



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Donna Donovan, Treasurer
Date: November 30, 2009
Subject: Financial Statements for the four-month period ended October 31, 2009

OVERALL COMMENTS:

Attached are the financial statements for the four-month period ended October 31, 2009.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2009/2010 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 30, 2009 in Kansas City, Missouri.

The reports indicate a total and actual *current unappropriated* fund balance of \$49,196 (computed as \$103,405 Current Unappropriated per the balance sheet, less the \$54,209 of Nexus surplus that is summed into the \$103,405 on the balance sheet by the accounting software). The reports indicate a total *current restricted* fund balance of \$54,209, 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 all of the ongoing operational program areas of the MTC.

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 .4%.

CDs and Government Securities is composed of a \$250,000 2-year CD (earning 3.25%) held by BB+T and \$1,730,285 of U.S. Government Agency Securities (with an average maturity of 5 years or less) held by Aintree Capital, LLC.

Accounts Receivable – Other are registration fees receivable from previously held Statistical Sampling and Nexus Schools.

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

Current Liabilities –

Prepaid Assessments is the amount of unearned income remaining to be recognized in FY 09/10 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:

Membership fees show an unfavorable variance due to the fact that Wyoming downgraded its membership level from Sovereignty this year. These fees for the full year would have been \$10,385. The unfavorable variance of \$2,627 is that portion of the \$10,385 that would have been recognized as revenue through the end of October.

Audit fees show an unfavorable variance due to the fact that Hawaii suspended its participation in the audit program this year. These fees for the full year would have been \$182,300. The unfavorable variance of \$60,767 is the portion of the \$182,300 that would have been recognized as revenue through the end of October.

Nexus fees show an unfavorable variance due to the fact that Rhode Island and Wyoming are not participating in the Nexus program this year as anticipated and budgeted. The combined fees for the full year would have been \$28,636. The unfavorable variance of \$8,492 is the portion of the \$28,636 that would have been recognized as revenue through the end of October.

Training Program fees show an unfavorable variance due to the fact that the attendance at the schools held so far is less than anticipated.

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 are essentially on budget. There are no budgeted but unfilled full-time positions in this fiscal year.

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.

Interest is the amortization of any premium paid at the time of purchase of the U.S. Government Agency bonds. This is offset by the related interest income over the life of these investments.