

ESS Finance Subcommittee

November 8, 2022

Members Present: Jo Greiner, GERALYN GREER, Lisa Kent, Amy Assink, Sheri Jones, Laura McKeever, and Stacie Herridge (Chair)

Other Participants: Phil Dunshee, Katie New, Corrie Strasser, Census Lo-Liyong, Nancy Booten and Lisa Long

Meeting Summary

The Subcommittee reviewed the October 6, 2022, meeting summary. Nancy Booten asked to have her name added to the attendee list. Sheri Jones made a motion to approve the meeting summary as amended. GERALYN GREER seconded, and the motion was approved.

Accounts Receivable Update

The Project Manager provided an update on the outstanding accounts receivable items. Some of the receivables were associated failed payments for E-Submission and an erroneous payment made with the ESS credit card (resolved).

Monthly Payments Reports

The Project Manager presented the Subcommittee with the November monthly payment reports. Notable transactions were related to the development of the planned central authentication system (CAS) and CPA services and a renewal of a VM Ware software license. Monthly expenses include payroll, renewal of the annual Salesforce subscription and the monthly Mailchimp subscription. Credit card charges include an advertisement on Indeed for the marketing position. Sheri Jones made a motion to approve the September monthly payments reports. GERALYN GREER seconded, and the motion was approved.

November Fund 255 Reimbursement Invoice

The Subcommittee reviewed the monthly Fund 255 reimbursement invoice for November. Bills included were for Paychex; \$25,685.24 and \$22,488.96. GERALYN GREER made a motion to approve the November Fund 255 reimbursement invoice. Jo Greiner seconded, and the motion was approved.

September/ Quarterly 2022 Monthly Financial Reports

The Subcommittee reviewed the September, 2022 and quarterly Financial Reports. The BOA accounts for September were reconciled with an ending balance of \$1,332,677.67. The account setup for Bankers Trust is complete and it was also successfully reconciled with an ending balance of \$448,980.57. Sheri Jones made a motion to approve the financial reports. Laura McKeever seconded, and the motion was approved.

Reserve Fund Allocation

The Electronic Services System has a checking (cash) account for the purpose of operations and cash flow management, and reserve funds for special purpose activities. ESS has four reserve accounts: Software

Development and Equipment Maintenance Reserve; Redaction Reserve; Restricted Operating Reserve and Unrestricted Reserve. Net income that is not allocated to one of the reserve accounts is included in the Settlement Account (operating account). In the second and third quarter, the actual income from E-Submission service exceeded the projected and budgeted income by \$78,381.81. It was recommended that these funds be allocated to the Software Development and Equipment Maintenance Reserve. Authorization was also requested to set up the reserve accounts under the new Bankers Trust account.

Geralyn Greer moved to approve the reserve fund allocation as recommended, and to authorize the setup of the reserve accounts with Bankers Trust, Amy Assink seconded and the motion was approved.

BOA CY 2022 Final Budget Amendment

Subcommittee members received a report from the Project Manager regarding the primary drivers for the proposed budget amendment including the use of actual data year-to-date and revised expenditure estimates for the remaining months. The first half of the year had increased E-Submission activity, but recording activity declined in the third quarter. October E-Submission activity decreased to 2019 levels. The economy has been affected by increases in the Federal Funds interest rate, higher mortgage interest rates and general inflation. The proposed CY 2022 Budget Amendment details were reviewed by the Subcommittee.

BOA CY 2023 Budget

E-Submission activity for 2023 is expected to drop below recent years, and there has been restraint in estimating revenue for the 2023 budget. Changes in printing and other office technology are being implemented to reduce office expenses. However, inflation is increasing costs for several line items including accounting and bookkeeping services, professional fees for legal services, insurance, and personnel costs. To offset some of the expected cost increases, it was proposed that some expenses be covered by the use of reserve funds with the understanding that if revenue exceeds projections or expenses are lower than forecast, the budget would be adjusted to transfer funds back into the reserve accounts.

Amy Assink made a motion to approve the 2022 budget amendment and the CY 2023 budget. Geralyn Greer seconded, and the motion was approved.

Treasury Management Set-Up

The setup of the Treasury Management account with Bankers Trust is complete. Administrative staff completed work on a NACHA file template, and it was tested with Bankers Trust. The next phase will require modifying ILR software to begin distributing funds from the Bankers Trust account. The administrative team is also working with our gateway providers so that they can start depositing funds from our transactions into the Bankers Trust account. The transition to Bankers Trust is proceeding with incremental deposits of \$50,000. Once all the funds are transferred, Bank of America will be directed to close the account. This is expected to be completed by the end of the year.

Development Services Update

Lean Techniques has started the software development process on a central authentication system (CAS) which is a central application for the administration of all user accounts. Two factor authentication (2FA) will also be implemented for many users.

Other Project Updates

AOS/TOS Outreach

The Project Manager reported that successful meetings were held with key staff in the Office of the State Auditor and the Office of the State Treasurer. The meetings are held to raise awareness of ESS activities with the AOS and TOS.

CY 2023 Meeting Schedule

A draft schedule for the 2023 meeting calendar was presented to the Subcommittee. The Subcommittee members were asked to review the draft calendar and to discuss Subcommittee nominations with colleagues in their respective districts.

October Metrics

The October E-Submission trend mirrors the transaction levels in 2019 and is being driven by the current economic climate.

The meeting was adjourned at 9:45 AM

The next meeting of the Finance Subcommittee is a web conference scheduled for **December 8, 2022**