



To: Members, Executive Committee
From: Glenn Hegar, Treasurer
Date: April 18, 2018
Subject: Financial Statements for the nine-month period ended March 31, 2018

OVERALL COMMENTS:

Attached are the financial statements for the nine months ended March 31, 2018.

The budget column amounts in the attached report are computed and are based on the amounts in the fiscal year 2018 budget approved at the meeting of the Commission on August 2, 2017, in Louisville, Kentucky.

Membership assessments, Joint Audit Program fees, and Nexus Program fees are recognized ratably throughout the year.

Administrative Services expenses are allocated based on the relative expenses of each department that receives an allocation.

Favorable variances (for revenue or expense items) are shown as positive numbers and unfavorable variances (for revenue or expense items) are shown as negative numbers.

BUDGET AND FUND SUMMARY:

The overall surplus of \$325,366 for nine months ended March 31, 2018 primarily resulted from these items:

- Changes in levels of participation by Iowa, Louisiana, and Rhode Island added \$44,986 to the overall surplus. Please see the attached spreadsheet "VARIANCES IN FEE REVENUE FOR FY 2018" for the detailed effects of these changes in program participation.
- The Commission has not paid a monthly retainer fee for legislative consulting during this fiscal year. This contributes \$99,000 to the overall surplus and substantially explains the \$111,556 surplus in the General Operations Program.
- One audit position was unfilled for the first nine month of the current fiscal year. The vacancy (salary and retirement) added approximately \$56,500 to the overall surplus and also contributes to the Audit Program surplus of \$210,580.

- On plan anniversary date of September 1, 2017 rate increases for group health insurance were less than anticipated. Additionally, during the nine months ended March 31, 2018, there was a vacant auditor position and a vacant Nexus Program position and thus no expenditure for group health insurance for those positions. These factors resulted in a favorable variance of \$94,019, which is shared by all MTC program areas.
- The amount budgeted for office rent for nine months ended March 31, 2018 included \$37,500 to expand the MTC D.C. into adjoining space. This expansion did not occur in this period and will likely not happen until early in fiscal 2019. This favorable variance is shared by all MTC program areas.

To summarize, the items described above contributed to create a surplus for the nine months ended March 31, 2018 of \$332,005.

Unfavorable variances in Consultant / Contractor Fees and Furniture and Equipment had the effect of *reducing* the overall surplus to \$325,366 and are described in the section discussing the income statement.

Training Program –

The training program sets registration fee levels for its schools on a cost recovery basis and taking into account a projected number of students at each school. The program's results for the first nine months of this fiscal year are approximately break-even. During the nine months ended March 31, 2018 one Nexus School and one Income Tax School were held.

INCOME STATEMENT - Revenues:

As noted above and as described in detail on the attached spreadsheet "VARIANCES IN FEE REVENUE FOR FY 2018" during the nine months ended March 31, 2018 Iowa, Louisiana, and Rhode Island changed the level of their participation in the Commission resulting in a net increase of program fee revenue.

INCOME STATEMENT - Expenditures:

Temporary Help shows an unfavorable variance of \$45,654 for the nine months ended March 31, 2018. This unfavorable variance was the result of hiring temporary personnel to assist with the National Nexus Program's on-line seller voluntary disclosure initiative. To a large extent this temporary help expenditure was funded out the amount budgeted for the vacant Nexus Program specialist position. As such the National Nexus Program still operated at a break-even level for the nine months ended March 31, 2018.

Consultant / Contractor Fees shows an unfavorable variance of \$43,969 for the nine months ended March 31, 2018. Two expenditures account for substantially all this unfavorable variance:

- Fees of \$13,500 paid to Cleo Communications for technical support during the installation of software purchased from Cleo Communications. This software provides a managed file transfer (MFT) solution that enables MTC staff (particularly audit staff) to securely manage, and control data flow with external (non-MTC) personnel. The software installation is now complete.
- Fees of \$20,663 paid to ATaC, LLC to assist in the process of the MTC moving to an organization that participates in Social Security.

Furniture and Equipment shows an unfavorable variance due to the purchase for \$32,058 of a Cybernetics Storage Area Network (SAN) with twenty four terabytes of redundant storage. This unit was needed to replace the aging SAN as well as provide additional storage to support the storage needs of the Cleo Communications software managed file transfer (MFT) solution.

BALANCE SHEET – Appropriated Funds:

A \$15,000 50th Anniversary Conference fund was approved during the year ended June 30, 2017, to provide additional support for the Commission's 50th anniversary conference during August 2017.

A \$60,000 Staff Development fund was authorized during the year ended June 30, 2017, to provide the financial resources for a two-day staff development meeting held in August 2017.

The balances in both of these appropriated funds were spent in August 2017 for the approved purposes.



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Budget and Fund Summary
 For the Nine Months Ending Saturday, March 31, 2018

	Current Period		Variance	Year-to-Date		Variance
	Budget	Actual		Budget	Actual	
OPERATIONS BY PROGRAM & TOTAL						
GENERAL OPERATIONS PROGRAM						
Revenues	\$145,168	\$140,027	(\$5,141)	\$1,338,867	\$6,355	
Expenses	138,263	119,822	18,441	1,227,711	105,227	
SURPLUS/DEFICIT - GEN OPERATIONS	6,905	20,205	13,300	111,156	111,582	
ADMINISTRATIVE SERVICES						
Revenues	0					
Expenses						
SURPLUS/DEFICIT - ADMIN. SERVICES						
AUDIT PROGRAM						
Revenues and Transfers	377,431	382,465	5,034	3,440,217	43,336	
Expenses	375,551	341,460	34,091	3,229,637	160,575	
SURPLUS/DEFICIT - AUDIT	1,880	41,005	39,125	210,580	203,911	
NEXUS PROGRAM						
Revenues and Transfers	67,741	69,146	1,405	618,096	8,429	
Expenses	66,296	63,856	2,440	618,242	(12,082)	
SURPLUS/DEFICIT - NEXUS PROGRAM	1,445	5,290	3,845	(146)	(3,653)	
TRAINING & EDUCATION						
Revenues and Transfers	17,955	39,615	21,660	68,218	(46,682)	
Expenses	19,494	44,031	(24,537)	64,442	53,806	
SURPLUS/DEFICIT - TRAINING & EDUCATION	(1,539)	(4,416)	(2,877)	3,776	7,124	
OTHER PROJECTS (SITAs)						
Revenues and Transfers						
Expenses						
SURPLUS/DEFICIT - OTHER PROJECTS						
TOTAL OPERATIONS						
Revenues and Transfers	608,294	631,253	22,959	5,465,398	11,438	
Expenses	599,604	569,170	30,434	5,140,032	307,526	
SURPLUS/DEFICIT - TOTAL OPERATIONS	8,690	62,083	53,393	325,366	318,964	



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
INCOME STATEMENT
For the Nine Months Ending 3/31/2018

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES					
MEMBER ASSESSMENTS	\$110,833	\$112,215	\$997,498	\$1,005,792	\$8,294
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	175,405	163,395	(12,010)
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	50,734	50,734	0
AUDIT PROGRAM FEES	377,431	382,465	3,396,881	3,437,155	40,274
INVESTMENT INCOME	9,167	4,771	82,500	91,807	9,307
NEXUS PROGRAM FEES	67,741	69,146	609,667	618,096	8,429
CONFERENCE FEES	0	0	26,000	27,140	1,140
MISCELLANEOUS REVENUE	42	0	375	3,063	2,688
TRAINING PROGRAM FEES	17,955	39,615	114,900	68,218	(46,682)
TOTAL REVENUES	\$608,295	\$631,253	\$5,453,960	\$5,465,400	\$11,440
EXPENSES					
SALARIES	\$349,978	\$350,647	\$3,125,961	\$3,053,861	\$72,100
TEMPORARY HELP	0	1,363	0	45,654	(45,654)
RETIREMENT (401 plan)	42,884	39,724	383,006	366,214	16,792
EMPLOYEE INSURANCE	89,465	79,498	798,007	693,197	104,810
ADVERTISING	63	0	563	500	63
SUBSCRIPTIONS & PUBLICATIONS	4,908	8,820	44,175	54,266	(10,091)
TRAVEL	25,257	19,575	215,782	148,428	67,354
TRAVEL-MEMBERS	500	0	4,250	529	3,721
RENT AND UTILITIES	37,844	33,289	340,597	296,172	44,425
CONSUMABLE & DURABLE SUPPLIES	3,379	1,690	32,105	24,961	7,144
POSTAGE, POST EQUIP RENTAL & FREIGHT	1,717	982	15,609	13,720	1,889
PRINTING	1,233	1,775	9,205	5,428	3,777
TELEPHONE SERVICE&VIDEO CONFERENCING	3,323	5,906	29,904	35,943	(6,039)
INTERNET ACCESS	3,723	3,842	33,505	30,876	2,629
EMPLOYEE TRAINING	2,250	100	20,250	6,922	13,328
CONFERENCES & MEETINGS	2,167	6,831	102,517	113,351	(10,834)
CONSULTANTS/CONTRACTOR-EXPENSES	0	0	0	2,901	(2,901)
CONSULTANT/CONTRACTOR FEES	1,000	3,769	11,200	55,169	(43,969)
CONSULTING FEES/LEGAL	83	0	750	1,817	(1,067)
401 &457 PLAN TRUSTEES FEES	170	0	1,530	1,527	3
INVESTMENT ADVISORY FEES	5,324	4,700	47,912	49,948	(2,036)
LEGISLATIVE - CONSULTING	11,000	0	99,000	187	98,813
BUSINESS INSURANCE	1,625	1,109	14,625	12,586	2,039
MAINTENANCE	1,088	1,560	9,788	10,580	(792)
BOND AMORTIZATION	2,943	1,493	26,491	24,896	1,595
MISCELLANEOUS	1,931	1,096	16,578	9,693	6,885
AUDIT & PAYROLL SERVICES	417	411	16,250	16,054	196
SOFTWARE LICENCES	3,333	991	30,000	16,881	13,119
ADMINISTRATIVE SERVICE ALLOCATION	0	0	1	0	1
TOTAL OPERATION EXPENSES	\$597,605	\$569,171	\$5,429,561	\$5,092,261	\$337,300
FURNITURE & EQUIPMENT	\$2,000	\$0	\$18,000	\$47,771	(\$29,771)
EXCESS REVENUE (EXPENSES)	\$8,690	\$62,082	\$6,399	\$325,368	\$318,969



MULTISTATE TAX COMMISSION
Balance Sheet
 For the Nine Months Ending 3/31/2018

ASSETS

CURRENT ASSETS

Money Market Accounts	\$6,966
Cash in Banks	306,487
Investments	6,821,173
Petty Cash	508
Accounts Receivable - Program Fees	369,510
Accounts Receivable - Other	30,205
Prepaid Health Insurance	62,110
Prepaid Maintenance	11,419
Prepaid Meeting Costs	10,800
Prepaid Subscriptions	53,349
Accrued Interest	5,324
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TOTAL CURRENT ASSETS **\$7,677,850**

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	597,844
Leasehold Improvements	210,618
Less: Accum Depred & Amortization	(596,140)
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TOTAL PROPERTY AND EQUIPMENT **\$212,323**

OTHER ASSETS

Expense Account Advances	\$6,400
Rent Deposits	2,200
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TOTAL OTHER ASSETS **\$8,600**

TOTAL ASSETS **\$7,898,772**

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$8,961
Accrued Vacation Pay	425,926
Payroll Taxes Payable	220
Unearned Program Fees	1,767,872
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TOTAL CURRENT LIABILITIES **\$2,202,979**

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$555,715
Appropriated Fund Bal-Equipment Reserve	99,206
Restricted Fund Balance-Cumm	1,339,881
Unappropriated Fund Balance-Cummula	3,327,854
Unappropriated Fund Balance-Current	325,367
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TOTAL FUND BALANCE **\$5,648,023**

Add Back Asset Exp from Budget Rept 47,771

TOTAL LIABILITIES & FUND BALANCE **\$7,898,772**



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Summary
 For the Nine Months Ending 3/31/2018

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 Period:Nine

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
REVENUES BY PROGRAM TYPE				
GENERAL OPERATIONS				
MEMBER ASSESSMENTS	\$110,833	\$112,215	\$997,498	\$1,005,792
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	175,405	163,395
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	50,734	0
INVESTMENT INCOME	9,167	4,771	82,500	91,807
CONFERENCE FEES	0	0	26,000	27,140
MISCELLANEOUS REVENUE	42	0	375	0
TOTAL REVENUES-GENERAL OPERATIONS	\$145,168	\$140,027	\$1,332,512	\$1,338,868
ADMINISTRATIVE SERVICES				
AUDIT PROGRAM				
AUDIT PROGRAM FEES	377,431	382,465	3,396,881	3,437,155
MISCELLANEOUS REVENUE	0	0	0	3,063
TOTAL REVENUES-AUDIT	\$377,431	\$382,465	\$3,396,881	\$3,440,218
NEXUS PROGRAM				
NEXUS PROGRAM FEES	67,741	69,146	609,667	618,096
TOTAL REVENUES- NEXUS	\$67,741	\$69,146	\$609,667	\$618,096
TRAINING & EDUCATION				
AUDIT SAMPLING & CAAT SCHOOLS FEES	17,955	0	35,909	5,773
INCOME TAX TRAINING SCHOOLS FEES	0	39,615	45,032	39,615
NEXUS SCHOOLS	0	0	33,959	22,830
TOTAL REVENUES- TRAINING & EDUCATION	\$17,955	\$39,615	\$114,900	\$68,218
SITAS				
TOTAL REVENUES	608,295	631,253	5,453,960	5,465,400
				11,440
				(\$46,682)



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Details
For the Nine Months Ending 3/31/2018

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Period:Nine

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES BY PROGRAM TYPE					
GENERAL OPERATIONS					
MEMBER ASSESSMENTS	\$110,833	\$112,215	\$997,498	\$1,005,792	\$8,294
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	175,405	163,395	(12,010)
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	50,734	50,734	0
INVESTMENT INCOME	9,167	4,771	82,500	91,807	9,307
CONFERENCE FEES-ANNUAL MEETING	0	0	26,000	27,140	1,140
MISCELLANEOUS REVENUE	42	0	375	0	(375)
TOTAL REVENUES - GENERAL OPERATIONS	\$145,168	\$140,027	\$1,332,512	\$1,338,868	\$6,356
ADMINISTRATIVE SERVICES					
AUDIT PROGRAM					
AUDIT PROGRAM FEES	377,431	382,465	3,396,881	3,437,155	40,274
MISCELLANEOUS REVENUE	0	0	0	3,063	3,063
TOTAL REVENUES - AUDIT	\$377,431	\$382,465	\$3,396,881	\$3,440,218	\$43,337
NEXUS PROGRAM					
NEXUS PROGRAM FEES	67,741	69,146	609,667	618,096	8,429
TOTAL REVENUES - SPECIAL PROJECTS	\$67,741	\$69,146	\$609,667	\$618,096	\$8,429
TRAINING & EDUCATION					
AUDIT SAMPLING & CAAT SCHOOLS FEES	17,955	0	35,909	5,773	(30,136)
INCOME TAX SCHOOLS FEES	0	39,615	45,032	39,615	(5,417)
NEXUS SCHOOLS	0	0	33,959	22,830	(11,129)
TOTAL REVENUES-TRAINING & EDUCATION	\$17,955	\$39,615	\$114,900	\$68,218	(\$46,682)
TOTAL REVENUES	608,295	631,253	5,453,960	5,465,400	11,440

MULTISTATE TAX COMMISSION
 Expenditure Summary
 For the Nine Months Ending 3/31/2018



MULTISTATE TAX COMMISSION

	Current Period		Year-to Date	
	Budget	Actual	Budget	Actual
				Variance
EXPENDITURES BY PROGRAM				
GENERAL OPERATIONS	\$138,263	\$119,822	\$1,332,938	\$1,227,711
AUDIT	375,551	341,460	3,390,212	3,229,637
NEXUS PROGRAM	66,296	63,856	606,160	618,242
TRAINING & EDUCATION	19,494	44,031	118,248	64,442
TOTAL EXPENDITURES	\$599,604	\$569,169	\$5,447,558	\$5,140,032
EXPENDITURES BY MAJOR TYPE				
PERSONNEL	\$482,327	\$471,233	\$4,306,974	\$4,158,925
OPERATING EXPENSES	115,277	97,937	1,122,584	933,336
FURNITURE & EQUIPMENT	2,000	0	18,000	47,771
TOTAL EXPENDITURES	\$599,604	\$569,170	\$5,447,558	\$5,140,032
				\$307,526



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Expenditure Details
For the Nine Months Ending 3/31/2018

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Period:Nine

EXPENDITURES BY PROGRAM TYPE

GENERAL OPERATIONS

	Budget	Current Period Actual	Variance
PERSONNEL	\$82,079	\$77,105	\$4,974
OPERATING EXPENSES	33,591	22,737	10,854
EQUIPMENT	417	0	417
ADMINISTRATIVE SERVICES	22,177	19,980	2,197
TOTAL EXPENSES - GENERAL OPERATIONS	\$138,264	\$119,822	\$18,442

ADMINISTRATIVE SERVICES

	Budget	Current Period Actual	Variance
PERSONNEL	\$55,109	\$51,621	\$3,488
OPERATING EXPENSES	33,091	32,129	962
EQUIPMENT	1,000	0	1,000
ADMIN. SERVICES ALLOCATION	(89,199)	(83,750)	(5,449)
TOTAL EXPS - ADMIN. SERVICES	\$1	\$0	\$1

AUDIT

	Budget	Current Period Actual	Variance
PERSONNEL	\$291,438	\$270,335	\$21,103
OPERATING EXPENSES	26,992	17,730	9,262
EQUIPMENT	250	0	250
ADMIN. SERVICES ALLOCATION	56,871	53,395	3,476
TOTAL EXPS - AUDIT	\$375,551	\$341,460	\$34,091

NEXUS PROGRAM

	Budget	Current Period Actual	Variance
PERSONNEL	\$41,817	\$39,826	\$1,991
OPERATING EXPENSES	14,078	13,656	422
EQUIPMENT	250	0	250
ADMIN. SERVICES ALLOCATION	10,151	10,375	(224)
TOTAL DIRECT EXPS - NEXUS PROGRAM	\$66,296	\$63,857	\$2,439

TRAINING & EDUCATION

	Budget	Current Period Actual	Variance
PERSONNEL	\$11,885	\$32,346	(\$20,461)
OPERATING EXPENSES	7,526	11,685	(4,159)
EQUIPMENT	83	0	83
ADMIN. SERVICES ALLOCATION	0	0	0
TOTAL EXPS - TRAINING & EDUCATION	\$19,494	\$44,031	(\$24,537)

SPECIAL PROJECTS (SITAS)

	Budget	Current Period Actual	Variance
PERSONNEL	\$0	\$0	\$0
OPERATING EXPENSES	0	0	0
EQUIPMENT	0	0	0
ADMIN. SERVICES ALLOCATION	0	0	0
TOTAL SPECIAL PROJECTS (SITAS)	\$0	\$0	\$0
TOTAL EXPENDITURES	\$599,606	\$569,170	\$30,436

	Budget	Year-to Date Actual	Variance
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	\$738,707	\$703,944	\$34,763
	390,886	304,720	86,166
	3,750	4,304	(554)
	199,595	214,744	(15,149)
TOTAL	\$1,332,938	\$1,227,712	\$105,226

	\$495,978	\$484,301	\$11,677
	297,815	315,585	(17,770)
	9,000	43,467	(34,467)
	(802,793)	(843,352)	40,559
TOTAL	\$0	\$1	(\$1)

	\$2,622,943	\$2,529,183	\$93,760
	253,180	166,345	86,835
	2,250	0	2,250
	511,838	534,108	(22,270)
TOTAL	\$3,390,211	\$3,229,636	\$160,575

	\$376,351	\$400,708	(\$24,357)
	136,199	123,033	13,166
	2,250	0	2,250
	91,361	94,501	(3,140)
TOTAL	\$606,161	\$618,242	(\$12,081)

	\$72,995	\$40,789	\$32,206
	44,503	23,652	20,851
	750	0	750
	0	0	0
TOTAL	\$118,248	\$64,441	\$53,807

	\$0	\$0	\$0
	0	0	0
	0	0	0
	0	0	0
TOTAL	\$0	\$0	\$0
TOTAL	\$5,447,558	\$5,140,032	\$307,526

**MULTISTATE TAX COMMISSION
VARIANCES IN FEE REVENUE FOR FY 2018**

Description	Fees For the Fiscal Year (12 months) ending June 30, 2018			Number of months revenue recognized in MARCH, 2018 YTD Financial Report	Computed Variance: Favorable or (Unfavorable)
	As Budgeted	Final/Actual	Variance		
Memberships Fees					
Rhode Island (participating as a Sovereignty Member - effective 10/01/2017)	0	12,438	12,438	6	\$8,292
Subtotal	\$0	\$12,438	\$12,438		\$8,292
General Operations Surcharge - Audit					
Rhode Island (participating as a Sovereignty member - effective 10/01/2017)	\$23,301	\$0	(23,301)	6	(\$15,534)
Iowa (participating in 2nd tax - sales tax - effective 09/01/2017)	0	5,034	5,034	7	\$3,524
Subtotal	23,301	5,034	(2,086)		(\$12,010)
Audit Program Fees (Net of General Operations Surcharge)					
Louisiana (participating in 2nd tax - income tax - effective 07/01/2017)	0	30,205	30,205	9	\$22,654
Iowa (participating in 2nd tax - sales tax - effective 09/01/2017)	0	25,171	25,171	7	\$17,620
Subtotal	0	55,376	5,034		\$40,273
General Operations Surcharge -Nexus					
Subtotal	\$0	\$0	\$0		\$0
Nexus Program Fees (Net of General Operations Surcharge)					
Rhode Island (participating in Nexus Program - effective 10/01/2017)	\$0	\$12,646	12,646	6	\$8,431
Subtotal	\$0	\$12,646	\$12,646		\$8,431
TOTAL					\$44,986

Year to date comparison of Budget to Actual Revenue and Expenses as of March 31, 2018

