

**ESS Finance Subcommittee
Teleconference Meeting
June 6, 2024**

Members Present: Stacie Herridge, Sheri Jones, Geralyn Greer, Melissa Bahnsen, Susan Smith, and Kelly Spees.

Other Participants: Erin Canfield, ReNae Arnold, Phil Dunshee, Lisa Long, Samantha McMahon, and Kristen Delaney-Cole.

The meeting was called to order at 9 AM.

Meeting Summary

The Finance Subcommittee reviewed the May 9, 2024, meeting summary. A motion was made by Sheri Jones and seconded by Melissa Bahnsen 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 resolving the past due Simplifile balance, from months prior. The funds were successfully pulled for the account earlier in the month.

The discussion also covered a failed payment from Shepard, Gibson, Lievens & Kuehner. This was due to an incorrect credit card number being entered into the system. The balance has since been paid.

The report further noted that the remaining outstanding payments are related to the upcoming deputies conference. Additionally, next month's outlook on accounts receivable was discussed and is foreseen to grow with the maintenance fee invoices being processed and sent out as of June 1, 2024.

Further discussion provided an explanation of the change in invoicing notations. These changes have taken place as of June 1, 2024, to ensure that payments go directly to ESS and not to the ICRA treasurer, in error.

May Summary of ESS Payments

The Accounting Coordinator detailed various accounts payable expenses to the Subcommittee. A progress billing payment for Denman was noted, relating to the recent audit that occurred in April. An extra Oasis bill, relating to the extra pay period that occurred in May, was also explained.

The report showed the mileage reimbursement relating to the ESS Coordinating meeting that was held on May 30, 2024. A Tama County distribution shortage from April was discussed, and a check was written to the county.

A review of recent credit card expenditures was provided. Key points included the annual renewal of a security certificate with Sectigo. Additionally, two in-house meetings occurred in May. The developers meeting on May 23, 2024, and the ESS Coordinating Committee on May 30, 2024. Lunch was provided for the meetings.

A motion to approve the May summary of ESS payments was made by Stacie Herridge, with Geralyn Greer seconding. The motion was approved.

May Fund 255 Reimbursement Invoice

The Subcommittee reviewed the Fund 255 reimbursement invoice for May 2024, which was based on the amount of three payroll expenses. The amount of the reimbursement request was \$30,806.54. As part of the arrangement with the State Treasurer's Office, ESS will draw down funds based on the previous month's income as a means of managing the budget.

Melissa Bahnsen made a motion to approve the May reimbursement invoice. Geralyn Greer seconded. The motion was approved.

April 2024 Financial Reports

The Accounting Coordinator shared the journal entries that were made in April and May. The entries included correcting entries for a few one cent rounding errors, the detailed depreciation entries, and the retirement of the computer equipment. There was a detailed explanation of the one-time catch-up entry for the depreciation of software development for January through April. The entry significantly affects the net income for the month.

The Subcommittee reviewed the financial reports for April 2024. Notably, the Bankers Trust account held a closing balance of \$1,232,378.65, down from the opening balance of \$1,362,506.44. The Profit & Loss (P&L) statement for the month showed budgeted income of \$139,451.31 against budgeted expenses of \$116,209.03, resulting in budgeted net income of \$23,242.28.

The ESS revolving income stood at \$2,864,269.82, contributing to a total income of \$3,003,721.13 for the period. Revolving expenses amounted to \$2,864,928.89, with total expenditures totaling \$3,096,695.27. There was also an Equipment Retirement entry in the amount of -\$45,921.96. Total net income of -\$138,896.10 for April 2024 due to the depreciation and equipment retirement entries.

The Project Manager gave an in-depth explanation, following the Profit & Loss (P&L) presentation, of changes being made in accounting procedures following the audit. The retirement of computer equipment resulted in the asset being removed from the balance sheet. The asset had not been fully depreciated when recycled, resulting in negative other income. The discussion also covered the monthly depreciation expense that would be seen at the end of each month, for software development going forward.

A question did arise relating to the computer equipment's retirement, prior to its full depreciation. The Project Manager further explained that the asset was expected to have a longer service life. However, after moving to the cloud at the end of March the equipment was no longer needed. As it was nearing end of life, no residual value was maintained.

The Balance Sheet indicated total assets and liabilities at approximately \$2,425,931.62, with \$1,124,733.76 specifically held within the Bankers Trust Settlement account. It's important to note, given the accrual-based accounting, that the balance sheet figures may appear higher than the actual bank account balance.

The beginning balance of the credit card account was \$3,650.76, and the ending balance was \$1,959.93. The account was reconciled successfully.

Regarding Fund 255 for April, the account opened with a balance of \$148,378.74 and closed at \$179,185.28. This was consistent with the expected income outlined in the reimbursement invoice. It was noted that the balance was a little higher due to the late submittal of the March reimbursement invoice. All reimbursements are up to date as of May 31, 2024.

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

ESS Financial and Strategic Review

May Metrics

E-Submission activity for May 2024 was slightly above the May 2023 level. Although the numbers aren't as high as prior years, the trend shows improvement from 2023. While the trend line is expected to follow previous years' month-to-month movements, the trend is in-line with the budget thus far.

POS System Transition Update

An update was provided on the upcoming point-of-sale (POS) transition. ESS is working with Professional Solutions and will have new devices sent out to 80 counties by the end of the week. Currently, 10 counties are

preparing to move into production. It was clarified that no switching will occur during the upcoming ICRA summer conference.

Fee Policies

The Subcommittee received a brief update on the development of a new fee policy for recording and Iowa Land Records. As things current stood, a recommendation may advance to change the base recording fee to \$10 per page with an allocation of specified amounts for records management and Iowa Land Records. The policy changes are expected to be discussed in the upcoming ICRA summer conference.

Audit Update

An update for the 2023 audit was provided. No issues were identified in the audit, and end-of-year adjusting entries have been made. The final audit report will be presented at the August meetings.

The meeting was adjourned. The next meeting of the Finance Subcommittee is a web conference scheduled for Thursday, July 11, 2024.