



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee  
From: Joe Huddleston, Treasurer  
Date: May 20, 2011  
Subject: Financial Statements for the ten-month period ended April 30, 2011

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#### OVERALL COMMENTS:

Attached are the financial statements for the ten-month period ended April 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 \$194,423 (computed as \$297,212 Current Unappropriated per the balance sheet, less the \$102,789 of Nexus surplus that is summed into the \$297,212 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 \$102,789, all coming from the activities of the National Nexus Program.

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

Expenditures are running less than the budgeted amounts in General Operations, Audit, and Nexus Programs as well as training.

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 \$250,008 in Inflation Protected Securities (a Vanguard mutual fund) and \$3,214,427 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 Nexus School.

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

### **Current Liabilities –**

**Prepaid Assessments** is the amount of unearned income remaining to be recognized in FY 10/11 from fees collected from states. As noted above fees earned are recognized ratably throughout the year.

### **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:**

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. These travel patterns can vary throughout the year and year-to-year.

**Conferences and Meetings** show a favorable variance due to decreased attendance and 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 \$39,000).

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATIONS BY PROGRAM &amp; TOTAL</b>						
<b>GENERAL OPERATIONS PROGRAM</b>						
Revenues	\$169,694	\$176,883	\$7,189	\$1,715,941	\$1,741,351	\$25,410
Expenses	<u>160,891</u>	<u>148,198</u>	<u>12,693</u>	<u>1,704,411</u>	<u>1,610,527</u>	<u>93,884</u>
SURPLUS/DEFICIT - GEN OPERATIONS	<u>8,803</u>	<u>28,685</u>	<u>19,882</u>	<u>11,530</u>	<u>130,824</u>	<u>119,294</u>
<b>ADMINISTRATIVE SERVICES</b>						
Expenses	<u>          </u>	<u>1</u>	<u>(1)</u>	<u>(1)</u>	<u>          </u>	<u>(1)</u>
SURPLUS/DEFICIT - ADMIN. SERVICES	<u>          </u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>          </u>	<u>(1)</u>
<b>AUDIT PROGRAM</b>						
Revenues and Transfers	302,162	292,676	(9,486)	3,021,621	2,926,755	(94,866)
Expenses	<u>308,658</u>	<u>307,987</u>	<u>671</u>	<u>3,094,581</u>	<u>2,879,115</u>	<u>215,466</u>
SURPLUS/DEFICIT - AUDIT	<u>(6,496)</u>	<u>(15,311)</u>	<u>(8,815)</u>	<u>(72,960)</u>	<u>47,640</u>	<u>120,600</u>
<b>NEXUS PROGRAM</b>						
Revenues and Transfers	65,567	64,955	(612)	655,672	649,554	(6,118)
Expenses	<u>58,533</u>	<u>50,510</u>	<u>8,023</u>	<u>591,333</u>	<u>546,765</u>	<u>44,568</u>
SURPLUS/DEFICIT - NEXUS PROGRAM	<u>7,034</u>	<u>14,445</u>	<u>7,411</u>	<u>64,339</u>	<u>102,789</u>	<u>38,450</u>
<b>TRAINING &amp; EDUCATION</b>						
Revenues and Transfers	27,000	27,685	685	143,090	124,939	(18,151)
Expenses	<u>27,500</u>	<u>22,201</u>	<u>5,299</u>	<u>140,368</u>	<u>108,980</u>	<u>31,388</u>
SURPLUS/DEFICIT - TRAINING & EDUCATI	<u>(500)</u>	<u>5,484</u>	<u>5,984</u>	<u>2,722</u>	<u>15,959</u>	<u>13,237</u>
<b>OTHER PROJECTS</b>						
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL OPERATIONS</b>						
Revenues and Transfers	564,423	562,199	(2,224)	5,536,323	5,442,599	(93,724)
Expenses	<u>555,582</u>	<u>528,897</u>	<u>26,685</u>	<u>5,530,691</u>	<u>5,145,386</u>	<u>385,305</u>
SURPLUS/DEFICIT - TOTAL OPERATIONS	<u>8,841</u>	<u>33,302</u>	<u>24,461</u>	<u>5,632</u>	<u>297,213</u>	<u>291,581</u>

**ASSETS**

**CURRENT ASSETS**

Money Market Accounts	\$343,774.94
Cash in Banks	1,412,486.76
CD's and Government Securities	3,534,113.09
Petty Cash	900.00
Accounts Receivable - Nexus	10,732.00
Accounts Receivable - Assessments	27,810.00
Accounts Receivable - Audit	114,976.00
Accounts Receivable - Other	13,000.00
Prepaid Maintenance	5,882.40
Prepaid Rent	31,917.03
Prepaid Meeting Costs	1,800.00
Prepaid Subscriptions	13,861.69
Accrued Interest	<u>36,191.03</u>

TOTAL CURRENT ASSETS \$5,547,444.94

**PROPERTY AND EQUIPMENT**

Office Furniture & Equipment	\$744,647.40
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(588,417.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$392,377.27

**OTHER ASSETS**

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

TOTAL OTHER ASSETS \$13,365.00

**TOTAL ASSETS** \$5,953,187.21

**LIABILITIES & FUND BALANCE**

**CURRENT LIABILITIES**

Accounts Payable	\$23,376.34
Accrued Vacation Pay	331,719.22
Payroll Taxes Payable	29,465.14
Prepaid Assessments	<u>1,036,245.20</u>

TOTAL CURRENT LIABILITIES \$1,420,805.90

**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	102,789.00
Unappropriated Fund Bal-Current Adj	(102,789.00)
Unappropriated Fund Balance-Cummula	2,676,306.43
Unappropriated Fund Balance-Current	<u>297,212.17</u>

TOTAL FUND BALANCE \$4,455,337.26

Add Back Asset Exp from Budget Rept 77,044.05

**TOTAL LIABILITIES & FUND BALANCE** \$5,953,187.21

Multistate Tax Commission  
INCOME STATEMENT  
For the Ten Months Ending April 30, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
MEMBER ASSESSMENTS	\$145,637	\$145,637	\$0	\$1,456,367	\$1,456,367	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	9,216	(1,476)	106,921	92,162	(14,759)
GEN OPS SUPPORT FEE-NEXUS	5,490	5,639	149	54,903	56,394	1,491
AUDIT REIMBURSEMENTS	302,162	292,676	(9,486)	3,021,621	2,926,755	(94,866)
INTEREST INCOME	7,833	16,391	8,558	78,333	117,179	38,846
SPECIAL PROJECT FEES (NEXUS)	65,567	64,955	(612)	655,672	649,554	(6,118)
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)	417	164	(253)
TRAINING PROGRAM FEES	27,000	27,685	685	143,090	124,939	(18,151)
<b>TOTAL REVENUES</b>	<b>\$564,423</b>	<b>\$562,199</b>	<b>(\$2,224)</b>	<b>\$5,536,324</b>	<b>\$5,442,600</b>	<b>(\$93,724)</b>
<b>EXPENSES</b>						
SALARIES	\$293,139	\$281,744	\$11,395	\$2,895,426	\$2,824,247	\$71,179
RETIREMENT	36,162	34,895	1,267	357,156	349,226	7,930
EMPLOYEE INSURANCE	90,191	91,631	(1,440)	889,492	864,096	25,396
ADVERTISING	892	434	458	8,917	4,108	4,809
SUBSCRIPTIONS & PUBLICATIONS	4,900	3,296	1,604	49,000	30,369	18,631
TRAVEL	28,457	22,174	6,283	272,380	169,969	102,411
TRAVEL-MEMBERS	2,167	0	2,167	21,667	6,031	15,636
RENT AND UTILITIES	33,395	31,864	1,531	333,952	319,783	14,169
OFFICE SUPPLIES	5,545	2,922	2,623	44,061	30,287	13,774
POSTAGE, POST EQUIP RENTAL & FREIGHT	4,044	1,740	2,304	37,247	22,136	15,111
PRINTING, COPYING & COPIER RENTAL	4,485	4,193	292	32,163	17,035	15,128
COMMUNICATIONS-TELEPHONE	5,642	3,175	2,467	56,917	39,900	17,017
COMMUNICATIONS-COMPUTER	2,883	1,884	999	28,833	27,989	844
TRAINING	2,717	1,024	1,693	27,167	4,120	23,047
CONFERENCES & MEETINGS	3,633	1,871	1,762	113,533	82,242	31,291
CONTRACT SERVICES	4,107	2,884	1,223	29,547	11,835	17,712
CONSULTING FEES/LEGAL	417	0	417	4,167	0	4,167
PENSION TRUSTEES FEES	125	0	125	1,250	1,213	37
INVESTMENT ADVISORY FEES	1,583	0	1,583	15,833	19,939	(4,106)
LEGISLATIVE - CONSULTING	15,417	11,136	4,281	154,167	126,802	27,365
INSURANCE & BONDS	1,500	1,510	(10)	15,000	13,696	1,304
MAINTENANCE	879	548	331	8,792	7,911	881
BOND AMORTIZATION	1,542	6,011	(4,469)	15,417	54,187	(38,770)
MISCELLANEOUS	908	6,578	(5,670)	10,083	13,637	(3,554)
ACCOUNTING	1,475	828	647	14,750	16,107	(1,357)
SOFTWARE LICENCES	2,500	0	2,500	25,000	11,440	13,560
ADMINISTRATIVE SERVICE ALLOCAT	3	0	3	25	38	(13)
<b>TOTAL OPERATION EXPENSES</b>	<b>\$548,708</b>	<b>\$512,342</b>	<b>\$36,366</b>	<b>\$5,461,942</b>	<b>\$5,068,343</b>	<b>\$393,599</b>
FURNITURE & EQUIPMENT	\$6,875	\$16,555	(\$9,680)	\$68,750	\$77,044	(\$8,294)
<b>EXCESS REVENUE (EXPENSES)</b>	<b>\$8,840</b>	<b>\$33,302</b>	<b>\$24,462</b>	<b>\$5,632</b>	<b>\$297,213</b>	<b>\$291,581</b>

Multistate Tax Commission  
REVENUE SUMMARY  
For the Ten Months Ending April 30, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
MEMBER ASSESSMENTS	\$145,637	\$145,637	\$0	\$1,456,367	\$1,456,367	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	9,216	(1,476)	106,921	92,162	(14,759)
GEN OPS SUPPORT FEE-NEXUS	5,490	5,639	149	54,903	56,394	1,491
INTEREST	7,833	16,391	8,558	78,333	117,179	38,846
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)	417	164	(253)
<b>TOTAL REVENUES - GENERAL OPERATIO</b>	<b>\$169,694</b>	<b>\$176,883</b>	<b>\$7,189</b>	<b>\$1,715,941</b>	<b>\$1,741,352</b>	<b>\$25,411</b>
<b>ADMINISTRATIVE SERVICES</b>						
<b>AUDIT PROGRAM</b>						
MEMBER AUDIT REIMBURSEMENTS	302,162	292,676	(9,486)	3,021,621	2,926,755	(94,866)
<b>TOTAL REVENUES - AUDIT</b>	<b>\$302,162</b>	<b>\$292,676</b>	<b>(\$9,486)</b>	<b>\$3,021,621</b>	<b>\$2,926,755</b>	<b>(\$94,866)</b>
<b>NEXUS PROGRAM</b>						
NEXUS PROGRAM FEES	65,567	64,955	(612)	655,672	649,554	(6,118)
<b>TOTAL REVENUES - SPECIAL PROJECTS</b>	<b>\$65,567</b>	<b>\$64,955</b>	<b>(\$612)</b>	<b>\$655,672</b>	<b>\$649,554</b>	<b>(\$6,118)</b>
<b>TRAINING &amp; EDUCATION</b>						
AUDIT SAMPLING SCHOOLS	0	8,685	8,685	50,400	16,205	(34,195)
INCOME TAX SCHOOLS	0	0	0	38,690	64,634	25,944
NEXUS SCHOOLS	27,000	19,000	(8,000)	54,000	44,100	(9,900)
<b>TOTAL REVENUES-TRAINING &amp; EDUCATI</b>	<b>\$27,000</b>	<b>\$27,685</b>	<b>\$685</b>	<b>\$143,090</b>	<b>\$124,939</b>	<b>(\$18,151)</b>
<b>TOTAL REVENUES</b>	<b>\$564,423</b>	<b>\$562,199</b>	<b>(\$2,224)</b>	<b>\$5,536,324</b>	<b>\$5,442,600</b>	<b>(\$93,724)</b>

Multistate Tax Commission  
EXPENDITURE SUMMARY  
For the Ten Months Ending April 30, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>EXPENDITURES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
PERSONNEL	\$94,953	\$90,649	\$4,304	\$949,525	\$919,127	\$30,398
OPERATING EXPENSES	37,443	25,839	11,604	469,929	405,496	64,433
EQUIPMENT	1,000	0	1,000	10,000	15,947	(5,947)
ADMINISTRATIVE SERVICES	<u>27,496</u>	<u>31,711</u>	<u>(4,215)</u>	<u>274,957</u>	<u>269,957</u>	<u>5,000</u>
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$160,892</u>	<u>\$148,199</u>	<u>\$12,693</u>	<u>\$1,704,411</u>	<u>\$1,610,527</u>	<u>\$93,884</u>
<b>ADMINISTRATIVE SERVICES</b>						
PERSONNEL	\$58,821	\$61,280	(\$2,459)	\$588,207	\$588,590	(\$383)
OPERATING EXPENSES	25,156	29,691	(4,535)	251,562	221,279	30,283
EQUIPMENT	3,292	16,555	(13,263)	32,917	35,678	(2,761)
ADMIN. SERVICES ALLOCATION	<u>(87,269)</u>	<u>(107,526)</u>	<u>20,257</u>	<u>(872,687)</u>	<u>(845,547)</u>	<u>(27,140)</u>
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1)</u>	<u>\$0</u>	<u>(\$1)</u>
<b>AUDIT</b>						
PERSONNEL	\$221,979	\$217,226	\$4,753	\$2,219,787	\$2,155,024	\$64,763
OPERATING EXPENSES	34,560	25,895	8,665	353,596	219,195	134,401
EQUIPMENT	1,917	0	1,917	19,167	21,034	(1,867)
ADMIN. SERVICES ALLOCATION	<u>50,203</u>	<u>64,866</u>	<u>(14,663)</u>	<u>502,032</u>	<u>483,861</u>	<u>18,171</u>
TOTAL EXPS - AUDIT	<u>\$308,659</u>	<u>\$307,987</u>	<u>\$672</u>	<u>\$3,094,582</u>	<u>\$2,879,114</u>	<u>\$215,468</u>
<b>NEXUS PROGRAM</b>						
PERSONNEL	\$31,565	\$25,949	\$5,616	\$315,649	\$306,821	\$8,828
OPERATING EXPENSES	16,979	13,612	3,367	175,793	143,793	32,000
EQUIPMENT	417	0	417	4,167	4,385	(218)
ADMIN. SERVICES ALLOCATION	<u>9,572</u>	<u>10,950</u>	<u>(1,378)</u>	<u>95,723</u>	<u>91,767</u>	<u>3,956</u>
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$58,533</u>	<u>\$50,511</u>	<u>\$8,022</u>	<u>\$591,332</u>	<u>\$546,766</u>	<u>\$44,566</u>
<b>TRAINING &amp; EDUCATION</b>						
PERSONNEL	\$12,175	\$13,166	(\$991)	\$68,907	\$68,007	\$900
OPERATING EXPENSES	15,075	9,035	6,040	68,961	40,972	27,989
EQUIPMENT	250	0	250	2,500	0	2,500
TOTAL EXPS - TRAINING & EDUCATION	<u>\$27,500</u>	<u>\$22,201</u>	<u>\$5,299</u>	<u>\$140,368</u>	<u>\$108,979</u>	<u>\$31,389</u>
<b>OTHER APPROPRIATED FUNDS</b>						
TOTAL EXPENDITURES	<u>\$555,584</u>	<u>\$528,898</u>	<u>\$26,686</u>	<u>\$5,530,692</u>	<u>\$5,145,386</u>	<u>\$385,306</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 April 30, 2011 Financial Report	Computed Variance
<b>General Operations Support Fee - Audit</b>						
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)	10	(\$14,759)
<b>Audit Fees (Net of General Operations Support Fee)</b>						
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)	10	(\$94,866)
<b>General Operations Support Fee -Nexus</b>						
Hawaii (Compact Member)	0	0	0	0		
New Hampshire	0	1,789	1,789	149		
Total	0	1,789	1,789	149	10	\$1,491
<b>Nexus Fees (Net of General Operations Support Fee)</b>						
Hawaii (Compact Member)	16,285	0	(16,285)	(1,357)		
New Hampshire	0	8,943	8,943	745		
Total	16,285	8,943	(7,342)	(612)	10	(\$6,118)
<b>NOTES ON THE ABOVE:</b>						
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						
New Hampshire - It is anticipated that New Hampshire will participate in the Nexus Program even though not included in the approved budget						
-----Compact and Sovereignty members do not pay the 20% General Operations Support fee-----						