



MULTISTATE TAX COMMISSION

Maximizing the synergies of multistate tax cooperation

To: Members, Executive Committee
From: Ryan Rauschenberger, Treasurer
Date: July 15, 2016
Subject: Financial Statements for the fiscal year ended June 30, 2016

OVERALL COMMENTS:

Attached are the financial statements for the fiscal year ended June 30, 2016.

The budget column amounts in the attached report are computed and are based on the amounts in the approved fiscal year 2015/2016 budget. The budget amounts for this fiscal year were approved at a meeting of the Commission on July 29, 2015 in Spokane, Washington.

Membership Assessments, Audit Fees, and Nexus 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 a positive numbers and unfavorable variances (for revenue or expense items) are shown as a negative numbers.

BUDGET AND FUND SUMMARY:

Overall –

The deputy executive director position was vacant from August 1, 2015 through March 31, 2016. Cost savings associated with this vacancy contributed to the surplus in the general operations, audit, and nexus programs. The personnel costs of the deputy executive director position (an administrative services expense in FY 2016) are allocated to the three program areas noted previously.

General Operations –

The actual year to date surplus in this program area was substantially the result of personnel cost savings related to a vacancy in the legal department as well as the previously vacant deputy executive director position. The legal department position was filled on March 1 and the deputy executive director position was filled on April 1.

Audit Program –

The actual year to date surplus in this program area was a consequence of personnel cost savings from an auditor vacancy that was not filled until mid-September and another auditor position that remains vacant, as well as the previously vacant deputy executive director position.

Nexus Program –

The actual year to date surplus in this program area was caused by personnel cost savings due to one vacant position in this program, as well as the vacant deputy executive director position (filled April 1).

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. As expected the actual revenues and expenses of the training program are approximately equal for this fiscal year.

INCOME STATEMENT - Revenues:

The approved budget for FY 2016 anticipated participation by Massachusetts. However, Massachusetts did not participate in the Audit Program in FY 2016.

The unfavorable effect of Massachusetts leaving the Audit Program was partially mitigated by the audit fee revenue by two states joining the audit program during this fiscal year. Delaware entered the audit program on July 1, 2015 and New Hampshire began participating in the audit program on December 1, 2015.

The financial effect of Delaware and New Hampshire joining the Audit Program was not anticipated nor included in the approved budget for FY 2016.

A spreadsheet is attached to this report which presents the variances in the audit program fees and general operations support fee – audit for the year ended June 30, 2016.

INCOME STATEMENT - Expenditures:

Salaries, Retirement, and Employee Insurance show favorable variances for the year ended June 30, 2016. These favorable variances are primarily due to four vacant positions as noted earlier.

Travel shows a favorable variance of \$54,267 for the year ended June 30, 2016. Travel costs can fluctuate year to year primarily as a result of how often and where the audit staff needs to go to perform its tasks.



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Budget and Fund Summary
 For the Twelve Months Ending Thursday, June 30, 2016

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 Period: Twelve

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
OPERATIONS BY PROGRAM & TOTAL					
GENERAL OPERATIONS PROGRAM					
Revenues	\$144,834	\$140,680	\$1,758,010	\$1,700,115	(\$57,895)
Expenses	136,332	141,333	1,752,885	1,618,514	134,371
SURPLUS/DEFICIT - GEN OPERATIONS	8,502	(653)	5,125	81,601	76,476
ADMINISTRATIVE SERVICES					
Revenues	3	2	39	1	38
Expenses	(3)	(2)	(39)	(1)	38
SURPLUS/DEFICIT - ADMIN. SERVICES					
AUDIT PROGRAM					
Revenues and Transfers	352,225	341,910	4,226,697	4,087,244	(139,453)
Expenses	350,742	354,128	4,223,898	3,996,744	227,154
SURPLUS/DEFICIT - AUDIT	1,483	(12,218)	2,799	90,500	87,701
NEXUS PROGRAM					
Revenues and Transfers	67,817	67,817	813,800	813,801	1
Expenses	66,318	62,869	807,313	669,363	137,950
SURPLUS/DEFICIT - NEXUS PROGRAM	1,499	4,948	6,487	144,438	137,951
TRAINING & EDUCATION					
Revenues and Transfers	27,600	(755)	215,800	171,579	(44,221)
Expenses	25,087	2,415	217,269	183,198	34,071
SURPLUS/DEFICIT - TRAINING & EDUCATION	2,513	(3,170)	(1,469)	(11,619)	(10,150)
OTHER PROJECTS (ALAS)					
Revenues and Transfers		150		9,904	9,904
Expenses		150		9,904	(9,904)
SURPLUS/DEFICIT - OTHER PROJECTS					
TOTAL OPERATIONS					
Revenues and Transfers	592,476	549,801	7,014,307	6,782,643	(231,664)
Expenses	578,481	560,898	7,001,404	6,477,724	523,680
SURPLUS/DEFICIT - TOTAL OPERATIONS	13,995	(11,097)	12,903	304,919	292,016



MULTISTATE TAX COMMISSION

**MULTISTATE TAX COMMISSION
INCOME STATEMENT**
For the Twelve Months Ending 6/30/2016

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES					
MEMBER ASSESSMENTS	\$106,525	\$106,525	\$1,278,300	\$1,278,301	\$1
GEN OPS SUPPORT FEE-AUDIT	18,540	15,961	222,474	187,610	(34,864)
GEN OPS SUPPORT FEE-NEXUS	5,561	5,561	66,735	66,735	0
AUDIT PROGRAM FEES	352,225	341,910	4,226,697	4,087,244	(139,453)
INVESTMENT INCOME	14,167	12,633	170,000	144,044	(25,956)
NEXUS PROGRAM FEES	67,817	67,817	813,800	813,801	1
ARM'S LENGTH SERVICE ADJUSTMENT	0	150	0	9,904	9,904
CONFERENCE FEES	0	0	20,000	23,225	3,225
EQUIPMENT SALES	0	0	0	200	200
MISCELLANEOUS REVENUE	42	0	501	0	(501)
TRAINING PROGRAM FEES	27,600	(755)	215,800	171,579	(44,221)
TOTAL REVENUES	\$592,477	\$549,802	\$7,014,307	\$6,782,643	(\$231,664)
EXPENSES					
SALARIES	\$334,463	\$315,794	\$4,006,268	\$3,625,754	\$380,514
RETIREMENT (401 plan)	41,436	38,820	496,322	448,491	47,831
EMPLOYEE INSURANCE	78,212	81,926	932,835	903,953	28,882
ADVERTISING	167	0	2,000	1,000	1,000
SUBSCRIPTIONS & PUBLICATIONS	4,742	5,925	56,900	52,232	4,668
TRAVEL	31,009	28,756	360,900	306,633	54,267
TRAVEL-MEMBERS	0	0	11,000	1,566	9,434
RENT AND UTILITIES	33,963	35,876	407,555	416,688	(9,133)
CONSUMABLE & DURABLE SUPPLIES	3,292	5,495	38,284	44,964	(6,680)
POSTAGE, POST EQUIP RENTAL & FREIGHT	2,311	2,288	28,016	24,671	3,345
PRINTING	1,850	0	17,510	13,496	4,014
TELEPHONE SERVICE&VIDEO CONFERENCING	2,913	2,889	34,950	35,880	(930)
INTERNET ACCESS	4,383	3,087	52,600	38,324	14,276
EMPLOYEE TRAINING	1,500	2,210	18,000	14,099	3,901
CONFERENCES & MEETINGS	4,725	455	143,900	110,977	32,923
CONSULTANTS/CONTRACTOR-EXPENSES	0	233	0	4,982	(4,982)
CONSULTING FEES/LEGAL	4,033	150	30,800	45,318	(14,518)
CONSULTING FEES/LEGAL	208	0	2,500	2,698	(198)
401 & 457 PLAN TRUSTEES FEES	167	0	2,000	1,922	78
INVESTMENT ADVISORY FEES	2,000	0	24,000	21,789	2,211
LEGISLATIVE - CONSULTING	13,000	12,500	156,000	152,291	3,709
BUSINESS INSURANCE	1,500	1,670	18,000	20,516	(2,516)
MAINTENANCE	1,983	2,849	23,800	10,678	13,122
BOND AMORTIZATION	5,667	4,623	68,000	62,026	5,974
MISCELLANEOUS	1,670	986	17,803	32,672	(14,869)
AUDIT & PAYROLL SERVICES	417	462	17,000	17,293	(293)
SOFTWARE LICENCES	583	4,725	7,000	32,825	(25,825)
ADMINISTRATIVE SERVICE ALLOCAT	(3)	0	(40)	0	(40)
TOTAL OPERATION EXPENSES	\$576,191	\$551,719	\$6,973,903	\$6,443,738	\$530,165
FURNITURE & EQUIPMENT	\$2,292	\$9,179	\$27,501	\$33,987	(\$6,486)
EXCESS REVENUE (EXPENSES)	\$13,994	(\$11,096)	\$12,903	\$304,918	\$292,015



MULTISTATE TAX COMMISSION
Balance Sheet
For the Twelve Months Ending 6/30/2016

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ASSETS

CURRENT ASSETS

Money Market Accounts	\$1,896,637
Cash in Banks	364,053
Investments	3,390,946
Petty Cash	900
Accounts Receivable - Other	34,495
Prepaid Maintenance	9,659
Prepaid Meeting Costs	7,963
Prepaid Subscriptions	29,155
Accrued Interest	18,073

TOTAL CURRENT ASSETS **\$5,751,881**

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	580,093
Leasehold Improvements	236,147
Less: Accum Depred & Amortization	(622,352)

TOTAL PROPERTY AND EQUIPMENT **\$193,889**

OTHER ASSETS

Expense Account Advances	\$6,400
Rent Deposits	5,484

TOTAL OTHER ASSETS **\$11,884**

TOTAL ASSETS **\$5,957,654**

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$18,040
Other Current Liabilities	3,440
Accrued Vacation Pay	323,679
Payroll Taxes Payable	184
Unearned Program Fees	138,761
Unearned Registration Fees	12,610

TOTAL CURRENT LIABILITIES **\$496,714**

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$555,715
Appropriated Fund Bal-Equipment Reserve	69,206
Restricted Fund Balance-Cumm	1,133,561
Unappropriated Fund Balance-Cummula	3,363,551
Unappropriated Fund Balance-Current	304,919

TOTAL FUND BALANCE **\$5,426,952**

Add Back Asset Exp from Budget Rept	33,987
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TOTAL LIABILITIES & FUND BALANCE **\$5,957,654**



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Summary
For the Twelve Months Ending 6/30/2016

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES BY PROGRAM TYPE					
GENERAL OPERATIONS					
MEMBER ASSESSMENTS	\$106,525	\$106,525	\$1,278,300	\$1,278,301	\$1
GEN OPS SUPPORT FEE-AUDIT	18,540	15,961	222,474	187,610	(34,864)
GEN OPS SUPPORT FEE-NEXUS	5,561	5,561	66,735	66,735	0
INVESTMENT INCOME	14,167	12,633	170,000	144,044	(25,956)
CONFERENCE FEES	0	0	20,000	23,225	3,225
EQUIPMENT SALES	0	0	0	200	200
MISCELLANEOUS REVENUE	42	0	501	0	(501)
TOTAL REVENUES-GENERAL OPERATIONS	\$144,835	\$140,680	\$1,758,010	\$1,700,115	(\$57,895)
ADMINISTRATIVE SERVICES					
AUDIT PROGRAM					
AUDIT PROGRAM FEES	352,225	341,910	4,226,697	4,087,244	(139,453)
TOTAL REVENUES-AUDIT	\$352,225	\$341,910	\$4,226,697	\$4,087,244	(\$139,453)
NEXUS PROGRAM					
NEXUS PROGRAM FEES	67,817	67,817	813,800	813,801	1
TOTAL REVENUES- NEXUS	\$67,817	\$67,817	\$813,800	\$813,801	\$1
TRAINING & EDUCATION					
AUDIT SAMPLING & CAAT SCHOOLS	0	(755)	32,200	50,425	18,225
INCOME TAX TRAINING SCHOOLS	0	0	73,200	60,430	(12,770)
NEXUS SCHOOLS	27,600	0	110,400	60,724	(49,676)
TOTAL REVENUES- TRAINING & EDUCATION	\$27,600	(\$755)	\$215,800	\$171,579	(\$44,221)
ARM'S LENGTH SERVICE ADJUSTMENT					
ARM'S LENGTH SERVICE ADJUSTMENT	0	150	0	9,904	9,904
TOTAL REVENUES- ALAS	\$0	\$150	\$0	\$9,904	\$9,904
TOTAL REVENUES	592,477	549,802	7,014,307	6,782,643	(231,664)



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Details
For the Twelve Months Ending 6/30/2016

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	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
		Variance		Variance
REVENUES BY PROGRAM TYPE				
GENERAL OPERATIONS				
MEMBER ASSESSMENTS	\$106,525	\$0	\$1,278,300	\$1
GEN OPS SUPPORT FEE-AUDIT	18,540	(2,579)	187,610	(34,864)
GEN OPS SUPPORT FEE-NEXUS	5,561	0	66,735	0
INVESTMENT INCOME	14,167	(1,534)	170,000	(25,956)
CONFERENCE FEES-ANNUAL MEETING	0	0	23,225	3,225
EQUIPMENT SALES	0	0	200	200
MISCELLANEOUS REVENUE	42	(42)	501	(501)
TOTAL REVENUES - GENERAL OPERATIONS	\$144,835	(\$4,155)	\$1,758,010	(\$57,895)
ADMINISTRATIVE SERVICES				
AUDIT PROGRAM				
AUDIT PROGRAM FEES	352,225	(10,315)	4,087,244	(139,453)
TOTAL REVENUES - AUDIT	\$352,225	(\$10,315)	\$4,087,244	(\$139,453)
NEXUS PROGRAM				
NEXUS PROGRAM FEES	67,817	0	813,801	1
TOTAL REVENUES - SPECIAL PROJECTS	\$67,817	\$0	\$813,801	\$1
TRAINING & EDUCATION				
AUDIT SAMPLING & CAAT SCHOOLS	0	(755)	50,425	18,225
INCOME TAX SCHOOLS	0	0	60,430	(12,770)
NEXUS SCHOOLS	27,600	(27,600)	60,724	(49,676)
TOTAL REVENUES-TRAINING & EDUCATION	\$27,600	(\$28,355)	\$171,579	(\$44,221)
ARM'S LENGTH SERVICE ADJUSTMENT				
TOTAL REVENUES-ALAS	\$0	\$150	\$9,904	\$9,904
TOTAL REVENUES	\$92,477	\$150	6,782,643	(231,664)



MULTISTATE TAX COMMISSION
Expenditure Summary
For the Twelve Months Ending 6/30/2016

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
EXPENDITURES BY PROGRAM					
GENERAL OPERATIONS	\$136,332	\$141,333	\$1,752,885	\$1,618,514	\$134,371
ADMINISTRATIVE SERVICES	3	2	39	1	38
AUDIT	350,742	354,128	4,223,898	3,996,744	227,154
ARM'S LENGTH SERVICE ADJUST	0	150	0	9,904	(9,904)
NEXUS PROGRAM	66,318	62,869	807,313	669,363	137,950
TRAINING & EDUCATION	25,087	2,415	217,269	183,198	34,071
TOTAL EXPENDITURES	\$578,482	\$560,897	\$7,001,404	\$6,477,724	\$523,680
EXPENDITURES BY MAJOR TYPE					
PERSONNEL	\$454,110	\$436,540	\$5,435,425	\$4,978,198	\$457,227
OPERATING EXPENSES	122,079	115,179	1,538,478	1,465,539	72,939
FURNITURE & EQUIPMENT	2,292	9,179	27,501	33,987	(6,486)
TOTAL EXPENDITURES	\$578,481	\$560,898	\$7,001,404	\$6,477,724	\$523,680



MULTISTATE TAX COMMISSION
Expenditure Details
For the Twelve Months Ending 6/30/2016

	Current Period		Year-to Date	
	Budget	Actual	Budget	Actual
				Variance
EXPENDITURES BY PROGRAM TYPE				
GENERAL OPERATIONS				
PERSONNEL	\$73,119	\$75,958	\$877,431	\$810,959
OPERATING EXPENSES	38,502	37,474	578,921	538,762
EQUIPMENT	458	2,948	5,500	6,445
ADMINISTRATIVE SERVICES	24,253	24,953	291,033	262,348
TOTAL EXPENSES - GENERAL OPERATIONS	\$136,332	\$141,333	\$1,752,885	\$1,618,514
ADMINISTRATIVE SERVICES				
PERSONNEL	\$69,275	\$66,125	\$831,300	\$688,340
OPERATING EXPENSES	23,583	32,073	282,994	305,830
EQUIPMENT	1,125	6,231	13,500	27,542
ADMIN. SERVICES ALLOCATION	(93,980)	(104,427)	(1,127,755)	(1,021,712)
TOTAL EXPS - ADMIN. SERVICES	\$3	\$2	\$39	\$0
AUDIT				
PERSONNEL	\$260,586	\$263,027	\$3,127,028	\$3,011,760
OPERATING EXPENSES	31,186	27,746	389,231	334,553
EQUIPMENT	417	0	5,001	0
ADMIN. SERVICES ALLOCATION	58,553	63,354	702,638	650,431
TOTAL EXPS - AUDIT	\$350,742	\$354,127	\$4,223,898	\$3,996,744
NEXUS PROGRAM				
PERSONNEL	\$40,060	\$31,429	\$480,721	\$365,048
OPERATING EXPENSES	14,879	15,321	190,048	195,383
EQUIPMENT	208	0	2,500	0
ADMIN. SERVICES ALLOCATION	11,170	16,119	134,044	108,932
TOTAL DIRECT EXPS - NEXUS PROGRAM	\$66,317	\$62,869	\$807,313	\$669,363
TRAINING & EDUCATION				
PERSONNEL	\$11,071	\$0	\$118,945	\$102,091
OPERATING EXPENSES	13,933	2,415	97,324	81,107
EQUIPMENT	83	0	1,000	0
ADMIN. SERVICES ALLOCATION	0	0	0	0
TOTAL EXPS - TRAINING & EDUCATION	\$25,087	\$2,415	\$217,269	\$183,198
SPECIAL PROJECTS (ALAS)				
PERSONNEL	\$0	\$0	\$0	\$0
OPERATING EXPENSES	0	150	0	9,904
EQUIPMENT	0	0	0	0
ADMIN. SERVICES ALLOCATION	0	0	0	0
TOTAL SPECIAL PROJECTS (ALAS)	\$0	\$150	\$0	(\$9,904)
TOTAL EXPENDITURES	\$578,481	\$560,896	\$7,001,404	\$6,477,723

**MULTISTATE TAX COMMISSION
VARIANCES IN FEE REVENUE FOR FY 2016**

Description	Fees For the Fiscal Year (12 months) ending June 30, 2016			Number of months revenue recognized in JUNE, 2016 YTD Financial Report	Computed Variance: Favorable or (Unfavorable)
	As Budgeted	Final/Actual	Variance		
Membership Fee					\$0
General Operations Support Fee - Audit					
Delaware (entered Audit Program on 07/01/2015)	0	9,403	9,403	12	\$9,403
New Hampshire (entered Audit Program on 12/01/2015)	0	5,485	5,485	7	\$5,485
Massachusetts (not participating in Audit Program this FY)	49,752	0	(49,752)	12	(\$49,752)
			0	0	\$0
			0	0	\$0
Total	49,752	14,888	(2,579)		(\$34,864)
Audit Program Fees (Net of General Operations Support Fee)					
Delaware (entered Audit Program on 07/01/2015)	0	37,613	37,613	12	\$37,613
New Hampshire (entered Audit Program on 12/01/2015)	0	21,941	21,941	7	\$21,941
Massachusetts (not participating in Audit Program this FY)	199,008	0	(199,008)	12	(\$199,008)
			0	0	\$0
			0	0	\$0
Total	199,008	59,554	(10,315)		(\$139,454)
General Operations Support Fee -Nexus					
Total	0	0	0	0	\$0
Nexus Program Fees (Net of General Operations Support Fee)					
Total	0	0	0	0	\$0

Year to date comparison of Budget to Actual as of June 30, 2016

