

ESS Finance Subcommittee

February 14, 2023

Members Present: GERALYN GREER, LISA KENT, AMY ASSINK, SHERI JONES, NANCY BOOTEN and LAURA MCKEEVER

Other Participants: Phil Dunshee, Corrie Strasser, Census Lo-Liyong, Nancy Booten, Kristen Delany-Cole and Lisa Long

Meeting Summary

The Subcommittee reviewed the January 5, 2023, meeting summary. Sheri Jones made a motion to approve the meeting summary. GERALYN GREER seconded, and the motion was approved.

Accounts Receivable Update

The Project Manager provided an update on the outstanding accounts receivable items for year 2022. Some of the outstanding receivables were due to the change in the ESS merchant ID. Several balances were written off as uncollectable, and the total adjusted amount was \$204.46.

February Summary of ESS Payments

The Project Manager presented the Subcommittee with the February monthly payment reports. Notable transactions included payment for the most recent Lean Techniques software development work, Bergan KDV accounting services, payroll and other regular services. Credit card charges include setting up a new Office 365 tenant for ESS and the new AVID telephone system, and subscriptions for MailChimp, Zoom, Dropbox, Adobe, Intuit, JIRA and AWS. GERALYN GREER made a motion to approve the monthly payments reports. AMY ASSINK seconded, and the motion was approved.

As a part of the payment reports, the Subcommittee also received an update on the payments received with respect to the MOU with the Iowa County Records Association. The payment report included the policy coordination work at the state capitol and marketing services for the Records directory.

February Fund 255 Reimbursement Invoice

The Subcommittee reviewed the monthly Fund 255 reimbursement invoice for February. Bills included were for Paychex; \$25,608.94, \$865.10, and \$28,529.12. GERALYN GREER made a motion to approve the January Fund 255 reimbursement invoice. SHERI JONES seconded, and the motion was approved.

December 2022 Monthly Financial Reports

The Subcommittee reviewed the December 2022 financial reports. The Bank of America (BOA) account for December was reconciled with an ending balance of \$ 1,373,245.14. The Banker's Trust (BT) account for December was reconciled with an ending balance of \$ 219,548.55. Going forward, BT will be used for all transactions once the BOA account is closed. The December, Quarterly and YTD Profit and Loss and Balance Sheet reports were also reviewed. AMY ASSINK made a motion to approve the financial reports. LAURA MCKEEVER seconded, and the motion was approved.

Settlement and Reserve Funds

As part of the bank transition, reserve fund accounts were setup in Bankers Trust and funds were moved from BOA to BT. As of December 31, 2022, the operating account had a reconciled balance of \$1,148,292.1 (Bankers Trust \$188,808.02 and Bank of America \$959,484.08). The Unrestricted Reserve had a balance of \$38,399.40, the Software Development and Equipment Maintenance Reserve had a balance of \$712,650.79, the Restricted Operating Reserve had a balance of \$100,000.00, and the Redaction Reserve had a balance of \$39,990.01.

Budget Adjustment

While overall recording activity declined, E-submission continues to increase. Sixty percent (60%) of all recorded documents were electronically recorded in 2022. Projected revenue from E-submission was built on an estimate of \$85,000 in income per month but income is now projected to be lower. For this reason, it was recommended that the monthly income projection for the remainder of 2023 be reduced to \$80,000.00. Other recommendations include an adjustment in the accounting budget to provide for the preparation of the 2022 990 filing, and to adjust the budget to reflect actual income and expenditures in January and February.

Sheri Jones made a motion to authorize staff to adjust the budget as recommended. GERALYN GREER seconded, and the motion was approved.

Reserve Fund Expenditure

With the assistance of our external development service providers, ESS has implemented a new central authentication system (CAS), developed plans for the next generation search application, developed a work around for enabling electronic recording when local systems are down, updated ESS payment systems, and implemented a notification system when multiple users are trying to work on the same document.

Authorization is requested for the use of up to \$350,000.00 from the Software Development and Equipment Maintenance Reserve during the period of February 20, 2023, through June 2, 2023, in support of the developments for the new search application, a new search user management system, and other improvements.

GERALYN GREER made a motion to authorize staff to utilize up to \$350,000.00 from the Software Development and Equipment Maintenance Reserve during the period of February 20, 2023, through June 2, 2023. LAURA MCKEEVER seconded, and the motion was approved.

E-Submission Ratios and Maintenance Credits

The 2022 end of year cost-sharing report was presented to the Finance subcommittee. The report will be submitted to the ESS coordinating committee for approval. Based on the report, recording activity was down but the E-submission ratio increased. Cost-sharing is based on a formula which measures the ratio of electronic recording in each county. The formula is adjusted by a grandfather clause that stipulates each county cannot get an amount less than the previous year. The budgeted amount is about \$170,000.00. GERALYN GREER moved to recommend approval of the cost-sharing formula, including the grandfather clause and other adjustments, to the ESS Coordinating Committee. Sheri Jones seconded, and the motion was approved.

Treasury Management Set-Up

The Project Manager reported that the functions of the Treasury Management account with Bankers Trust are nearly complete. NACHA file are now being processed through Bankers Trust. Our gateway providers will soon start depositing funds from ESS transactions into the Bankers trust account. The transition to Bankers Trust was not completed in December 2022 as projected due to a delay in programming the updated NACHA files. Once all the funds are transferred, Bank of America will be directed to close the account.

Accounting Services RFQ and Position Posting Update

The RFQ to identify qualified firms and a job posting to consider hiring an in-house accountant was presented. The position has been advertised on Indeed. Denman & Co submitted their proposal to provide auditing services for 2022. The service will include the audit for ESS and preparation of IRS Form 990 for the Iowa County Records Association. The proposal will be submitted to ESS coordinating meeting for approval.

Development Services Update

The Subcommittee reviewed the development activities noted previously (see: **Reserve Fund Expenditure**). The Subcommittee was also reminded that all local service providers are being required to move to the new E-Submission REST API by June 2023.

January Metrics

The January E-Submission trend has dropped below 2020 levels for the first time. This is mostly driven by the current economic climate, but also partly affected by the Cott service outage in five counties at the end of December.

The meeting was adjourned at 9:45 AM

The next meeting of the Finance Subcommittee is a web conference scheduled for **March 14, 2023**