MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To:	Members, Executive Committee
From:	Joe Huddleston, Executive Director
Date:	December 20, 2007
Subject:	Financial Statements for the five-month period ended November 30, 2007

OVERALL COMMENTS:

Attached are the financial statements for the five-month period ended November 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 $144,879 (computed as $263,395 Current Unappropriated less $118,516 Current Adj Unappropriated). The reports indicate a total *current* restricted fund balance of $118,516.

Membership Assessments, Audit Fees, and Nexus (special project) 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 –

Cash in Banks are funds held at Wachovia and are currently earning 3.96%.

Current Liabilities –

Accrued Self Insurance represents the amount accrued at June 30, 2007 relating to the estimated terminal coverage claims amount expected under the current Guardian partially self-funded health insurance plan.

Prepaid Assessments is the amount of unearned income remaining to be recognized in FY 07/08 from fees collected from states. As noted above fees earned are recognized ratably throughout the year.

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 November 30, 2007.

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:

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 two audit sampling schools being budgeted in five-month period ended November 30, 2007, while none were actually held. The related expenses for the Training and Education Program show a favorable variance because variable expenses are likewise reduced when training schools are not 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), two Administrative positions, a Nexus position, and two Audit positions.

Temporary Help shows an unfavorable variance from the budgeted amount due to the use of temporary help in filling budgeted paralegal positions in the Nexus program. This unfavorable amount nets against the favorable variance in salaries, *etc*. created during the period early in the fiscal year when these two paralegal positions were not yet filled with permanent employees.

Travel Expense shows a $12,786 unfavorable variance due to audit travel being heavier than anticipated so far this year.

Remodeling Expense shows a $52,064 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.