



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Joe Huddleston, Treasurer
Date: July 18, 2011
Subject: Financial Statements for the year ended June 30, 2011

OVERALL COMMENTS:

Attached are the financial statements for the year ended June 30, 2011.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2010/2011 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 29, 2010 in Hood River, Oregon.

The reports indicate a total and actual *current* unappropriated fund balance of \$**210,709** (computed as \$**327,858** Current Unappropriated per the balance sheet, less the \$**117,149** of Nexus surplus that is summed into the \$**327,858** on the balance sheet by the accounting software). Changes in the unappropriated fund balance occur due to the activities in the General Operations, Audit, and Training Programs. The reports indicate a total *current* restricted fund balance of \$**117,149**, all coming from the activities of the National Nexus Program.

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

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.

BALANCE SHEET:

Assets –

Money Market Funds are held by BB+T and Aintree Capital, LLC.

Cash in Banks are funds held at Wachovia and are currently earning .2%.

CDs and Government Securities is composed of \$253,568 in Inflation Protected Securities (a Vanguard mutual fund) and \$3,328,355 of U.S. Government Agency Securities (with an average maturity of 5 years or less) held by Aintree Capital, LLC. Currently there are no CDs being held.

Accounts Receivable – Other are registration fees receivable from states related to a spring Nexus School.

Accrued Interest is interest earned but not received on the government agency securities.

Current Liabilities –

Prepaid Assessments is unearned income for the next fiscal year; fees for FY 11/12 received from states on or before June 30, 2011.

Fund Balances -

The **Enterprise Automation Project Appropriated Fund** is charged for expenditures from the **Enterprise Automation Project**. Please note that the Enterprise Automation Project is a multi-year effort. Funds not expended this fiscal year are intended to be expended in future years.

INCOME STATEMENT - Revenues:

Any variances in the Audit Reimbursements and the related General Operations Support fee, and the Nexus Fees and the related General Operations Support fee are explained in an attached spreadsheet.

INCOME STATEMENT - Expenditures:

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

Salaries, Retirement, and Employee Insurance each show a favorable variance. These favorable variances are primarily due to a combination of two factors: one auditor position has been vacant since July 31, 2010 and the percentage increase in group health insurance that was effective on September 1 was less than anticipated in the approved budget.

Travel currently shows a favorable variance. This is mostly impacted by the travel of the audit staff. Travel patterns can vary year-to-year.

Conferences and Meetings show a favorable variance due lower overall cost levels at the MTC annual conference in Hood River.

Investment Advisory Fees and Bond Amortization, both of which relate to the investment in the U.S. Government Agency securities, are higher than anticipated due to a higher than anticipated investment level in the U.S. Government Agency securities. These are both offset by the related interest income, which is *also* higher than budgeted by about the same variance (approximately \$50,000).

	Current Period			Year-to-Date		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATIONS BY PROGRAM & TOTAL						
GENERAL OPERATIONS PROGRAM						
Revenues	\$169,694	\$173,600	\$3,906	\$2,055,329	\$2,087,490	\$32,161
Expenses	<u>160,891</u>	<u>171,832</u>	<u>(10,941)</u>	<u>2,032,443</u>	<u>1,937,662</u>	<u>94,781</u>
SURPLUS/DEFICIT - GEN OPERATIONS	<u>8,803</u>	<u>1,768</u>	<u>(7,035)</u>	<u>22,886</u>	<u>149,828</u>	<u>126,942</u>
ADMINISTRATIVE SERVICES						
Expenses		(1)	1	(1)		(1)
SURPLUS/DEFICIT - ADMIN. SERVICES		<u>1</u>	<u>1</u>	<u>1</u>		<u>(1)</u>
AUDIT PROGRAM						
Revenues and Transfers	302,162	292,600	(9,562)	3,625,945	3,512,030	(113,915)
Expenses	<u>308,658</u>	<u>291,040</u>	<u>17,618</u>	<u>3,711,897</u>	<u>3,461,225</u>	<u>250,672</u>
SURPLUS/DEFICIT - AUDIT	<u>(6,496)</u>	<u>1,560</u>	<u>8,056</u>	<u>(85,952)</u>	<u>50,805</u>	<u>136,757</u>
NEXUS PROGRAM						
Revenues and Transfers	65,567	56,012	(9,555)	786,806	770,521	(16,285)
Expenses	<u>58,533</u>	<u>49,785</u>	<u>8,748</u>	<u>708,399</u>	<u>651,584</u>	<u>56,815</u>
SURPLUS/DEFICIT - NEXUS PROGRAM	<u>7,034</u>	<u>6,227</u>	<u>(807)</u>	<u>78,407</u>	<u>118,937</u>	<u>40,530</u>
TRAINING & EDUCATION						
Revenues and Transfers		9,700	9,700	168,290	147,839	(20,451)
Expenses	<u>1,842</u>	<u>5,766</u>	<u>(3,924)</u>	<u>164,601</u>	<u>139,552</u>	<u>25,049</u>
SURPLUS/DEFICIT - TRAINING & EDUCATI	<u>(1,842)</u>	<u>3,934</u>	<u>5,776</u>	<u>3,689</u>	<u>8,287</u>	<u>4,598</u>
OTHER PROJECTS						
TOTAL OPERATIONS						
Revenues and Transfers	537,423	522,212	(15,211)	6,636,370	6,517,881	(118,489)
Expenses	<u>529,924</u>	<u>518,422</u>	<u>11,502</u>	<u>6,617,339</u>	<u>6,190,023</u>	<u>427,316</u>
SURPLUS/DEFICIT - TOTAL OPERATIONS	<u>7,499</u>	<u>3,790</u>	<u>(3,709)</u>	<u>19,031</u>	<u>327,858</u>	<u>308,827</u>

ASSETS

CURRENT ASSETS

Money Market Accounts	\$313,057.24
Cash in Banks	905,889.29
CD's and Government Securities	3,581,923.37
Petty Cash	900.00
Accounts Receivable - Audit	114,900.00
Accounts Receivable - Other	22,700.00
Prepaid Maintenance	5,555.60
Prepaid Rent	31,557.16
Prepaid Meeting Costs	2,000.00
Prepaid Subscriptions	9,571.67
Accrued Interest	<u>27,400.03</u>

TOTAL CURRENT ASSETS \$5,015,454.36

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	\$757,460.00
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(588,417.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$405,189.87

OTHER ASSETS

Expense Account Advances	\$7,200.00
Rent Deposits	<u>6,165.00</u>

TOTAL OTHER ASSETS \$13,365.00

TOTAL ASSETS \$5,434,009.23

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$24,968.53
Accrued Vacation Pay	331,719.22
Payroll Taxes Payable	37,823.07
Prepaid Assessments	<u>463,659.04</u>

TOTAL CURRENT LIABILITIES

\$858,169.86

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$287,794.89
Appropriated Fund Bal-State Tax Compliance	23,918.51
Appropriated Fund Bal-Future of MTC	25,146.32
Appropriated Fund Bal-Nexus Activities	90,000.00
Appropriated Fund Bal-Equipment Reserve	(5,793.84)
Approp Fund-Fed/Sta Dat Exchange	86,555.62
Appropriated-Memb Devel.&Relations	28,855.44
Restricted Fund Balance-Cumm	945,341.72
Restricted Fund Balance-Current	117,149.00
Unappropriated Fund Bal-Current Adj	(117,149.00)
Unappropriated Fund Balance-Cummula	2,676,306.43
Unappropriated Fund Balance-Current	<u>327,857.63</u>

TOTAL FUND BALANCE

\$4,485,982.72

Add Back Asset Exp from Budget Rept

89,856.65

TOTAL LIABILITIES & FUND BALANCE

\$5,434,009.23

Multistate Tax Commission
INCOME STATEMENT
For the Twelve Months Ending June 30, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
MEMBER ASSESSMENTS	\$145,637	\$145,637	\$0	\$1,747,640	\$1,747,640	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	9,216	(1,476)	128,305	110,594	(17,711)
GEN OPS SUPPORT FEE-NEXUS	5,490	3,851	(1,639)	65,884	65,884	0
AUDIT REIMBURSEMENTS	302,162	292,600	(9,562)	3,625,945	3,512,030	(113,915)
INTEREST INCOME	7,833	14,897	7,064	94,000	144,123	50,123
SPECIAL PROJECT FEES (NEXUS)	65,567	56,012	(9,555)	786,806	770,521	(16,285)
CONFERENCE FEES	0	0	0	19,000	15,320	(3,680)
EQUIPMENT SALES	0	0	0	0	3,766	3,766
MISCELLANEOUS REVENUE	42	0	(42)	500	164	(336)
TRAINING PROGRAM FEES	0	0	0	168,290	147,839	(20,451)
TOTAL REVENUES	\$537,423	\$522,213	(\$15,210)	\$6,636,370	\$6,517,881	(\$118,489)
EXPENSES						
SALARIES	\$284,788	\$285,759	(\$971)	\$3,473,760	\$3,391,418	\$82,342
RETIREMENT	35,126	34,938	188	428,494	419,059	9,435
EMPLOYEE INSURANCE	87,403	87,286	117	1,067,180	1,039,530	27,650
ADVERTISING	892	443	449	10,700	4,999	5,701
SUBSCRIPTIONS & PUBLICATIONS	4,900	4,194	706	58,800	37,544	21,256
TRAVEL	24,375	16,931	7,444	324,948	203,422	121,526
TRAVEL-MEMBERS	2,167	0	2,167	26,000	6,031	19,969
RENT AND UTILITIES	33,395	31,872	1,523	400,742	383,528	17,214
OFFICE SUPPLIES	3,700	4,108	(408)	51,596	38,573	13,023
POSTAGE, POST EQUIP RENTAL & FREIGHT	3,258	3,221	37	44,335	28,409	15,926
PRINTING, COPYING & COPIER RENTAL	2,355	2,926	(571)	37,774	23,276	14,498
COMMUNICATIONS-TELEPHONE	5,642	8,827	(3,185)	68,200	52,285	15,915
COMMUNICATIONS-COMPUTER	2,883	2,542	341	34,600	32,656	1,944
TRAINING	2,717	655	2,062	32,600	8,870	23,730
CONFERENCES & MEETINGS	433	990	(557)	123,050	97,672	25,378
CONSULTANTS TRAVEL	0	0	0	0	1,255	(1,255)
CONTRACT SERVICES	2,667	163	2,504	34,880	16,638	18,242
CONSULTING FEES/LEGAL	417	0	417	5,000	0	5,000
PENSION TRUSTEES FEES	125	0	125	1,500	1,213	287
INVESTMENT ADVISORY FEES	1,583	0	1,583	19,000	26,378	(7,378)
LEGISLATIVE - CONSULTING	15,417	10,833	4,584	185,000	149,093	35,907
INSURANCE & BONDS	1,500	1,510	(10)	18,000	16,716	1,284
MAINTENANCE	879	3,437	(2,558)	10,550	11,754	(1,204)
BOND AMORTIZATION	1,542	6,154	(4,612)	18,500	66,389	(47,889)
MISCELLANEOUS	908	680	228	11,900	15,127	(3,227)
ACCOUNTING	1,475	340	1,135	17,700	16,854	846
SOFTWARE LICENCES	2,500	0	2,500	30,000	11,440	18,560
ADMINISTRATIVE SERVICE ALLOCAT	3	0	3	30	38	(8)
TOTAL OPERATION EXPENSES	\$523,050	\$507,809	\$15,241	\$6,534,839	\$6,100,167	\$434,672
FURNITURE & EQUIPMENT	\$6,875	\$10,613	(\$3,738)	\$82,500	\$89,857	(\$7,357)
EXCESS REVENUE (EXPENSES)	\$7,498	\$3,791	(\$3,707)	\$19,031	\$327,857	\$308,826

Multistate Tax Commission
REVENUE SUMMARY
For the Twelve Months Ending June 30, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES BY PROGRAM TYPE						
GENERAL OPERATIONS						
MEMBER ASSESSMENTS	\$145,637	\$145,637	\$0	\$1,747,640	\$1,747,640	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	9,216	(1,476)	128,305	110,594	(17,711)
GEN OPS SUPPORT FEE-NEXUS	5,490	3,851	(1,639)	65,884	65,884	0
INTEREST	7,833	14,897	7,064	94,000	144,123	50,123
CONFERENCE FEES-ANNUAL MEETING	0	0	0	19,000	15,320	(3,680)
EQUIPMENT SALES	0	0	0	0	3,766	3,766
MISCELLANEOUS REVENUE	42	0	(42)	500	164	(336)
TOTAL REVENUES - GENERAL OPERATIO	\$169,694	\$173,601	\$3,907	\$2,055,329	\$2,087,491	\$32,162
ADMINISTRATIVE SERVICES						
AUDIT PROGRAM						
MEMBER AUDIT REIMBURSEMENTS	302,162	292,600	(9,562)	3,625,945	3,512,030	(113,915)
TOTAL REVENUES - AUDIT	\$302,162	\$292,600	(\$9,562)	\$3,625,945	\$3,512,030	(\$113,915)
NEXUS PROGRAM						
NEXUS PROGRAM FEES	65,567	56,012	(9,555)	786,806	770,521	(16,285)
TOTAL REVENUES - SPECIAL PROJECTS	\$65,567	\$56,012	(\$9,555)	\$786,806	\$770,521	(\$16,285)
TRAINING & EDUCATION						
AUDIT SAMPLING SCHOOLS	0	0	0	75,600	27,905	(47,695)
INCOME TAX SCHOOLS	0	0	0	38,690	64,634	25,944
NEXUS SCHOOLS	0	9,700	9,700	54,000	55,300	1,300
TOTAL REVENUES-TRAINING & EDUCATI	\$0	\$9,700	\$9,700	\$168,290	\$147,839	(\$20,451)
TOTAL REVENUES	\$537,423	\$531,913	(\$5,510)	\$6,636,370	\$6,517,881	(\$118,489)

Multistate Tax Commission
EXPENDITURE SUMMARY
For the Twelve Months Ending June 30, 2011

	Current Period			Year-to-Date		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES BY PROGRAM TYPE						
GENERAL OPERATIONS						
PERSONNEL	\$94,953	\$99,908	(\$4,955)	\$1,139,430	\$1,107,081	\$32,349
OPERATING EXPENSES	37,443	40,645	(3,202)	551,065	487,317	63,748
EQUIPMENT	1,000	568	432	12,000	16,515	(4,515)
ADMINISTRATIVE SERVICES	<u>27,496</u>	<u>30,710</u>	<u>(3,214)</u>	<u>329,948</u>	<u>326,748</u>	<u>3,200</u>
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$160,892</u>	<u>\$171,831</u>	<u>(\$10,939)</u>	<u>\$2,032,443</u>	<u>\$1,937,661</u>	<u>\$94,782</u>
ADMINISTRATIVE SERVICES						
PERSONNEL	\$58,821	\$58,817	\$4	\$705,848	\$705,786	\$62
OPERATING EXPENSES	25,156	20,630	4,526	301,875	265,611	36,264
EQUIPMENT	3,292	6,656	(3,364)	39,500	44,534	(5,034)
ADMIN. SERVICES ALLOCATION	<u>(87,269)</u>	<u>(86,104)</u>	<u>(1,165)</u>	<u>(1,047,224)</u>	<u>(1,015,931)</u>	<u>(31,293)</u>
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>(\$1)</u>	<u>\$1</u>	<u>(\$1)</u>	<u>\$0</u>	<u>(\$1)</u>
AUDIT						
PERSONNEL	\$221,979	\$216,950	\$5,029	\$2,663,744	\$2,587,907	\$75,837
OPERATING EXPENSES	34,560	18,928	15,632	422,715	264,361	158,354
EQUIPMENT	1,917	3,388	(1,471)	23,000	24,422	(1,422)
ADMIN. SERVICES ALLOCATION	<u>50,203</u>	<u>51,775</u>	<u>(1,572)</u>	<u>602,438</u>	<u>584,534</u>	<u>17,904</u>
TOTAL EXPS - AUDIT	<u>\$308,659</u>	<u>\$291,041</u>	<u>\$17,618</u>	<u>\$3,711,897</u>	<u>\$3,461,224</u>	<u>\$250,673</u>
NEXUS PROGRAM						
PERSONNEL	\$31,565	\$32,309	(\$744)	\$378,779	\$371,438	\$7,341
OPERATING EXPENSES	16,979	13,858	3,121	209,752	171,075	38,677
EQUIPMENT	417	0	417	5,000	4,385	615
ADMIN. SERVICES ALLOCATION	<u>9,572</u>	<u>3,619</u>	<u>5,953</u>	<u>114,868</u>	<u>104,687</u>	<u>10,181</u>
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$58,533</u>	<u>\$49,786</u>	<u>\$8,747</u>	<u>\$708,399</u>	<u>\$651,585</u>	<u>\$56,814</u>
TRAINING & EDUCATION						
PERSONNEL	\$0	\$0	\$0	\$81,633	\$77,794	\$3,839
OPERATING EXPENSES	1,592	5,766	(4,174)	79,968	61,758	18,210
EQUIPMENT	250	0	250	3,000	0	3,000
TOTAL EXPS - TRAINING & EDUCATION	<u>\$1,842</u>	<u>\$5,766</u>	<u>(\$3,924)</u>	<u>\$164,601</u>	<u>\$139,552</u>	<u>\$25,049</u>
OTHER APPROPRIATED FUNDS						
TOTAL EXPENDITURES	<u><u>\$529,926</u></u>	<u><u>\$518,423</u></u>	<u><u>\$11,503</u></u>	<u><u>\$6,617,339</u></u>	<u><u>\$6,190,022</u></u>	<u><u>\$427,317</u></u>

**MULTISTATE TAX COMMISSION
VARIANCES IN FEE REVENUE FOR FY 2011**

Fees For the Fiscal Year (12 months) ending June 30, 2011						
Description	As Budgeted	Final/Actual	Variance	Variance per month	Number of months in June 30, 2011 Financial Report	Computed Variance
General Operations Support Fee - Audit						
Illinois	38,300	19,150	(19,150)	(1,596)		
Kentucky (Sovereignty Member)	0	0	0	0		
Nebraska	22,980	8,333	(14,647)	(1,221)		
South Carolina	0	16,086	16,086	1,341		
Total	61,280	43,569	(17,711)	(1,476)	12	(\$17,711)
Audit Fees (Net of General Operations Support Fee)						
Illinois	191,500	95,750	(95,750)	(7,979)		
Kentucky (Sovereignty Member)	191,500	182,300	(9,200)	(767)		
Nebraska	114,900	41,667	(73,233)	(6,103)		
South Carolina	0	64,344	64,344	5,362		
Total	497,900	384,061	(113,839)	(9,487)	12	(\$113,839)
General Operations Support Fee -Nexus						
Hawaii (Compact Member)	0	0	0	0		
Total	0	0	0	0	12	\$0
Nexus Fees (Net of General Operations Support Fee)						
Hawaii (Compact Member)	16,285	0	(16,285)	(1,357)		
Total	16,285	0	(16,285)	(1,357)	12	(\$16,285)

NOTES ON THE ABOVE:
Illinois - Will be paying one-half the budgeted fee of \$229,800
Kentucky - Will be paying \$182,300 versus the budgeted \$191,500 (as agreed on in a contract extension)
Nebraska - Will be paying \$50,000 versus the \$137,880 budgeted
South Carolina - Joined the audit program after the budget was approved
Hawaii - Will not be participating in the Nexus Program this fiscal year even though included in the approved budget
-----Compact and Sovereignty members do **not** pay the 20% General Operations Support fee-----