



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee  
From: Julie P. Magee, Treasurer  
Date: November 21, 2011  
Subject: Financial Statements for the four-month period ended October 31, 2011

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#### OVERALL COMMENTS:

Attached are the financial statements for the four-month period ended October 31, 2011.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2011/2012 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 28, 2011 in Whitefish, Montana.

The reports indicate a total and actual *current unappropriated* fund balance of \$210,780 (computed as \$241,287 Current Unappropriated per the balance sheet, *less* the \$30,507 of Nexus surplus that is summed into the \$241,287 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 \$30,507, 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, Nexus and Training Programs.

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 BB&T and Wells Fargo. [The Multistate Tax Commission is close to completion of the transition to BB&T as the bank used for its operations.]

**CDs and Government Securities** is composed of \$503,568 in Inflation Protected Securities (a Vanguard mutual fund) and \$3,359,667 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 a previously held Nexus School.

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

### **Current Liabilities –**

**Prepaid Assessments** is the amount of unearned income remaining to be recognized in FY 11/12 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** show a favorable variance. This is primarily due to a combination of two factors:

- Two budgeted auditor positions are unfilled
- The group health insurance rate change that was effective on September 1 was budgeted for an increase when there was an actual *reduction* in the monthly premium.

**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 lower overall cost levels at the MTC annual conference in Whitefish, Montana.

**Bond Amortization**, which relates to the investment in the U.S. Government Agency securities, is higher than anticipated due to a higher than anticipated investment level in the U.S. Government Agency securities. The \$4,786 unfavorable variance here is more than offset by the \$7,726 of favorable variance in the interest income.

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATIONS BY PROGRAM &amp; TOTAL</b>						
<b>GENERAL OPERATIONS PROGRAM</b>						
Revenues	\$176,204	\$174,646	(\$1,558)	\$720,314	\$714,363	(\$5,951)
Expenses	171,124	150,636	20,488	756,246	675,476	80,770
SURPLUS/DEFICIT - GEN OPERATIONS	5,080	24,010	18,930	(35,932)	38,887	74,819
<b>ADMINISTRATIVE SERVICES</b>						
Expenses		(1)	1		(2)	2
SURPLUS/DEFICIT - ADMIN. SERVICES		1	1		2	2
<b>AUDIT PROGRAM</b>						
Revenues and Transfers	330,052	323,541	(6,511)	1,320,206	1,294,163	(26,043)
Expenses	322,115	284,633	37,482	1,291,709	1,132,220	159,489
SURPLUS/DEFICIT - AUDIT	7,937	38,908	30,971	28,497	161,943	133,446
<b>NEXUS PROGRAM</b>						
Revenues and Transfers	66,175	63,446	(2,729)	264,701	253,782	(10,919)
Expenses	61,531	52,625	8,906	251,123	223,275	27,848
SURPLUS/DEFICIT - NEXUS PROGRAM	4,644	10,821	6,177	13,578	30,507	16,929
<b>TRAINING &amp; EDUCATION</b>						
Revenues and Transfers	30,000	21,650	(8,350)	97,350	72,850	(24,500)
Expenses	31,886	21,289	10,597	89,314	63,287	26,027
SURPLUS/DEFICIT - TRAINING & EDUCATI	(1,886)	361	2,247	8,036	9,563	1,527
<b>OTHER PROJECTS</b>						
<b>TOTAL OPERATIONS</b>						
Revenues and Transfers	602,430	583,282	(19,148)	2,402,572	2,335,158	(67,414)
Expenses	586,656	508,797	77,859	2,388,392	2,093,870	294,522
SURPLUS/DEFICIT - TOTAL OPERATIONS	15,774	74,485	58,711	14,180	241,288	227,108

**ASSETS**

**CURRENT ASSETS**

Money Market Accounts	\$3,007,764.00
Cash in Banks	440,642.95
CD's and Government Securities	3,863,234.79
Petty Cash	900.00
Accounts Receivable - Nexus	101,506.00
Accounts Receivable - Assessments	204,257.00
Accounts Receivable - Audit	1,565,771.00
Accounts Receivable - Other	17,750.00
A/R - Income Tax School Fees	24,800.00
Prepaid Maintenance	4,902.00
Prepaid Rent	28,480.39
Prepaid Subscriptions	6,884.91
Accrued Interest	<u>37,797.94</u>

TOTAL CURRENT ASSETS \$9,304,690.98

**PROPERTY AND EQUIPMENT**

Office Furniture & Equipment	\$675,802.15
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(588,417.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$323,532.02

**OTHER ASSETS**

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

TOTAL OTHER ASSETS \$13,365.00

**TOTAL ASSETS** \$9,641,588.00

**LIABILITIES & FUND BALANCE**

**CURRENT LIABILITIES**

Accounts Payable	\$19,671.57
Accrued Vacation Pay	331,719.22
Payroll Taxes Payable	605.38
Prepaid Assessments	<u>4,554,123.04</u>

TOTAL CURRENT LIABILITIES \$4,906,119.21

**FUND BALANCE**

Appropriated Fund Bal-Enterprise Automation Project	\$455,715.16
Appropriated Fund Bal-Equipment Reserve	(5,793.84)
Approp Fund-Fed/Sta Dat Exchange	86,555.62
Restricted Fund Balance-Cumm	1,062,490.72
Restricted Fund Balance-Current	30,507.00
Unappropriated Fund Bal-Current Adj	(30,507.00)
Unappropriated Fund Balance-Cummula	2,887,015.06
Unappropriated Fund Balance-Current	<u>241,287.27</u>

TOTAL FUND BALANCE \$4,727,269.99

Add Back Asset Exp from Budget Rept 8,198.80

**TOTAL LIABILITIES & FUND BALANCE \$9,641,588.00**

Multistate Tax Commission  
INCOME STATEMENT  
For the Four Months Ending October 31, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
MEMBER ASSESSMENTS	\$149,190	\$149,190	\$0	\$596,758	\$596,759	\$1
GEN OPS SUPPORT FEE-AUDIT	11,718	8,463	(3,255)	46,872	33,852	(13,020)
GEN OPS SUPPORT FEE-NEXUS	5,254	4,708	(546)	21,017	18,833	(2,184)
AUDIT REIMBURSEMENTS	330,052	323,541	(6,511)	1,320,206	1,294,163	(26,043)
INTEREST INCOME	10,000	12,285	2,285	40,000	47,726	7,726
SPECIAL PROJECT FEES (NEXUS)	66,175	63,446	(2,729)	264,701	253,782	(10,919)
CONFERENCE FEES	0	0	0	15,500	16,600	1,100
MISCELLANEOUS REVENUE	42	0	(42)	167	593	426
TRAINING PROGRAM FEES	30,000	21,650	(8,350)	97,350	72,850	(24,500)
<b>TOTAL REVENUES</b>	<b>\$602,431</b>	<b>\$583,283</b>	<b>(\$19,148)</b>	<b>\$2,402,571</b>	<b>\$2,335,158</b>	<b>(\$67,413)</b>
<b>EXPENSES</b>						
SALARIES	\$310,987	\$291,187	\$19,800	\$1,235,334	\$1,168,089	\$67,245
RETIREMENT	38,375	36,107	2,268	152,431	144,308	8,123
EMPLOYEE INSURANCE	106,484	78,893	27,591	420,350	329,533	90,817
ADVERTISING	850	451	399	3,400	2,164	1,236
SUBSCRIPTIONS & PUBLICATIONS	3,050	3,237	(187)	12,200	14,687	(2,487)
TRAVEL	24,665	7,459	17,206	102,879	60,864	42,015
TRAVEL-MEMBERS	0	3,701	(3,701)	22,750	11,516	11,234
RENT AND UTILITIES	32,979	31,863	1,116	131,915	127,080	4,835
OFFICE SUPPLIES	4,703	2,710	1,993	16,526	11,679	4,847
POSTAGE, POST EQUIP RENTAL & FREIGHT	3,232	1,818	1,414	13,090	11,045	2,045
PRINTING, COPYING & COPIER RENTAL	4,013	3,728	285	12,813	8,238	4,575
COMMUNICATIONS-TELEPHONE	4,833	7,191	(2,358)	19,833	20,333	(500)
COMMUNICATIONS-COMPUTER	3,417	2,019	1,398	13,667	8,345	5,322
TRAINING	1,233	1,052	181	4,933	2,738	2,195
CONFERENCES & MEETINGS	3,508	5,230	(1,722)	63,283	34,876	28,407
CONSULTANTS TRAVEL	0	0	0	0	1,028	(1,028)
CONTRACT SERVICES	4,107	2,103	2,004	12,107	8,165	3,942
CONSULTING FEES/LEGAL	500	0	500	2,000	916	1,084
PENSION TRUSTEES FEES	125	0	125	500	480	20
INVESTMENT ADVISORY FEES	2,500	3,578	(1,078)	10,000	10,133	(133)
AUDIT SERVICES - NEXUS	167	0	167	667	0	667
LEGISLATIVE - CONSULTING	14,583	12,500	2,083	58,333	55,187	3,146
INSURANCE & BONDS	1,417	4,596	(3,179)	5,667	9,188	(3,521)
MAINTENANCE	1,146	877	269	4,583	8,593	(4,010)
BOND AMORTIZATION	5,000	6,267	(1,267)	20,000	24,786	(4,786)
MISCELLANEOUS	642	521	121	3,567	4,752	(1,185)
ACCOUNTING	5,833	562	5,271	12,333	6,127	6,206
SOFTWARE LICENCES	1,433	0	1,433	5,730	820	4,910
<b>TOTAL OPERATION EXPENSES</b>	<b>\$579,782</b>	<b>\$507,650</b>	<b>\$72,132</b>	<b>\$2,360,891</b>	<b>\$2,085,670</b>	<b>\$275,221</b>
FURNITURE & EQUIPMENT	\$6,875	\$1,145	\$5,730	\$27,500	\$8,199	\$19,301
<b>EXCESS REVENUE (EXPENSES)</b>	<b>\$15,774</b>	<b>\$74,488</b>	<b>\$58,714</b>	<b>\$14,180</b>	<b>\$241,289</b>	<b>\$227,109</b>

Multistate Tax Commission  
REVENUE SUMMARY  
For the Four Months Ending October 31, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
MEMBER ASSESSMENTS	\$149,190	\$149,190	\$0	\$596,758	\$596,759	\$1
GEN OPS SUPPORT FEE-AUDIT	11,718	8,463	(3,255)	46,872	33,852	(13,020)
GEN OPS SUPPORT FEE-NEXUS	5,254	4,708	(546)	21,017	18,833	(2,184)
INTEREST	10,000	12,285	2,285	40,000	47,726	7,726
CONFERENCE FEES-ANNUAL MEETING	0	0	0	15,500	16,600	1,100
MISCELLANEOUS REVENUE	42	0	(42)	167	593	426
<b>TOTAL REVENUES - GENERAL OPERATIO</b>	<b>\$176,204</b>	<b>\$174,646</b>	<b>(\$1,558)</b>	<b>\$720,314</b>	<b>\$714,363</b>	<b>(\$5,951)</b>
<b>ADMINISTRATIVE SERVICES</b>						
<b>AUDIT PROGRAM</b>						
MEMBER AUDIT REIMBURSEMENTS	330,052	323,541	(6,511)	1,320,206	1,294,163	(26,043)
<b>TOTAL REVENUES - AUDIT</b>	<b>\$330,052</b>	<b>\$323,541</b>	<b>(\$6,511)</b>	<b>\$1,320,206</b>	<b>\$1,294,163</b>	<b>(\$26,043)</b>
<b>NEXUS PROGRAM</b>						
NEXUS PROGRAM FEES	66,175	63,446	(2,729)	264,701	253,782	(10,919)
<b>TOTAL REVENUES - SPECIAL PROJECTS</b>	<b>\$66,175</b>	<b>\$63,446</b>	<b>(\$2,729)</b>	<b>\$264,701</b>	<b>\$253,782</b>	<b>(\$10,919)</b>
<b>TRAINING &amp; EDUCATION</b>						
AUDIT SAMPLING SCHOOLS	0	0	0	25,350	20,400	(4,950)
INCOME TAX SCHOOLS	0	2,400	2,400	42,000	28,400	(13,600)
NEXUS SCHOOLS	30,000	19,250	(10,750)	30,000	24,050	(5,950)
<b>TOTAL REVENUES-TRAINING &amp; EDUCATI</b>	<b>\$30,000</b>	<b>\$21,650</b>	<b>(\$8,350)</b>	<b>\$97,350</b>	<b>\$72,850</b>	<b>(\$24,500)</b>
<b>TOTAL REVENUES</b>	<b>\$602,431</b>	<b>\$583,283</b>	<b>(\$19,148)</b>	<b>\$2,402,571</b>	<b>\$2,335,158</b>	<b>(\$67,413)</b>

Multistate Tax Commission  
EXPENDITURE SUMMARY  
For the Four Months Ending October 31, 2011

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>EXPENDITURES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
PERSONNEL	\$100,672	\$90,351	\$10,321	\$402,687	\$372,172	\$30,515
OPERATING EXPENSES	41,699	33,193	8,506	238,545	189,475	49,070
EQUIPMENT	1,000	1,145	(145)	4,000	1,145	2,855
ADMINISTRATIVE SERVICES	<u>27,753</u>	<u>25,947</u>	<u>1,806</u>	<u>111,013</u>	<u>112,684</u>	<u>(1,671)</u>
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$171,124</u>	<u>\$150,636</u>	<u>\$20,488</u>	<u>\$756,245</u>	<u>\$675,476</u>	<u>\$80,769</u>
<b>ADMINISTRATIVE SERVICES</b>						
PERSONNEL	\$61,824	\$59,362	\$2,462	\$247,298	\$238,352	\$8,946
OPERATING EXPENSES	23,154	24,895	(1,741)	92,617	93,852	(1,235)
EQUIPMENT	3,292	0	3,292	13,167	7,054	6,113
ADMIN. SERVICES ALLOCATION	<u>(88,270)</u>	<u>(84,257)</u>	<u>(4,013)</u>	<u>(353,081)</u>	<u>(339,260)</u>	<u>(13,821)</u>
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1</u>	<u>(\$2)</u>	<u>\$3</u>
<b>AUDIT</b>						
PERSONNEL	\$241,983	\$217,730	\$24,253	\$967,931	\$859,973	\$107,958
OPERATING EXPENSES	27,469	17,704	9,765	113,128	82,985	30,143
EQUIPMENT	1,917	0	1,917	7,667	0	7,667
ADMIN. SERVICES ALLOCATION	<u>50,746</u>	<u>49,198</u>	<u>1,548</u>	<u>202,983</u>	<u>189,262</u>	<u>13,721</u>
TOTAL EXPS - AUDIT	<u>\$322,115</u>	<u>\$284,632</u>	<u>\$37,483</u>	<u>\$1,291,709</u>	<u>\$1,132,220</u>	<u>\$159,489</u>
<b>NEXUS PROGRAM</b>						
PERSONNEL	\$34,638	\$29,682	\$4,956	\$138,551	\$126,969	\$11,582
OPERATING EXPENSES	16,705	13,832	2,873	71,822	58,992	12,830
EQUIPMENT	417	0	417	1,667	0	1,667
ADMIN. SERVICES ALLOCATION	<u>9,771</u>	<u>9,111</u>	<u>660</u>	<u>39,084</u>	<u>37,314</u>	<u>1,770</u>
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$61,531</u>	<u>\$52,625</u>	<u>\$8,906</u>	<u>\$251,124</u>	<u>-\$223,275</u>	<u>\$27,849</u>
<b>TRAINING &amp; EDUCATION</b>						
PERSONNEL	\$16,729	\$9,063	\$7,666	\$51,649	\$44,465	\$7,184
OPERATING EXPENSES	14,908	12,226	2,682	36,665	18,822	17,843
EQUIPMENT	250	0	250	1,000	0	1,000
TOTAL EXPS - TRAINING & EDUCATION	<u>\$31,887</u>	<u>\$21,289</u>	<u>\$10,598</u>	<u>\$89,314</u>	<u>\$63,287</u>	<u>\$26,027</u>
<b>OTHER APPROPRIATED FUNDS</b>						
<b>TOTAL EXPENDITURES</b>	<u><u>\$586,657</u></u>	<u><u>\$509,182</u></u>	<u><u>\$77,475</u></u>	<u><u>\$2,388,393</u></u>	<u><u>\$2,094,256</u></u>	<u><u>\$294,137</u></u>