



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Joe Huddleston, Executive Director
Date: April 24, 2013
Subject: Financial Statements for the nine-month period ended March 31, 2013

OVERALL COMMENTS:

Attached are the financial statements for the nine-month period ended March 31, 2013.

With one exception the budget column amounts in the attached report reflect the amounts in the **Final Proposed** column of the approved fiscal year 2012/2013 budget. As a result of California repealing the Multistate Tax Compact effective July 1, 2012 the California membership fees have been excluded from the budget column of the attached financial reports (and, of course, not recognized in the actual column). The **Final Proposed** budget amounts for this fiscal year were approved at a meeting of the Commission on August 1, 2012 in Grand Rapids, Michigan.

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:

General Operations Program

The \$259,266 deficit in this program is substantially explained by two items, which affect the deficit in *opposite* directions:

- California membership fees will not be received for this fiscal year. This contributes to the deficit seen on this report. For the nine months ended March 31, 2013 the California membership fees that otherwise would have been recognized as revenue are \$403,391.
- A counsel position was vacant from July 1, 2012 through December 31, 2012. This position was filled effective January 1, 2013.

Audit Program

The \$388,076 surplus in this program is substantially explained by four items:

- Minnesota rejoined the audit program after the FY 2013 budget was prepared and approved. This revenue adds \$51,266 to the surplus for the nine month period ended March 31, 2013.
- Massachusetts joined the audit program after the FY 2013 budget was prepared and approved. This revenue adds \$61,520 to the surplus for the nine month period ended March 31, 2013. [Massachusetts is neither a Compact nor Sovereignty member and the fee thus includes a 20% general operations support component].
- An audit position was vacant from July 1, 2012 through December 31, 2012. This position was filled on January 1, 2013.
- A surplus of \$141,158 was originally planned and budgeted for this nine month period.

Training Program

The deficit here is due to the combination of lower than expected revenues and higher than expected expenses. The lower than expected revenues were a result of smaller than anticipated class sizes. The higher than expected expenses were contributed to, in part, by higher travel costs to certain schools.

INCOME STATEMENT - Revenues:

Variances in the Audit Reimbursements and the Training Program Fees were explained above.

INCOME STATEMENT - Expenditures:

Salaries, Retirement, and Employee Insurance show a favorable variance. This is primarily due to the fact that a budgeted counsel position and a budgeted auditor position were unfilled until January 1, 2013.

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATIONS BY PROGRAM & TOTAL						
GENERAL OPERATIONS PROGRAM						
Revenues	\$132,715	\$138,657	\$5,942	\$1,209,937	\$1,263,968	\$54,031
Expenses	<u>177,963</u>	<u>191,237</u>	<u>(13,274)</u>	<u>1,583,915</u>	<u>1,523,234</u>	<u>60,681</u>
SURPLUS/DEFICIT - GEN OPERATIONS	<u>(45,248)</u>	<u>(52,580)</u>	<u>(7,332)</u>	<u>(373,978)</u>	<u>(259,266)</u>	<u>114,712</u>
ADMINISTRATIVE SERVICES						
Expenses		(3)	3	(1)	(2)	1
SURPLUS/DEFICIT - ADMIN. SERVICES		<u>3</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>1</u>
AUDIT PROGRAM						
Revenues and Transfers	343,885	355,278	11,393	3,094,968	3,197,500	102,532
Expenses	<u>330,159</u>	<u>332,049</u>	<u>(1,890)</u>	<u>2,953,935</u>	<u>2,809,424</u>	<u>144,511</u>
SURPLUS/DEFICIT - AUDIT	<u>13,726</u>	<u>23,229</u>	<u>9,503</u>	<u>141,033</u>	<u>388,076</u>	<u>247,043</u>
NEXUS PROGRAM						
Revenues and Transfers	63,233	63,233		569,099	569,099	
Expenses	<u>62,226</u>	<u>62,136</u>	<u>90</u>	<u>544,784</u>	<u>525,889</u>	<u>18,895</u>
SURPLUS/DEFICIT - NEXUS PROGRAM	<u>1,007</u>	<u>1,097</u>	<u>90</u>	<u>24,315</u>	<u>43,210</u>	<u>18,895</u>
TRAINING & EDUCATION						
Revenues and Transfers		(11)	(11)	185,567	147,125	(38,442)
Expenses	<u>1,267</u>	<u>3,494</u>	<u>(2,227)</u>	<u>184,062</u>	<u>212,512</u>	<u>(28,450)</u>
SURPLUS/DEFICIT - TRAINING & EDUCATI	<u>(1,267)</u>	<u>(3,505)</u>	<u>(2,238)</u>	<u>1,505</u>	<u>(65,387)</u>	<u>(66,892)</u>
OTHER PROJECTS						
TOTAL OPERATIONS						
Revenues and Transfers	539,834	557,157	17,323	5,059,571	5,177,692	118,121
Expenses	<u>571,615</u>	<u>588,914</u>	<u>(17,299)</u>	<u>5,266,695</u>	<u>5,071,057</u>	<u>195,638</u>
SURPLUS/DEFICIT - TOTAL OPERATIONS	<u>(31,781)</u>	<u>(31,757)</u>	<u>24</u>	<u>(207,124)</u>	<u>106,635</u>	<u>313,759</u>

ASSETS

CURRENT ASSETS

Money Market Accounts	\$279,924.76
Cash in Banks	1,647,663.11
Investments	4,479,769.14
Petty Cash	903.27
Accounts Receivable - Audit	462,326.00
Prepaid Maintenance	4,092.15
Prepaid Rent	33,336.12
Prepaid Meeting Costs	10,562.50
Prepaid Licenses	5,625.00
Prepaid Subscriptions	20,756.54
Accrued Interest	<u>31,715.63</u>

TOTAL CURRENT ASSETS \$6,976,674.22

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	\$724,194.55
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(680,352.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$279,989.42

OTHER ASSETS

Expense Account Advances	\$8,400.00
Rent Deposits	<u>6,165.00</u>

TOTAL OTHER ASSETS \$14,565.00

TOTAL ASSETS \$7,271,228.64

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$18,837.90
Accrued Vacation Pay	352,224.68
Payroll Taxes Payable	(0.26)
Unearned Program Fees	<u>1,621,970.24</u>

TOTAL CURRENT LIABILITIES \$1,993,032.56

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$555,715.16
Appropriated Fund Bal-Equipment Reserve	31,706.16
Restricted Fund Balance-Cumm	1,124,765.00
Restricted Fund Balance-Current	45,671.00
Unappropriated Fund Bal-Current Adj	(45,671.00)
Unappropriated Fund Balance-Cummula	3,444,802.13
Unappropriated Fund Balance-Current	<u>106,635.04</u>

TOTAL FUND BALANCE \$5,263,623.49

Add Back Asset Exp from Budget Rept 14,572.59

TOTAL LIABILITIES & FUND BALANCE \$7,271,228.64

Multistate Tax Commission
INCOME STATEMENT
For the Nine Months Ending March 31, 2013

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
MEMBER ASSESSMENTS	\$104,368	\$104,369	\$1	\$939,316	\$939,317	\$1
GEN OPS SUPPORT FEE-AUDIT	11,718	12,857	1,139	105,462	115,716	10,254
GEN OPS SUPPORT FEE-NEXUS	4,921	4,921	0	44,285	44,285	0
AUDIT REIMBURSEMENTS	343,885	355,278	11,393	3,094,968	3,197,500	102,532
INVESTMENT INCOME	11,667	16,510	4,843	105,000	144,132	39,132
SPECIAL PROJECT FEES (NEXUS)	63,233	63,233	0	569,099	569,099	0
CONFERENCE FEES	0	0	0	15,500	19,057	3,557
EQUIPMENT SALES	0	0	0	0	1,000	1,000
MISCELLANEOUS REVENUE	42	0	(42)	375	461	86
TRAINING PROGRAM FEES	0	(11)	(11)	185,567	147,125	(38,442)
TOTAL REVENUES	\$539,834	\$557,157	\$17,323	\$5,059,572	\$5,177,692	\$118,120
EXPENSES						
SALARIES	\$318,145	\$320,724	(\$2,579)	\$2,944,113	\$2,851,091	\$93,022
RETIREMENT	39,450	39,770	(320)	365,070	350,166	14,904
EMPLOYEE INSURANCE	88,287	94,330	(6,043)	819,910	771,582	48,328
ADVERTISING	667	0	667	6,000	2,397	3,603
SUBSCRIPTIONS & PUBLICATIONS	3,950	4,192	(242)	35,550	39,697	(4,147)
TRAVEL	20,208	25,231	(5,023)	209,501	212,318	(2,817)
TRAVEL-MEMBERS	4,000	481	3,519	13,000	8,870	4,130
RENT AND UTILITIES	32,283	33,335	(1,052)	290,548	287,492	3,056
OFFICE SUPPLIES	2,938	3,462	(524)	29,762	25,519	4,243
POSTAGE, POST EQUIP RENTAL & FREIGHT	2,063	2,398	(335)	24,295	24,193	102
PRINTING, COPYING & COPIER RENTAL	1,500	0	1,500	21,272	16,585	4,687
COMMUNICATIONS-TELEPHONE	5,479	4,030	1,449	49,312	39,205	10,107
COMMUNICATIONS-COMPUTER	2,546	2,495	51	22,913	21,430	1,483
TRAINING	1,225	1,299	(74)	11,025	6,838	4,187
CONFERENCES & MEETINGS	12,833	27,710	(14,877)	83,150	122,876	(39,726)
CONSULTANTS TRAVEL	0	691	(691)	0	1,653	(1,653)
CONTRACT SERVICES	2,500	3,164	(664)	26,900	35,292	(8,392)
CONSULTING FEES/LEGAL	208	0	208	1,875	1,367	508
PENSION TRUSTEES FEES	208	0	208	1,875	917	958
INVESTMENT ADVISORY FEES	2,250	2,657	(407)	20,250	17,745	2,505
LEGISLATIVE - CONSULTING	14,583	13,445	1,138	131,250	115,569	15,681
INSURANCE & BONDS	1,500	1,487	13	13,500	11,896	1,604
MAINTENANCE	1,667	1,508	159	15,000	13,758	1,242
BOND AMORTIZATION	6,250	5,616	634	56,250	50,423	5,827
MISCELLANEOUS	2,000	595	1,405	19,000	10,653	8,347
ACCOUNTING	333	295	38	14,500	14,347	153
SOFTWARE LICENCES	1,000	0	1,000	9,000	2,631	6,369
ADMINISTRATIVE SERVICE ALLOCAT	0	0	0	1	(25)	26
TOTAL OPERATION EXPENSES	\$568,073	\$588,915	(\$20,842)	\$5,234,822	\$5,056,485	\$178,337
FURNITURE & EQUIPMENT	\$3,542	\$0	\$3,542	\$31,875	\$14,573	\$17,302
EXCESS REVENUE (EXPENSES)	(\$31,781)	(\$31,758)	\$23	(\$207,125)	\$106,634	\$313,759

Multistate Tax Commission
REVENUE SUMMARY
For the Nine Months Ending March 31, 2013

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES BY PROGRAM TYPE						
GENERAL OPERATIONS						
MEMBER ASSESSMENTS	\$104,368	\$104,369	\$1	\$939,316	\$939,317	\$1
GEN OPS SUPPORT FEE-AUDIT	11,718	12,857	1,139	105,462	115,716	10,254
GEN OPS SUPPORT FEE-NEXUS	4,921	4,921	0	44,285	44,285	0
INTEREST	11,667	16,510	4,843	105,000	144,132	39,132
CONFERENCE FEES-ANNUAL MEETING	0	0	0	15,500	19,057	3,557
EQUIPMENT SALES	0	0	0	0	1,000	1,000
MISCELLANEOUS REVENUE	42	0	(42)	375	461	86
TOTAL REVENUES - GENERAL OPERATIO	<u>\$132,716</u>	<u>\$138,657</u>	<u>\$5,941</u>	<u>\$1,209,938</u>	<u>\$1,263,968</u>	<u>\$54,030</u>
ADMINISTRATIVE SERVICES						
AUDIT PROGRAM						
MEMBER AUDIT REIMBURSEMENTS	<u>343,885</u>	<u>355,278</u>	<u>11,393</u>	<u>3,094,968</u>	<u>3,197,500</u>	<u>102,532</u>
TOTAL REVENUES - AUDIT	<u>\$343,885</u>	<u>\$355,278</u>	<u>\$11,393</u>	<u>\$3,094,968</u>	<u>\$3,197,500</u>	<u>\$102,532</u>
NEXUS PROGRAM						
NEXUS PROGRAM FEES	<u>63,233</u>	<u>63,233</u>	<u>0</u>	<u>569,099</u>	<u>569,099</u>	<u>0</u>
TOTAL REVENUES - SPECIAL PROJECTS	<u>\$63,233</u>	<u>\$63,233</u>	<u>\$0</u>	<u>\$569,099</u>	<u>\$569,099</u>	<u>\$0</u>
TRAINING & EDUCATION						
AUDIT SAMPLING SCHOOLS	0	7	7	48,600	40,672	(7,928)
INCOME TAX SCHOOLS	0	(23)	(23)	78,300	54,143	(24,157)
NEXUS SCHOOLS	0	5	5	58,667	52,310	(6,357)
TOTAL REVENUES-TRAINING & EDUCATI	<u>\$0</u>	<u>(\$11)</u>	<u>(\$11)</u>	<u>\$185,567</u>	<u>\$147,125</u>	<u>(\$38,442)</u>
TOTAL REVENUES	<u>\$539,834</u>	<u>\$557,157</u>	<u>\$17,323</u>	<u>\$5,059,572</u>	<u>\$5,177,692</u>	<u>\$118,120</u>

Multistate Tax Commission
EXPENDITURE SUMMARY
For the Nine Months Ending March 31, 2013

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES BY PROGRAM TYPE						
GENERAL OPERATIONS						
PERSONNEL	\$102,059	\$106,227	(\$4,168)	\$918,528	\$847,737	\$70,791
OPERATING EXPENSES	48,438	58,048	(9,610)	418,191	428,395	(10,204)
EQUIPMENT	583	0	583	5,250	2,396	2,854
ADMINISTRATIVE SERVICES	26,883	26,962	(79)	241,946	244,705	(2,759)
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$177,963</u>	<u>\$191,237</u>	<u>(\$13,274)</u>	<u>\$1,583,915</u>	<u>\$1,523,233</u>	<u>\$60,682</u>
ADMINISTRATIVE SERVICES						
PERSONNEL	\$62,810	\$61,387	\$1,423	\$565,294	\$551,228	\$14,066
OPERATING EXPENSES	22,835	20,035	2,800	205,511	207,935	(2,424)
EQUIPMENT	1,208	0	1,208	10,875	7,859	3,016
ADMIN. SERVICES ALLOCATION	(86,853)	(81,425)	(5,428)	(781,680)	(767,025)	(14,655)
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>(\$3)</u>	<u>\$3</u>	<u>\$0</u>	<u>(\$3)</u>	<u>\$3</u>
AUDIT						
PERSONNEL	\$246,438	\$253,122	(\$6,684)	\$2,217,938	\$2,145,314	\$72,624
OPERATING EXPENSES	31,312	33,162	(1,850)	264,308	222,874	41,434
EQUIPMENT	1,667	0	1,667	15,000	2,557	12,443
ADMIN. SERVICES ALLOCATION	50,743	45,765	4,978	456,689	438,679	18,010
TOTAL EXPS - AUDIT	<u>\$330,160</u>	<u>\$332,049</u>	<u>(\$1,889)</u>	<u>\$2,953,935</u>	<u>\$2,809,424</u>	<u>\$144,511</u>
NEXUS PROGRAM						
PERSONNEL	\$34,575	\$34,089	\$486	\$311,174	\$299,807	\$11,367
OPERATING EXPENSES	18,424	19,349	(925)	150,564	140,707	9,857
EQUIPMENT	0	0	0	0	1,761	(1,761)
ADMIN. SERVICES ALLOCATION	9,227	8,698	529	83,046	83,616	(570)
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$62,226</u>	<u>\$62,136</u>	<u>\$90</u>	<u>\$544,784</u>	<u>\$525,891</u>	<u>\$18,893</u>
TRAINING & EDUCATION						
PERSONNEL	\$0	\$0	\$0	\$116,158	\$128,753	(\$12,595)
OPERATING EXPENSES	1,183	3,494	(2,311)	67,154	83,759	(16,605)
EQUIPMENT	83	0	83	750	0	750
TOTAL EXPS - TRAINING & EDUCATION	<u>\$1,266</u>	<u>\$3,494</u>	<u>(\$2,228)</u>	<u>\$184,062</u>	<u>\$212,512</u>	<u>(\$28,450)</u>
OTHER APPROPRIATED FUNDS						
TOTAL EXPENDITURES	<u><u>\$571,615</u></u>	<u><u>\$588,913</u></u>	<u><u>(\$17,298)</u></u>	<u><u>\$5,266,696</u></u>	<u><u>\$5,071,057</u></u>	<u><u>\$195,639</u></u>