

**ESS Finance Subcommittee
Teleconference Meeting
April 11, 2024**

Members Present: Stacie Herridge, Sheri Jones, Geralyn Greer, Amy Assink, Kelly Spees, Melissa Bahnsen,

Other Participants: ReNae Arnold, Selena Humphrey, Erin Canfield, Ann Ditsworth, Cathy Voith, Lisa Kent, Nancy Booten, Melissa Bahnsen, Phil Dunshee, Census Lo-liyong, Corrie Strasser, Lisa Long and Kristen Delany-Cole.

The meeting was called to order at 9 AM.

Meeting Summary

The Finance Subcommittee reviewed the March 7, 2024, meeting summary. A motion was made by Sheri Jones and seconded by Geralyn Greer to approve the summary. The motion was approved.

Accounts Receivable Update

The Account Manager provided an update on the status of accounts receivable. Simplifile has expressed a preference for ESS to withdraw the money owed directly from their financial institution as we do for standard E-Submission transactions. This would require some technical work, but this request will be implemented.

Several outstanding payments have recently been received from Pottawattamie County, Iowa County and from the Linn County renewal customer.

April Summary of ESS payments

The April accounts payable transactions included a deposit to Blue Compass to reserve space for the Deputies Conference in September. The summary also includes travel expenses for the March PRIA conference. Two payments were made to Iowa Solutions for startup/transition costs to configure their office IT services.

Data center expenses include the payment for rack space and related services to LightEdge in March. The April LightEdge bill will cover April and May for the updated managed services. The amount is expected to increase to \$8,000 per month to cover all the services provided. ESS has now fully moved to the cloud.

An issue occurred with a Van Buren and Lyon recorders Point-Of-Sale (POS) distribution. The payments from the two counties (Bank Card USA issued new credit card devices) did not show up properly on the reports used to generate the daily NACHA file submitted to Bankers Trust for county fund transfers. After investigating, it was determined those payments needed to be sent separately to the counties.

Credit card payments include recruitment expenses with Indeed (accounting).

Stacie Herridge made a motion to approve the April Payment reports. The motion was seconded by Geralyn Greer, and it was approved.

April Fund 255 Reimbursement Invoice

The Subcommittee reviewed the Fund 255 reimbursement invoice for April 2024. The requested reimbursement invoice amount was \$39,418.55.

Sheri Jones made a motion to approve the April reimbursement invoice, which was seconded by Melissa Bahnsen. The motion was approved.

February 2024 Financial Reports

The Subcommittee reviewed the financial reports for February 2024. Notably, the Bankers Trust account held a closing balance of \$1,348,684.93. The opening balance in February was \$1,292,658.57. The Profit & Loss (P&L) statement for the month showed budgeted income of \$117,555.63 and budgeted expenses of \$98,182.44. The ESS revolving income was \$2,080,785.62. Revolving expenses amounted to \$2,080,521.69. Total net income was \$13,922.22 for February 2024.

Based on the balance sheet, the BT account shows total assets and liabilities of \$2,407,239.35 with \$1,687,205.13 held in the Settlement account. ESS accounts are reported on an accrual basis. It was reported that an accounting error was discovered related to how bank service charges and gateway fees paid to vendors were booked. While the payments were made correctly, they were not assigned to the balance sheet properly. This error will be corrected for the Q1 reporting at the next meeting.

The credit card statement for February showed a beginning balance of \$7,294.23 and an ending balance of \$3,637.85. The account was reconciled successfully.

Regarding Fund 255 for February, the account opened with a balance of \$156,737.89 and closed at \$155,603.44. The account was successfully reconciled for the month.

Gerilyn Greer made a motion to approve the financial reports. Sheri Jones seconded, and the motion was approved.

Audit Preparation Update

Software Asset Report

A memo was presented on the calculation of software asset valuation as a part of the audit preparation process. The report highlighted the software assets created in Calendar Year 2023. For any new software assets developed, ESS tracks the human resource cost of developers and testers on those projects.

For 2023, six new software assets were identified with a total value of \$427,776.34:

- ESS Central authentication system
- ESS New Admin 2 Application
- ESS Pay Application
- ESS County E-Submission API (CESAPI)
- ESS Search Application 2
- ESS County Upload 2.0 Rest Services for record transfers from counties (still in development)

The \$427,776.34 value came from \$269,100.00 paid to the external software partner (Lean Techniques) and \$158,676.34 for internal development costs.

ESS Financial and Strategic Review

February Metrics

The E-Submission trends for March 2024 show that real estate transaction activity is slight above 2023 levels. It is too soon to project an improvement in the real estate market for 2024. Interest rates remain higher and it appears inflation is persisting above desired levels.

ESS Systems Change

System Cloud Migration

As of April 1st, ESS has completed its migration to the cloud. Appreciation is expressed to everyone for their patience and understanding during the recent Friday maintenance windows that were necessary to facilitate the migration. During those windows, the development team and technicians at LightEdge Solutions worked to complete the cloud migration activities.

Point-of-Sales System Transition Plan

The ESS Finance Subcommittee received a report on the transition to new credit card devices/terminals. The goal is to complete this transition by the end of June. To begin, the new devices will first be tested with a group of 6 counties which have confirmed their willingness to participate as the initial implementation group. When that is completed the rollout will continue with distribution of new to 15 additional recorder offices each week until all participating recorder offices have received the new devices.

Recording Fees and Modernization

The Finance Subcommittee was informed that the modernization review is progressing. Engaging discussions have been taking place within the Standards Subcommittee and the Document Formatting working group. Over the past months, ESS has shared numerous modernization ideas and is now extending these discussions to various stakeholders. Although stakeholders were currently occupied with the legislative session, ESS has been actively engaging with them to assess their interest and receptiveness to the modernization ideas.

In late March, financial models and scenarios were developed and shared with the fee policy working group, who will reconvene on April 20th to evaluate the different ideas presented. Preliminary work has commenced on potential amendments to Iowa Code section 331.604 related to the project. A list of potential modernization projects has been shared with stakeholders as a "menu" of options, and a survey is currently underway to gather their input on their priorities. Various stakeholder meetings were held with groups including surveyors, abstractors, and attorneys to communicate about reasonably increasing recording fees, coupled with potential policy and program changes under a modernization initiative. While the potential ideas have been received with varying levels of interest, the overall stakeholder reaction towards the modernization effort seems to be favorable.

The meeting was adjourned. The next meeting of the Finance Subcommittee is a web conference scheduled for Thursday, May 9, 2024.