

**ESS Finance Subcommittee
Teleconference Meeting
September 12, 2023**

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

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

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

Meeting Summary

The Finance Subcommittee reviewed the August 03, 2023, meeting summary. A motion was made by Sheri Jones and seconded by Geralyn Greer to approve the summary. The motion was adopted.

Accounts Receivable Update

The Account Manager updated the Subcommittee on the accounts receivable report. All the county maintenance accounts have cleared. There are outstanding receivables from several counties for deputy conference registrations. There were four organizations with outstanding E-Submission payments due.

September Summary of ESS Payments

Notable expenses include payments to local service providers including Avenu Insights and Solutions, an insurance premium of \$39,937.00, and expenses associated with participation in the summer PRIA conference. Other payments encompassed payroll and monthly expenses to service providers and software companies, including Mailchimp, Zoom, Adobe, Microsoft 365, Intuit, JIRA, Slack and AWS.

There was a payment reporting issue associated with project management, causing the same payment to appear twice in the August reports. Duplicate payments have not been made, and this may require an accounting adjustment. A motion was made by Geralyn Greer and seconded by Lisa Kent to approve the September summary of ESS payments. The motion was adopted.

September Fund 255 Reimbursement Invoice

The Subcommittee reviewed the Fund 255 reimbursement invoice for September 2023, which included a bill totaling \$32,684.48 for payroll expenses. The reimbursement invoice did not include all payroll expenses to ensure that a minimum balance of \$100,000 would be maintained in Fund 255. This decision is not an official policy, but rather a management decision to balance cash-flow. Stacie Herridge made a motion to approve the September reimbursement invoice, which was seconded by Amy Assink. The motion was approved.

MOU Invoice Report

The Subcommittee members received a detailed report on the August invoice submitted as part of the

ESS-ICRA Memorandum of Understanding. It covered various activities related to the Recordors' manual, policy development, legislation, and work related to the website information hub. The report highlights that the time reported for participation in the ICRA conference is not considered part of the MOU and is not included in the payment request.

Linn County Payment System Report

The Subcommittee received an update on a new Linn County online registration renewal system. A snapshot of a transaction report was provided. ESS is acting as the payment service provider for the new system. While this service may not be a significant revenue generator, it provides proof of concept that ESS can provide a payment system for other counties as well.

July 2023 Financial Reports

The Subcommittee reviewed the financial reports for July 2023. The financial report for July provides an overview of income and expenses. The bank balance at the beginning of the month was \$1,294,209.19, with an ending balance of \$1,346,746.45.

Regarding income and expenses, the report breaks down the figures into budgeted and revolving categories. Total income for the month was \$2,816,295.55 with revolving income of \$2,691,512.73. Revolving expenses primarily related to the distribution of funds, totaling \$2,702,087.32. Budgeted income for the period was \$124,782.82 with service fee income being slightly below the target at \$76,178.94. Total budgeted expenses were \$298,890.52 including a significant payment to local service providers in the amount of \$175,506.10. Income for maintenance activities was recognized in a previous period. For July the budget showed a loss of -\$174,107.70 which was expected.

The balance sheet for July showed total assets and liabilities of \$2,593,139.34. However, due to a bookkeeping error the reserve balances did not show the correct amounts. Subsequent to the reconciliation of the July accounts the error was corrected. To illustrate, the balance sheet as of September 8 correctly showed a balance in the Software Development and Maintenance Reserve of \$410,870.52, and a Settlement account balance of \$977,302.54.

The credit card statement was successfully reconciled with an ending balance of \$5,844.02. Fund 255 had a beginning balance of \$114,806.70 and an ending balance of \$127,193.39.

Lisa Kent made a motion to approve the July financial reports. Sheri Jones seconded, and the motion was approved.

2022 Audit 990 Report

The Subcommittee was provided with information showing that the 2022 audit report had been filed with the State Auditor, and that the 990 return for the Iowa County Recordors Association (ICRA) had been filed with the IRS. With the amendment to the ESS 28E agreement and the establishment of a new bank account for the Electronic Services System, future 990 reporting for ICRA should be less complicated. Discussions with Denman on these topics are planned for the near future.

Accounting File Transition

Some of the bookkeeping errors and other issues reported to the Subcommittee are directly associated with the creation of a fresh QuickBooks accounting file on August 25, 2023. During the transition from the services for an external accounting firm to an internal accountant, it was discovered that the actual computer accounting file had become much too large and was vulnerable to errors and data corruption. Generally, the transition to the new accounting file was reported to be successful, but there are some issues and loose ends that will need to be addressed. The ESS team will be working with Denman to ensure they are handled correctly in preparation for the 2023 audit.

Development Services Implementation Update

Search Application Progress

Most of the E-submission customers have successfully migrated to the new search application. The focus is now on migrating business users who are not submitters from the legacy search application to the new one. While a firm date for discontinuing the legacy application has not been set, the plan is to do so by the end of the year. Some tasks need to be completed before this transition.

Transition of Local Service Providers

The transition of local service providers from the old E-Submission API to the new E-Submission API is underway. Solutions, starting with Clay County, will soon make the transition. The development team is actively working on the County Upload API. A quarterly meeting with local service providers is scheduled for October. The official rollout of the new County Upload API is planned for 2024, with a deadline of September 30th, 2024.

June Metrics

The latest submission trends report showed an increase in revenue in August, following a similar pattern from previous years. While there have been improvements compared to a slow start, the revenue has not yet reached the levels seen in previous years. The financial situation is being closely monitored, and any budget amendments will be considered if needed. Ordinarily, budget adjustments are made in November, but there is a possibility that some adjustments might be considered at the October meeting.

The meeting was adjourned at 9:30 AM. The next meeting of the Finance Subcommittee is a web conference scheduled for October 10th, 2023.