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

Jamie Carnell
City of Seattle

Andy Cherullo, Chair
City of Tacoma

Executive Board Meeting Agenda

September 29, 2022

TEAMS CONFERENCE CALL
SEATTLE, WA

1. Call To Order
    a. Introductions

2. **PUBLIC COMMENT***

3. **APPROVAL OF 06-23-22 MEETING SUMMARY**
    a. 06-23-22 Meeting Summary

4. **REVIEW OF AUGUST 2022, JULY 2022, AND JUNE 2022 FINANCIAL STATEMENTS**
    a. August 2022 Financial Statements
    b. July 2022 Financial Statements
    c. June 2022 Financial Statements

5. **ACTION ITEMS**
    a. No Resolutions for Board approval.

6. **OPERATIONAL UPDATES**
    a. Avenu Migration to Azure Security Assessment
    b. MBR
    c. 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.

FileLocal

700 5th Avenue, Suite 4350
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Executive Board Meeting Summary

June 23, 2022

CONFERENCE CALL
SEATTLE, WA

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

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

Standing Items

1. **CALL TO ORDER**

The 6-23-2022, meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at 11:03 a.m. and conducted by conference call.

ROLL CALL

Board Members Present: Jamie Thomas (phone), Jamie Robinson (phone), Beth Ann Wroe (phone), Susy Haugen (phone), Paula Painter (phone), Jackie Mitchell (phone) for Glen Lee, and Danielle Larson (phone) for Andy Cherullo

Staff and Guests: Kevin Fitzpatrick (phone), Julie Panick (phone), Horace Francis (phone)…

2. **PUBLIC COMMENT**

There were no public comments.

3. **APPROVAL OF MEETING SUMMARY**

On a motion made by Paula Painter and seconded by Jamie Robinson, the board approved the 3-24-22 meeting summary.

4. **REVIEW OF FINANCIAL STATEMENT**

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

5. **ACTION ITEMS**

A. Resolution FL2022-02: Draft Budget 2023-2027

a. Kevin Fitzpatrick reviewed the resolution. Same draft budget presented to Board in March. Revenue estimates down 49K in Reimbursable costs. Expense estimates down 32K in Technology costs and 12K in Incremental costs.

*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.

i. Motion to accept: Jamie Robinson
ii. Motion seconded: Jackie Mitchell
iii. Supermajority vote: Passed
iv. Majority vote: Passed

VOTE FL2022-02	City	Member
YES	Auburn	Jamie Thomas
YES	Bellevue	Jamie Robinson
YES	Des Moines	Beth Ann Wroe
YES	Everett	Susy Haugen
YES	Kent	Paula Painter
	Lake Forest Park	Lindsey Vaughn (absent)
	Renton	Kari Roller (absent)
YES	Seattle	Jackie Mitchell for Glen Lee
YES	Tacoma	Danielle Larson for Andy Cherullo

B. Resolution FL2022-03 Leviathan Security Contract

a. Kevin Fitzpatrick reviewed the resolution. Leviathan will continue as Agency's Chief Security Officer. Contract for security only, not Information Technology (IT) support. A new vendor will be selected for broader IT applications.

i. Motion to accept: Paula Painter
ii. Motion seconded: Danielle Larson
iii. Majority vote: Passed

VOTE FL2022-03	City	Member
YES	Auburn	Jamie Thomas
YES	Bellevue	Jamie Robinson
YES	Des Moines	Beth Ann Wroe
YES	Everett	Susy Haugen
YES	Kent	Paula Painter
	Lake Forest Park	Lindsey Vaughn (absent)

	Renton	**Kari Roller (absent)**
YES	**Seattle**	**Jackie Mitchell for Glen Lee**
YES	**Tacoma**	**Danielle Larson for Andy Cherullo**

6. DISCUSSION ITEMS:

A. Annual Financial Statements 2021

There were no questions or comments.

B. April 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 up by 62 month-over-month. Increase primarily due to ready-to-start tickets in the one-week bucket which was related to late filings. Call Center volume increased by 1,160 or 82%, significantly higher month-over-month due to quarterly and year-end filings.

Kevin shared that the average percentage of abandoned calls for the month of April is around 7%. Board discussion was this seems high and the monthly goal for abandoned calls should be closer to 5%.

C. Hosting Transition

Avenu is moving from Venue to Microsoft Azure, a newer platform with quicker scaling. Avenu will conduct internal testing in July and August 2022. Cities will conduct UAT testing in August 2022. There were no questions or comments.

D. Avenu Security Practices Risk Assessment Findings

Leviathan Security Group conducted a security risk assessment. Avenu's security policies and procedures are sufficient to meet, but not exceed security policies and procedures. There were no questions or comments.

E. Vendor Warrants

Kevin Fitzpatrick reviewed the 1st Quarter 2022 Vendor Warrant list. There were no questions or comments.

7. ADJOURNMENT

On a motion made by Susy Haugen and seconded by Jamie Robinson, the meeting of the Executive Board adjourned at 11:36 a.m.

Respectfully Submitted,

Julie Panick
Secretary, FileLocal

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

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022

ASSETS		
Cash	$	184,407
LGIP Investment		1,628,821
Due from cities		1,276
Prepaid		59,722
Total Current Assets		1,874,226
TOTAL ASSETS	**$**	**1,874,226**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	-
Accrued liabilities		88,274
Total Current Liabilities		88,274
TOTAL LIABILITIES		88,274
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		503,048
TOTAL NET ASSETS		1,785,952
TOTAL LIABILITIES AND NET ASSETS	**$**	**1,874,226**

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 AUGUST 31, 2022

	June	July	August	YTD
REVENUES				
User fees	$ 13,036	$ 68,228	$ 31,596	**$ 415,220**
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	1,354	2,232	3,110	**8,228**
Total revenues	$ 14,390	$ 70,460	$ 34,706	**$ 1,225,792**
EXPENSES				
Accounting fees	$ 6,333	$ 4,288	$ 2,660	**36,504**
Agency IT costs	-	-		**-**
Bank fees	212	31	8	**451**
Capital Cost recovery	-	-		**20,500**
Insurance	431	431	431	**3,446**
Labor costs	35,399	35,399	(17,701)	**188,191**
Legal fees	620	93	186	**1,891**
License and membership fees	-	-		**410**
Office and operating supplies	-	-	-	**5**
Technology costs	66,153	17,200	25,181	**252,651**
Transaction fees	8,828	27,645	20,579	**218,695**
Travel Expense	-	-		**-**
Other Expense	-	-		**-**
Total expenses	117,976	85,087	31,344	**722,744**
CHANGE IN NET ASSETS	**$ (103,586)**	**$ (14,627)**	**$ 3,362**	**$ 503,048**

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

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 367,000	$ 415,220	$ 48,220
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	-	-	8,228	8,228
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 1,169,344	$ 1,225,792	$ 56,448
EXPENSES				
Labor costs	$ 425,579	$ 283,719	$ 188,191	$ 95,528
Contracts	71,762	47,841	40,401	7,440
Overhead	70,187	46,791	2,306	44,485
Technology costs	764,816	509,877	471,346	38,531
Operating reserve	0	0	-	0
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 908,728	$ 722,744	$ 185,984
CHANGE IN NET ASSETS			503,048	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF AUGUST 31, 2022			$ 1,785,952	
Schedule I - Contracts				
Accounting	$ 51,457	$ 34,305	$ 36,504	$ (2,199)
Auditing	12,030	8,020	-	8,020
Insurance	6,617	4,411	3,446	965
Bank fees	1,658	1,105	451	654
Total Contracts	$ 71,762	$ 47,841	$ 40,401	$ 7,440
Schedule II - Overhead				
Legal	$ 35,831	$ 23,887	$ 1,891	$ 21,996
Office and operating supplies	2,127	1,418	5	1,413
Printing	2,127	1,418	-	1,418
Licenses/Memberships	2,127	1,418	410	1,008
Agency IT Costs	21,963	14,642	-	14,642
Miscellaneous	6,012	4,008	-	4,008
Total Overhead	$ 70,187	$ 46,791	$ 2,306	$ 44,485

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

		Aug 31, 2022
Change in Net Assets		$ 503,048
Adjustments to reconcile Change in Net Assets		
to net cash provided by operations:		
	Due from Cities	88,527
	Prepaid	(59,722)
	Accounts Payable and Accrued Liabilities	(64,740)
Cash provided by operating activities		467,113
	Contributions to LGIP	(505,321)
	Net interest earned	(8,181)
Cash (used) for investing activities		(513,502)
Net cash increase (decrease)		(46,389)
Cash at January 1, 2022		230,796
Cash at August 31, 2022		**184,407**
Less Operating Reserve		**-**
Cash Available		**$ 184,407**

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FileLocal
Financial Statements
July 31, 2022

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
JULY 31, 2022

ASSETS		
Cash	$	260,327
LGIP Investment		1,625,720
Due from cities		-
Prepaid		74,653
Total Current Assets		1,960,700
TOTAL ASSETS	**$**	**1,960,700**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	2,343
Accrued liabilities		175,767
Total Current Liabilities		178,110
TOTAL LIABILITIES		178,110
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		499,686
TOTAL NET ASSETS		1,782,590
TOTAL LIABILITIES AND NET ASSETS	**$**	**1,960,700**

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

	May	June	July	YTD
REVENUES				
User fees	$ 34,220	$ 13,036	$ 68,228	**$ 383,624**
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	747	1,354	2,232	**5,118**
Total revenues	$ 34,967	$ 14,390	$ 70,460	**$ 1,191,086**
EXPENSES				
Accounting fees	$ 3,143	$ 6,333	$ 4,288	**33,844**
Agency IT costs	-	-		**-**
Bank fees	4	212	31	**443**
Capital Cost recovery	-	-		**20,500**
Insurance	430	431	431	**3,015**
Labor costs	35,399	35,399	35,399	**205,892**
Legal fees	775	620	93	**1,705**
License and membership fees	-	-		**410**
Office and operating supplies	-	-	-	**5**
Technology costs	14,500	66,153	17,200	**227,470**
Transaction fees	26,735	8,828	27,645	**198,116**
Travel Expense	-	-		**-**
Other Expense	-	-		**-**
Total expenses	80,986	117,976	85,087	**691,400**
CHANGE IN NET ASSETS	**$ (46,019)**	**$ (103,586)**	**$ (14,627)**	**$ 499,686**

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

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 321,125	$ 383,624	$ 62,499
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	-	-	5,118	5,118
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 1,123,469	$ 1,191,086	$ 67,617
EXPENSES				
Labor costs	$ 425,579	$ 248,254	$ 205,892	$ 42,362
Contracts	71,762	41,862	37,302	4,560
Overhead	70,187	40,943	2,120	38,823
Technology costs	764,816	446,143	425,586	20,557
Operating reserve	0	0	-	0
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 797,702	$ 691,400	$ 106,302
CHANGE IN NET ASSETS			499,686	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF JULY 31, 2022			$ 1,782,590	
Schedule I - Contracts				
Accounting	$ 51,457	$ 30,017	$ 33,844	$ (3,827)
Auditing	12,030	7,018	-	7,018
Insurance	6,617	3,860	3,015	845
Bank fees	1,658	967	443	524
Total Contracts	$ 71,762	$ 41,862	$ 37,302	$ 4,560
Schedule II - Overhead				
Legal	$ 35,831	$ 20,901	$ 1,705	$ 19,196
Office and operating supplies	2,127	1,241	5	1,236
Printing	2,127	1,241	-	1,241
Licenses/Memberships	2,127	1,241	410	831
Agency IT Costs	21,963	12,812	-	12,812
Miscellaneous	6,012	3,507	-	3,507
Total Overhead	$ 70,187	$ 40,943	$ 2,120	$ 38,823

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

		July 31, 2022
Change in Net Assets		$ 499,686
Adjustments to reconcile Change in Net Assets		
to net cash provided by operations:		
	Due from Cities	89,803
	Prepaid	(74,653)
	Accounts Payable and Accrued Liabilities	25,095
Cash provided by operating activities		539,931
	Contributions to LGIP	(505,321)
	Net interest earned	(5,079)
Cash (used) for investing activities		(510,400)
Net cash increase (decrease)		29,531
Cash at January 1, 2022		230,796
Cash at July 31, 2022		**260,327**
Less Operating Reserve		**-**
Cash Available		**$ 260,327**

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

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FileLocal
Financial Statements
June 30, 2022

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS		
Cash	$	248,423
LGIP Investment		1,623,495
Due from cities		10,397
Prepaid		89,584
Total Current Assets		1,971,899
TOTAL ASSETS	**$**	**1,971,899**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	59,574
Accrued liabilities		115,108
Total Current Liabilities		174,682
TOTAL LIABILITIES		174,682
NET ASSETS		
Net assets, unrestricted		1,282,904
Change in net assets		514,313
TOTAL NET ASSETS		1,797,217
TOTAL LIABILITIES AND NET ASSETS	**$**	**1,971,899**

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

	April	May	June	YTD
REVENUES				
User fees	$ 75,044	$ 34,220	$ 13,036	**$ 315,396**
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	376	747	1,354	**2,886**
Total revenues	$ 75,420	$ 34,967	$ 14,390	**$ 1,120,626**
EXPENSES				
Accounting fees	$ 7,547	$ 3,143	$ 6,333	**29,556**
Agency IT costs	-	-		**-**
Bank fees	8	4	212	**412**
Capital Cost recovery	-	-		**20,500**
Insurance	431	430	431	**2,584**
Labor costs	(6,501)	35,399	35,399	**170,493**
Legal fees	62	775	620	**1,612**
License and membership fees	-	-		**410**
Office and operating supplies	5	-	-	**5**
Technology costs	33,023	14,500	66,153	**210,270**
Transaction fees	31,839	26,735	8,828	**170,471**
Travel Expense	-	-		**-**
Other Expense	-	-		**-**
Total expenses	66,414	80,986	117,976	**606,313**
CHANGE IN NET ASSETS	**$ 9,006**	**$ (46,019)**	**$ (103,586)**	**$ 514,313**

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

	Budget (Final)	YTD Budget	YTD Actual	Variance
REVENUES				
User fees	$ 550,500	$ 275,250	$ 315,396	$ 40,146
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	-	-	2,886	2,886
Fund carryover	-	-	-	-
Total sources	$ 1,352,844	$ 1,077,594	$ 1,120,626	$ 43,032
EXPENSES				
Labor costs	$ 425,579	$ 212,790	$ 170,493	$ 42,297
Contracts	71,762	35,882	32,552	3,330
Overhead	70,187	35,096	2,027	33,069
Technology costs	764,816	382,408	380,741	1,667
Operating reserve	0	0	-	0
Capital cost recovery payments	20,500	20,500	20,500	-
Total operating expenses	$ 1,352,844	$ 686,676	$ 606,313	$ 80,363
CHANGE IN NET ASSETS			514,313	
NET ASSETS, AS OF JANUARY 1, 2022			1,282,904	
NET ASSETS, AS OF JUNE 30, 2022			$ 1,797,217	
Schedule I - Contracts				
Accounting	$ 51,457	$ 25,729	$ 29,556	$ (3,827)
Auditing	12,030	6,015	-	6,015
Insurance	6,617	3,309	2,584	725
Bank fees	1,658	829	412	417
Total Contracts	$ 71,762	$ 35,882	$ 32,552	$ 3,330
Schedule II - Overhead				
Legal	$ 35,831	$ 17,916	$ 1,612	$ 16,304
Office and operating supplies	2,127	1,064	5	1,059
Printing	2,127	1,064	-	1,064
Licenses/Memberships	2,127	1,064	410	654
Agency IT Costs	21,963	10,982	-	10,982
Miscellaneous	6,012	3,006	-	3,006
Total Overhead	$ 70,187	$ 35,096	$ 2,027	$ 33,069

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 JUNE 30, 2022

		June 30, 2022
Change in Net Assets		$ 514,313
Adjustments to reconcile Change in Net Assets		
to net cash provided by operations:		
	Due from Cities	79,406
	Prepaid	(89,584)
	Accounts Payable and Accrued Liabilities	21,674
Cash provided by operating activities		525,809
	Contributions to LGIP	(505,321)
	Net interest earned	(2,861)
Cash (used) for investing activities		(508,182)
Net cash increase (decrease)		17,627
Cash at January 1, 2022		230,796
Cash at June 30, 2022		**248,423**
Less Operating Reserve		**-**
Cash Available		**$ 248,423**

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.

Avenu Migration to Azure Security Assessment

September 2022

leviathan security group

September 22, 2022

Purpose

FileLocal asked Leviathan to assess Avenu's work in progress to see if their migration to Azure includes sufficient care for security. This memo contains the assessment results.

Method

Leviathan investigated by examining documents from Avenu and then interviewing four people from Avenu's engineering team together for an hour. Details of the documents and interview are listed at the end of this document under Evidence Considered.

Scope

Drawing from these information sources, Leviathan's limited goal is to consider whether the project proceeds from good designs, follows reasonable best practices, gives adequate weight to security, and is being executed in a way that instills confidence in the likely result. It is not to audit Avenu's security program or test the migrated platform.

Executive Summary

Leviathan has confidence that Avenu is managing the project well. The Avenu engineering team is proceeding with due caution and following industry best practices. They have considered security in the design from early on. They have made reasonable arrangements for security testing, vulnerability management, continuity of operations, disaster recovery, and logging. While the notes that follow include suggestions, we found no serious shortcomings. Avenu's engineering team is already aware of potential trouble spots and prepared to deal with them.

Project Description

The original pre-migration FileLocal application has a very standard technology stack: incoming web traffic is screened through a firewall and routed through a load balancer to one of two web servers, and the web servers communicate with two database servers on the back end. The new cloud platform mimics that structure very closely, recreating the same configuration with cloud appliances and virtual machines. This is commonly known as a "lift and shift" migration. It is a reasonable, relatively safe way to execute the transition.

Reasons for High Confidence

Overall Leviathan has high confidence in the Avenu's efforts to keep the new platform secure. Facts supporting that conclusion include:

1. Early on Avenu engaged a third-party security consulting company to help them identify and implement technical policy controls to enforce good governance practices in their cloud platform.

2. Avenu has an ongoing engagement with another security consulting company, GuidePoint, who are well known. The "GPVUE program" engagement with GuidePoint includes recurring reviews of Avenu's architecture, program, and roadmap.

3. Avenu has in place a vulnerability management program that includes regularly updating their servers. They evaluate and test changes before promoting them to Live. Their update schedule coordinates with Microsoft's patch release cycle.

4. Avenu regularly administers two kinds of internal security scans using industry standard scanning tools:
    - Static analysis of potential code vulnerabilities using Snyk.io.
    - Infrastructure vulnerability scanning with Qualys.

5. Avenu aggregates logs in a SIEM for monitoring and analysis. They use Sumo Logic, another well-known standard tool for this purpose.

6. Avenu refers to standards from NIST, Palo Alto, and Microsoft in defining steps for hardening their environment.

7. Avenu has a clear process for disabling access privileges when employees leave the company, and the process will include disabling access to the cloud systems.

8. The cutover plans for going live with the new system include two separate third-party security verification tests.
    - One focuses on the security and resiliency of the FileLocal application.
    - One focuses on the cloud infrastructure.

In addition, Leviathan applauds Avenu's stated intention to create communities of practice across the organization. This is a good, standard way to develop and propagate best practices.

Recommendations

What shortcomings we found are neither surprising nor alarming. They are consistent with a competent staff migrating an application with legacy code to a new platform. Avenu is already aware of them and in most cases already intends to address them.

Only one recommendation should happen soon—with, or shortly after, the initial migration:

1. *Set up security alerting in the SIEM*.
   Avenu does aggregate system logs in the Sumo Logic SIEM but has not yet created monitoring or alerts for security-specific events.

The remaining recommendations call for long-term work to improve security by taking better advantage of what the cloud offers. These are normal platform improvements that will over time produce significant security benefits. They do not represent audit findings or missing security controls.

2. *Replace virtual machines with managed services.*
   Managed services provide more consistent patching and much better load scaling options.

3. *Move all secrets to Azure KeyVault.*
   Azure has a storage facility for secrets used in code such as encryption keys and passwords. The old FileLocal application has reasonable storage mechanisms for secrets, but moving all of them to Azure's KeyVault will provide more secure and more auditable management capabilities.

4. *Automate the delivery pipeline.*
   Avenu's process of moving code changes from developer workstations to production is well defined but involves manual steps. Automating the promotion of code into production generally reduces errors, facilitates rapid delivery of small changes, provides better rollback capabilities, and facilitates automated testing.

5. *Automate the creation of servers.*
   Avenu has a well-defined way to create servers from a template, but they have about 100 servers and manual work is required to create and harden each one. Azure has "infrastructure as code" capabilities that can automate this task which improves both productivity and reliability.

6. *Expand to multiple regions for greater resilience.*
   Currently the new FileLocal app is deployed within one Azure region (US East 2.) The deployment makes use of multiple availability zones within that region to ensure business continuity in the event of a catastrophe in one data center. Crossing multiple regions, however, will provide resilience in the face of larger disasters.

7. *Manage identity for all staff in one system.*
   Partly as an artifact of business acquisitions, some Avenu locations have their own Active Directory system. This creates potential for synchronization errors that could lead to security problems in auditing or terminating access rights. Avenu has addressed the risks with well-defined termination procedures and has automated some of the synchronization, but a unified system would be more reliable.

Evidence Considered

Understanding what went into the assessment is useful context for interpreting the result. Here are the details.

The interview took place on Friday 9/16. The following people participated:

From Avenu:

- Johan Milbrink, Vice President of Technology
- Joseph Atwell, Software Engineering Manager
- Allarick Greer, Security Director
- Mark Terrill, Senior Engineer Servers, Storage, Virtualization
- Karin Deering, Project Manager

From Leviathan:

- Brian Myers, Senior Security Advisor
- Tom Overbey, Security Advisor

Documents considered include:

- Avenu Cloud Policies.docx
- FileLocal Prod and UAT Env.pdf
- FileLocal Azure App Diagram.pdf
- Transition Plan to Azure for FileLocal.xlsx
- Secure Development Lifecycle and Change Management.docx

FileLocal

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FileLocal: Monthly Business Review

August 2022

Production Support Tickets

August '22	1 Week	2 Weeks	3+ Weeks	Total
In Progress	11	0	20	31
Ready to Start	1	0	0	1
Escalated	0	0	2	2
Waiting for customer	2	0	5	7
Pending	0	0	12	12
Subtotal FY22	14	0	39	53
<FY22	0	0	0	0
Total Tickets	14	0	39	53

July '22	1 Week	2 Weeks	3+ Weeks	Total
In Progress	2	1	21	24
Ready to Start	9	1	1	11
Escalated	11	4	2	17
Waiting for customer	1	0	4	5
Pending	0	1	11	12
Subtotal FY22	23	7	39	69
<FY22	0	0	0	0
Total Tickets	23	7	39	69

Delta	1 Week	2 Weeks	3+ Weeks	Total
In Progress	-9	1	1	-7
Ready to Start	8	1	1	10
Escalated	11	4	0	15
Waiting for customer	-1	0	-1	-2
Pending	0	1	-1	0
Subtotal FY22	9	7	0	16
<FY22	0	0	0	0
Total Tickets	9	7	0	16

The call volume for August was less than previous month.

Call Center Metrics

	# Handled	Average Handle Time (AHT)	Average Speed of Answer (ASA)	# Abandoned	% Abandoned	# Missed	% Missed
Augl '22 Call Center Info	902	7.29	3.79	62	5.75%	33	3.00%
Jul '22 Call Center Info	1265	7.12	6.40	86	5.50%	62	3.75%
Month over Month Change	-363	0.17	-2.61	-24	0.25%	-29	-0.75%

Aug '22 calls are significantly lower than the prior month due to normalization after quarter-end filings. Overall, the month-over-month call center metrics are very favorable.

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)

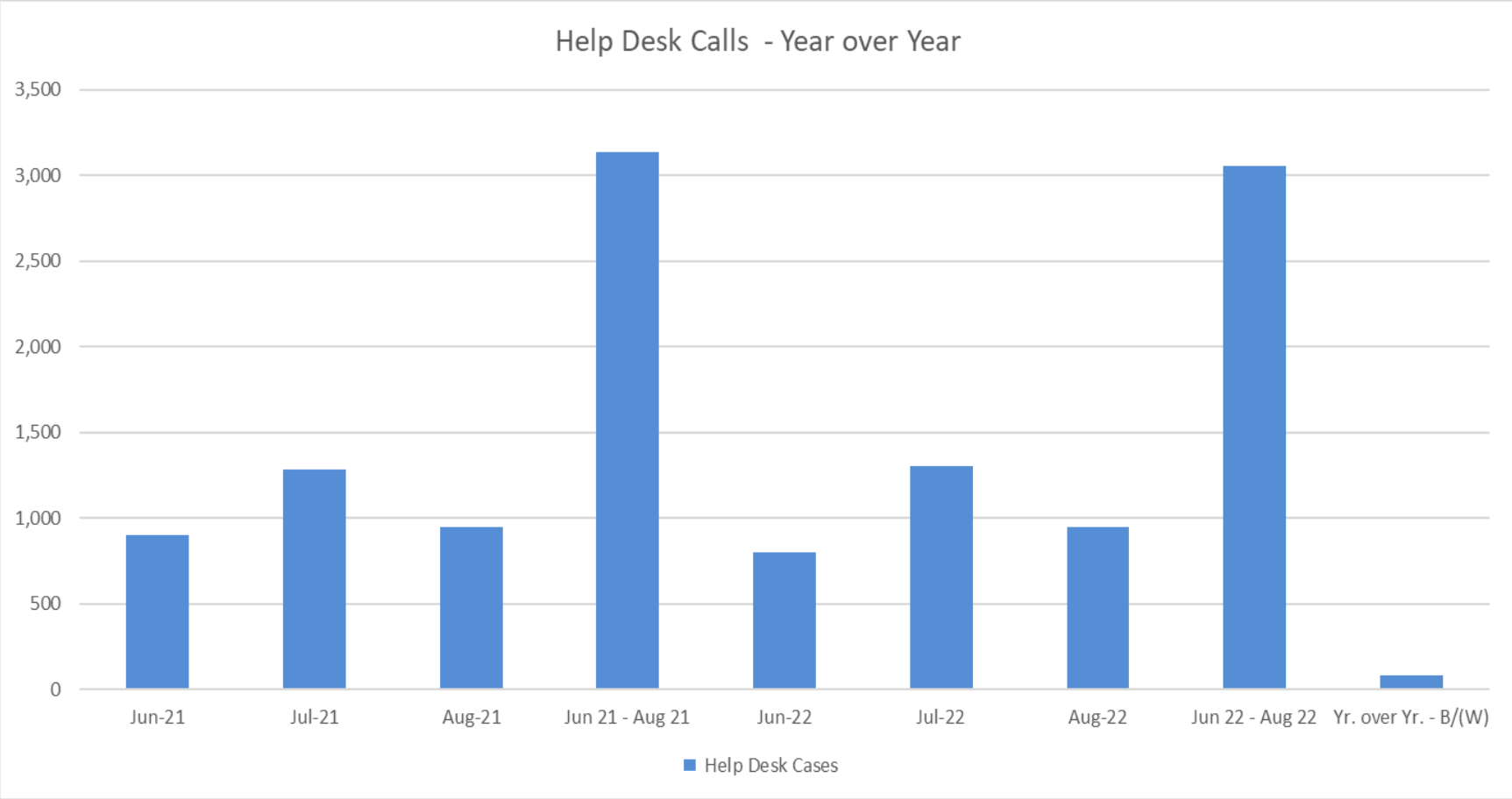
The average time from when a call is in the queue, to the time that it is answered by an agent.

Abandoned /Abandoned %

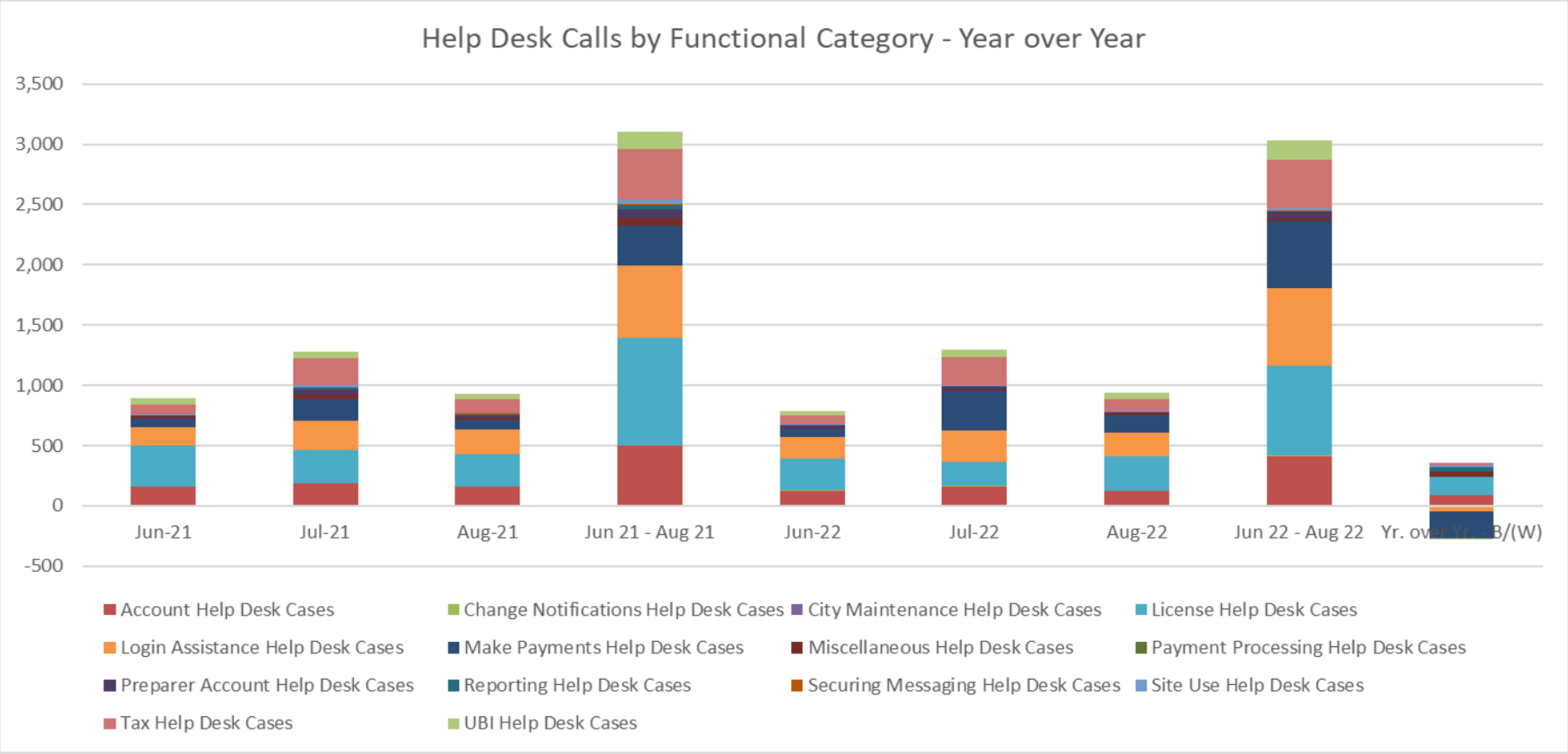
Count of calls disconnected by the customer while in the queue during the specified time range. Calls queued for callback are not counted as abandoned.

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.



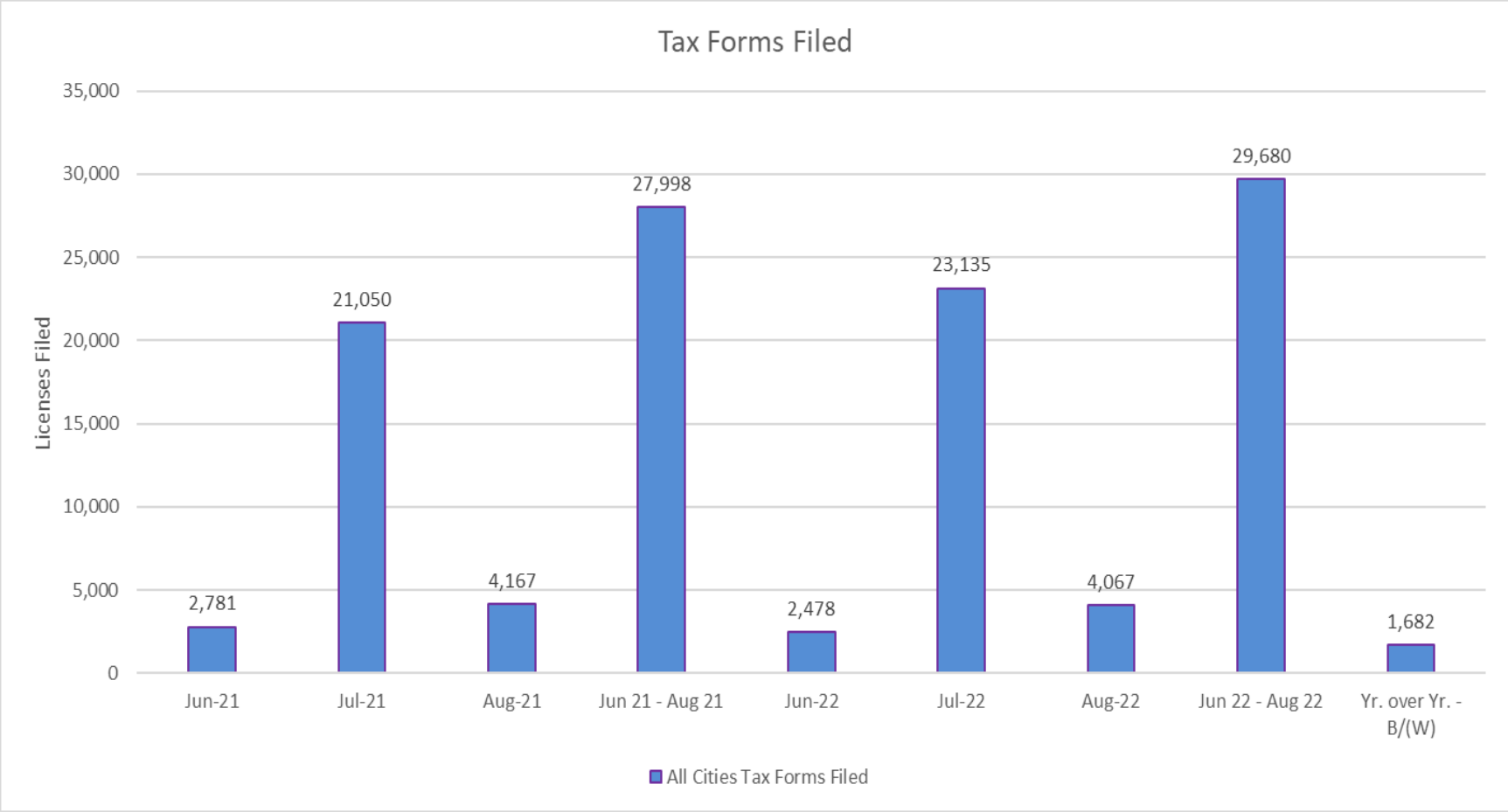
Help Desk Calls by Functional Category	Help desk calls totaled 3,053 for the three months ending August 2022. This is 13.3% of the accounts created and transactions processed which is slightly lower than the same three months in the prior year. The top four service requests make up 79.2% of the calls. License Administration (29.9%), Login Assistance (21%), Payment Help (15.4%), and Account Administration (12.8%).



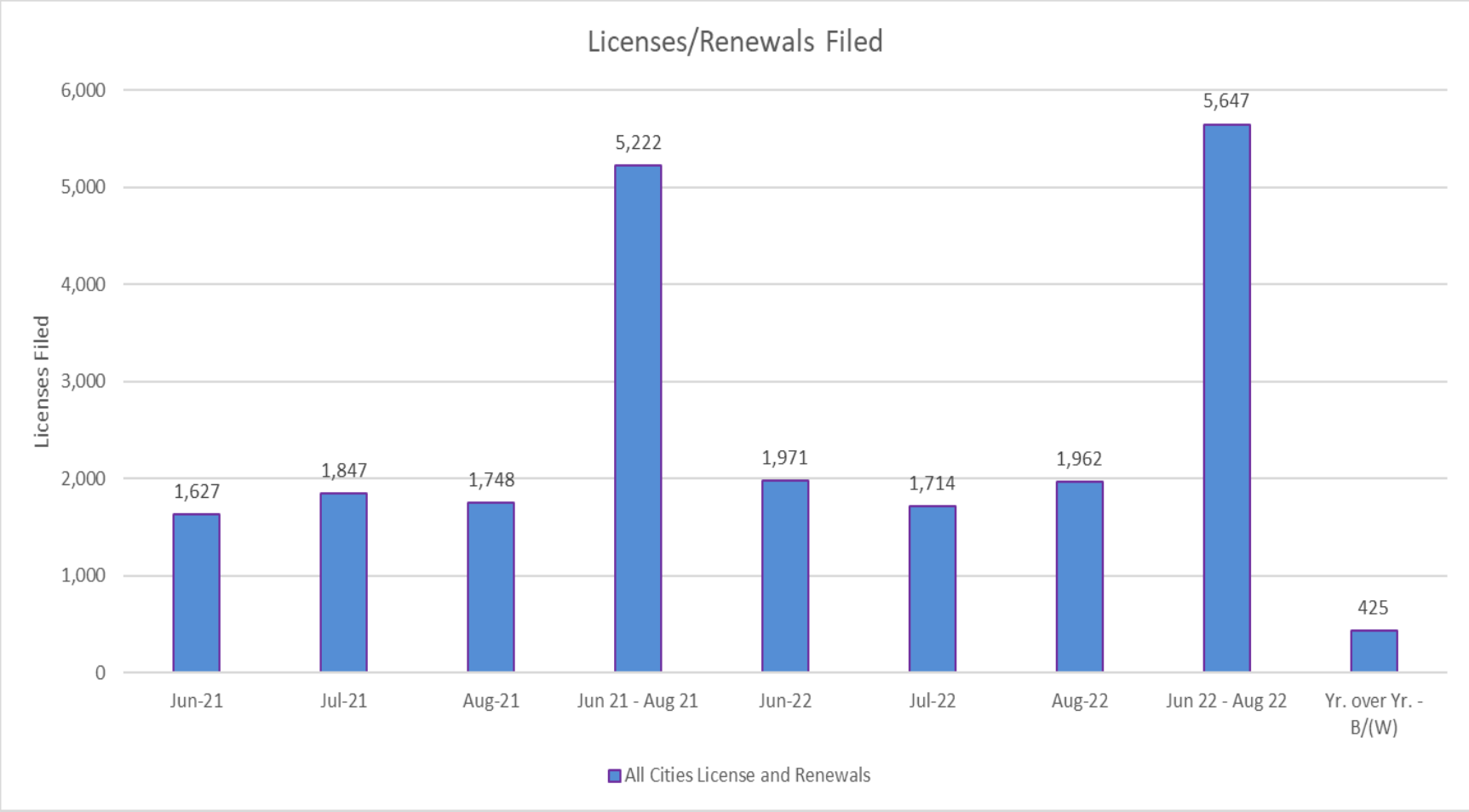
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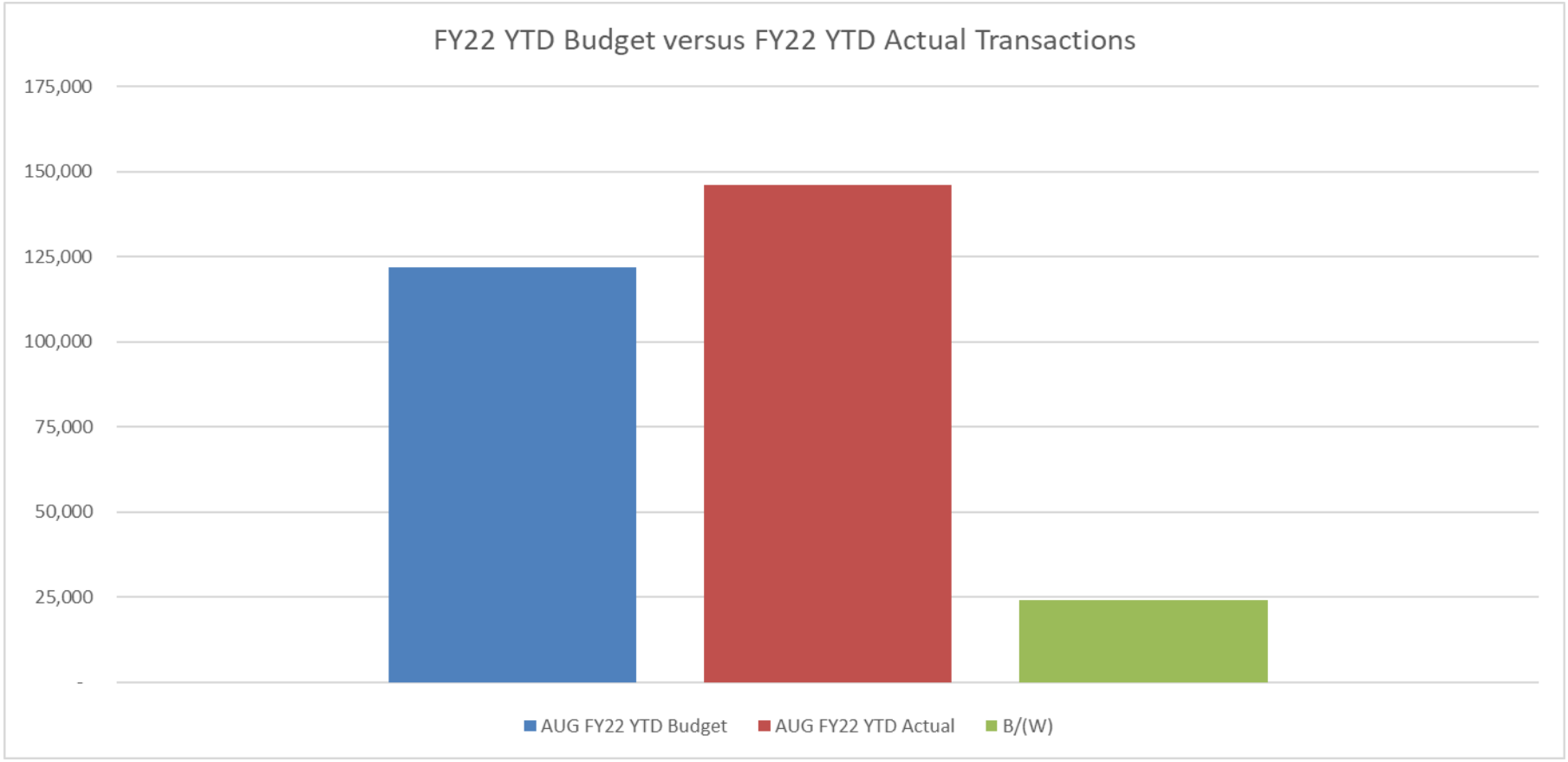
Accounts Created	Accounts created for the 3 months ended August 2022 were 4,408 which is down 37 accounts compared to the same 3 months in the prior year.



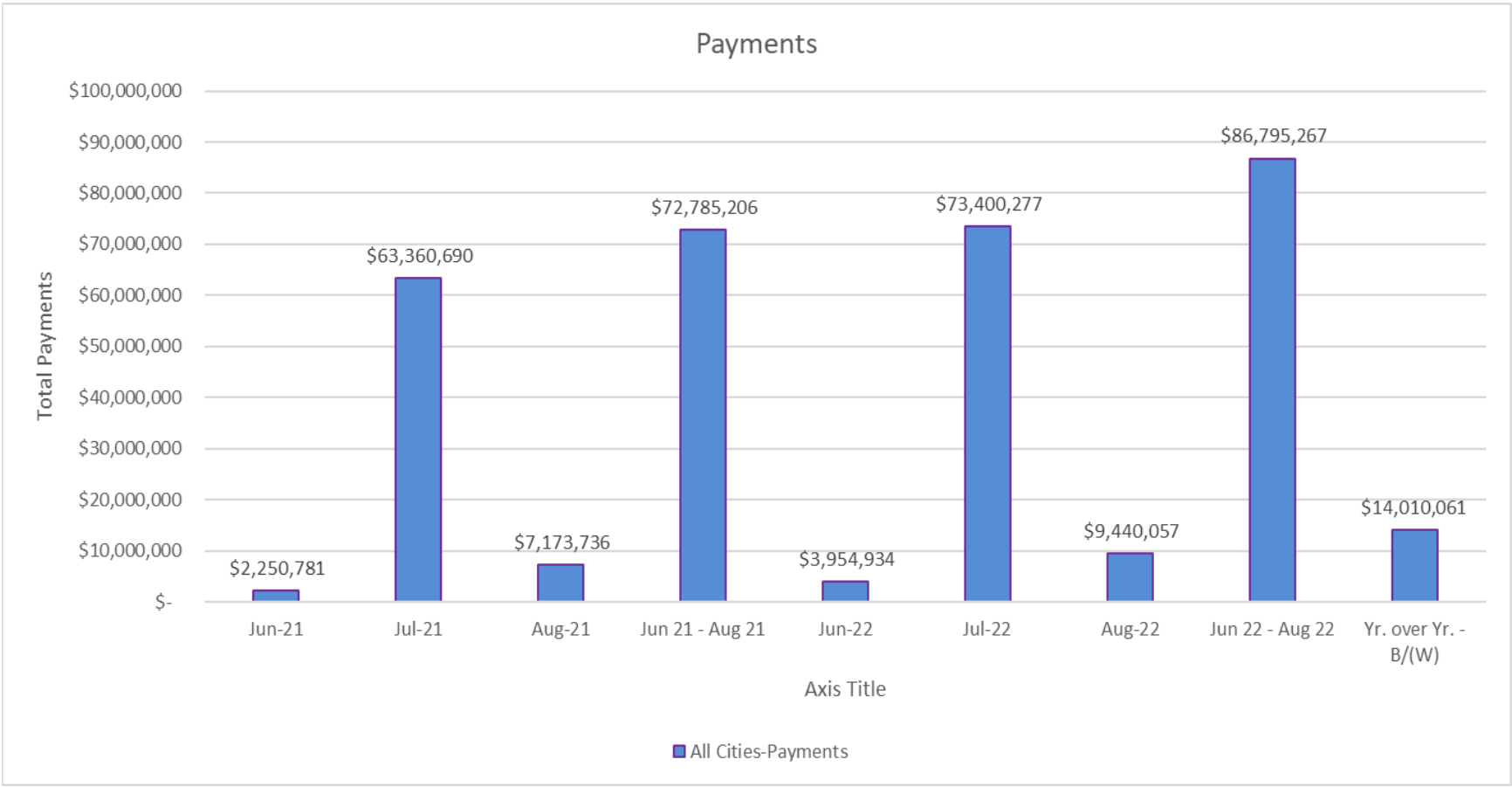
Tax Forms Filed	Tax Forms filed for the 3 months ended August 2022 were 29,680 which is up 1,682 compared to the same period last year.



Licenses/Renewals Filed	License/Renewals created for the 3 months ended August 2022 were 5,647 which is up 425 compared to the same period last year.



Transactions YTD Budget versus YTD Actual	YTD Transactions FY22 Actual versus Budget is 145,891 (A) compared to 121,780 (B) which is favorable by 24,111 or 20%. Projected payments are $387,541k YTD which is up 29% versus FY21 actuals.



Payments Made by City	Payments made for the 3 months ended August 2022 were $86,795k which is up $14,010k (19.3%) compared to the same 3 months from the prior year.

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Vendor Warrant List – 2nd Quarter 2022

FileLocal
Quarterly Warrant List
6/30/2022

Vendor Name	Payments for Current Quarter	Payments Year-To-Date
Association Recreational Council	5.00	5.00
Association of Washington Cities	-	300.00
Avenu	125,653.57	439,647.17
City of Seattle Capital Recovery	-	20,500.00
City of Seattle Treasury Dept	72,285.31	186,941.52
City of Tacoma Tax & License	-	110.00
Francis & Company	10,689.60	19,449.60
Leviathan	18,750.00	25,275.00
Madrona Law Group, PLLC	1,457.00	2,152.00
Washington Cities Insurance Authority	0	5,168.00