



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND**

**AB 5671  
March 10, 2020  
Consent Calendar**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 5671: Claims Reporting for Electronic Funds Transfers (EFTs)	<input checked="" type="checkbox"/> Discussion Only
<b>RECOMMENDED ACTION:</b>	Receive report. No action necessary	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

<b>DEPARTMENT:</b>	Finance
<b>STAFF:</b>	Lajuan Tuttle, Deputy Finance Director
<b>COUNCIL LIAISON:</b>	
<b>EXHIBITS:</b>	<ol style="list-style-type: none"> <li>1. Certification of Claims October 2019 – March 2020</li> <li>2. Accounts Payable EFT Report October 2019</li> <li>3. Accounts Payable EFT Report November 2019</li> <li>4. Accounts Payable EFT Report December 2019</li> <li>5. Accounts Payable EFT Report January 2020</li> <li>6. Accounts Payable EFT Report February 2020</li> <li>7. Accounts Payable EFT Report March 2020</li> </ol>
<b>CITY COUNCIL PRIORITY:</b>	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**SUMMARY**

The Washington State Auditors Office, through its Budgeting, Accounting, and Reporting System (BARS), requires audited and certified claims to be presented to the legislative body. The BARS manual prescribes this process in [Section 3.8.5 – Voucher Certification and Approval](#) which reads in part that the governing body approve the payment of claims vouchers and payroll. As defined by BARS, “claims” refer to all external payments that are made to satisfy obligations of the City, regardless of how payments are processed (i.e., through warrants, checks, EFT’s, etc.). Electronic Funds Transfer (EFT) is a general term used to describe any type of electronic payment and includes wire transfers and automated clearing house (ACH) payments.

Electronic payments are often more timely and secure than payment by check. Many of the City’s vendors prefer electronic payment and the State of Washington now requires electronic payment for most tax

remittances. Existing automated reports for Accounts Payable claims do not currently include payments made by EFT.

To ensure compliance with BARS voucher certification requirements, a monthly report detailing accounts payable claims paid by EFT will be included on future Council Consent Calendars. Exhibits 1 through 7 are EFT Claims reports detailing electronic payments for October 2019 through March 2020. Explanations of the most common, and recurring, electronic payments are as follows:

- **Merchant Fees:** The costs associated with Visa & Mastercard interchange. Charged to merchants (the City) on a percentage and per transaction basis. The City has multiple merchant accounts all associated with a distinct business system for cash receipting.
- **ADP Fees:** Processing fees charged by payroll vendor ADP.
- **Northwest Administrator:** Payment for monthly premiums for employee benefits including medical, dental, life and long-term disability (LTD).
- **US Bank Safekeeping:** Payment of principal and interest on outstanding long-term debt.
- **VEBA:** Employer annual and quarterly contributions to VEBA (voluntary employee beneficiary association) accounts based on collective bargaining agreements (CBA) and employee benefit packages. Those employees covered by the Fire CBA also have the option of contributing directly to their VEBA accounts through payroll deduction.
- **WA Department of Retirement Systems DRS:** Remittance of employee and employer contributions to PERS (Public Employees' Retirement System) and LEOFF (Law Enforcement Officers' and Fire Fighters') retirement systems. Remitted on a per pay-date basis.
- **WA Department of Labor and Industries:** Quarterly L&I (Labor & Industries) Tax payment.
- **WA Department of Revenue:** Monthly payment of sales and use taxes. Includes remittance of sales tax collected by the Thrift Shop and Parks and Recreation, Utility Excise taxes, Business and Occupation taxes, and local use taxes.

Pre-authorized ACH payments are initiated by the City either by contract (merchant fees, ADP) or per occurrence by authorized login to secure vendor portals (NW Admin, DRS, VEBA and WA State). Wire transfers require initiation by authorized staff in Finance with secondary authorization provided by authorized staff in the City Manager's Office – both via separate secure logins with KeyBank.

## RECOMMENDATION

Receive report. No action necessary.