ 1,000	$ 500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Renton						$ 1,000	$ 4,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Shoreline						$ 1,000	$ 2,000	$ 500	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Snoqualmie						N/A	$ 500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Tacoma						$ 6,000	$ 6,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Total						$ 18,000	$ 21,000	$ 16,000	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500

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

File Local Resolution FL2022-03
Briefing Paper Leviathan Security Group Contract

Date: June 23, 2022

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 FL2022-03 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 principles for Agency Security was 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/new cities. The Agency believes the vendor provides a unique service due to their history and familiarity with the existing system and key suppliers.

RESOLUTION NO. FL2022-03

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Authorizing a Contract with Leviathan Security Group for 2022-2024.

Whereas, Pursuant to Section 4 of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, guiding principles for Security was 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 _____day of June, 2022.

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 2022-2024

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 $65,000 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 Section 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) days 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 takes effect when both parties have affixed their signatures below and will remain in full force and effect until July 15, 2024, 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 regardless of whether the project for which they were created is completed, implemented, or executed.

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 or studies that are 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. In addition, in accordance with Section 13 below, Consultant shall defend and indemnify the Agency from any claims made or suits instituted by third parties in relation to such infringement or misappropriation of intellectual property rights.

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 and any other applicable law.

(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 $2,000,000 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 $2,000,000 per claim, $2,000,000 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 22 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: Program Manager
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: Kelly A. Ohlert, Esq., Practice Lead
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, without reference to its choice-of-law rules. The parties specifically understand and agree that King County, Washington, is the exclusive venue for any suit, arbitration, or other dispute-resolution proceeding instituted to resolve any dispute arising out of or related to this Agreement or the parties' performance hereunder. The prevailing party in any such action is entitled to its reasonable attorneys' fees, costs, and expenses incurred, the amount of which shall be fixed by the judge or arbitrator hearing the case, and such fees, costs, and expenses shall be included in the judgment or award.

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.

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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: _____
Alex Muentz
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. Kelly Ohlert or other Company assigned staff pre-approved by Client, will act at Client written direction to complete duties as Client CISO of Record to provide security guidance and strategic leadership support.
Expected deliverables and services are as follows:

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

1.1.2. Annual Policy Review: Company will review existing information security policies and procedures on an annual basis. Following this process, Company will assist with the development and revision of relevant policies and procedures as necessary. Policies will be aligned with existing Client processes and procedures.

1.1.3. Security Incident Management: Company to provide Security Incident Management and Support as necessary on a non-emergency basis. Specifically, following any security incidents, Company will provide an after-action report that includes information such as documentation of the incident itself, the results of any root cause analysis, and any actions taken and/or recommended to reduce the risk of similar incidents occurring in the future.

1.1.4. Risk Assessment: Company will undertake an annual risk vulnerability and risk assessment for Client. This may include, but is not limited to: internal risk assessment, risk register updates, security maturity assessments of third-party vendors or other service providers as needed. Company will provide an annual report and risk register and will present same or similar information to the Cities and Board as requested by Client.

1.1.5. Security Maturity Assessment of Potential Vendors: Company will provide a security maturity assessment of potential third-party vendors or other service providers as requested by Client.

1.1.6. Technical Security Assessment of Platform: Company will provide an assessment of the FileLocal platform as requested by Client. This 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, but not limited to, those found in the OWASP

Top 10. These vulnerability and weakness categories may include, but are not limited to:

- 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
- Social Engineering/Phishing

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.

Upon completion of the testing and remediation, 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.

1.2 Limitation to Security Services: Company's duties in this engagement are limited to security matters under the scope of this agreement. Company may not provide general information technology services or emergency incident response services unless directly related to the deliverables outlined above and agreed to by Company and Client.

EXHIBIT B

Hourly Rates

For all services provided as described in Exhibit A, the hourly rate of $450 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)

Annual Financial Statements 2021

June 2022

FRANCIS & COMPANY PLLC

Washington Multi-City Business Licenses and Tax Portal Agency

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Financial Statements for the Year Ended December 31, 2021

FRANCIS & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTANTS | MANAGEMENT CONSULTANTS

ACCOUNTANT'S COMPILATION REPORT

Washington Multi-City Business Licenses and Tax Portal Agency
Seattle, Washington

Management is responsible for the accompanying financial statements of Washington Multi-City Business Licenses and Tax Portal Agency (a public agency formed as a nonprofit corporation), which comprise the statement of net position as of December 31, 2021, and the related statements of revenues, expenses and changes in fund net position and of cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. The required supplementary information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

We are not independent with respect to Washington Multi-City Business Licenses and Tax Portal Agency.



Seattle, Washington
May 3, 2022

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WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the Washington Multi-City Business Licenses and Tax Portal Agency (FileLocal) for the fiscal year ended December 31, 2021. As this information is presented in summary form, it should be read in conjunction with the financial statements and footnotes as a whole.

FileLocal is a public agency formed as a nonprofit corporation on March 1, 2014 as authorized by the state Interlocal Cooperation Act (Ch. 39.34.RCW) and Chapter 24.06 RCW. FileLocal's primary purpose is to offer a web-based service that will make it easier for businesses to obtain business licenses and pay local licenses and taxes to its member cities. In 2014, the cities of Bellevue, Everett, Seattle and Tacoma came together to form FileLocal. The four founding cities are the "Principals" and have representation on the Executive Board which governs FileLocal. Additional Washington cities may apply to join FileLocal, either as a principal or as a subscriber. Principals have voting rights on the Executive Board; Subscribers have nonvoting representation on the Executive Board. In 2017, City of Lake Forest Park joined FileLocal as a principal member. In 2018, City of Renton joined Filelocal as a principal member while cities of Shoreline and Bremerton joined FileLocal as subscribers. In 2021, the cities of Des Moines and Snoqualmie joined FileLocal as subscribers. FileLocal is treated as a quasi-government entity and prepares its annual financial statements in accordance with the Governmental Accounting Standards.

Financial Highlights

- In 2021, eleven cities contributed a total of $854,893 to FileLocal.
- As of December 31, 2021, FileLocal reported a total net position of $1,282,902 all of which was unrestricted.

Overview of the Financial Statements

FileLocal is considered a stand-alone enterprise fund, and the financial statements are presented using the economic resource measurement focus and accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recognized in the period in which they are incurred.

The Statement of Net Position presents information about all of FileLocal's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. When net position is compared for several years, increases and decreases may serve as a useful indicator of whether FileLocal's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information on how FileLocal's net position changed during the year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows.

The Statement of Cash Flows presents information on FileLocal's cash receipts, cash payments, and changes in cash during the year.

The basic financial statements can be found following this MD&A.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found following the basic financial statements.

Financial Analysis

The Statement of Net Position represents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Current and other assets were $1,435,917 at December 31, 2021, increased by $437,110 primarily generated by operations during the year. The amount of net position is the total assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources and over time may serve as a useful indicator of FileLocal's financial position. The total net position as of December 31, 2021 was $1,282,902, which was an increase of $424,741 from the previous year. The increase in net position reflects FileLocal's ability to meet current and future obligations in the course of its activities.

Condensed Statement of Net Position

	2021	2020
Current and other assets	$ 1,435,917	$ 998,807
Total assets	1,435,917	998,807
Deferred outflows of resources	-	-
Current and other liabilities	153,015	140,646
Total liabilities	153,015	140,646
Deferred inflows of resources	-	-
Unrestricted	1,282,902	858,161
Total net position	$ 1,282,902	$ 858,161

The user fees in 2021 were $599,236, increased by $161,608 or 37% from the previous year. The continuing increase in user fees demonstrates the improved stability of the business resulting from both the growth of the existing member cities and the addition of new member cities joining

FileLocal. FileLocal received $870,893 of cost reimbursement from the eleven participating cities in 2021, an increase of $10,562 from the prior year.

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

	2021	2020
User fees	$ 599,236	$ 437,628
Reimbursable costs	870,893	860,331
Investment income	1,022	589
Total revenue	1,471,151	1,298,548
Technology costs	273,205	212,154
Contract labor costs	398,016	418,788
Transaction fees	296,810	217,541
Accounting fees	48,967	45,561
Capital recovery payment	16,000	21,000
Insurance	5,165	5,459
Legal fees	7,380	13,133
Other operating costs	867	5,993
Total expenses	1,046,410	939,629
Change in net position	424,741	358,920
Ending net position	$ 1,282,902	$ 858,161

Total expenditures increased $106,781, primarily due to increases in technology costs and transaction fees as a result of higher user volume.

The change in the total net position resulted from revenues exceeding expenses. The overall financial position of FileLocal has improved in 2021 and indicated its ability to meet its ongoing obligations.

Request for Information

This financial report is designed to provide a general overview of FileLocal's finances for all those with an interest in FileLocal's finances. Questions concerning any information provided in this report should be addressed to: FileLocal, 700 Fifth Avenue, Suite 4350 PO Box 94669, Seattle, Washington 98124-4669.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	230,796
Short-term investments		1,115,320
Accounts receivable		6,436
Due from other governments		83,365
Total current assets	$	1,435,917
TOTAL ASSETS		**1,435,917**
DEFERRED OUTFLOWS OF RESOURCES	$	**-**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	46,818
Accrued liabilities		106,197
Total current liabilities		153,015
TOTAL LIABILITIES	**$**	**153,015**
DEFERRED INFLOWS OF RESOURCES	**$**	**-**
NET POSITION		
Unrestricted	$	1,282,902
TOTAL NET POSITION	**$**	**1,282,902**

The notes to financial statements are an integral part of this statement.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES		
User fees	$	599,236
Total operating revenues		599,236
OPERATING EXPENSES		
Technology costs		273,205
Contract labor costs		398,016
Transaction fees		296,810
Accounting fees		48,967
Agency IT Costs		-
Capital recovery payment		16,000
Insurance		5,165
Legal fees		7,380
Other operating costs		867
Total operating expenses		1,046,410
Operating (loss)		(447,174)
NONOPERATING REVENUES (EXPENSES)		
Reimbursable costs		854,893
Capital Cost Recovery charges		16,000
Investment income, net of investment expenses		1,022
Total non-operating revenues (expenses)		871,915
CHANGE IN NET POSITION		**424,741**
NET POSITION - BEGINNING OF YEAR		**858,161**
NET POSITION - ENDING OF YEAR	**$**	**1,282,902**

The notes to financial statements are an integral part of this statement.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	$	(1,041,937)
User fees		593,800
Net cash (used) by operating activities		(448,137)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITES		
Reimbursable costs		854,893
Capital Cost Recovery charges		16,000
Net cash provided by non-capital financing activities		870,893
CASH FLOWS FROM INVESTING ACTITIVITES		
Investment income, net of investment expenses		1,022
Net cash provided by investing activities		1,022
NET INCREASE IN CASH		423,778
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR		922,338
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$	1,346,116
Reconciliation of Operating Loss to Net Cash Flows (Used) By Operating Activities		
Operating (loss)	$	(447,174)
Adjustments to reconcile operating (loss) to		
Net cash provided (used) by operating activities:		
Changes in assets and liabilities		
(Increase) in account receivables		(5,436)
(Increase) in due from other governments		(13,170)
Decrease in prepaid		5,275
(Decrease) in accounts payable		(84,297)
Increase in accrued liabilities		96,664
Net cash (used) by operating activities	$	(448,138)

The notes to financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Washington Multi-City Business Licenses and Tax Portal Agency (FileLocal) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

As authorized under the state InterLocal Cooperation Act (Ch.39.34.RCW) and Chapter 24.06 RCW, the Washington Multi-City Business and Tax Portal Agency (FileLocal) was established on March 1, 2014 and began offering its services to businesses in July 2015. FileLocal is an instrumentality of its member cities, formed to carry out exclusively governmental activities to offer a web-based service that will make it easier for businesses to obtain business licenses and pay local licenses and taxes to its member cities. There are four founding cities: Bellevue, Everett, Seattle, and Tacoma. In 2017, City of Lake Forest Park joined FileLocal as the fifth founding city. In 2018, cities of Shoreline, Renton and Bremerton jointed FileLocal as members. In 2021, the cities of Des Moines and Snoqualmie joined FileLocal as members. During 2021, the Executive Board from the five founding cities was the primary governing body of FileLocal. FileLocal did not have any component units as of December 31, 2021.

Basis of Accounting and Reporting

FileLocal is considered a single enterprise fund which is accounted for on an economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with its activities are included on the statement of net position. Net position is reported in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Statement of revenues, expenses, and fund net position presents increases (revenues and gains) and decreases (expenses and losses) in net position. FileLocal discloses changes in cash flows by a separate statement that presents its operating, noncapital financing, capital and related financing, and investing activities.

FileLocal uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred.

FileLocal distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services in connection with the FileLocal's principal ongoing operations. The operating expenses include contract labor cost, professional fees, office supplies and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

New Accounting Pronouncements

GASB Statement No. 87, *Leases*. This new GASB statement establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. It is effective for reporting periods beginning after December 15, 2020. FileLocal is currently evaluating the impact of this new GASB statement, see GASB Statement No. 95 below.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This new GASB statement establishes accounting requirements for interest cost incurred before the end of a construction period. It is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. FileLocal is currently evaluating the impact of this new GASB statement, see GASB Statement No. 95 below.

GASB Statement No. 91, *Conduit Debt Obligations*. This new GASB statement defines conduit debt obligation and requires issuers to disclose information about the conduit debt obligations organized by type of commitment and improve comparability by removing the diversity in current practice. This statement also includes note disclosures that help inform users of the potential impact of commitments on financial resources. It is effective for reporting beginning after December 15, 2020. Earlier application is encouraged. Management has determined that this new GASB statement is not applicable to FileLocal.

GASB Statement No. 92, *Omnibus 2021*. This new GASB statement addresses a variety of topics including issues related to reinsurance recoveries and terminology used to refer to derivative instruments, intra-entity transfers, postemployment benefit arrangements, and the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition. It is effective for periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic. Management has determined that this new GASB statement is not applicable to FileLocal.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement removes interbank offered rate (IBOR) as an appropriate benchmark interest rate and identifies a Security Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap. The removal of LIBOR is effective for reporting periods ending after December 31, 2021. All other requirements are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Management has determined that this new GASB statement is not applicable to FileLocal.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement requires that Public-Private and Public-Public Partnerships that meet the definition of a lease apply the guidance in Statement No. 87 *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator are the only underlying assets and the partnership does not meet the definition of a service

concession arrangement. The statement also requires a government engaged in an availability payment arrangement that contains multiple components to recognize each component as a separate arrangement. It is effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged. FileLocal is currently evaluating the impact of this new GASB statement.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement postpones the newly issued GASB Statements No. 83, 84, 88, 89, 90, 92 and 93 by one year. In addition, this statement postpones GASB Statement No. 87 by 18 months. This new GASB was issued in May 2020 and became effective immediately. In 2019 FileLocal considered GASB Statements No. 83, 84, 88 and 90 and determined they were not applicable. FileLocal has considered GASB Statements No. 92 and 93 and determined that they are not applicable. The District has postponed the implementation of GASB Statements No. 87 and 89.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines a Subscription-Based Information Technology Arrangement (SBITA) as a contract that conveys control of the right to use a vendor's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. It is effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged. FileLocal is currently evaluating the impact of this new GASB statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This new GASB statement addresses a variety of topics including issues related to fiduciary component units, and to reporting of certain defined contribution pension plans, defined contribution OPEB plans (other employee benefit plans) and other employee benefit plans. It is effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged and permitted. FileLocal is currently evaluating the impact of this new GASB statement.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR* to replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. It is effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. FileLocal has implemented this new standard in 2021.

Budgetary Information

Annual budget is adopted by FileLocal on the accrual basis of accounting. Any revisions that alter the total budgeted expenses that would require modifications on reimbursable costs from member cities must be approved by the Executive Board.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

FileLocal maintains all of its cash balance in one financial institution which is covered by Federal Deposit Insurance (FDIC) up to $250,000. As of December 31, 2021, the bank statement balance was $237,573.

FileLocal invests its temporary cash surpluses in the Washington State Treasurer's Local Government Investment Pool (the Pool). Investments in the Pool are available on demand in the amount of the original investment plus interest earnings and are treated as a money market investment in FileLocal's records. Accordingly, the fair value of FileLocal's position in the Pool is the same as the value of FileLocal's shares in the investment pool.

Funds in the Pool are reported as short-term investments and are considered a cash equivalent for cash flow reporting purposes..

NOTE 3 - ACCOUNTS RECEIVABLE

Customer accounts receivable consist of amounts owed from individuals or organizations for tax portal services, including amounts paid but in transit from merchant service companies. As of December 31, 2021 the accounts receivable balance was $6,436.

NOTE 4 - RISK MANAGEMENT

FileLocal is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, etc.

Filelocal is a member of the Washington Cities Insurance Authority (WCIA) and manages the risks through its participation in a risk pool provided by WCIA.

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has approximately 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before

membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are $4 million per occurrence self-insured layer, and $16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are $20 million per occurrence subject to aggregate sub-limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

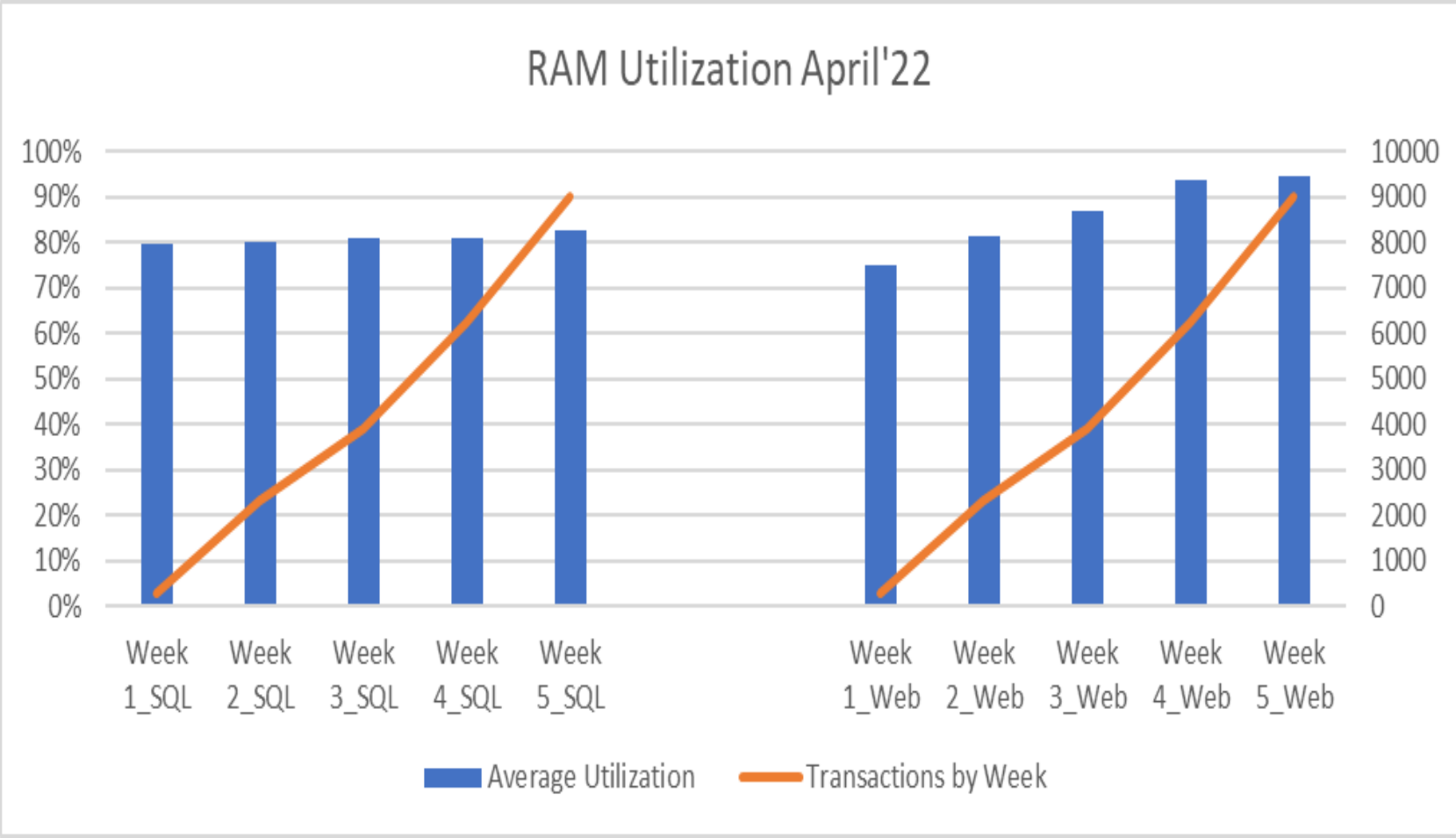
NOTE 5 - RELATED PARTY

During 2021, FileLocal had 11 participating cities and each city was required to reimburse operating costs in excess of user fees received, based on the methodologies defined in the Inter-local Government Agreement. A total contribution of $854,893 was made by these participating cities in 2021. In addition, FileLocal pays certain technology costs on behalf of these participating cities and is reimbursed by the cities. There was an outstanding balance of $83,365 due from the cities as of December 31, 2021.

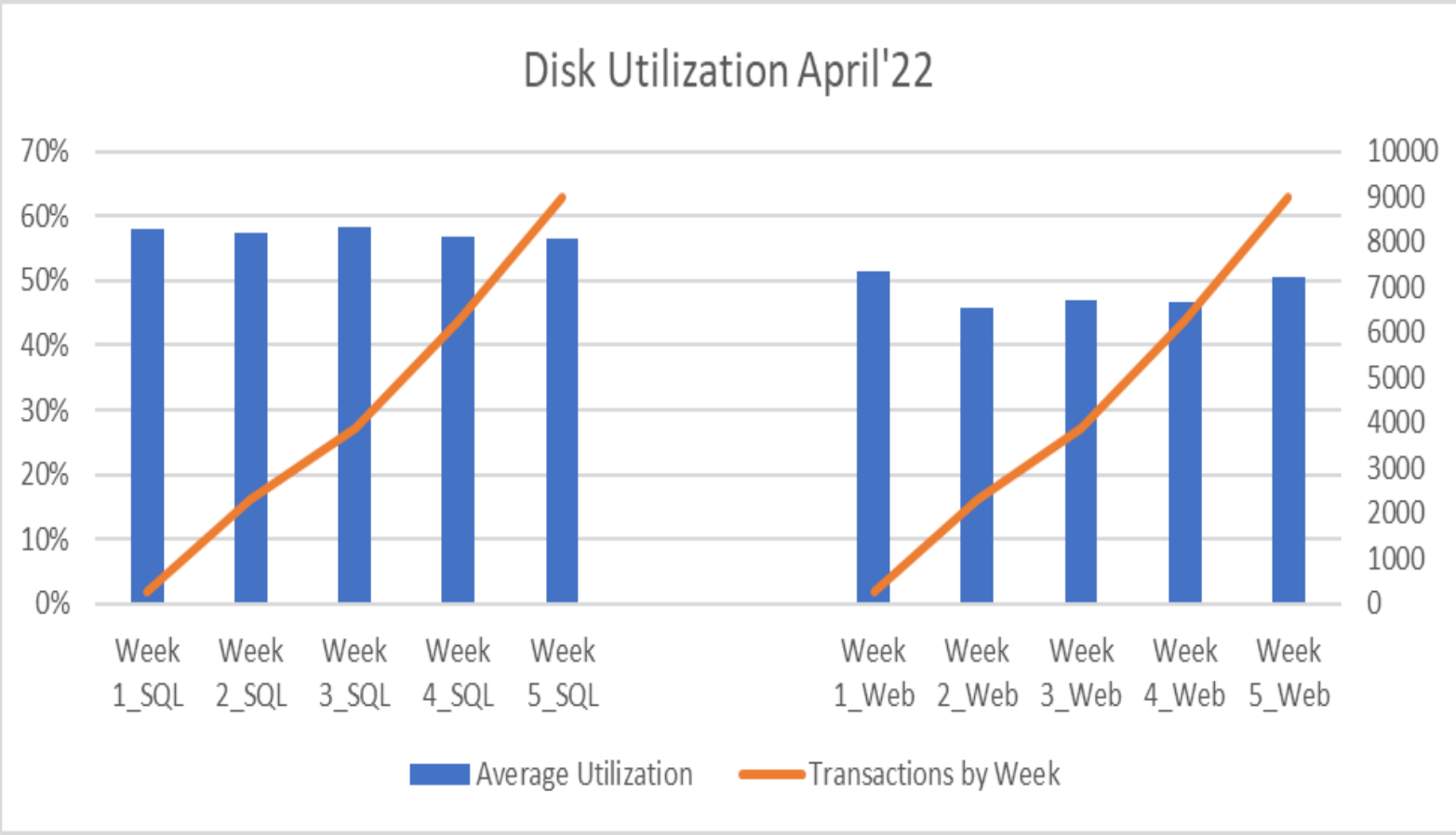
City of Seattle provides labor and technology services to Filelocal and these costs are billed to FileLocal for reimbursement. During 2021, City of Seattle charged total contract labor cost and technology services of $398,016 to FileLocal.

FileLocal: Monthly Business Review

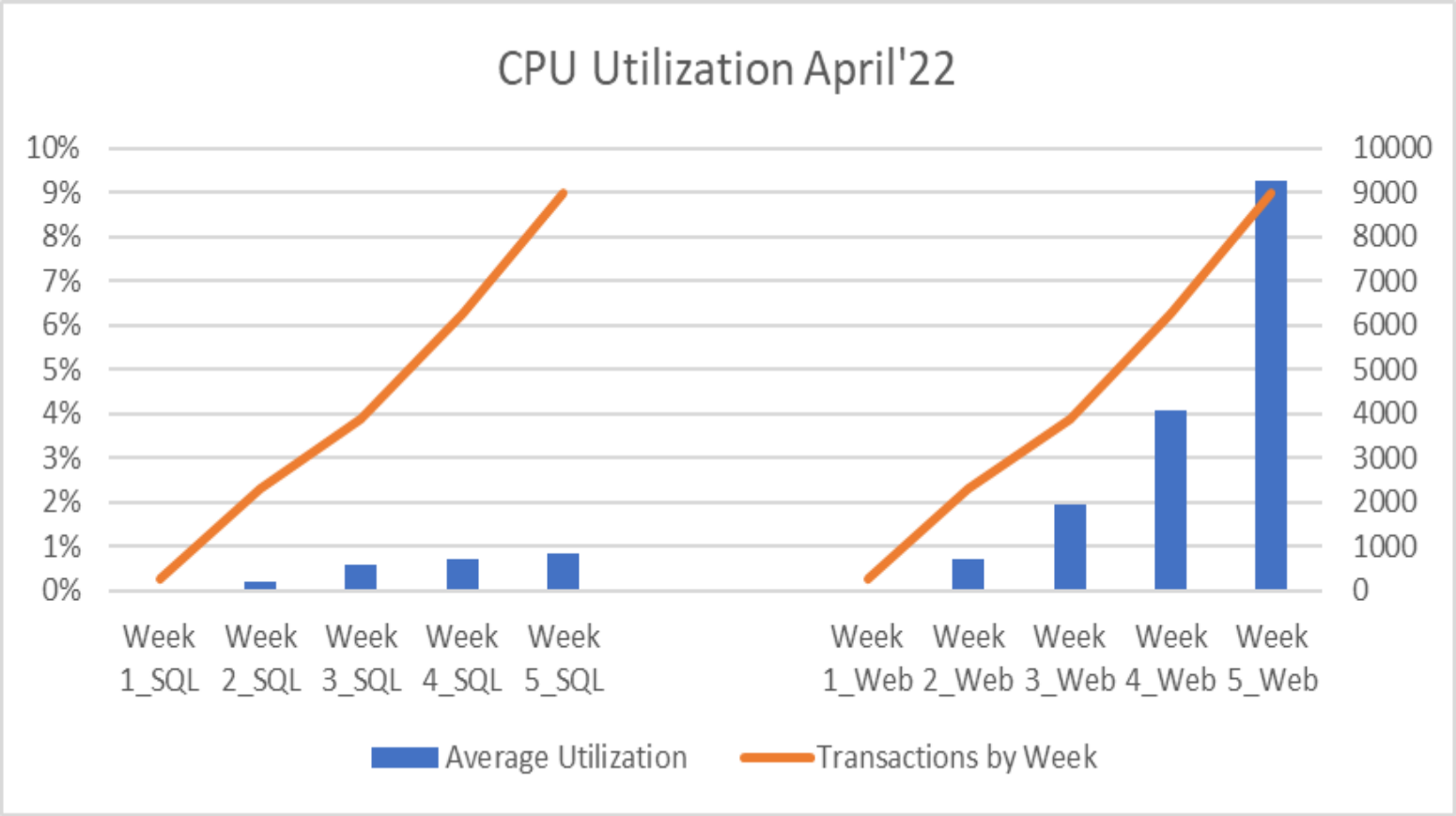
April 2022



RAM Utilization averaged 81% for the SQL Servers and 86% for the Web Servers. Both percentages are within acceptable bounds



Disk Utilization averaged 57% for the SQL Servers and 48% for the Web Servers. Both percentages are within acceptable bounds.



CPU Utilization averaged 0% for the SQL Servers and 3% for the Web Servers. Both percentages are within acceptable bounds.

April'22	1 Week	2 Weeks	3+ Weeks	Total
In Progress	13	6	25	44
Ready to Start	102	17	16	135
Escalated	4	2	5	11
Waiting for customer	7	3	26	36
Pending	0	0	9	9
Subtotal FY22	126	28	81	235
<FY21	0	0	1	1
Total Tickets	126	28	82	236

March'22	1 Week	2 Weeks	3+ Weeks	Total
In Progress	2	2	22	26
Ready to Start	32	35	37	104
Escalated	3	0	0	3
Waiting for customer	5	0	25	30
Pending	1	0	9	10
Subtotal FY22	43	37	93	173
<FY21	0	0	1	1
Total Tickets	43	37	94	174

Delta	1 Week	2 Weeks	3+ Weeks	Total
In Progress	-11	-4	-3	-18
Ready to Start	-70	18	21	-31
Escalated	-1	-2	-5	-8
Waiting for customer	-2	-3	-1	-6
Pending	1	0	0	1
Subtotal FY22	-83	9	12	-62
<FY21	0	0	0	0
Total Tickets	-83	9	12	-62

Production support tickets are up by 62 tickets month over month. The increase is primarily related to ready to start tickets in the one week bucket which is related to late filings. Avenu will be addressing these the first week of the month.

Programmatic improvements made in Q1'22 have resulted in lower escalated tickets which are being addressed in a timely manner.

Call Center Metrics

	# Handled	Average Handle Time (AHT)	Average Speed of Answer (ASA)	# Abandoned	% Abandoned	# Missed	% Missed
Apr'22 Call Center Info	2571	7.58	10.30	192	7.00%	119	4.75%
Mar'22 Call Center Info	1411	7.01	4.25	227	14.00%	108	6.75%
Month over Month Change	-1160	-0.57	-6.05	35	7.00%	-11	2.00%

April'22 calls are significantly higher than the prior months due to quarter/year-end filings. Overall, the month-over-month call center metrics are very favorable, especially considering the volume of calls increased by 1,160 or 82%.

Average MOS (Mean Option Score)

The average rating across all calls to indicate the quality of service rendered. It is based on a scale of 1 – 5, with 5 being the best score, and 1 being the worst score. Industry averages are around 4.3, which is considered excellent. - (Higher is better).

 # Handled

The total number of calls that were answered by agents.

AHT (Average Handle Time)

The average time, from start to finish, that a contact was connected with an agent (average handle time). It includes talk time, hold time, and After Contact Work (ACW) time. AHT is calculated by averaging the amount of time between the contact being answered by an agent and the completion of work on that contact by an agent.

ASA (Average Speed of Answer)

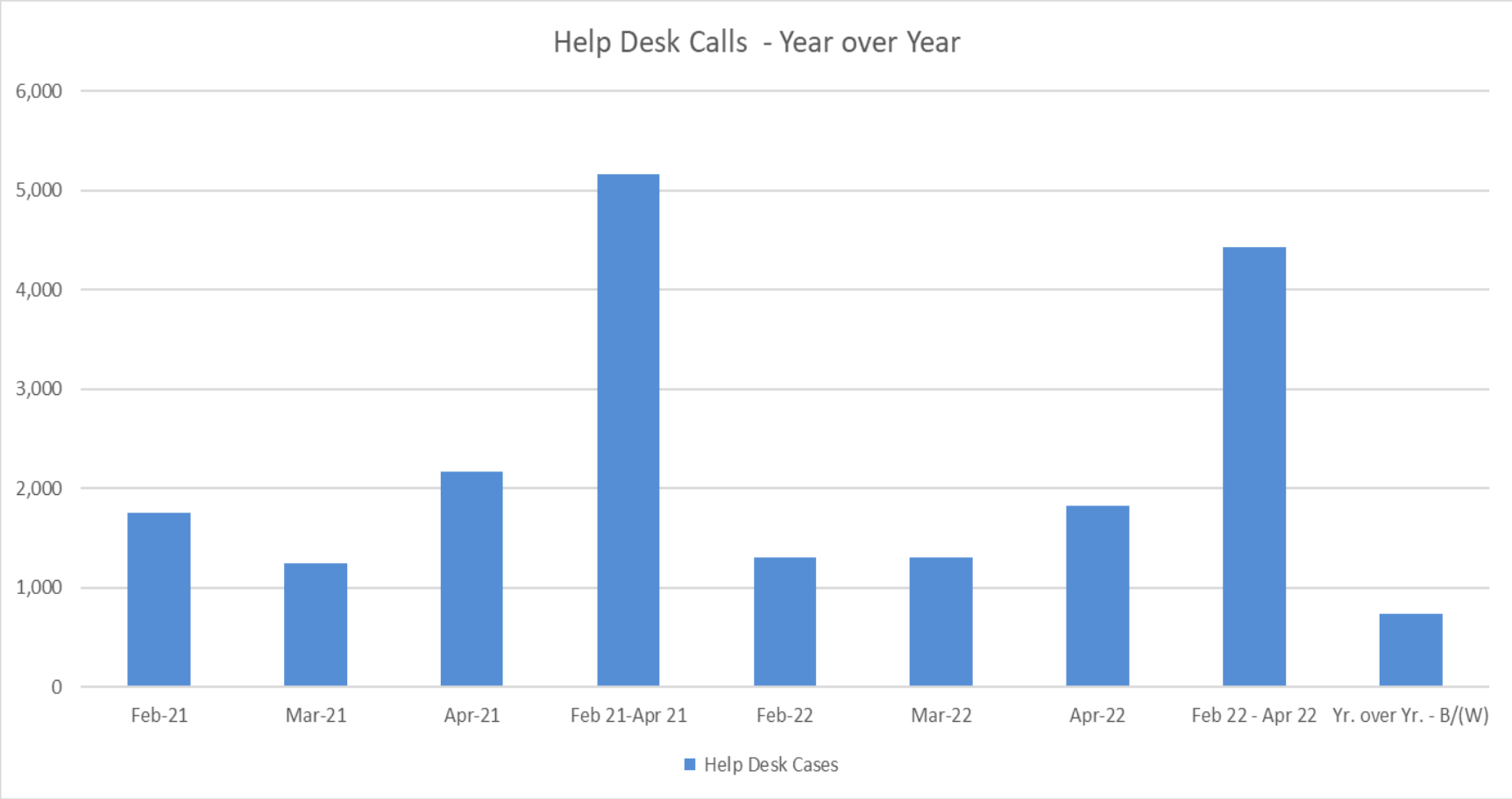
The average time from when a call is in the queue, to the time that it is answered by an agent.

Abandoned /Abandoned %

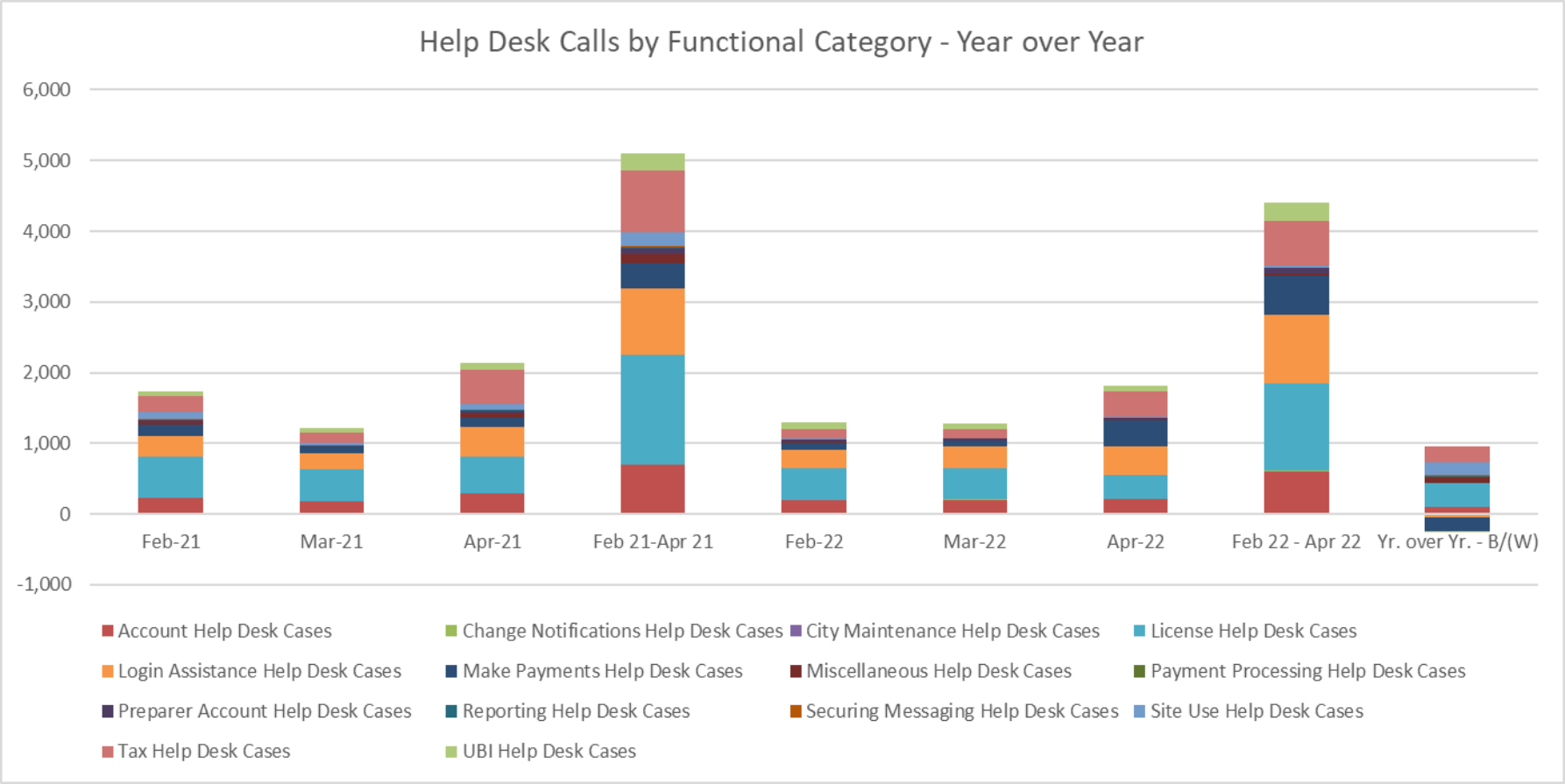
Count of calls disconnected by the customer while in the queue during the specified time range. Calls queued for callback are not counted as abandoned.

Missed / Missed %

Count of calls routed to an agent but not answered by that agent, including calls abandoned by the customer. If a call is not answered by a given agent, we attempt to route it to another agent to handle; the call is not dropped. Because a single call can be missed multiple times (including by the same agent), it can be counted multiple times: once for each time it is routed to an agent but not answered.



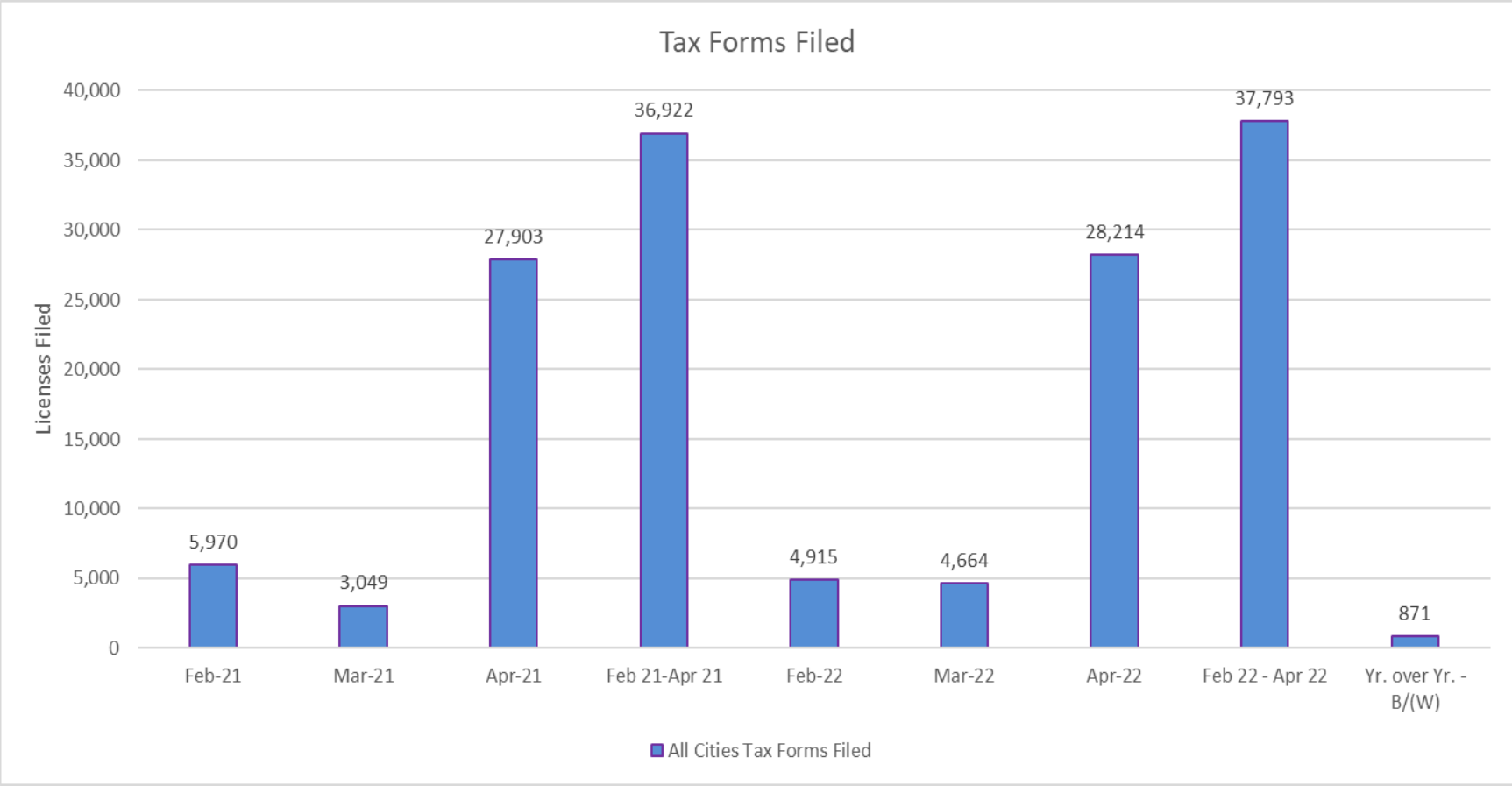
Help Desk Calls by Functional Category	Help desk calls totaled 4,435 for the three months ending April 2022. This is 7.9% of the accounts created and transactions processed which is 1.6% lower than the same three months in the prior year. Three items make up 63% of the calls. Licenses (28%), Login Assistance (22%), and Help Desk Cases (13%).



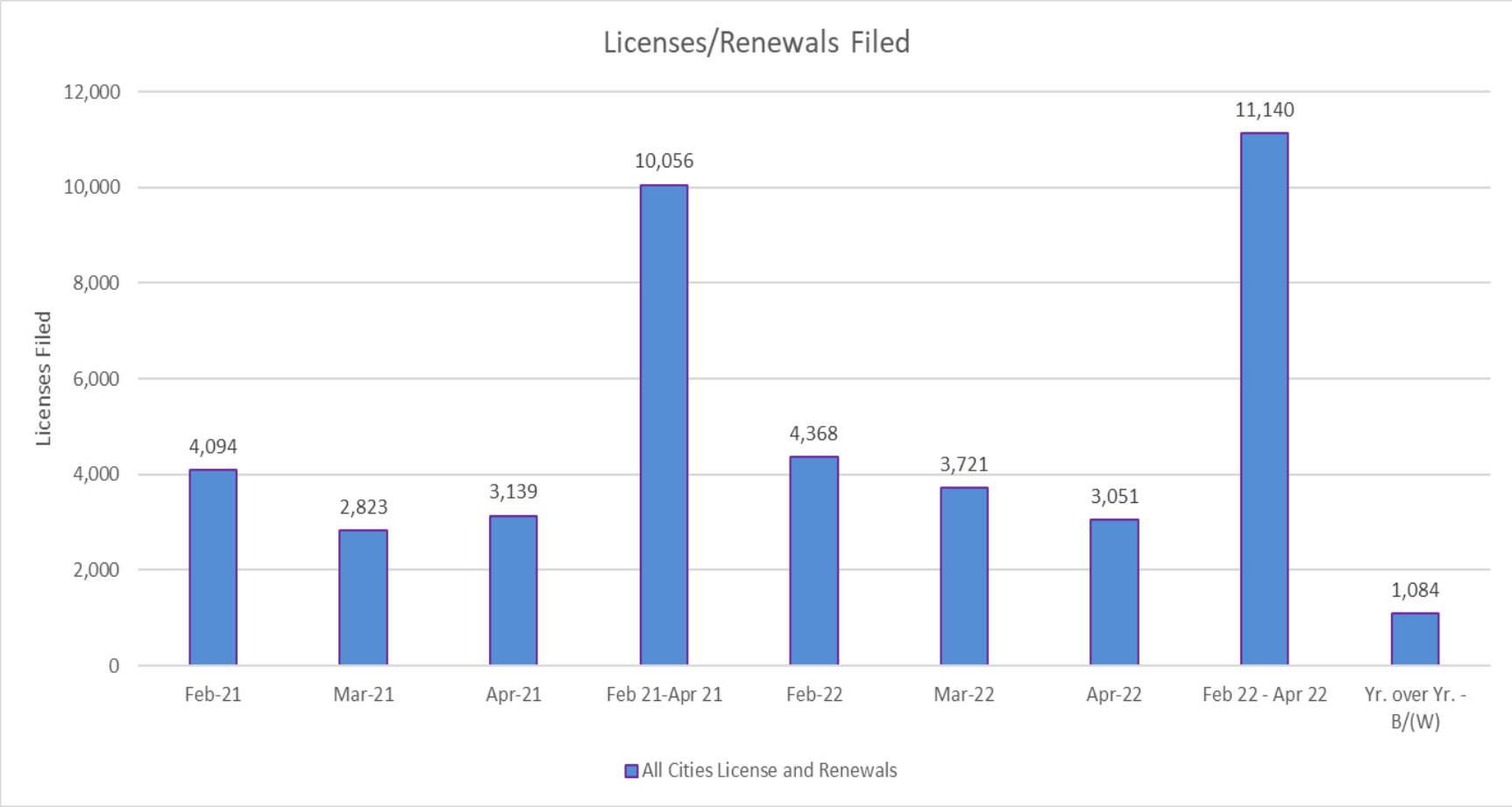
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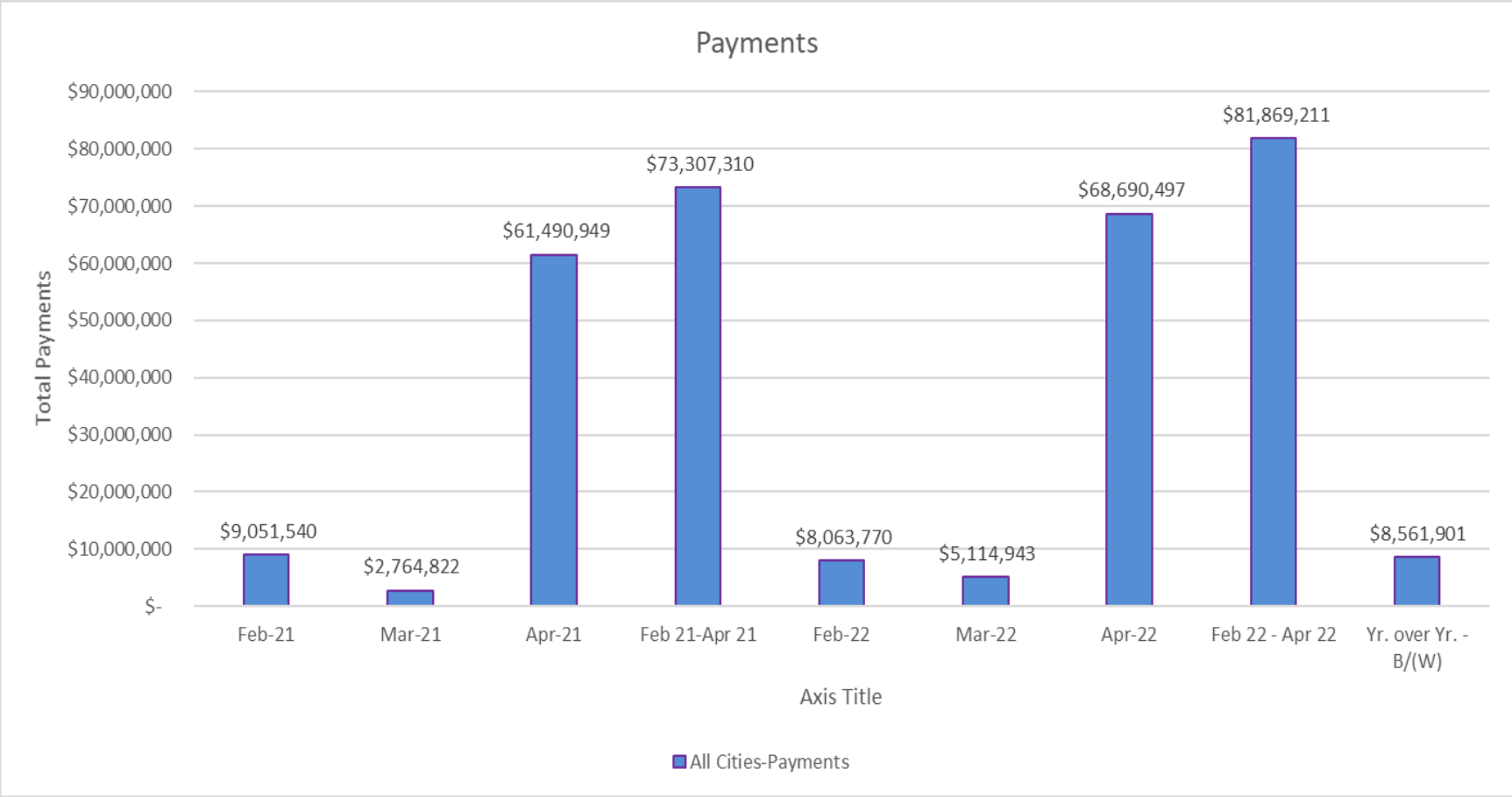
Accounts Created	Accounts created for the 3 months ended April 2022 were 7,299 which is down 7 compared to the same 3 months in the prior year.



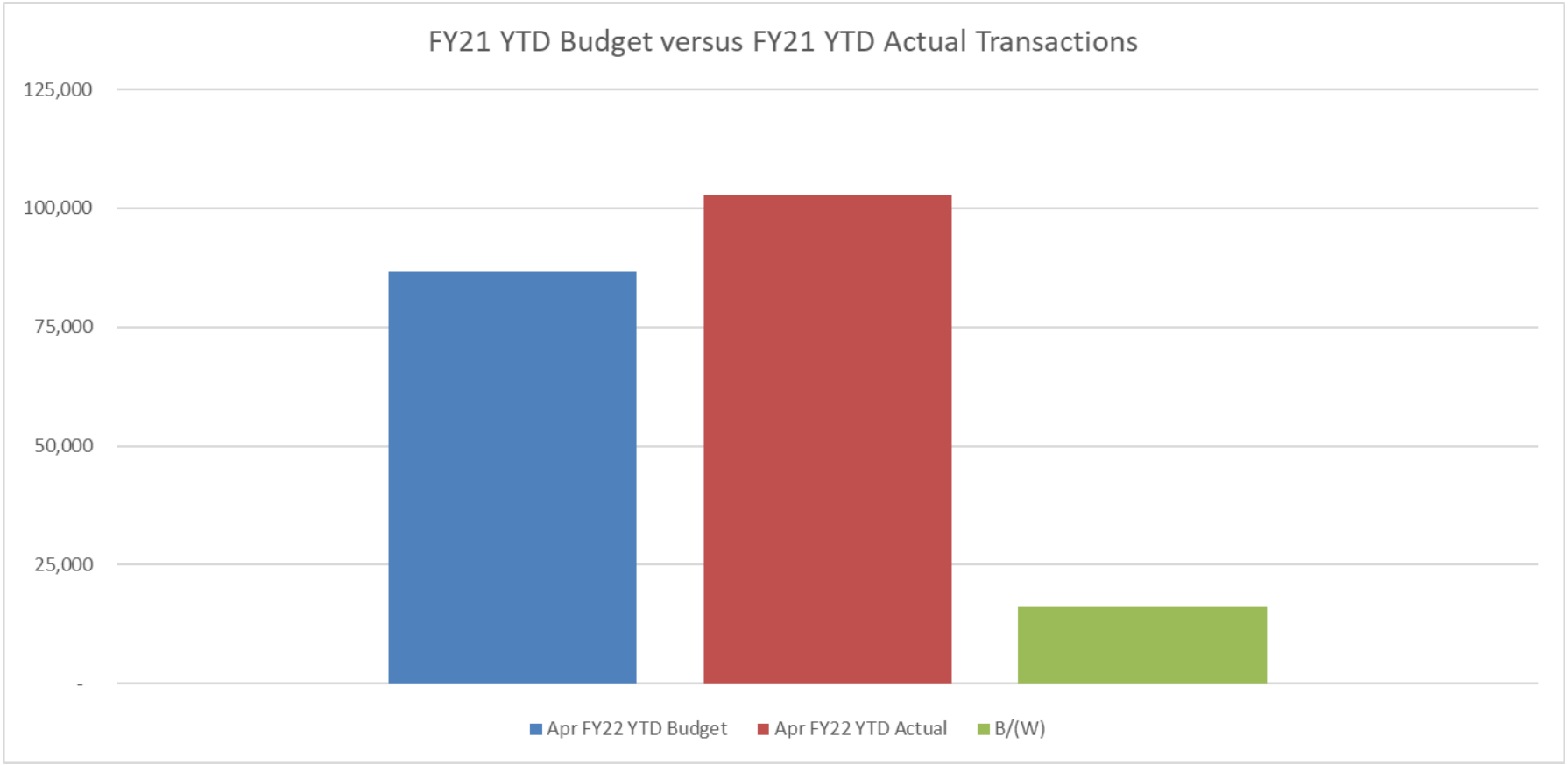
Tax Forms Filed	Tax Forms filed for the 3 months ended April2022 were 37,793 which is up 871.



Licenses/Renewals Filed	License/Renewals created for the 3 months ended April 2022 were 11,140 which is up 1,084



Payments Made by City	Payments made for the 3 months ended April 2022 were $81,869k which is up $8,562k (12%) compared to the same 3 months from the prior year.



Transactions YTD Budget versus YTD Actual	YTD Transactions FY22 Actual versus Budget is 102,849 (A) compared to 86,738 (B) which is favorable by 16,111 or 19%. Projected payments are $342,872k YTD which is up 14% versus FY21 actuals.

2022.3 Azure Transition

June 23, 2022

Hosting Vendor Change

- Moving from Venue to Microsoft Azure Cloud
  - Newer hardware platform
  - Allows for quicker scaling
- Timeline
  - Planning efforts between Avenu and Azure are complete
  - Avenu internal testing July and August 2022
  - FileLocal UAT testing by cities and Kubra August 2022
  - FileLocal Production environment testing/cutover September 2022
  - February Contract Review/Penetration Test

Avenu Security Practices Risk Assessment Findings

June 2022

Leviathan Security Group, Inc.
3220 1st AVE S., Suite 100
Seattle, WA 98134

June 13, 2022

Background
FileLocal requested that Leviathan Security Group perform an evaluation of the security practices utilized by Avenu, with specific attention to how those security practices could affect FileLocal. Leviathan Security Group set out to assess Avenu's general security posture by reviewing policy and procedure documents provided by Avenu and Vice President of Technology Johan Milbrink's limited answers to follow-up questions regarding those policies and procedures.

Summary of Findings
Based upon Leviathan Security Group's evaluation of Avenu's security practices, Leviathan has assessed Avenu's security policies and procedures as sufficient to meet, but not exceed security policy and procedure standards for an organization of Avenu's size and maturity.

As Leviathan staff were not able to interview any Avenu staff despite repeated requests, our assessment is necessarily limited to whether the security policies and procedure documents provided by Avenu are generally sufficient and in line with expectations of an organization of Avenu's size and relative maturity. Given the access available to us, we could not directly assess Avenu's implementation of these policies and procedures.

Documentation Reviewed
Leviathan staff requested copies of Avenu's complete policy and procedure set and were provided with the following documentation:

- Access Control Policy v. 1.1
- Change Management Policy v. 1.2
- Data Classification and Management Policy v. 1.0
- FileLocal Production and UAT Environment Network Diagram
- Information encryption and Key Management Policy v. 1.0
- Information Security Incident Response Policy v. 1.1
- Network Security and Firewall Policy v. 1.1
- Remoter Network Connection Security Policy v. 1.2
- Security Awareness and Training Policy v 1.1
- Security Logging and Monitoring Policy v. 1.0
- System Security and Build Policy v. 1.1
- 2021 Tabletop Exercise Information
- Vulnerability and Patch Management Policy v. 1.0

Concerns and Recommendations

Based upon Leviathan Security Group's evaluation of Avenu's provided security policies and procedure documents, Leviathan has assessed that these policies and procedures meet, but do not exceed the general expectations for a company of Avenu's size and relative maturity.

Avenu does appear to have many information security-related policies, but there were some notable deficits in the documentation provided. They did not produce an overarching Information Security Policy as would be expected of a company of their size and maturity. Further, while policies are generally

expected to be broad, Avenu's documentation lacked some expected information, such as a requirement that logging information is sent to a Security Incident Event Management Tool (though their documentation does require such a tool to be in place). Additionally. Avenu's policy set as written contains several fundamental definition errors. For example, the definition of the term "zero day" in their Vulnerability and Patch Management policy is incorrect.

Avenu's policies and procedures do appear to have been recently created or reviewed, some as recently as in the weeks following Leviathan's original requests for information. While regular and recent reviews are an expected part of an organization's security cadence, several of the documents provided had not been reviewed or updated since 2020. We would suggest that Avenue attempt to achieve or return to an annual or better cadence in this area.

Notice to Reader

When performing this type of work, regardless of the review target, it is expected that a number of security concerns will be identified. We communicate these findings here in order for FileLocal to consider them as part of an overall security risk management posture. We must reiterate that, due to a lack of access to Avenu staff for interviews, our findings are limited to the documentation provided by Avenu only.

The Leviathan team believes that they can continue to assist FileLocal in ensuring solid security practices as part of ensuring that FileLocal is well defended from outside attackers in an increasingly hostile world. We stand by our work and look forward to continuing to assist FileLocal in accomplishing their security objectives.

This letter is a summary of Leviathan Security Group's engagement by FileLocal to assess the security risk of Avenu only. Reliance upon the contents of this letter alone may not be sufficient for the purposes of a given Reader.

Signed,



Kelly Ohlert
Practice Lead
Leviathan Security Group, Inc.

About Leviathan Security Group
Leviathan Security Group provides integrated Risk Management and Information Security solutions for our clients rather than patches, box checking, and point fixes. Our fortune one-hundred clients, start-up clients, and government clients rely on us to understand and mitigate their risks. We help them take the next steps in their evolution and help them maintain their stellar reputations. Leviathan was formed by principals of @stake, Guardent, Symantec, and Foundstone when they decided to collaborate and combine their decades of information security experience.

Vendor Warrant List – 1st Quarter 2022

June 2022

FileLocal
Quarterly Warrant List
3/31/2022

Vendor Name	Payment for Current Quarter	Payments Year-To-Date
Association of Washington Cities	300.00	300.00
Avenu	313,993.60	313,993.60
City of Seattle Capital Recovery	20,500.00	20,500.00
City of Seattle Treasury Dept	114,656.21	114,656.21
City of Tacoma Tax & License	110.00	110.00
Francis & Company	8,760.00	8,760.00
Leviathan	6,525.00	6,525.00
Madrona Law Group, PLLC	695.00	695.00
Washington Cities Insurance Authority	5,168.00	5,168.00