MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To:	Members, Executive Committee
From:	Robert J. Kleine, Treasurer
Date:	July 22, 2010
Subject:	Financial Statements for the fiscal year ended June 30, 2010

OVERALL COMMENTS:

Attached are the financial statements for the fiscal year ended June 30, 2010.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2009/2010 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 30, 2009 in Kansas City, Missouri.

The reports indicate a total and actual *current* unappropriated fund balance of $**78,073** (computed as $221,074 Current Unappropriated per the balance sheet, less the $143,001 of Nexus surplus that is summed into the $221,074 shown on the balance sheet by the accounting software). The reports indicate a total *current* restricted fund balance of $**143,001**, 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 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 –

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

Cash in Banks are funds held at Wachovia and are currently earning .25%.

CDs and Government Securities is composed of a $258,058 2-year CD (earning 3.25%) held by BB+T and $2,546,796 of U.S. Government Agency Securities (with an average maturity of 5 years or less and yielding 3.7%) held by Aintree Capital, LLC.

Accounts Receivable – Other are amounts receivable related to training programs held during May and June 2010.

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

Current Liabilities –

Prepaid Assessments includes fees for FY 2011 received from states on or before June 30, 2010. These amounts will be recognized as revenue in FY 2011.

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:

Membership fees show an unfavorable variance due Wyoming downgrading its membership level from Sovereignty this year. The fee for the full year would have been $10,385.

Audit fees show an unfavorable variance due to the fact that Hawaii suspended its participation in the audit program this year. The fee for the full year would have been $182,300.

Nexus fees show an unfavorable variance as a result of Rhode Island and Wyoming not participating in the Nexus program this year as anticipated and budgeted. The combined fees for the full year would have been $25,476 (net of the related general operations support fees of $3,159).

Training Program fees show an unfavorable variance of $75,406 due to the fact that the attendance at the schools this fiscal year was less than anticipated. It should be noted that the operating expenses for training schools show an offsetting favorable variance of $50,455 as a result of the decreased attendance.

INCOME STATEMENT - Expenditures:

Administrative Services department expenses are allocated to all other departments based on the relative expenses of each department.

Salaries show a favorable variance due to the fact that a research assistant position (part-time) and a legal intern position (seasonal) were not filled at any time during this fiscal year.

Travel 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 shows a favorable variance. This is due to the less than anticipated attendance at training programs (mentioned above) and fewer MTC committee meetings as a result of a change in the yearly meeting format.

Investment Advisory Fees are for advice in selecting the U.S. Government Agency bonds held for investment. These fees are offset by the related interest income over the life of these investments.

Bond amortization is the amortization of any premium paid at the time of purchase of the U.S. Government Agency bonds. This is offset by the related interest income over the life of these investments.