



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Robert J. Kleine, Treasurer
Date: November 24, 2010
Subject: Financial Statements for the four-month period ended October 31, 2010

OVERALL COMMENTS:

Attached are the financial statements for the four-month period ended October 31, 2010.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2010/2011 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 29, 2010 in Hood River, Oregon.

The reports indicate a total and actual *current unappropriated* fund balance of \$36,352 (computed as \$78,556 Current Unappropriated per the balance sheet, less the \$42,204 of Nexus surplus that is summed into the \$103,405 on the balance sheet by the accounting software). The reports indicate a total *current restricted* fund balance of \$42,204, all coming from the activities of the National Nexus Program.

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

Expenditures are running less than the budgeted amounts in General Operations, and the Audit and Nexus Programs. The unfavorable expenditure variance in the training program is due to the holding of the Corporate Income Tax School in October 2010 as opposed to February 2011 when it was budgeted.

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 –

Money Market Funds are held by BB+T and Aintree Capital, LLC.

Cash in Banks are funds held at Wachovia and are currently earning .2%.

CDs and Government Securities is composed of a \$258,058 2-year CD (earning 3.25%) held by BB+T and \$3,249,205 of U.S. Government Agency Securities (with an average maturity of 5 years of less) held by Aintree Capital, LLC.

Accounts Receivable – Other are registration fees receivable from previously held Income Tax and Nexus Schools.

Accrued Interest is interest earned but not received on the CD and government agency securities.

Current Liabilities –

Prepaid Assessments is the amount of unearned income remaining to be recognized in FY 10/11 from fees collected from states. As noted above fees earned are recognized ratably throughout the year.

Fund Balances -

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:

Variances in the Audit Reimbursements and the related General Operations Support fee, and the Nexus Fees and the related General Operations Support fee are explained in an attached spreadsheet.

Training Program fees show a favorable variance due to the timing of the Corporate Income Tax School being held in an earlier month than was budgeted.

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. This is primarily due to a combination of two factors: one auditor position has been vacant since July 31, 2010 and the percentage increase in group health insurance that was effective on September 1 was less than budgeted.

Travel currently shows a favorable variance. This is mostly impacted by the travel of the audit staff. These travel patterns can vary throughout the year and year-to-year.

Conferences and Meetings show a favorable variance due to decreased attendance and lower overall cost levels at the MTC annual conference in Hood River.

Investment Advisory Fees and Bond Amortization, both of which relate to the investment in the U.S. Government Agency securities, are higher than anticipated due to a higher than anticipated investment level in the U.S. Government Agency securities. These are both offset by the related interest income over the life of these investments.

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATIONS BY PROGRAM & TOTAL						
GENERAL OPERATIONS PROGRAM						
Revenues	\$169,694	\$159,447	(\$10,247)	\$697,776	\$682,559	(\$15,217)
Expenses	160,891	152,321	8,570	713,614	659,082	54,532
SURPLUS/DEFICIT - GEN OPERATIONS	8,803	7,126	(1,677)	(15,838)	23,477	39,315
ADMINISTRATIVE SERVICES						
Expenses		256	(256)		(4)	4
SURPLUS/DEFICIT - ADMIN. SERVICES		(256)	(256)		4	4
AUDIT PROGRAM						
Revenues and Transfers	302,162	287,314	(14,848)	1,208,648	1,149,254	(59,394)
Expenses	308,658	289,771	18,887	1,238,632	1,157,223	81,409
SURPLUS/DEFICIT - AUDIT	(6,496)	(2,457)	4,039	(29,984)	(7,969)	22,015
NEXUS PROGRAM						
Revenues and Transfers	65,567	64,955	(612)	262,269	259,822	(2,447)
Expenses	58,533	48,470	10,063	237,133	217,618	19,515
SURPLUS/DEFICIT - NEXUS PROGRAM	7,034	16,485	9,451	25,136	42,204	17,068
TRAINING & EDUCATION						
Revenues and Transfers	27,000	39,010	12,010	27,000	40,700	13,700
Expenses	24,300	39,480	(15,180)	29,825	41,307	(11,482)
SURPLUS/DEFICIT - TRAINING & EDUCATI	2,700	(470)	(3,170)	(2,825)	(607)	2,218
OTHER PROJECTS						
TOTAL OPERATIONS						
Revenues and Transfers	564,423	572,174	7,751	2,195,693	2,153,782	(41,911)
Expenses	552,382	530,298	22,084	2,219,204	2,075,226	143,978
SURPLUS/DEFICIT - TOTAL OPERATIONS	12,041	41,876	29,835	(23,511)	78,556	102,067

ASSETS

CURRENT ASSETS

Money Market Accounts	\$16,483.15
Cash in Banks	3,005,524.66
CD's and Government Securities	3,507,263.62
Petty Cash	900.00
Accounts Receivable - Nexus	100,598.00
Accounts Receivable - Assessments	634,737.50
Accounts Receivable - Audit	942,180.00
Accounts Receivable - Other	35,250.00
Prepaid Rent	29,969.06
Prepaid Meeting Costs	3,600.00
Prepaid Licenses	1,500.00
Prepaid Subscriptions	7,703.35
Accrued Interest	<u>23,417.48</u>

TOTAL CURRENT ASSETS \$8,309,126.82

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	\$695,742.77
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(566,646.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$365,243.64

OTHER ASSETS

Expense Account Advances	\$7,200.00
Rent Deposits	<u>6,165.00</u>

TOTAL OTHER ASSETS \$13,365.00

TOTAL ASSETS \$8,687,735.46

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$52,427.54
Accrued Vacation Pay	346,431.80
Payroll Taxes Payable	25,767.37
Prepaid Assessments	4,142,480.68
Capital Lease - Obligation	<u>4,416.31</u>

TOTAL CURRENT LIABILITIES

\$4,571,523.70

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$287,794.89
Appropriated Fund Bal-State Tax Compliance	23,918.51
Appropriated Fund Bal-Future of MTC	25,146.32
Appropriated Fund Bal-Nexus Activities	90,000.00
Appropriated Fund Bal-Equipment Reserve	(23,293.84)
Appropriated-Memb Devel.&Relations	28,855.44
Restricted Fund Balance-Cumm	945,485.00
Restricted Fund Balance-Current	42,204.00
Unappropriated Fund Bal-Current Adj	(42,204.00)
Unappropriated Fund Balance-Cummula	2,611,493.99
Unappropriated Fund Balance-Current	<u>78,555.98</u>

TOTAL FUND BALANCE

\$4,067,956.29

Add Back Asset Exp from Budget Rept

48,255.47

TOTAL LIABILITIES & FUND BALANCE

\$8,687,735.46

Multistate Tax Commission
INCOME STATEMENT
For the Four Months Ending October 31, 2010

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
MEMBER ASSESSMENTS	\$145,637.00	\$145,637.00	\$0	\$582,547.00	\$582,547.00	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	13,238	2,546	42,768	36,865	(5,903)
GEN OPS SUPPORT FEE-NEXUS	5,490	5,639	149	21,961	22,557	596
AUDIT REIMBURSEMENTS	302,162	308,762	6,600	1,208,648	1,170,702	(37,946)
INTEREST INCOME	7,833	(5,461)	(13,294)	31,333	25,114	(6,219)
SPECIAL PROJECT FEES (NEXUS)	65,567	64,955	(612)	262,269	259,822	(2,447)
CONFERENCE FEES	0	395	395	19,000	15,320	(3,680)
MISCELLANEOUS REVENUE	42	0	(42)	167	156	(11)
TRAINING PROGRAM FEES	27,000	39,010	12,010	27,000	40,700	13,700
TOTAL REVENUES	\$564,423.00	\$572,175.00	\$7,752.00	\$2,195,693.00	\$2,153,783.00	(\$41,910.00)
EXPENSES						
SALARIES	\$293,139.00	\$284,861.00	\$8,278.00	\$1,147,503.00	\$1,136,312.00	\$11,191.00
RETIREMENT	36,162	34,757	1,405	141,540	140,089	1,451
EMPLOYEE INSURANCE	90,191	86,876	3,315	352,400	333,804	18,596
ADVERTISING	892	471	421	3,567	1,520	2,047
SUBSCRIPTIONS & PUBLICATIONS	4,900	2,492	2,408	19,600	11,461	8,139
TRAVEL	28,457	21,898	6,559	109,582	67,423	42,159
TRAVEL-MEMBERS	2,167	823	1,344	8,667	4,651	4,016
RENT AND UTILITIES	33,395	32,437	958	133,581	130,150	3,431
OFFICE SUPPLIES	5,545	2,897	2,648	19,645	11,665	7,980
POSTAGE, POST EQUIP RENTAL & FREIGHT	4,044	2,438	1,606	15,319	10,563	4,756
PRINTING, COPYING & COPIER RENTAL	4,485	1,444	3,041	12,301	3,934	8,367
COMMUNICATIONS-TELEPHONE	5,642	3,644	1,998	23,067	16,802	6,265
COMMUNICATIONS-COMPUTER	2,883	5,583	(2,700)	11,533	13,689	(2,156)
TRAINING	2,717	179	2,538	10,867	179	10,688
CONFERENCES & MEETINGS	433	1,158	(725)	64,033	34,832	29,201
CONTRACT SERVICES	4,107	458	3,649	12,107	6,184	5,923
CONSULTING FEES/LEGAL	417	0	417	1,667	0	1,667
PENSION TRUSTEES FEES	125	0	125	500	390	110
INVESTMENT ADVISORY FEES	1,583	2,570	(987)	6,333	11,545	(5,212)
LEGISLATIVE - CONSULTING	15,417	19,325	(3,908)	61,667	52,139	9,528
INSURANCE & BONDS	1,500	1,510	(10)	6,000	5,902	98
MAINTENANCE	879	0	879	3,517	866	2,651
BOND AMORTIZATION	1,542	5,372	(3,830)	6,167	18,261	(12,094)
MISCELLANEOUS	908	467	441	4,633	3,241	1,392
ACCOUNTING	1,475	6,636	(5,161)	5,900	8,370	(2,470)
SOFTWARE LICENCES	2,500	750	1,750	10,000	3,000	7,000
ADMINISTRATIVE SERVICE ALLOCAT	3	0	3	10	0	10
TOTAL OPERATION EXPENSES	\$545,508.00	\$519,046.00	\$26,462.00	\$2,191,706.00	\$2,026,972.00	\$164,734.00
FURNITURE & EQUIPMENT	\$6,875.00	\$11,252.00	(\$4,377.00)	\$27,500.00	\$48,255.00	(\$20,755.00)
EXCESS REVENUE (EXPENSES)	\$12,040.00	\$41,877.00	\$29,837.00	(\$23,513.00)	\$78,556.00	\$102,069.00

Multistate Tax Commission
REVENUE SUMMARY
For the Four Months Ending October 31, 2010

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES BY PROGRAM TYPE						
GENERAL OPERATIONS						
MEMBER ASSESSMENTS	\$145,637.00	\$145,637.00	\$0	\$582,547.00	\$582,547.00	\$0
GEN OPS SUPPORT FEE-AUDIT	10,692	13,238	2,546	42,768	36,865	(5,903)
GEN OPS SUPPORT FEE-NEXUS	5,490	5,639	149	21,961	22,557	596
INTEREST	7,833	(5,461)	(13,294)	31,333	25,114	(6,219)
CONFERENCE FEES-ANNUAL MEETING	0	395	395	19,000	15,320	(3,680)
MISCELLANEOUS REVENUE	42	0	(42)	167	156	(11)
TOTAL REVENUES - GENERAL OPERATIO	<u>\$169,694.00</u>	<u>\$159,448.00</u>	<u>(\$10,246.00)</u>	<u>\$697,776.00</u>	<u>\$682,559.00</u>	<u>(\$15,217.00)</u>
ADMINISTRATIVE SERVICES						
AUDIT PROGRAM						
MEMBER AUDIT REIMBURSEMENTS	<u>302,162</u>	<u>287,314</u>	<u>(14,848)</u>	<u>1,208,648</u>	<u>1,149,254</u>	<u>(59,394)</u>
TOTAL REVENUES - AUDIT	<u>\$302,162.00</u>	<u>\$287,314.00</u>	<u>(\$14,848.00)</u>	<u>\$1,208,648.00</u>	<u>\$1,149,254.00</u>	<u>(\$59,394.00)</u>
NEXUS PROGRAM						
NEXUS PROGRAM FEES	<u>65,567</u>	<u>64,955</u>	<u>(612)</u>	<u>262,269</u>	<u>259,822</u>	<u>(2,447)</u>
TOTAL REVENUES - SPECIAL PROJECTS	<u>\$65,567.00</u>	<u>\$64,955.00</u>	<u>(\$612.00)</u>	<u>\$262,269.00</u>	<u>\$259,822.00</u>	<u>(\$2,447.00)</u>
TRAINING & EDUCATION						
INCOME TAX SCHOOLS	0	21,000	21,000	0	21,000	21,000
NEXUS SCHOOLS	<u>27,000</u>	<u>18,010</u>	<u>(8,990)</u>	<u>27,000</u>	<u>19,700</u>	<u>(7,300)</u>
TOTAL REVENUES-TRAINING & EDUCATI	<u>\$27,000.00</u>	<u>\$39,010.00</u>	<u>\$12,010.00</u>	<u>\$27,000.00</u>	<u>\$40,700.00</u>	<u>\$13,700.00</u>
TOTAL REVENUES	<u>\$564,423.00</u>	<u>\$550,727.00</u>	<u>(\$13,696.00)</u>	<u>\$2,195,693.00</u>	<u>\$2,132,335.00</u>	<u>(\$63,358.00)</u>

Multistate Tax Commission
EXPENDITURE SUMMARY
For the Four Months Ending October 31, 2010

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES BY PROGRAM TYPE						
GENERAL OPERATIONS						
PERSONNEL	\$94,953.00	\$81,209.00	\$13,744.00	\$379,810.00	\$362,901.00	\$16,909.00
OPERATING EXPENSES	37,443	43,424	(5,981)	219,822	174,857	44,965
EQUIPMENT	1,000	0	1,000	4,000	14,204	(10,204)
ADMINISTRATIVE SERVICES	27,496	27,688	(192)	109,983	107,121	2,862
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$160,892.00</u>	<u>\$152,321.00</u>	<u>\$8,571.00</u>	<u>\$713,615.00</u>	<u>\$659,083.00</u>	<u>\$54,532.00</u>
ADMINISTRATIVE SERVICES						
PERSONNEL	\$58,821.00	\$59,146.00	(\$325.00)	\$235,283.00	\$233,263.00	\$2,020.00
OPERATING EXPENSES	25,156	22,073	3,083	100,625	84,390	16,235
EQUIPMENT	3,292	7,228	(3,936)	13,167	14,608	(1,441)
ADMIN. SERVICES ALLOCATION	(87,269)	(88,191)	922	(349,075)	(332,266)	(16,809)
TOTAL EXPS - ADMIN. SERVICES	<u>\$0</u>	<u>\$256.00</u>	<u>(\$256.00)</u>	<u>\$0</u>	<u>(\$5.00)</u>	<u>\$5.00</u>
AUDIT						
PERSONNEL	\$221,979.00	\$208,428.00	\$13,551.00	\$887,915.00	\$861,743.00	\$26,172.00
OPERATING EXPENSES	34,560	25,708	8,852	142,238	90,697	51,541
EQUIPMENT	1,917	4,024	(2,107)	7,667	15,058	(7,391)
ADMIN. SERVICES ALLOCATION	50,203	51,612	(1,409)	200,813	189,725	11,088
TOTAL EXPS - AUDIT	<u>\$308,659.00</u>	<u>\$289,772.00</u>	<u>\$18,887.00</u>	<u>\$1,238,633.00</u>	<u>\$1,157,223.00</u>	<u>\$81,410.00</u>
NEXUS PROGRAM						
PERSONNEL	\$31,565.00	\$25,850.00	\$5,715.00	\$126,260.00	\$120,437.00	\$5,823.00
OPERATING EXPENSES	16,979	13,729	3,250	70,917	57,376	13,541
EQUIPMENT	417	0	417	1,667	4,385	(2,718)
ADMIN. SERVICES ALLOCATION	9,572	8,891	681	38,289	35,420	2,869
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$58,533.00</u>	<u>\$48,470.00</u>	<u>\$10,063.00</u>	<u>\$237,133.00</u>	<u>\$217,618.00</u>	<u>\$19,515.00</u>
TRAINING & EDUCATION						
PERSONNEL	\$12,175.00	\$31,861.00	(\$19,686.00)	\$12,175.00	\$31,861.00	(\$19,686.00)
OPERATING EXPENSES	11,875	7,619	4,256	16,650	9,446	7,204
EQUIPMENT	250	0	250	1,000	0	1,000
TOTAL EXPS - TRAINING & EDUCATION	<u>\$24,300.00</u>	<u>\$39,480.00</u>	<u>(\$15,180.00)</u>	<u>\$29,825.00</u>	<u>\$41,307.00</u>	<u>(\$11,482.00)</u>
OTHER APPROPRIATED FUNDS						
TOTAL EXPENDITURES	<u><u>\$552,384.00</u></u>	<u><u>\$530,299.00</u></u>	<u><u>\$22,085.00</u></u>	<u><u>\$2,219,206.00</u></u>	<u><u>\$2,075,226.00</u></u>	<u><u>\$143,980.00</u></u>

MULTISTATE TAX COMMISSION						
VARIANCES IN FEE REVENUE FOR FY 2011						
Fees For the Fiscal Year (12 months) ending June 30, 2011						
Description	As Budgeted	Final/Actual	Variance	Variance per month	Number of months in October 31, 2010 Financial Report	Computed Variance
General Operations Support Fee - Audit						
Illinois	38,300	19,150	(19,150)	(1,596)		
Kentucky	0	0	0	0		
Nebraska	22,980	8,333	(14,647)	(1,221)		
South Carolina	0	16,086	16,086	1,341		
Total	61,280	43,569	(17,711)	(1,476)	4	(\$5,904)
Audit Fees (Net of General Operations Support Fee)						
Illinois	191,500	95,750	(95,750)	(7,979)		
Kentucky	191,500	182,300	(9,200)	(767)		
Nebraska	114,900	41,667	(73,233)	(6,103)		
South Carolina	0	64,344	64,344	5,362		
Total	497,900	384,061	(113,839)	(9,487)	4	(\$37,946)
General Operations Support Fee -Nexus						
Hawaii	0	0	0	0		
New Hampshire	0	1,789	1,789	149		
Total	0	1,789	1,789	149	4	\$596
Nexus Fees (Net of General Operations Support Fee)						
Hawaii	16,285	0	(16,285)	(1,357)		
New Hampshire	0	8,943	8,943	745		
Total	16,285	8,943	(7,342)	(612)	4	(\$2,447)
NOTES ON THE ABOVE:						
Illinois - Will be paying one-half the budgeted fee of \$229,800						
Kentucky - Will be paying \$182,300 versus the budgeted \$191,500 (as agreed on in a contract extension)						
Nebraska - Will be paying \$50,000 versus the \$137,880 budgeted						
South Carolina - Joined the audit program after the budget was approved						
Hawaii - Will not be participating in the Nexus Program this fiscal year even though included in the approved budget						
New Hampshire - It is anticipated that New Hampshire will participate in the Nexus Program even though not included in the approved budget						
Compact and Sovereignty members do not pay the 20% General Operations Support fee						