

**ESS Finance Subcommittee
Teleconference Meeting
May 9, 2024**

Members Present: Stacie Herridge, Sheri Jones, GERALYN Greer, Melissa Bahnsen, Susan Smith, and Amy Assink.

Other Participants: Nancy Booten, Travis Case, Ann Ditsworth, Erin Canfield, Natalie Steffener, Lisa Kent, Kristen Delaney-Cole, Phil Dunshee, Samantha McMahon, Corrie Strasser, Census Lo-liyong, and Lisa Long

The meeting was called to order at 9 AM.

April Meeting Summary

The Finance Subcommittee reviewed the April 11, 2024, meeting summary. A motion was made by GERALYN Greer and seconded by Stacie Herridge to approve the summary. The motion was approved.

Accounts Receivable Update

The Account Manager provided a comprehensive update on the status of accounts receivable. Key points included a late submittal to the State Treasurer for the April 2024 reimbursement request. The invoice has now been submitted. Going forward, responsibilities related to this task will be handled by the new accounting coordinator, Samantha McMahon.

The discussion also covered a chargeback from Copeland Law Firm. This was due to confusion of multiple charges, for the same amount, on the same day. Copeland Law Firm has agreed to issue a check to settle the balance.

The report further noted the remaining outstanding payments from two entities: the Lee County Recorder and Page County Recorder. Additionally, regarding the outstanding balance with Simplifile, they have notified us that they would rather have us pull those funds from their account instead of issuing a check. That action is in progress.

May Summary of ESS Payments

The Project Manager provided an update to the Subcommittee on the status of accounts payable for ESS, noting an error in billing from Lightedge Solutions, Inc. An explanation was given as to the contents of the bill, the bill discrepancy, and the corrections the June invoice should contain. A credit memo is expected. A meeting with LightEdge was noted and a payment has been made which corresponds to the service order.

Additionally, Tyler Technologies' billing issues for redaction services were reported. This is associated with the acquisition of CSI by Tyler. The Project Manager noted internal discussions about potentially developing an in-house solution, and acknowledged some speculation about possible future price increases which may result from the merger.

The report also detailed recent credit card expenditures, such as the Amazon bill being below the budget amount. Also noted was a charge from Hy-Vee, Inc. for condolence flowers.

A motion to approve the April summary of ESS payments was put forward by Sheri Jones, with Susan Smith seconding. The motion was approved.

May Fund 255 Reimbursement Invoice

The Subcommittee reviewed the Fund 255 reimbursement invoice for April 2024, which was associated with payroll expenses. The requested reimbursement invoice amount was \$32,541.13 which reflects the actual Fund 255 income in the previous month.

Amy Assink made a motion to approve the May reimbursement invoice. The motion was seconded by Geralyn Greer, and it was approved.

March and 1st Quarter 2024 Financial Reports

A memo summarizing the correction of accounting errors from the first quarter was provided and explained in detail by the Account Manager and the Accounting Coordinator. The report showed the associated journal entries made for each correction. The discussion provided an explanation of several one cent rounding errors, a reversal to a previous journal entry made in error, and some adjustments associated with payment and bank analysis fees, and reserve expenses.

The Subcommittee reviewed the financial reports for March 2024. Notably, the Bankers Trust account held a closing balance of \$1,362,506.44, up from the opening balance of \$1,348,684.93. The Profit & Loss (P&L) statement for the month revealed budgeted income of \$126,708.25 against budgeted expenses of \$99,392.40.

ESS revolving income for March stood at \$2,455,402.41, contributing to a total income of \$2,582,110.66 for the period. Revolving expenses amounted to \$2,455,833.84, with total expenditures totaling \$2,577,276.24, ending in a net income of \$4,834.42 for March 2024.

For the 1st quarter 2024 report, the budgeted income stood at \$366,687.80 against expenses of \$309,748.98. ESS revolving income for the quarter stood at \$7,043,138.11, and revolving expenses amounted to \$7,052,461.94. The total net income, inclusive of all expenses, amounted to \$19,755.09. These values are subject to adjustment for depreciation upon completion of our annual audit.

The Balance Sheet indicated total assets and liabilities at approximately \$2,411,959.07, with \$1,119,978.14 specifically held within the Bankers Trust Settlement account. It was noted that, given the use of accrual-based accounting, that the balance sheet figures may appear higher than the actual bank account balance.

The credit card statements from the start of the month showed an ending balance of \$3650.76. The account was reconciled successfully.

Regarding Fund 255 for March, the account opened with a balance of \$155,603.44 and closed at \$148,378.74. This is consistent with the expected income outlined in the reimbursement invoice, confirming the successful reconciliation for the month.

A motion was made by Geralyn Greer to approve the financial reports. Susan Smith seconded, and the motion was approved.

Budget Amendment

The Project Manager provided a summary of a proposed Budget Amendment, with a detailed spreadsheet that depicted the recommended amendments to the ESS 2024 budget. It was recommended that local maintenance cost sharing credits be increased from \$115,000.00 to \$130,000.00 and a table with each county's adjusted portion of the proposed credit increase was displayed.

An adjustment in bookkeeping expenses was explained as an estimate of possible benefit cost increases associated with the new accountant. In addition, an increase in authorized hours and budget was suggested for the Communications Coordinator position. Projected costs for the Policy Coordinator position were understated and raised to reflect actual experience.

The reports also included decreases in the budget to reflect the actual costs of legal fees, which were previously overestimated. The projected expense for Amazon Web Services (AWS) was also reduced but will be monitored.

The explanation of the proposed budget amendment included a reduction for teleconference services, as ESS is not experiencing the expense due to the integration of Zoom and Teams. As a standard practice, numerous expense items were converted from budgeted to actual amounts for the first quarter.

A budgeted amount for the acquisition of equipment was removed due to the migration of ILR systems to LightEdge managed servers.

Finally, it was noted that software expenses for DB2 (database) and SUSE (Linux operating system) would be paid from reserve funds. This may be changed if revenues rebound sufficiently.

After discussion, Stacie Herridge made a motion to approve the proposed 2024 budget amendment. The motion was seconded by Sheri Jones and approved.

ESS Financial and Strategic Review

The Subcommittee was introduced to Samantha McMahon, Accounting Coordinator. Samantha started work on April 22, 2024.

April Metrics

The E-submission level for April 2024 was above the amount experienced in April 2023. The trend represents a modest improvement and revenue will continue to be closely monitored.

ESS Future Financial Planning

In conjunction with a review of recording fee policies by the Iowa County Recorders Association, changes in funding for Iowa Land Records and ESS are being considered. Two proposed alternatives were being reviewed. 1. An "Add-on" recording fee of \$5.00 per document, or 2. An allocation percentage from the revenue for the base recording fee income for each county. The proposal noted that the changes may be coupled with other changes in current policy. This includes a possible reduction in E-Submission service fees for certain users.

An explanation of the need for a fee policy change was provided. Iowa Land Records and ESS are currently operating on a "maintenance" budget. This topic will be explored more thoroughly at the June meeting.

ESS Liquidity

A memo was presented outlining the feasibility of placing funds controlled by ESS in an interest-bearing account. It was acknowledged that while generating interest income could be beneficial, ensuring robust cash flow for timely payments to counties remains the top priority.

Audit Update

The Subcommittee received an update on the recent audit. The auditors found no issues and confirmed that the ESS financial reports accurately reflect our current financial status and that proper controls are effectively implemented. A comprehensive audit report is expected in early August.

The meeting was adjourned. The next meeting of the Finance Subcommittee is a web conference scheduled for Thursday, June 6, 2024.