



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee  
From: Joe Huddleston, Executive Director  
Date: November 1, 2007  
Subject: Financial Statements for the three-month period  
ended September 30, 2007

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#### OVERALL COMMENTS:

Attached are the financial statements for the three-month period ended September 30, 2007.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2007/2008 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on August 2, 2007 in Minneapolis, Minnesota.

The reports indicate a total *current* unappropriated fund balance of \$92,781 (computed as \$138,687 Current Unappropriated less \$45,906 Current Adj Unappropriated). The reports indicate a total *current* restricted fund balance of \$75,842.

Membership Assessments, Audit Fees, and special project (Nexus) fees are recognized ratably throughout the year.

Expenditures are running less than the budgeted amounts in all of the ongoing operational program areas of the MTC. Expenditures from the Enterprise Automation Project (Appropriated Fund) have been larger than budgeted due to unexpected expenditures within certain projects in this area.

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:**

### **Fund Balances -**

**Enterprise Automation Project, State Tax Compliance, Future of the MTC (Federalism at Risk), Nexus Activities, and Membership Development and Relations Appropriated Funds** are reported in separate schedules showing the approved amounts plus the amounts, if any, expended through September 30, 2007.

The **Enterprise Automation Project Appropriated Fund** is charged for expenditures from the **Enterprise Automation Project**.

### **INCOME STATEMENT - Revenues:**

All non-member administrative fees earned by the Audit Program and the Nexus Program are credited to these programs.

**Interest income** earned is allocated to each program based on the relative amounts of fees that each program area generates.

**Training Program Fees** show an unfavorable variance from the budgeted amount. This is due to a training school (audit sampling) being budgeted in August but not being held in the three month period ended September 30, 2007. The related expenses for the Training and Education Program show a favorable variance because variable expenses are likewise reduced when no training schools are held.

### **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 from the budgeted amounts as a result of a number of vacant positions. These positions are: Research Associate (Policy; part-time), an Administrative position, two Paralegal (Nexus) positions, another Nexus position, and two Auditors.

**Temporary Help** shows an unfavorable variance from the budgeted amount due to the use of temporary help in filling budgeted paralegal positions in Nexus

program. This unfavorable amount effectively nets against the favorable variance in salaries, *etc.* mentioned above.

**Remodeling Expense** shows a \$31,238 favorable variance. Remodeling expenses are budgeted ratably over the fiscal year at \$10,413 per month in anticipation of construction related to the new lease beginning February 1, 2008. This expense will provide for architectural and construction work for the existing space and 565 additional square feet the MTC will be leasing. At this time only architectural planning work has been done.

**Contract Services** shows an \$11,649 unfavorable variance. This unfavorable variance is primarily due to expenditures in the Enterprise Automation Project (which are funded out of an appropriated fund). To a smaller extent some of the unfavorable variance is due to the use of contract labor in the Information Services area in lieu of a vacant (and budgeted) salaried staff position.

Please note that the Enterprise Automation Project is funded from an appropriated fund as well as other sources and is a multi-year effort. Funds not expended this fiscal year are intended to be expended in future years.