



MULTISTATE TAX COMMISSION
Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Rich Jackson, Treasurer
Date: December 2, 2014
Subject: Financial Statements for the four-month period ended October 31, 2014

OVERALL COMMENTS:

Attached are the financial statements for the four months ended October 31, 2014.

The budget column amounts in the attached report are computed and are based on the amounts in the approved fiscal year 2014/2015 budget. The budget amounts for this fiscal year were approved at a meeting of the Commission on July 30, 2014 in Albuquerque, New Mexico.

Membership Assessments, Audit Fees, and Nexus fees are recognized ratably throughout the year.

Administrative Services department expenses are allocated to all other departments based on the relative expenses of each department.

Favorable variances (for revenue or expense items) are shown as a positive numbers and unfavorable variances (for revenue or expense items) are shown as a negative numbers.

BUDGET AND FUND SUMMARY:

The larger than anticipated deficit in **General Operations** was primarily the result of the loss of the General Operations support fee of \$13,550 for the four months ended 10/31/2014 due to one state not participating in the audit program.

Vacancies in the **Audit Program** (3 auditor positions) result in a surplus in this program despite one state dropping out of the **Audit Program**.

INCOME STATEMENT - Revenues:

The approved budget for FY 2015 anticipated participation by Illinois. However, Illinois is not participating in the Audit Program this year. This resulted in an unfavorable effect of \$67,752 in the **Audit Program Fees** and an unfavorable variance of \$13,550 in the **General Operations Support Fee-Audit** for the four months ended October 31, 2014.

Mitigating the loss of \$67,752 of Illinois audit fees that is noted above is the collection of audit fees from South Carolina that related to FY 2013. The positive effect of these South Carolina audit fees for the four months ended 10/31/2014 is \$32,552.

The net effect of the \$67,752 loss of the Illinois audit fees and the \$32,552 recovery of the South Carolina audit fees results in the \$35,200 unfavorable variance in audit program fees that appears on the income statement.

A spreadsheet is attached to this report detailing the variances in the program fees noted above.

INCOME STATEMENT - Expenditures:

Salaries, Retirement, and Employee Insurance show favorable variances for the four months ended October 31, 2014. These favorable variances are primarily due to vacant positions: two income tax auditor positions and one sales tax auditor position.

In addition to the effect of the vacant positions noted above **Employee Insurance** also shows a favorable variance due to action to reduce the cost of employee group health insurance. Group health insurance was budgeted to provide for up to a 5% rate increase on the policy anniversary date of September 1, 2014. However, as a result of the loss of the audit program fee revenue (discussed above) action was taken to change the coverage thereby reducing rates by 6% in order to maintain an overall surplus at about the "break-even" level.

MULTISTATE TAX COMMISSION						
VARIANCES IN FEE REVENUE FOR FY 2015						
Fees For the Fiscal Year (12 months) ending June 30, 2015						
Description	As Budgeted	Final/Actual	Variance	Variance per month	Number of months in OCTOBER, 2014 Financial Report	Computed Variance: Favorable or (Unfavorable)
Membership Fee						
					4	\$0
General Operations Support Fee - Audit						
Illinois	40,650	0	(40,650)	(3,388)		
Iowa	0					
Pennsylvania	0					
Rhode Island	0					
South Carolina	0	0				
Total	40,650	0	(40,650)	(3,388)	4	(\$13,550)
Audit Program Fees (Net of General Operations Support Fee)						
Illinois	203,250	0	(203,250)	(16,938)		
Iowa	0					
Pennsylvania	0					
Rhode Island	0					
South Carolina	0	97,650	97,650	8,138		
Total	203,250	97,650	(105,600)	(8,800)	4	(\$35,200)
General Operations Support Fee -Nexus						
Total	0	0	0	0	4	\$0
Nexus Program Fees (Net of General Operations Support Fee)						
Total	0	0	0	0	4	\$0
NOTES ON THE ABOVE:						
Illinois - Was budgeted to participate in the Audit Program, but did not.						
Iowa, Pennsylvania, Rhode Island - Anticipating entering the Audit Program later in current FY.						
South Carolina - Audit fees related to FY 2013 when South Carolina was a Sovereignty member						
-----Compact and Sovereignty members do not pay the 20% General Operations Support fee-----						

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATIONS BY PROGRAM & TOTAL						
GENERAL OPERATIONS PROGRAM						
Revenues	\$137,018	\$136,696	(\$322)	\$568,073	\$558,048	(\$10,025)
Expenses	<u>136,343</u>	<u>152,411</u>	<u>(16,068)</u>	<u>589,822</u>	<u>597,429</u>	<u>(7,607)</u>
SURPLUS/DEFICIT - GEN OPERATIONS	<u>675</u>	<u>(15,715)</u>	<u>(16,390)</u>	<u>(21,749)</u>	<u>(39,381)</u>	<u>(17,632)</u>
ADMINISTRATIVE SERVICES						
Expenses	<u> </u>	<u>1</u>	<u>(1)</u>	<u> </u>	<u> </u>	<u> </u>
SURPLUS/DEFICIT - ADMIN. SERVICES	<u> </u>	<u>(1)</u>	<u>(1)</u>	<u> </u>	<u> </u>	<u> </u>
AUDIT PROGRAM						
Revenues and Transfers	357,725	348,925	(8,800)	1,430,899	1,395,699	(35,200)
Expenses	<u>352,225</u>	<u>314,660</u>	<u>37,565</u>	<u>1,413,300</u>	<u>1,334,051</u>	<u>79,249</u>
SURPLUS/DEFICIT - AUDIT	<u>5,500</u>	<u>34,265</u>	<u>28,765</u>	<u>17,599</u>	<u>61,648</u>	<u>44,049</u>
NEXUS PROGRAM						
Revenues and Transfers	66,493	66,493		265,973	265,974	1
Expenses	<u>67,887</u>	<u>38,362</u>	<u>29,525</u>	<u>271,547</u>	<u>268,616</u>	<u>2,931</u>
SURPLUS/DEFICIT - NEXUS PROGRAM	<u>(1,394)</u>	<u>28,131</u>	<u>29,525</u>	<u>(5,574)</u>	<u>(2,642)</u>	<u>2,932</u>
TRAINING & EDUCATION						
Revenues and Transfers	36,600	47,975	11,375	80,300	103,191	22,891
Expenses	<u>11,600</u>	<u>68,904</u>	<u>(57,304)</u>	<u>80,722</u>	<u>93,874</u>	<u>(13,152)</u>
SURPLUS/DEFICIT - TRAINING & EDUCATI	<u>25,000</u>	<u>(20,929)</u>	<u>(45,929)</u>	<u>(422)</u>	<u>9,317</u>	<u>9,739</u>
OTHER PROJECTS (ALAS)						
Revenues and Transfers	6,526	20,938	14,412	26,104	41,701	15,597
Expenses	<u>6,526</u>	<u>20,938</u>	<u>(14,412)</u>	<u>26,104</u>	<u>41,701</u>	<u>(15,597)</u>
TOTAL OPERATIONS						
Revenues and Transfers	604,362	621,027	16,665	2,371,349	2,364,612	(6,737)
Expenses	<u>574,581</u>	<u>595,276</u>	<u>(20,695)</u>	<u>2,381,496</u>	<u>2,335,671</u>	<u>45,825</u>
SURPLUS/DEFICIT - TOTAL OPERATIONS	<u>29,781</u>	<u>25,751</u>	<u>(4,030)</u>	<u>(10,147)</u>	<u>28,941</u>	<u>39,088</u>

Multistate Tax Commission
INCOME STATEMENT
For the Four Months Ending October 31, 2014

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
MEMBER ASSESSMENTS	\$104,438	\$104,438	\$0	\$417,750	\$417,750	\$0
GEN OPS SUPPORT FEE-AUDIT	16,260	12,873	(3,387)	65,040	51,490	(13,550)
GEN OPS SUPPORT FEE-NEXUS	5,446	5,446	0	21,783	21,783	0
AUDIT PROGRAM FEES	357,725	348,925	(8,800)	1,430,899	1,395,699	(35,200)
INVESTMENT INCOME	10,833	8,255	(2,578)	43,333	40,380	(2,953)
NEXUS PROGRAM FEES	66,493	66,493	0	265,973	265,974	1
ARM'S LENGTH SERVICE ADJUSTMENT	6,526	20,938	14,412	26,104	41,701	15,597
CONFERENCE FEES	0	0	0	20,000	20,085	85
EQUIPMENT SALES	0	5,685	5,685	0	6,560	6,560
MISCELLANEOUS REVENUE	42	0	(42)	167	0	(167)
TRAINING PROGRAM FEES	36,600	47,975	11,375	80,300	103,191	22,891
TOTAL REVENUES	\$604,363	\$621,028	\$16,665	\$2,371,349	\$2,364,613	(\$6,736)
EXPENSES						
SALARIES	\$322,075	\$319,787	\$2,288	\$1,322,123	\$1,284,645	\$37,478
RETIREMENT	39,937	39,556	381	163,943	158,911	5,032
EMPLOYEE INSURANCE	84,321	71,764	12,557	346,748	305,103	41,645
ADVERTISING	167	0	167	667	250	417
SUBSCRIPTIONS & PUBLICATIONS	3,792	4,434	(642)	15,167	17,473	(2,306)
TRAVEL	28,343	40,275	(11,932)	107,358	112,971	(5,613)
TRAVEL-MEMBERS	83	0	83	4,733	3,978	755
RENT AND UTILITIES	33,929	34,041	(112)	135,717	136,538	(821)
OFFICE SUPPLIES	2,025	5,570	(3,545)	8,850	16,459	(7,609)
POSTAGE, POST EQUIP RENTAL & FREIGHT	2,539	1,684	855	10,876	9,917	959
PRINTING, COPYING & COPIER RENTAL	2,255	2,734	(479)	7,705	9,596	(1,891)
TELEPHONE SERVICE&VIDEO CONFERENC	2,325	4,394	(2,069)	9,300	11,810	(2,510)
INTERNET ACCESS	4,029	3,655	374	16,117	14,102	2,015
TRAINING	1,485	1,975	(490)	5,938	7,793	(1,855)
CONFERENCES & MEETINGS	3,958	19,680	(15,722)	62,283	68,941	(6,658)
CONSULTANTS TRAVEL	450	0	450	1,800	1,971	(171)
CONTRACT SERVICES	7,308	(6,496)	13,804	31,433	39,839	(8,406)
CONSULTING FEES/LEGAL	208	0	208	833	0	833
PENSION TRUSTEES FEES	167	486	(319)	667	987	(320)
INVESTMENT ADVISORY FEES	2,000	3,320	(1,320)	8,000	9,347	(1,347)
LEGISLATIVE - CONSULTING	13,000	12,500	500	52,000	51,252	748
INSURANCE & BONDS	1,417	1,716	(299)	5,667	7,044	(1,377)
MAINTENANCE	1,833	1,247	586	7,333	8,957	(1,624)
BOND AMORTIZATION	5,667	17,407	(11,740)	22,667	32,518	(9,851)
MISCELLANEOUS	2,434	953	1,481	9,737	4,238	5,499
ACCOUNTING	6,125	11,945	(5,820)	13,000	13,129	(129)
SOFTWARE LICENCES	417	47	370	1,667	775	892
TOTAL OPERATION EXPENSES	\$572,289	\$592,674	(\$20,385)	\$2,372,329	\$2,328,544	\$43,785
FURNITURE & EQUIPMENT	\$2,292	\$2,599	(\$307)	\$9,167	\$7,127	\$2,040
EXCESS REVENUE (EXPENSES)	\$29,782	\$25,755	(\$4,027)	(\$10,147)	\$28,942	\$39,089

ASSETS

CURRENT ASSETS

Money Market Accounts	\$6,991.19
Cash in Banks	4,220,152.65
Investments	4,497,201.79
Petty Cash	906.23
Accounts Receivable - Nexus	74,280.00
Accounts Receivable - Assessments	81,080.00
Accounts Receivable - Audit	668,883.00
Accounts Receivable - Other	45,522.54
Prepaid Maintenance	437.22
Prepaid Meeting Costs	1,450.00
Prepaid Subscriptions	13,835.07
Accrued Interest	<u>26,541.44</u>

TOTAL CURRENT ASSETS \$9,637,281.13

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	\$644,790.30
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(697,554.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$183,383.17

OTHER ASSETS

Expense Account Advances	\$6,800.00
Rent Deposits	<u>6,165.00</u>

TOTAL OTHER ASSETS \$12,965.00

TOTAL ASSETS \$9,833,629.30

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$30,204.72	
Accrued Vacation Pay	361,464.22	
Payroll Taxes Payable	(0.10)	
Unearned Program Fees	4,341,338.68	
Unearned Registration Fees	<u>15,840.00</u>	
TOTAL CURRENT LIABILITIES		\$4,748,847.52

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$528,557.66	
Appropriated Fund Bal-Equipment Reserve	56,706.16	
Restricted Fund Balance-Cumm	1,170,642.07	
Restricted Fund Balance-Current	(2,643.00)	
Unappropriated Fund Bal-Current Adj	2,643.00	
Unappropriated Fund Balance-Cummula	3,292,808.02	
Unappropriated Fund Balance-Current	<u>28,941.12</u>	

TOTAL FUND BALANCE \$5,077,655.03

Add Back Asset Exp from Budget Rept 7,126.75

TOTAL LIABILITIES & FUND BALANCE \$9,833,629.30

Multistate Tax Commission
REVENUE SUMMARY
For the Four Months Ending October 31, 2014

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES BY PROGRAM						
GENERAL OPERATIONS	\$137,018	\$136,696	(\$322)	\$568,073	\$558,048	(\$10,025)
AUDIT	357,725	348,925	(8,800)	1,430,899	1,395,699	(35,200)
NEXUS PROGRAM	66,493	66,493	0	265,973	265,974	1
TRAINING & EDUCATION	36,600	47,975	11,375	80,300	103,191	22,891
ARM'S LENGTH ADJUSTMENT	<u>6,526</u>	<u>20,938</u>	<u>14,412</u>	<u>26,104</u>	<u>41,701</u>	<u>15,597</u>
TOTAL REVENUES	<u>\$604,362</u>	<u>\$621,027</u>	<u>\$16,665</u>	<u>\$2,371,349</u>	<u>\$2,364,613</u>	<u>(\$6,736)</u>
REVENUES BY TYPE						
MEMBER ASSESSMENTS	\$126,143	\$122,756	(\$3,387)	\$504,573	\$491,023	(\$13,550)
AUDIT PROGRAM FEES	357,725	348,925	(8,800)	1,430,899	1,395,699	(35,200)
INVESTMENT INCOME	10,833	8,255	(2,578)	43,333	40,380	(2,953)
SPECIAL PROJECTS FEES	73,019	87,431	14,412	292,077	307,675	15,598
CONFERENCE FEES	0	0	0	20,000	20,085	85
EQUIPMENT SALES	0	5,685	5,685	0	6,560	6,560
MISCELLANEOUS REVENUE	42	0	(42)	167	0	(167)
TRAINING PROGRAM FEES	<u>36,600</u>	<u>47,975</u>	<u>11,375</u>	<u>80,300</u>	<u>103,191</u>	<u>22,891</u>
TOTAL REVENUES	<u>\$604,362</u>	<u>\$621,027</u>	<u>\$16,665</u>	<u>\$2,371,349</u>	<u>\$2,364,613</u>	<u>(\$6,736)</u>

Multistate Tax Commission
REVENUE SUMMARY
For the Four Months Ending October 31, 2014

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES BY PROGRAM TYPE						
GENERAL OPERATIONS						
MEMBER ASSESSMENTS	\$104,438	\$104,438	\$0	\$417,750	\$417,750	\$0
GEN OPS SUPPORT FEE-AUDIT	16,260	12,873	(3,387)	65,040	51,490	(13,550)
GEN OPS SUPPORT FEE-NEXUS	5,446	5,446	0	21,783	21,783	0
INVESTMENT INCOME	10,833	8,255	(2,578)	43,333	40,380	(2,953)
CONFERENCE FEES-ANNUAL MEETING	0	0	0	20,000	20,085	85
EQUIPMENT SALES	0	5,685	5,685	0	6,560	6,560
MISCELLANEOUS REVENUE	42	0	(42)	167	0	(167)
TOTAL REVENUES - GENERAL OPERATIO	\$137,019	\$136,697	(\$322)	\$568,073	\$558,048	(\$10,025)
ADMINISTRATIVE SERVICES						
AUDIT PROGRAM						
AUDIT PROGRAM FEES	357,725	348,925	(8,800)	1,430,899	1,395,699	(35,200)
TOTAL REVENUES - AUDIT	\$357,725	\$348,925	(\$8,800)	\$1,430,899	\$1,395,699	(\$35,200)
NEXUS PROGRAM						
NEXUS PROGRAM FEES	66,493	66,493	0	265,973	265,974	1
TOTAL REVENUES - SPECIAL PROJECTS	\$66,493	\$66,493	\$0	\$265,973	\$265,974	\$1
TRAINING & EDUCATION						
AUDIT SAMPLING SCHOOLS	0	(6,445)	(6,445)	16,100	20,840	4,740
INCOME TAX SCHOOLS	36,600	53,460	16,860	36,600	57,270	20,670
NEXUS SCHOOLS	0	960	960	27,600	25,081	(2,519)
TOTAL REVENUES-TRAINING & EDUCATI	\$36,600	\$47,975	\$11,375	\$80,300	\$103,191	\$22,891
ARM'S LENGTH SERVICE ADJUSTMENT						
TOTAL REVENUES-ALAS	\$6,526	\$20,938	\$14,412	\$26,104	\$41,701	\$15,597
TOTAL REVENUES	\$604,363	\$621,028	\$16,665	\$2,371,349	\$2,364,613	(\$6,736)

Multistate Tax Commission
 EXPENDITURE SUMMARY
 For the Four Months Ending October 31, 2014

	Current Period			Year-to-Date		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES BY PROGRAM						
GENERAL OPERATIONS	\$136,343	\$152,411	(\$16,068)	\$589,822	\$597,429	(\$7,607)
ADMINISTRATIVE SERVICES	0	1	(1)	0	0	0
AUDIT	352,225	314,660	37,565	1,413,300	1,334,051	79,249
ARM'S LENGTH SERVICE ADJUST	6,526	20,938	(14,412)	26,104	41,701	(15,597)
NEXUS PROGRAM	67,887	38,362	29,525	271,547	268,616	2,931
TRAINING & EDUCATION	11,600	68,904	(57,304)	80,722	93,874	(13,152)
TOTAL EXPENDITURES	<u>\$574,581</u>	<u>\$595,276</u>	<u>(\$20,695)</u>	<u>\$2,381,495</u>	<u>\$2,335,671</u>	<u>\$45,824</u>
EXPENDITURES BY MAJOR TYPE						
PERSONNEL	\$446,333	\$431,107	\$15,226	\$1,832,813	\$1,748,659	\$84,154
OPERATING EXPENSES	125,956	161,569	(35,613)	539,515	579,885	(40,370)
FURNITURE & EQUIPMENT	<u>2,292</u>	<u>2,599</u>	<u>(307)</u>	<u>9,167</u>	<u>7,127</u>	<u>2,040</u>
TOTAL EXPENDITUES	<u>\$574,581</u>	<u>\$595,275</u>	<u>(\$20,694)</u>	<u>\$2,381,495</u>	<u>\$2,335,671</u>	<u>\$45,824</u>

Multistate Tax Commission
EXPENDITURE SUMMARY
For the Four Months Ending October 31, 2014

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES BY PROGRAM TYPE						
GENERAL OPERATIONS						
PERSONNEL	\$72,289	\$67,766	\$4,523	\$289,155	\$289,217	(\$62)
OPERATING EXPENSES	41,205	61,514	(20,309)	209,271	209,014	257
EQUIPMENT	458	0	458	1,833	129	1,704
ADMINISTRATIVE SERVICES	<u>22,391</u>	<u>23,131</u>	<u>(740)</u>	<u>89,563</u>	<u>99,069</u>	<u>(9,506)</u>
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$136,343</u>	<u>\$152,411</u>	<u>(\$16,068)</u>	<u>\$589,822</u>	<u>\$597,429</u>	<u>(\$7,607)</u>
ADMINISTRATIVE SERVICES						
PERSONNEL	\$69,248	\$51,807	\$17,441	\$276,991	\$262,762	\$14,229
OPERATING EXPENSES	19,897	26,457	(6,560)	79,587	106,712	(27,125)
EQUIPMENT	1,125	0	1,125	4,500	1,440	3,060
ADMIN. SERVICES ALLOCATION	<u>(90,270)</u>	<u>(78,263)</u>	<u>(12,007)</u>	<u>(361,078)</u>	<u>(370,913)</u>	<u>9,835</u>
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>\$1</u>	<u>(\$1)</u>	<u>\$0</u>	<u>\$1</u>	<u>(\$1)</u>
AUDIT						
PERSONNEL	\$265,238	\$225,072	\$40,166	\$1,060,950	\$978,119	\$82,831
OPERATING EXPENSES	29,462	40,105	(10,643)	122,250	129,998	(7,748)
EQUIPMENT	417	2,599	(2,182)	1,667	5,558	(3,891)
ADMIN. SERVICES ALLOCATION	<u>57,108</u>	<u>46,884</u>	<u>10,224</u>	<u>228,433</u>	<u>220,375</u>	<u>8,058</u>
TOTAL EXPS - AUDIT	<u>\$352,225</u>	<u>\$314,660</u>	<u>\$37,565</u>	<u>\$1,413,300</u>	<u>\$1,334,050</u>	<u>\$79,250</u>
NEXUS PROGRAM						
PERSONNEL	\$39,559	\$39,220	\$339	\$158,234	\$159,642	(\$1,408)
OPERATING EXPENSES	17,349	(5,734)	23,083	69,397	64,422	4,975
EQUIPMENT	208	0	208	833	0	833
ADMIN. SERVICES ALLOCATION	<u>10,771</u>	<u>4,876</u>	<u>5,895</u>	<u>43,083</u>	<u>44,553</u>	<u>(1,470)</u>
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$67,887</u>	<u>\$38,362</u>	<u>\$29,525</u>	<u>\$271,547</u>	<u>\$268,617</u>	<u>\$2,930</u>
TRAINING & EDUCATION						
PERSONNEL	\$0	\$47,242	(\$47,242)	\$47,483	\$58,920	(\$11,437)
OPERATING EXPENSES	11,516	21,662	(10,146)	32,905	34,954	(2,049)
EQUIPMENT	83	0	83	333	0	333
TOTAL EXPS - TRAINING & EDUCATION	<u>\$11,599</u>	<u>\$68,904</u>	<u>(\$57,305)</u>	<u>\$80,721</u>	<u>\$93,874</u>	<u>(\$13,153)</u>
SPECIAL PROJECTS (ALAS)						
OPERATING EXPENSES	6,526	17,565	(11,039)	26,104	34,785	(8,681)
ADMIN. SERVICES ALLOCATION	<u>0</u>	<u>3,373</u>	<u>(3,373)</u>	<u>0</u>	<u>6,917</u>	<u>(6,917)</u>
TOTAL SPECIAL PROJECTS (ALAS)	<u>\$6,526</u>	<u>\$20,938</u>	<u>(\$14,412)</u>	<u>\$26,104</u>	<u>\$41,702</u>	<u>(\$15,598)</u>
TOTAL EXPENDITURES	<u>\$574,580</u>	<u>\$595,276</u>	<u>(\$20,696)</u>	<u>\$2,381,494</u>	<u>\$2,335,673</u>	<u>\$45,821</u>