

**ESS Finance Subcommittee
Teleconference Meeting
June 8, 2023**

Members Present: Geralyn Greer, Sheri Jones, Laura McKeever, Amy Assink, Nancy Booten, Lisa Kent, and Stacie Herridge

Other Participants: Phil Dunshee, Census Lo-Liyong, Kay Kelleher, Kristen Delany-Cole and Lisa Long

The meeting was called to order at 8:30am.

Meeting Summary

The Finance Subcommittee reviewed the May 4, 2023, meeting summary. A motion was made by Sheri Jones and seconded by Geralyn Greer to approve the summary. The motion was adopted unanimously.

Accounts Receivable Update

The Account Manager updated the Subcommittee on the outstanding accounts receivable. The accounts receivable was high because of the county maintenance invoices and the Fund 255 reimbursement invoice.

June Summary of ESS Payments

The Project Manager presented the Subcommittee with the June 2023 monthly payment reports. The report highlighted transactions related to the Lean Technique software development services. Lean Technique is currently completing the Search Application phase of the software development services. The monthly reports also include payments to Kathy Towner, who is currently providing support to reconfigure the ILR WordPress website. The remaining payment includes payroll and mileage for Lisa Long trips to the district meetings.

Payments on the BT credit card include expenditures for Konica Minolta services, Konica Minolta provides technical support for our printing and computer services. ESS has developed a new payment system esspay.net, and charges related to that include payments to Sectigo for a security certificate. This is in addition to monthly payments to service providers and software companies such as Mailchimp, Zoom, Adobe, Microsoft 365, Intuit, JIRA, and AWS.

A motion was made by Laura McKeever and seconded by Geralyn Greer to approve the June payment reports as of June 30, 2023. The motion was approved.

As part of the payment reports, the Subcommittee received an update on an invoice related to the MOU between ESS and the Iowa County Records Association.

June Fund 255 Reimbursement Invoice

The Subcommittee reviewed the monthly Fund 255 reimbursement invoice for June 2023. Bills included were for payroll in the amount of \$31,867.85. ESS has planned to maintain a minimum balance of \$100,000, and for this reason only a portion of payroll costs were included in the reimbursement invoice. A motion was made by Stacie Herridge, seconded by Sheri Jones to approve the June Fund 255 reimbursement invoice. The motion was approved.

April Monthly Financial Reports

The Subcommittee was first presented with confirmation that the Bank of America (BOA) account was closed on March 31, 2023. ESS received the final closing statement.

The Subcommittee reviewed the April 2023 financial reports. Kay Kelleher has gone through a process of transitioning the accounting process from Bergan KDV. The P&L report shows gross income in April of \$2.6 million, while total expenses amounted to approximately \$2.7 million. Expenditures from the reserve funds have been made, affecting the reported net income. The budgeted accounts showed income of \$142,474.00 and expenses of \$97,091.40, with a net income of \$45,382.60. The balance sheet reflects expected total assets, with cash in the bank appearing higher due to transaction processing timing. The Subcommittee received a report showing the actual cash balance as of June 1st to be \$1,611,154.16. There may be fluctuations between the cash balance reported in the accounting system and the actual bank statement due to the movement of deposits and outflows. ESS has planned to maintain a target balance of \$850,000 for the bank account to cover cash flow needs, ensuring sufficient funds for county distributions. ESS monitors both the balance sheet and the actual bank balance. Reserve account balances are on track with projections.

ESS staff reported that there was an error in the accounting reconciliation reports. The reconciliation report balance did not match the actual balance. However, during the reconciliation process, the software indicated that the balances were correct. Internal reports indicated that the identified transactions had been reconciled, but not all cleared transactions were reflected in the reconciliation report. ESS staff investigated the issue and consulted with Denman Auditors for guidance. The discrepancy was narrowed to about \$1,800. After review, the root cause was suspected to be associated with the software and the size of the accounting file. ESS staff is planning to create a new and smaller accounting file, and it is hoped that this will resolve the issue. The Subcommittee will be updated at the next meeting.

The Subcommittee reviewed the credit card statement for April which was successfully reconciled. The Fund 255 statement received from the State Treasurer's office included transactions for both March and April. A statement was not received in time for the previous meeting, and the reconciliation reports for both March and April were presented. The balance at the end of March was \$155,981.62, and by the end of April, it increased to \$187,496.28. The profit and loss (P&L) statement indicated a negative net income for April - primarily due to a decrease in recording fees. ESS staff indicated that this condition will be closely monitored, and that an adjustment may be required in the next cycle.

A motion was made by GERALYN GREER and seconded by AMY ASSINK to approve the April 2023 financial reports. The motion was approved.

Point Of Sale Distributions

It was reported that BankCard USA had experienced a cyber-attack, and this had affected their ability to provide required payment reports. The attack did not affect the ESS payment system, but it did result in a delay in the payment distribution to counties. ESS staff worked to identify a workaround, and steps were initiated to complete the payment distribution. ESS has now developed a back-up plan that can be initiated in event there are future issues.

Development Services Update

The Subcommittee received an update on software development activity. All but one county has been enabled to use the new search system. Customers have been reminded that utilization of the new search system will require filling out a new application and agreeing to the new "Terms of Service". The legacy system is expected to be decommissioned sometime in the fall. Once the process is complete, the development team will turn their focus to several outstanding support issues.

A new policy is currently in development that will document the basis for which ESS would deny an application. It will also detail the processes for blacklisting or blocking IP addresses.

Metrics

The economic trends continue to be a concern, but in May E-submission activity bounced back somewhat. Although not yet reaching the levels of 2020 and 2021, there was a noticeable increase in E-submission activity. The report offered some hope that the positive trend could continue in June and July, leading to a favorable position for the remainder of the year. It was acknowledged that adjustments would be made based on the evolving situation.

The meeting was adjourned at 9:30 AM. The next meeting of the Finance Subcommittee is a web conference scheduled for July 11, 2023.