



To: Members, Executive Committee
From: Glenn Hegar, Treasurer
Date: July 26, 2018
Subject: Financial Statements for the fiscal year ended June 30, 2018

OVERALL COMMENTS:

Attached are the financial statements for the fiscal year ended June 30, 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 \$248,473 for year ended June 30, 2018 primarily resulted from these items:

- Changes in levels of participation by Iowa, Louisiana, and Rhode Island added \$62,193 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 \$130,000 to the overall surplus and substantially explains the \$78,071 surplus in the General Operations Program.
- One audit position remained unfilled for the current fiscal year. The vacancy (salary and retirement) added approximately \$74,436 to the overall surplus and also contributes to the Audit Program surplus of \$181,292.

- On the plan anniversary date of September 1, 2017 rate increases for group health insurance were less than anticipated. Additionally, during the year ended June 30, 2018, there was no expenditure for group health insurance for the vacant audit position. These factors resulted in a favorable variance of \$130,000, which is shared by all MTC program areas.
- The amount budgeted for office rent for year ended June 30, 2018 included \$50,000 to expand the MTC D.C. into adjoining space. This expansion did not occur in this period and will 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 year ended June 30, 2018 of \$446,629.

Unfavorable variances in Consultant / Contractor Fees and Furniture and Equipment had the effect of *reducing* the overall surplus to \$248,473 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 this fiscal year are approximately break-even. During the year ended June 30, 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 year ended June 30, 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 year ended June 30, 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 of the amount budgeted for the vacant Nexus Program specialist position. This position was not filled until March 13, 2018.

Conferences & Meetings shows an unfavorable variance of \$53,862 for the year ended June 30, 2018 primarily because hotel charges related to the July 2018 Conference and Committee meetings at the Boston Westin Waterfront Hotel have been paid.

Consultant / Contractor Fees shows an unfavorable variance of \$42,631 for the year ended June 30, 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 becoming an organization that participates in Social Security.

Furniture and Equipment shows an unfavorable variance substantially due to two purchases:

- \$32,058 for 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.
- \$66,277 for 27 notebook computers with docking stations. These computers replaced four year old notebook computers as part of the MTC practice of replacing computers every four years.

BALANCE SHEET – Appropriated Funds:

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

A \$60,000 Staff Development fund was authorized during fiscal year 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 Twelve Months Ending Saturday, June 30, 2018

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
OPERATIONS BY PROGRAM & TOTAL					
GENERAL OPERATIONS PROGRAM					
Revenues	\$145,170	\$145,058	\$1,768,018	\$1,774,278	\$6,260
Expenses	137,763	197,373	1,767,061	1,696,207	70,854
SURPLUS/DEFICIT - GEN OPERATIONS	7,407	(52,315)	957	78,071	77,114
ADMINISTRATIVE SERVICES					
Revenues	0				
Expenses					
SURPLUS/DEFICIT - ADMIN. SERVICES					
AUDIT PROGRAM					
Revenues and Transfers	377,431	382,466	4,529,175	4,587,614	58,439
Expenses	375,551	400,721	4,521,616	4,406,322	115,294
SURPLUS/DEFICIT - AUDIT	1,880	(18,255)	7,559	181,292	173,733
NEXUS PROGRAM					
Revenues and Transfers	67,741	69,146	812,890	825,533	12,643
Expenses	66,296	79,799	809,547	834,238	(24,691)
SURPLUS/DEFICIT - NEXUS PROGRAM	1,445	(10,653)	3,343	(8,705)	(12,048)
TRAINING & EDUCATION					
Revenues and Transfers	925	1,036	193,890	67,603	(126,287)
Expenses	(925)	(1,036)	193,810	69,789	124,021
SURPLUS/DEFICIT - TRAINING & EDUCATION			80	(2,186)	(2,266)
OTHER PROJECTS (SITAS)					
Revenues and Transfers					
Expenses					
SURPLUS/DEFICIT - OTHER PROJECTS					
TOTAL OPERATIONS					
Revenues and Transfers	590,342	596,669	7,303,973	7,255,028	(48,945)
Expenses	580,535	678,929	7,292,034	7,006,555	285,479
SURPLUS/DEFICIT - TOTAL OPERATIONS	9,807	(82,260)	11,939	248,473	236,534



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
INCOME STATEMENT
For the Twelve Months Ending 6/30/2018

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
REVENUES				
MEMBER ASSESSMENTS	\$110,835	\$112,215	\$1,330,000	\$1,342,438
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	233,873	215,606
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	67,645	67,645
AUDIT PROGRAM FEES	377,431	382,466	4,529,175	4,584,551
INVESTMENT INCOME	9,167	9,801	110,000	121,449
NEXUS PROGRAM FEES	67,741	69,146	812,890	825,533
CONFERENCE FEES	0	0	26,000	27,140
MISCELLANEOUS REVENUE	42	0	500	3,063
TRAINING PROGRAM FEES	0	0	193,890	67,603
TOTAL REVENUES	\$590,342	\$596,669	\$7,303,973	\$7,255,028
				(\$48,945)
EXPENSES				
SALARIES	\$341,319	\$347,881	\$4,186,691	\$4,067,588
TEMPORARY HELP	0	0	0	45,654
RETIREMENT (401 plan)	41,811	38,842	512,999	480,787
EMPLOYEE INSURANCE	87,312	83,638	1,067,835	930,417
ADVERTISING	63	0	750	500
SUBSCRIPTIONS & PUBLICATIONS	4,908	8,076	58,900	74,075
TRAVEL	21,958	56,426	290,718	246,326
TRAVEL-MEMBERS	0	1,199	5,000	1,728
RENT AND UTILITIES	37,844	31,090	454,129	392,352
CONSUMABLE & DURABLE SUPPLIES	3,229	5,958	42,534	37,601
POSTAGE, POST EQUIP RENTAL & FREIGHT	1,342	1,420	20,618	16,687
PRINTING	533	1,031	13,210	9,205
TELEPHONE SERVICE&VIDEO CONFERENCING	3,323	4,361	39,872	49,886
INTERNET ACCESS	3,723	3,009	44,674	40,912
EMPLOYEE TRAINING	2,250	18,555	27,000	26,851
CONFERENCES & MEETINGS	167	47,058	140,200	194,062
CONSULTANTS/CONTRACTOR-EXPENSES	0	0	0	2,901
CONSULTANT/CONTRACTOR FEES	1,000	1,589	16,400	59,031
CONSULTING FEES/LEGAL	83	186	1,000	2,003
401.8457 PLAN TRUSTEES FEES	170	0	2,040	2,043
INVESTMENT ADVISORY FEES	5,324	4,900	63,882	65,942
LEGISLATIVE - CONSULTING	11,000	0	132,000	187
BUSINESS INSURANCE	1,625	1,625	19,500	13,921
MAINTENANCE	1,087	899	13,050	14,023
BOND AMORTIZATION	2,943	684	35,321	27,557
MISCELLANEOUS	1,771	3,571	22,210	14,638
AUDIT & PAYROLL SERVICES	417	343	17,500	17,071
SOFTWARE LICENCES	3,333	2,194	40,000	26,575
ADMINISTRATIVE SERVICE ALLOCATION	0	0	0	0
TOTAL OPERATION EXPENSES	\$578,535	\$662,910	\$7,268,034	\$6,860,523
FURNITURE & EQUIPMENT	\$2,000	\$16,018	\$24,000	\$146,030
EXCESS REVENUE (EXPENSES)	\$9,807	(\$82,259)	\$11,939	\$248,475
				\$407,511
				(\$122,030)



MULTISTATE TAX COMMISSION
 Balance Sheet
 For the Twelve Months Ending 6/30/2018

ASSETS

CURRENT ASSETS

Money Market Accounts	\$6,669
Cash in Banks	124,464
Investments	5,774,022
Petty Cash	496
Accounts Receivable - Other	1,445
Prepaid Health Insurance	66,727
Prepaid Maintenance	19,851
Prepaid Meeting Costs	52,489
Prepaid Subscriptions	57,031
Accrued Interest	3,669

TOTAL CURRENT ASSETS **\$6,106,863**

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	696,103
Leasehold Improvements	210,618
Less: Accum Depred & Amortization	(596,140)

TOTAL PROPERTY AND EQUIPMENT **\$310,582**

OTHER ASSETS

Expense Account Advances	\$6,000
Rent Deposits	2,200

TOTAL OTHER ASSETS **\$8,200**

TOTAL ASSETS **\$6,425,644**

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$36,891
Accrued Vacation Pay	425,926
Unearned Program Fees	186,205
Unearned Registration Fees	19,500

TOTAL CURRENT LIABILITIES **\$668,523**

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	288,436

TOTAL FUND BALANCE **\$5,611,092**

Add Back Asset Exp from Budget Rept 146,030

TOTAL LIABILITIES & FUND BALANCE **\$6,425,644**



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Summary
 For the Twelve Months Ending 6/30/2018

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 Period: Twelve

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
REVENUES BY PROGRAM TYPE				
GENERAL OPERATIONS				
MEMBER ASSESSMENTS	\$110,835	\$112,215	\$1,330,000	\$1,342,438
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	233,873	215,606
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	67,645	67,645
INVESTMENT INCOME	9,167	9,801	110,000	121,449
CONFERENCE FEES	0	0	26,000	27,140
MISCELLANEOUS REVENUE	42	0	500	0
TOTAL REVENUES-GENERAL OPERATIONS	\$145,170	\$145,057	\$1,768,018	\$1,774,278
ADMINISTRATIVE SERVICES				
AUDIT PROGRAM				
AUDIT PROGRAM FEES	377,431	382,466	4,529,175	4,584,551
MISCELLANEOUS REVENUE	0	0	0	3,063
TOTAL REVENUES-AUDIT	\$377,431	\$382,466	\$4,529,175	\$4,587,614
NEXUS PROGRAM				
NEXUS PROGRAM FEES	67,741	69,146	812,890	825,533
TOTAL REVENUES- NEXUS	\$67,741	\$69,146	\$812,890	\$825,533
TRAINING & EDUCATION				
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	35,909	5,773
INCOME TAX TRAINING SCHOOLS FEES	0	0	90,064	39,000
NEXUS SCHOOLS	0	0	67,917	22,830
TOTAL REVENUES- TRAINING & EDUCATION	\$0	\$0	\$193,890	\$67,603
SITAS				
TOTAL REVENUES	590,342	596,669	7,303,973	7,255,028
				(48,945)

SITAS

TOTAL REVENUES

(48,945)



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Details
 For the Twelve Months Ending 6/30/2018

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 Period:Twelve

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES BY PROGRAM TYPE					
GENERAL OPERATIONS					
MEMBER ASSESSMENTS	\$110,835	\$112,215	\$1,330,000	\$1,342,438	\$12,438
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,489	17,404	233,873	215,606	(18,267)
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,637	5,637	67,645	67,645	0
INVESTMENT INCOME	9,167	9,801	110,000	121,449	11,449
CONFERENCE FEES-ANNUAL MEETING	0	0	26,000	27,140	1,140
MISCELLANEOUS REVENUE	42	0	500	0	(500)
TOTAL REVENUES - GENERAL OPERATIONS	\$145,170	\$145,057	\$1,768,018	\$1,774,278	\$6,260
ADMINISTRATIVE SERVICES					
AUDIT PROGRAM					
AUDIT PROGRAM FEES	377,431	382,466	4,529,175	4,584,551	55,376
MISCELLANEOUS REVENUE	0	0	0	3,063	3,063
TOTAL REVENUES - AUDIT	\$377,431	\$382,466	\$4,529,175	\$4,587,614	\$58,439
NEXUS PROGRAM					
NEXUS PROGRAM FEES	67,741	69,146	812,890	825,533	12,643
TOTAL REVENUES - SPECIAL PROJECTS	\$67,741	\$69,146	\$812,890	\$825,533	\$12,643
TRAINING & EDUCATION					
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	35,909	5,773	(30,136)
INCOME TAX SCHOOLS FEES	0	0	90,064	39,000	(51,064)
NEXUS SCHOOLS	0	0	67,917	22,830	(45,087)
TOTAL REVENUES-TRAINING & EDUCATION	\$0	\$0	\$193,890	\$67,603	(\$126,287)
TOTAL REVENUES	\$90,342	\$96,669	7,303,973	7,255,028	(48,945)



MULTISTATE TAX COMMISSION
Expenditure Summary
For the Twelve Months Ending 6/30/2018

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
EXPENDITURES BY PROGRAM				
GENERAL OPERATIONS	\$137,763	\$197,373	\$1,767,061	\$1,696,207
AUDIT	375,551	400,721	4,521,616	4,406,322
NEXUS PROGRAM	66,296	79,799	809,547	834,238
TRAINING & EDUCATION	925	1,036	193,810	69,789
TOTAL EXPENDITURES	\$580,535	\$678,929	\$7,292,034	\$7,006,556
EXPENDITURES BY MAJOR TYPE				
PERSONNEL	\$470,442	\$470,362	\$5,767,525	\$5,524,446
OPERATING EXPENSES	108,093	192,549	1,500,509	1,336,079
FURNITURE & EQUIPMENT	2,000	16,018	24,000	146,030
TOTAL EXPENDITURES	\$580,535	\$678,929	\$7,292,034	\$7,006,555
				Variance
				\$70,854
				115,294
				(24,691)
				124,021
				\$285,478
				\$243,079
				164,430
				(122,030)
				\$285,479



MULTISTATE TAX COMMISSION
Expenditure Details
 For the Twelve Months Ending 6/30/2018

	Current Period		Year-to Date		
	Budget	Actual	Budget	Actual	
		Variance		Variance	
EXPENDITURES BY PROGRAM TYPE					
GENERAL OPERATIONS					
PERSONNEL	\$82,079	\$83,620	(\$1,541)	\$925,210	\$59,732
OPERATING EXPENSES	33,091	76,316	(43,225)	454,860	56,132
EQUIPMENT	417	8,325	(7,908)	25,669	(20,669)
ADMINISTRATIVE SERVICES	22,177	29,112	(6,935)	290,469	(24,342)
TOTAL EXPENSES - GENERAL OPERATIONS	\$137,764	\$197,373	(\$59,609)	\$1,696,208	\$70,853
ADMINISTRATIVE SERVICES					
PERSONNEL	\$55,109	\$55,654	(\$545)	\$649,650	\$11,654
OPERATING EXPENSES	33,091	59,665	(26,574)	440,000	(42,913)
EQUIPMENT	1,000	4,943	(3,943)	69,911	(57,911)
ADMIN. SERVICES ALLOCATION	(89,199)	(120,262)	31,063	(1,159,560)	89,169
TOTAL EXPS - ADMIN. SERVICES	\$1	\$0	\$1	\$1	(\$1)
AUDIT					
PERSONNEL	\$291,438	\$287,917	\$3,521	\$3,381,295	\$115,963
OPERATING EXPENSES	26,992	33,651	(6,659)	240,642	98,265
EQUIPMENT	250	2,750	(2,500)	48,684	(45,684)
ADMIN. SERVICES ALLOCATION	56,871	76,403	(19,532)	735,701	(53,250)
TOTAL EXPS - AUDIT	\$375,551	\$400,721	(\$25,170)	\$4,406,322	\$115,294
NEXUS PROGRAM					
PERSONNEL	\$41,817	\$43,171	(\$1,354)	\$527,502	(\$25,701)
OPERATING EXPENSES	14,078	21,881	(7,803)	171,578	11,354
EQUIPMENT	250	0	250	1,766	1,234
ADMIN. SERVICES ALLOCATION	10,151	14,747	(4,596)	133,391	(11,577)
TOTAL DIRECT EXPS - NEXUS PROGRAM	\$66,296	\$79,799	(\$13,503)	\$834,237	(\$24,690)
TRAINING & EDUCATION					
PERSONNEL	\$0	\$0	\$0	\$40,789	\$81,431
OPERATING EXPENSES	842	1,036	(194)	28,999	41,591
EQUIPMENT	83	0	83	0	1,000
ADMIN. SERVICES ALLOCATION	0	0	0	0	0
TOTAL EXPS - TRAINING & EDUCATION	\$925	\$1,036	(\$111)	\$69,788	\$124,022
SPECIAL PROJECTS (SITAS)					
PERSONNEL	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSES	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
ADMIN. SERVICES ALLOCATION	0	0	0	0	0
TOTAL SPECIAL PROJECTS (SITAS)	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$580,537	\$678,929	(\$98,392)	\$7,292,034	\$785,478

**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 JUNE, 2018 YTD Financial Report	Computed Variance: Favorable or (Unfavorable)
	As Budgeted	Final/Actual		
Membership Fees				
Rhode Island (participating as a Sovereignty Member - effective 10/01/2017)	0	12,438	9	\$12,438
Subtotal	\$0	\$12,438		\$12,438
General Operations Surcharge - Audit				
Rhode Island (participating as a Sovereignty member - effective 10/01/2017)	\$23,301	\$0	9	(\$23,301)
Iowa (participating in 2nd tax - sales tax - effective 09/01/2017)	0	5,034	10	\$5,034
Subtotal	23,301	5,034		(\$18,267)
Audit Program Fees (Net of General Operations Surcharge)				
Louisiana (participating in 2nd tax - income tax - effective 07/01/2017)	0	30,205	12	\$30,205
Iowa (participating in 2nd tax - sales tax - effective 09/01/2017)	0	25,171	10	\$25,171
Subtotal	0	55,376		\$55,376
General Operations Surcharge - Nexus				
Subtotal	\$0	\$0		\$0
Nexus Program Fees (Net of General Operations Surcharge)				
Rhode Island (participating in Nexus Program - effective 10/01/2017)	\$0	\$12,646	9	\$12,646
Subtotal	\$0	\$12,646		\$12,646
TOTAL				\$62,193

Year to date comparison of Budget to Actual Revenue and Expenses as of June 30, 2018

