

**ESS Finance Subcommittee
Teleconference Meeting
November 7, 2023**

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

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

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

Meeting Summary

The Finance Subcommittee reviewed the October 10, 2023, meeting summary. A motion was made by GERALYN Greer and seconded by Amy Assink to approve the summary. The motion was approved.

ESS Finance Subcommittee Members

The Subcommittee members were informed about the need to nominate new Subcommittee members as terms expire. There are four member positions with terms ending December 31, 2023. Members were asked to communicate with their respective districts.

Accounts Receivable Update

The Account Manager updated the Subcommittee on the accounts receivable report. ESS recently received payments for Bishop Engineering, Collins, and Iowa Falls State Bank. A credit card refund associated with Muscatine County was cleared.

November Summary of ESS Payments

The monthly payment reports were presented. Notable AP report items included the rental payment to West 48th for the Deputies Conference. Other transactions represented normal expenses.

Notable credit card expenses were expenses associated with the Deputies Conference. AWS (Amazon Web Services) costs are increasing month-to-month as the volume of back-up storage increases (\$900.00 in October). A payment of \$ 3,575.00 was made for the annual subscription to Tenable software, a security software used to identify vulnerabilities. Additional payments covered various expenses, including monthly expenditures for service providers and software companies such as Adobe Creative Cloud, Mailchimp, Zoom, Microsoft 365, Intuit, JIRA, and Slack.

A motion was made by Amy Assink and seconded by GERALYN Greer to approve the November summary of ESS payments. The motion was approved.

November Fund 255 Reimbursement Invoice

The Subcommittee reviewed the Fund 255 reimbursement invoice for November 2023, which included a bill totaling \$25,921.06 for payroll expenses. In December, ESS will be seeking reimbursements for two out of three November payroll invoices from Fund 255.

ESS will be seeking a meeting with the State Treasurer's office to review reimbursement procedures, which in the future may be primarily associated with monthly income. Other changes may be discussed, because it has been nearly two decades since the original procedures were established in the Iowa Code.

Sheri Jones made a motion to approve the November reimbursement invoice, which was seconded by Stacie Herridge. The motion was approved.

September, Third Quarter and YTD Financial Reports

The Project Manager provided an overview of the financial reports. The Bankers Trust statement showed a beginning balance of \$1,173,439.32 and an ending balance of \$1,185,047.29. The reconciled reports highlighted several key financial figures, including budgeted income of \$120,456.66 and total income of \$2,835,442.06. On the expense side, budgeted expenses totaled \$112,661.30 and total expenses of \$2,816,427.27. Total net income was \$19,014.79 for the month.

The September credit card statement had a beginning balance of \$3,653.46 and an ending balance of \$5,947.78. Expenses included costs associated with participation in the Omaha PRIA Conference and the Deputies Conference.

Fund 255 had a beginning balance of \$143,261.92 and dispersed \$32,684.48 for the monthly reimbursement expense, resulting in an ending balance of \$151,077.92. The credit card and Fund 255 balances were successfully reconciled.

3rd Quarter Report

The quarterly report had a budgeted income of \$411,717.64 and budgeted expenses of \$700,384.14 with net income of -\$288,666.50. This was primarily associated with the payment of local maintenance expenses of \$297,597.29 in the period. Income for those expenses was received in the 2nd quarter.

Total income for the period was \$8,897,319.91 and total expenses were \$9,208,432.58 with a net income of -\$311,112.67. Maintenance expenses paid in the period, and the use of \$21,000 from reserve funds for software development caused this result.

YTD Report

The year-to-date budgeted income was \$1,402,731.88, and budgeted expenses were \$1,427,971.19. Net budgeted income was -\$25,239.31. Total YTD income as \$25,450,490.84 and total expenses were 25,751,366.56. Net Total Income was -\$300,875.72. This was associated with the planned use of \$271,570.00 in reserve funds for software development including updates to the Iowa Land Records search and administrative applications. Reserve funds were also used for back file redaction and a software license.

Total assets in the bank account stood at \$1,672,501.80 (accrual basis) while overall total assets amounted to \$2,412,424.55.

A motion was called to accept and approve the September, 3rd quarter, and year-to-date financial reports. Geralyn Greer moved to approve the financial reports. Laura McKeever seconded, and the motion was approved.

ESS Financial and Strategic Review

October Metrics

The latest E-submission trends report reflects current economic trends. E-submission activity in October, 2023 was similar to the activity in 2019 and 2022 and behind the levels of 2020 and 2021. The lower number of E-submissions as we approach the end of 2023 will impact end of year finances. While there was an uptick in e-submissions in December 2020 and 2021, that did not happen in 2022. It is uncertain if there will be a rebound this December.

Economic trends also include inflationary pressure on costs such as software licenses and general business expenses.

Given the uncertainty, it is important to plan the budget conservatively based on the lower E-submission trends seen in recent months and at the end of 2022.

Operating Cost Review

The Subcommittee received information about pending reviews of various expenses and options for reducing expenses. This included the review of office space options, office technology support, payment gateway service fees, and redaction services.

In addition to reviews of all line-item expenses in the budget, four main steps were proposed.

1. Temporarily reduce maintenance credits by \$55,000.
2. Temporarily use \$57,000 from reserve funds for software/tech expenses.
3. Implement a temporary wage freeze.
4. Shift the communications position to part-time.

ILR Budget Review and Action

CY 2023 Final Budget Amendment

A budget amendment for calendar year 2023 was presented for consideration. It reflected efforts to review all line items for potential cost savings. Generally, the amendment adjusted previously estimated income and expenses to actual costs for the first nine months of 2023. While most of the revenue and expenses for October were known, the accounts for that period were not yet fully reconciled. Best estimates of actual revenue and expenses were included in the budget amendment. Monthly income from E-Submission was held at \$75,000.00 and monthly income derived from the point-of-sale system was also held at \$8,000.00. Income through the end of the year was projected to be \$1,753,000.00. This is below the \$1,850,000.00 originally budgeted. Cost-saving efforts would be ongoing, but it was noted that there would likely be a small budget deficit when the year ends.

CY 2024 Budget

A budget recommendation for calendar year 2024 was based on 2023 trends. Expenditure adjustments were made to various line items including reducing expenses on education and outreach activities. It also reflected the recommended changes to temporarily reduce maintenance credits by \$55,000, temporarily use \$57,000 from reserve funds for software/tech expenses, implement a temporary wage freeze, and change the communications position to part-time.

Income for 2024 was projected to be \$1,764,095.08. Expenses were projected to be \$1,763,717.01.

A request for approval of the CY 2023 final Budget Amendment and the proposed CY 2024 Budget was made. Sheri Jones made a motion to approve the CY 2023 budget amendment and the CY 2024 budget. The motion was seconded by GERALYN GREER, and it was approved."

2024 Meeting Calendar

A proposed 2024 meeting calendar was presented to Subcommittee members for consideration. After discussion, the proposed calendar was accepted, with a standard start time of 9:00 AM.

The meeting was adjourned. The next meeting of the Finance Subcommittee is a web conference scheduled for December 7th, 2023.