



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Rich Jackson, Treasurer
Date: November 18, 2013
Subject: Financial Statements for the four-month period ended October 31, 2013

OVERALL COMMENTS:

Attached are the financial statements for the four-month period ended October 31, 2013.

The budget column amounts in the attached report are computed and are based on the amounts in the approved fiscal year 2013/2014 budget. The budget amounts for this fiscal year were approved at a meeting of the Commission on July 24, 2013 in San Diego, California.

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

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

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.

BUDGET AND FUND SUMMARY:

For the four months ended October 31, 2013 the actual overall deficit from operations was \$(48,540) versus a budgeted deficit of \$(15,537). There should be less actual overall deficit from operations going forward in the current fiscal year as a result of action that reduced the group health insurance rates that became effective September 1, 2013.

INCOME STATEMENT - Revenues:

New Hampshire rejoined the Nexus Program for this fiscal year after the budget was approved. Thus, this unanticipated revenue results in favorable variances in the **Nexus Program Fees** and the **General Operations Support Fees – Nexus**.

Minnesota was budgeted as included in the Audit Program for this fiscal year. However, Minnesota is not participating in the Audit Program this year resulting in an unfavorable variance of \$49,813 in the **Audit Program Fees** for the four months ended October 31, 2013.

A spreadsheet is attached to this report detailing the variances in the program fees noted above.

The unfavorable variance of \$27,505 in training program fees is a timing issue. A Nexus School budgeted to occur in the four month period ending October 31, 2013 was actually held in November.

INCOME STATEMENT - Expenditures:

Salaries show an unfavorable variance of \$19,462 due to unbudgeted salary actions in the four months ended October 31, 2013.

Employee Insurance shows a favorable variance of \$41,335 due to action to reduce the cost of employee group health insurance. Group health insurance was budgeted to provide for up to an 8% rate increase on the policy anniversary date of September 1, 2013. However, as a result of the loss of the program fee revenue (discussed above) action was taken to change the coverage thereby reducing rates by 10% in order to maintain an overall "break-even" surplus.

Conferences and Meetings shows an unfavorable variance of \$9,855 due to costs higher than budgeted at the July annual conference in San Diego.

| | Current Period | | | Year-to Date | | |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| OPERATIONS BY PROGRAM & TOTAL | | | | | | |
| GENERAL OPERATIONS PROGRAM | | | | | | |
| Revenues | \$136,734 | \$134,759 | (\$1,975) | \$562,438 | \$553,951 | (\$8,487) |
| Expenses | 135,175 | 134,585 | 590 | 586,151 | 597,851 | (11,700) |
| SURPLUS/DEFICIT - GEN OPERATIONS | 1,559 | 174 | (1,385) | (23,713) | (43,900) | (20,187) |
| ADMINISTRATIVE SERVICES | | | | | | |
| Expenses | | (1) | 1 | | (1) | 1 |
| SURPLUS/DEFICIT - ADMIN. SERVICES | | 1 | 1 | | 1 | 1 |
| AUDIT PROGRAM | | | | | | |
| Revenues and Transfers | 359,487 | 347,033 | (12,454) | 1,437,946 | 1,388,133 | (49,813) |
| Expenses | 358,059 | 327,650 | 30,409 | 1,435,535 | 1,385,217 | 50,318 |
| SURPLUS/DEFICIT - AUDIT | 1,428 | 19,383 | 17,955 | 2,411 | 2,916 | 505 |
| NEXUS PROGRAM | | | | | | |
| Revenues and Transfers | 64,325 | 67,564 | 3,239 | 257,301 | 260,540 | 3,239 |
| Expenses | 62,168 | 63,968 | (1,800) | 251,921 | 271,300 | (19,379) |
| SURPLUS/DEFICIT - NEXUS PROGRAM | 2,157 | 3,596 | 1,439 | 5,380 | (10,760) | (16,140) |
| TRAINING & EDUCATION | | | | | | |
| Revenues and Transfers | 51,800 | 36,105 | (15,695) | 78,800 | 51,295 | (27,505) |
| Expenses | 50,655 | 46,135 | 4,520 | 78,414 | 48,092 | 30,322 |
| SURPLUS/DEFICIT - TRAINING & EDUCATI | 1,145 | (10,030) | (11,175) | 386 | 3,203 | 2,817 |
| OTHER PROJECTS | | | | | | |
| | | | | | | |
| TOTAL OPERATIONS | | | | | | |
| Revenues and Transfers | 612,346 | 585,461 | (26,885) | 2,336,484 | 2,253,919 | (82,565) |
| Expenses | 606,056 | 572,336 | 33,720 | 2,352,021 | 2,302,459 | 49,562 |
| SURPLUS/DEFICIT - TOTAL OPERATIONS | 6,290 | 13,125 | 6,835 | (15,537) | (48,540) | (33,003) |

ASSETS

CURRENT ASSETS

| | |
|-----------------------------------|------------------|
| Money Market Accounts | \$49,899.47 |
| Cash in Banks | 3,241,158.60 |
| Investments | 4,362,240.55 |
| Petty Cash | 893.00 |
| Accounts Receivable - Nexus | 111,201.00 |
| Accounts Receivable - Assessments | 354,168.00 |
| Accounts Receivable - Audit | 1,193,507.50 |
| Accounts Receivable - Other | 33,240.00 |
| Prepaid Maintenance | 1,417.66 |
| Prepaid Rent | 33,111.14 |
| Prepaid Licenses | 5,625.00 |
| Prepaid Subscriptions | 13,471.19 |
| Accrued Interest | <u>32,791.43</u> |

TOTAL CURRENT ASSETS \$9,432,724.54

PROPERTY AND EQUIPMENT

| | |
|-----------------------------------|---------------------|
| Office Furniture & Equipment | \$625,024.83 |
| Leasehold Improvements | 236,147.39 |
| Less: Accum Depred & Amortization | <u>(679,436.52)</u> |

TOTAL PROPERTY AND EQUIPMENT \$181,735.70

OTHER ASSETS

| | |
|--------------------------|-----------------|
| Expense Account Advances | \$8,000.00 |
| Rent Deposits | <u>6,165.00</u> |

TOTAL OTHER ASSETS \$14,165.00

TOTAL ASSETS \$9,628,625.24

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

| | |
|-----------------------|---------------------|
| Accounts Payable | \$18,960.89 |
| Accrued Vacation Pay | 389,399.11 |
| Payroll Taxes Payable | (0.53) |
| Unearned Program Fees | <u>4,279,173.32</u> |

TOTAL CURRENT LIABILITIES \$4,687,532.79

FUND BALANCE

| | |
|---|--------------------|
| Appropriated Fund Bal-Enterprise Automation Project | \$555,715.16 |
| Appropriated Fund Bal-Equipment Reserve | 31,706.16 |
| Restricted Fund Balance-Cumm | 1,122,517.06 |
| Restricted Fund Balance-Current | (10,760.00) |
| Unappropriated Fund Bal-Current Adj | 10,760.00 |
| Unappropriated Fund Balance-Cummula | 3,279,694.24 |
| Unappropriated Fund Balance-Current | <u>(48,540.17)</u> |

TOTAL FUND BALANCE \$4,941,092.45

TOTAL LIABILITIES & FUND BALANCE \$9,628,625.24

Multistate Tax Commission
INCOME STATEMENT
For the Four Months Ending October 31, 2013

| | Current Period | | | Year-to-Date | | |
|--------------------------------------|------------------|------------------|-------------------|--------------------|--------------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| REVENUES | | | | | | |
| MEMBER ASSESSMENTS | \$102,391 | \$102,391 | \$0 | \$409,563 | \$409,562 | (\$1) |
| GEN OPS SUPPORT FEE-AUDIT | 14,944 | 14,944 | 0 | 59,775 | 59,775 | 0 |
| GEN OPS SUPPORT FEE-NEXUS | 5,192 | 6,001 | 809 | 20,767 | 21,576 | 809 |
| AUDIT PROGRAM FEES | 359,487 | 347,033 | (12,454) | 1,437,946 | 1,388,133 | (49,813) |
| INVESTMENT INCOME | 14,167 | 10,493 | (3,674) | 56,667 | 42,619 | (14,048) |
| NEXUS PROGRAM FEES | 64,325 | 67,564 | 3,239 | 257,301 | 260,540 | 3,239 |
| CONFERENCE FEES | 0 | 930 | 930 | 15,500 | 20,415 | 4,915 |
| MISCELLANEOUS REVENUE | 42 | 0 | (42) | 167 | 3 | (164) |
| TRAINING PROGRAM FEES | 51,800 | 36,105 | (15,695) | 78,800 | 51,295 | (27,505) |
| TOTAL REVENUES | \$612,348 | \$585,461 | (\$26,887) | \$2,336,486 | \$2,253,918 | (\$82,568) |
| EXPENSES | | | | | | |
| SALARIES | \$339,289 | \$328,082 | \$11,207 | \$1,297,034 | \$1,316,496 | (\$19,462) |
| RETIREMENT | 42,072 | 40,682 | 1,390 | 160,833 | 160,766 | 67 |
| EMPLOYEE INSURANCE | 101,212 | 84,930 | 16,282 | 387,274 | 345,939 | 41,335 |
| ADVERTISING | 167 | 0 | 167 | 667 | 0 | 667 |
| SUBSCRIPTIONS & PUBLICATIONS | 2,692 | 3,703 | (1,011) | 10,766 | 14,019 | (3,253) |
| TRAVEL | 29,058 | 26,174 | 2,884 | 98,525 | 86,808 | 11,717 |
| TRAVEL-MEMBERS | 0 | 0 | 0 | 5,550 | 1,002 | 4,548 |
| RENT AND UTILITIES | 31,303 | 33,428 | (2,125) | 125,211 | 133,530 | (8,319) |
| OFFICE SUPPLIES | 2,838 | 1,584 | 1,254 | 13,950 | 7,937 | 6,013 |
| POSTAGE, POST EQUIP RENTAL & FREIGHT | 2,852 | 2,263 | 589 | 12,026 | 10,142 | 1,884 |
| PRINTING, COPYING & COPIER RENTAL | 3,038 | 3,042 | (4) | 7,688 | 6,896 | 792 |
| TELEPHONE SERVICE & VIDEO CONFERENC | 3,477 | 1,585 | 1,892 | 13,907 | 9,190 | 4,717 |
| INTERNET ACCESS | 2,463 | 3,665 | (1,202) | 9,850 | 16,475 | (6,625) |
| TRAINING | 1,225 | (158) | 1,383 | 4,900 | 836 | 4,064 |
| CONFERENCES & MEETINGS | 5,333 | 5,379 | (46) | 55,983 | 65,838 | (9,855) |
| CONSULTANTS TRAVEL | 0 | 0 | 0 | 0 | 549 | (549) |
| CONTRACT SERVICES | 1,417 | 1,528 | (111) | 7,867 | 7,876 | (9) |
| CONSULTING FEES/LEGAL | 208 | 95 | 113 | 833 | 95 | 738 |
| PENSION TRUSTEES FEES | 208 | 0 | 208 | 833 | 478 | 355 |
| INVESTMENT ADVISORY FEES | 2,083 | 3,275 | (1,192) | 8,333 | 9,174 | (841) |
| LEGISLATIVE - CONSULTING | 13,333 | 12,500 | 833 | 53,333 | 51,798 | 1,535 |
| INSURANCE & BONDS | 1,417 | 1,591 | (174) | 5,667 | 6,535 | (868) |
| MAINTENANCE | 1,750 | 647 | 1,103 | 7,000 | 8,418 | (1,418) |
| BOND AMORTIZATION | 5,833 | 5,708 | 125 | 23,333 | 22,836 | 497 |
| MISCELLANEOUS | 1,750 | 635 | 1,115 | 8,000 | 3,865 | 4,135 |
| ACCOUNTING | 6,083 | 11,954 | (5,871) | 12,833 | 13,035 | (202) |
| SOFTWARE LICENCES | 1,000 | 47 | 953 | 4,000 | 1,928 | 2,072 |
| ADMINISTRATIVE SERVICE ALLOCAT | (3) | 0 | (3) | (10) | 0 | (10) |
| TOTAL OPERATION EXPENSES | \$602,098 | \$572,339 | \$29,759 | \$2,336,186 | \$2,302,461 | \$33,725 |
| FURNITURE & EQUIPMENT | \$3,958 | \$0 | \$3,958 | \$15,833 | \$0 | \$15,833 |
| EXCESS REVENUE (EXPENSES) | \$6,292 | \$13,122 | \$6,830 | (\$15,533) | (\$48,543) | (\$33,010) |

Multistate Tax Commission
REVENUE SUMMARY
For the Four Months Ending October 31, 2013

| | Current Period | | | Year-to Date | | |
|--|------------------|------------------|-------------------|--------------------|--------------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| REVENUES BY PROGRAM TYPE | | | | | | |
| GENERAL OPERATIONS | | | | | | |
| MEMBER ASSESSMENTS | \$102,391 | \$102,391 | \$0 | \$409,563 | \$409,562 | (\$1) |
| GEN OPS SUPPORT FEE-AUDIT | 14,944 | 14,944 | 0 | 59,775 | 59,775 | 0 |
| GEN OPS SUPPORT FEE-NEXUS | 5,192 | 6,001 | 809 | 20,767 | 21,576 | 809 |
| INVESTMENT INCOME | 14,167 | 10,493 | (3,674) | 56,667 | 42,619 | (14,048) |
| CONFERENCE FEES-ANNUAL MEETING | 0 | 930 | 930 | 15,500 | 20,415 | 4,915 |
| MISCELLANEOUS REVENUE | 42 | 0 | (42) | 167 | 3 | (164) |
| TOTAL REVENUES - GENERAL OPERATIO | \$136,736 | \$134,759 | (\$1,977) | \$562,439 | \$553,950 | (\$8,489) |
| ADMINISTRATIVE SERVICES | | | | | | |
| AUDIT PROGRAM | | | | | | |
| MEMBER AUDIT REIMBURSEMENTS | 359,487 | 347,033 | (12,454) | 1,437,946 | 1,388,133 | (49,813) |
| TOTAL REVENUES - AUDIT | \$359,487 | \$347,033 | (\$12,454) | \$1,437,946 | \$1,388,133 | (\$49,813) |
| NEXUS PROGRAM | | | | | | |
| NEXUS PROGRAM FEES | 64,325 | 67,564 | 3,239 | 257,301 | 260,540 | 3,239 |
| TOTAL REVENUES - SPECIAL PROJECTS | \$64,325 | \$67,564 | \$3,239 | \$257,301 | \$260,540 | \$3,239 |
| TRAINING & EDUCATION | | | | | | |
| AUDIT SAMPLING SCHOOLS | 15,800 | 14,325 | (1,475) | 15,800 | 26,610 | 10,810 |
| INCOME TAX SCHOOLS | 36,000 | 21,780 | (14,220) | 36,000 | 24,685 | (11,315) |
| NEXUS SCHOOLS | 0 | 0 | 0 | 27,000 | 0 | (27,000) |
| TOTAL REVENUES-TRAINING & EDUCATI | \$51,800 | \$36,105 | (\$15,695) | \$78,800 | \$51,295 | (\$27,505) |
| TOTAL REVENUES | \$612,348 | \$585,461 | (\$26,887) | \$2,336,486 | \$2,253,918 | (\$82,568) |

Multistate Tax Commission
EXPENDITURE SUMMARY
For the Four Months Ending October 31, 2013

| | Current Period | | | Year-to Date | | |
|-------------------------------------|-------------------------|-------------------------|------------------------|---------------------------|---------------------------|------------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| EXPENDITURES BY PROGRAM TYPE | | | | | | |
| GENERAL OPERATIONS | | | | | | |
| PERSONNEL | \$72,735 | \$68,497 | \$4,238 | \$290,940 | \$292,723 | (\$1,783) |
| OPERATING EXPENSES | 38,829 | 41,991 | (3,162) | 200,768 | 198,111 | 2,657 |
| EQUIPMENT | 583 | 0 | 583 | 2,333 | 0 | 2,333 |
| ADMINISTRATIVE SERVICES | <u>23,027</u> | <u>24,097</u> | <u>(1,070)</u> | <u>92,109</u> | <u>107,017</u> | <u>(14,908)</u> |
| TOTAL EXPENSES - GENERAL OPERATIO | <u>\$135,174</u> | <u>\$134,585</u> | <u>\$589</u> | <u>\$586,150</u> | <u>\$597,851</u> | <u>(\$11,701)</u> |
| ADMINISTRATIVE SERVICES | | | | | | |
| PERSONNEL | \$69,425 | \$67,509 | \$1,916 | \$277,701 | \$292,439 | (\$14,738) |
| OPERATING EXPENSES | 22,628 | 19,853 | 2,775 | 90,511 | 86,900 | 3,611 |
| EQUIPMENT | 1,208 | 0 | 1,208 | 4,833 | 0 | 4,833 |
| ADMIN. SERVICES ALLOCATION | <u>(93,261)</u> | <u>(87,364)</u> | <u>(5,897)</u> | <u>(373,045)</u> | <u>(379,340)</u> | <u>6,295</u> |
| TOTAL EXPS - ADMIN. SERVICES | <u>\$0</u> | <u>(\$2)</u> | <u>\$2</u> | <u>\$0</u> | <u>(\$1)</u> | <u>\$1</u> |
| AUDIT | | | | | | |
| PERSONNEL | \$270,058 | \$249,225 | \$20,833 | \$1,080,234 | \$1,051,749 | \$28,485 |
| OPERATING EXPENSES | 26,531 | 25,511 | 1,020 | 109,424 | 105,797 | 3,627 |
| EQUIPMENT | 1,667 | 0 | 1,667 | 6,667 | 0 | 6,667 |
| ADMIN. SERVICES ALLOCATION | <u>59,803</u> | <u>52,915</u> | <u>6,888</u> | <u>239,211</u> | <u>227,671</u> | <u>11,540</u> |
| TOTAL EXPS - AUDIT | <u>\$358,059</u> | <u>\$327,651</u> | <u>\$30,408</u> | <u>\$1,435,536</u> | <u>\$1,385,217</u> | <u>\$50,319</u> |
| NEXUS PROGRAM | | | | | | |
| PERSONNEL | \$37,773 | \$38,510 | (\$737) | \$151,091 | \$156,338 | (\$5,247) |
| OPERATING EXPENSES | 13,550 | 15,105 | (1,555) | 57,449 | 70,310 | (12,861) |
| EQUIPMENT | 417 | 0 | 417 | 1,667 | 0 | 1,667 |
| ADMIN. SERVICES ALLOCATION | <u>10,429</u> | <u>10,352</u> | <u>77</u> | <u>41,715</u> | <u>44,652</u> | <u>(2,937)</u> |
| TOTAL DIRECT EXPS - NEXUS PROGRAM | <u>\$62,169</u> | <u>\$63,967</u> | <u>(\$1,798)</u> | <u>\$251,922</u> | <u>\$271,300</u> | <u>(\$19,378)</u> |
| TRAINING & EDUCATION | | | | | | |
| PERSONNEL | \$32,582 | \$29,952 | \$2,630 | \$45,175 | \$29,952 | \$15,223 |
| OPERATING EXPENSES | 17,989 | 16,183 | 1,806 | 32,905 | 18,140 | 14,765 |
| EQUIPMENT | 83 | 0 | 83 | 333 | 0 | 333 |
| TOTAL EXPS - TRAINING & EDUCATION | <u>\$50,654</u> | <u>\$46,135</u> | <u>\$4,519</u> | <u>\$78,413</u> | <u>\$48,092</u> | <u>\$30,321</u> |
| OTHER APPROPRIATED FUNDS | | | | | | |
| TOTAL EXPENDITURES | <u><u>\$606,056</u></u> | <u><u>\$572,336</u></u> | <u><u>\$33,720</u></u> | <u><u>\$2,352,021</u></u> | <u><u>\$2,302,459</u></u> | <u><u>\$49,562</u></u> |

**MULTISTATE TAX COMMISSION
VARIANCES IN FEE REVENUE FOR FY 2013**

| Description | Fees For the Fiscal Year (12 months) ending June 30, 2013 | | Variance | Number of months in October, 2013 Financial Report | Computed Variance: Favorable or Unfavorable) |
|---|---|--------------|-----------|--|--|
| | As Budgeted | Final/Actual | | | |
| Membership Fee | | | | 4 | \$0 |
| General Operations Support Fee - Audit | | | | | |
| Total | 0 | 0 | 0 | 4 | \$0 |
| Audit Fees (Net of General Operations Support Fee) | | | | | |
| Minnesota | 149,438 | 0 | (149,438) | | (12,453) |
| Total | 149,438 | 0 | (149,438) | 4 | (\$49,813) |
| General Operations Support Fee -Nexus | | | | | |
| New Hampshire | 0 | 2,429 | 2,429 | 202 | |
| Total | 0 | 2,429 | 2,429 | 4 | \$810 |
| Nexus Fees (Net of General Operations Support Fee) | | | | | |
| New Hampshire | 0 | 9,715 | 9,715 | 810 | |
| Total | 0 | 9,715 | 9,715 | 4 | \$3,238 |

NOTES ON THE ABOVE:
Minnesota - Was budgeted to participate in the audit program, but dropped out.
New Hampshire - Entered the Nexus Program after the fiscal year started
 -----Compact and Sovereignty members do not pay the 20% General Operations Support fee-----