



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee  
From: Demesia Padilla, Treasurer  
Date: July 16, 2013  
Subject: Financial Statements for the twelve-month period ended June 30, 2013

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## OVERALL COMMENTS:

Attached are the financial statements for the twelve-month period ended June 30, 2013.

With one exception the budget column amounts in the attached report reflect the amounts in the **Final Proposed** column of the approved fiscal year 2012/2013 budget. As a result of California repealing the Multistate Tax Compact effective July 1, 2012 the California membership fees have been excluded from the budget column of the attached financial reports (and, of course, not recognized in the actual column). The **Final Proposed** budget amounts for this fiscal year were approved at a meeting of the Commission on August 1, 2012 in Grand Rapids, Michigan.

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

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

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:

### General Operations Program

The \$338,793 deficit in this program is substantially explained by two items, which affect the deficit in *opposite* directions:

- California membership fees were not received for this fiscal year. This contributes to the deficit seen on this report. For the twelve months ended June 30, 2013 the California membership fees that otherwise would have been recognized as revenue was \$537,854.
- A counsel position was vacant from July 1, 2012 through December 31, 2012. This position was filled as of January 1, 2013.

## **Audit Program**

The \$373,414 surplus in this program is substantially explained by four items:

- Minnesota rejoined the audit program after the FY 2013 budget was prepared and approved. This revenue adds \$68,355 to the surplus for the twelve month period ended June 30, 2013.
- Massachusetts joined the audit program after the FY 2013 budget was prepared and approved. This revenue adds \$82,026 to the surplus for the twelve month period ended June 30, 2013. [Massachusetts is neither a Compact nor Sovereignty member and the fee thus includes a 20% general operations support component].
- An audit position was vacant from July 1, 2012 through December 31, 2012. This position was filled on January 1, 2013.
- A surplus of \$188,211 was originally planned and budgeted for this twelve month period.

## **Training Program**

The higher than expected expenses (which create the deficit in this program) were contributed to by:

- higher travel costs to certain schools
- five Nexus schools were held instead of the budgeted three

## **INCOME STATEMENT - Revenues:**

Variances in the Audit Reimbursements and the Training Program Fees were explained above.

## **INCOME STATEMENT - Expenditures:**

**Salaries, Retirement, and Employee Insurance** show a favorable variance. This is primarily due to the fact that a budgeted counsel position and a budgeted auditor position were unfilled until January 1, 2013.

Multistate Tax Commission  
Budget and Fund Summary  
For the Twelve Months Ending June 30, 2013

	Current Period			Year-to-Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATIONS BY PROGRAM &amp; TOTAL</b>						
<b>GENERAL OPERATIONS PROGRAM</b>						
Revenues	\$132,715	\$145,020	\$12,305	\$1,608,083	\$1,674,501	\$66,418
Expenses	163,071	170,893	(7,822)	2,082,911	2,013,294	69,617
SURPLUS/DEFICIT - GEN OPERATIONS	(30,356)	(25,873)	4,483	(474,828)	(338,793)	136,035
<b>ADMINISTRATIVE SERVICES</b>						
Expenses		3	(3)	(1)	2	(3)
SURPLUS/DEFICIT - ADMIN. SERVICES		(3)	(3)	1	(2)	(3)
<b>AUDIT PROGRAM</b>						
Revenues and Transfers	343,885	357,440	13,555	4,126,624	4,175,983	49,359
Expenses	327,659	312,436	15,223	3,936,913	3,802,569	134,344
SURPLUS/DEFICIT - AUDIT	16,226	45,004	28,778	189,711	373,414	183,703
<b>NEXUS PROGRAM</b>						
Revenues and Transfers	63,233	63,233		758,798	758,799	1
Expenses	47,802	46,143	1,659	712,538	693,055	19,483
SURPLUS/DEFICIT - NEXUS PROGRAM	15,431	17,090	1,659	46,260	65,744	19,484
<b>TRAINING &amp; EDUCATION</b>						
Revenues and Transfers		8,135	8,135	214,900	215,570	670
Expenses	1,267	8,289	(7,022)	214,857	269,936	(55,079)
SURPLUS/DEFICIT - TRAINING & EDUCATI	(1,267)	(154)	1,113	43	(54,366)	(54,409)
<b>OTHER PROJECTS</b>						
<b>TOTAL OPERATIONS</b>						
Revenues and Transfers	539,834	573,828	33,994	6,708,405	6,824,853	116,448
Expenses	539,798	537,764	2,034	6,947,218	6,778,857	168,361
SURPLUS/DEFICIT - TOTAL OPERATIONS	36	36,064	36,028	(238,813)	45,996	284,809

**ASSETS**

**CURRENT ASSETS**

Money Market Accounts	\$25,110.64
Cash in Banks	915,461.17
Investments	4,485,444.97
Petty Cash	893.45
Accounts Receivable - Other	8,135.00
Prepaid Maintenance	2,945.94
Prepaid Meeting Costs	10,937.50
Prepaid Licenses	5,625.00
Prepaid Subscriptions	15,486.32
Accrued Interest	<u>23,697.11</u>

TOTAL CURRENT ASSETS \$5,493,737.10

**PROPERTY AND EQUIPMENT**

Office Furniture & Equipment	\$736,297.52
Leasehold Improvements	236,147.39
Less: Accum Depred & Amortization	<u>(680,352.52)</u>

TOTAL PROPERTY AND EQUIPMENT \$292,092.39

**OTHER ASSETS**

Expense Account Advances	\$8,400.00
Rent Deposits	<u>6,165.00</u>

TOTAL OTHER ASSETS \$14,565.00

**TOTAL ASSETS** \$5,800,394.49

**LIABILITIES & FUND BALANCE**

**CURRENT LIABILITIES**

Accounts Payable	\$25,114.80
Accrued Vacation Pay	352,224.68
Payroll Taxes Payable	(0.46)
Unearned Program Fees	177,896.00
Unearned Registration Fees	<u>15,500.00</u>

TOTAL CURRENT LIABILITIES

\$570,735.02

**FUND BALANCE**

Appropriated Fund Bal-Enterprise Automation Project	\$555,715.16
Appropriated Fund Bal-Equipment Reserve	31,706.16
Restricted Fund Balance-Cumm	1,124,765.00
Restricted Fund Balance-Current	65,744.00
Unappropriated Fund Bal-Current Adj	(65,744.00)
Unappropriated Fund Balance-Cummula	3,444,802.13
Unappropriated Fund Balance-Current	<u>45,995.46</u>

TOTAL FUND BALANCE

\$5,202,983.91

Add Back Asset Exp from Budget Rept

26,675.56

**TOTAL LIABILITIES & FUND BALANCE**

**\$5,800,394.49**

Multistate Tax Commission  
INCOME STATEMENT  
For the Twelve Months Ending June 30, 2013

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
MEMBER ASSESSMENTS	\$104,368	\$104,369	\$1	\$1,252,421	\$1,252,423	\$2
GEN OPS SUPPORT FEE-AUDIT	11,718	12,857	1,139	140,616	154,288	13,672
GEN OPS SUPPORT FEE-NEXUS	4,921	4,921	0	59,046	59,046	0
AUDIT REIMBURSEMENTS	343,885	357,440	13,555	4,126,624	4,175,983	49,359
INVESTMENT INCOME	11,667	22,709	11,042	140,000	188,061	48,061
SPECIAL PROJECT FEES (NEXUS)	63,233	63,233	0	758,798	758,799	1
CONFERENCE FEES	0	0	0	15,500	19,057	3,557
EQUIPMENT SALES	0	0	0	0	1,000	1,000
MISCELLANEOUS REVENUE	42	164	122	500	626	126
TRAINING PROGRAM FEES	0	8,135	8,135	214,900	215,570	670
<b>TOTAL REVENUES</b>	<b>\$539,834</b>	<b>\$573,828</b>	<b>\$33,994</b>	<b>\$6,708,405</b>	<b>\$6,824,853</b>	<b>\$116,448</b>
<b>EXPENSES</b>						
SALARIES	\$318,144	\$315,936	\$2,208	\$3,909,010	\$3,825,537	\$83,473
RETIREMENT	39,450	39,176	274	484,717	469,129	15,588
EMPLOYEE INSURANCE	88,287	87,271	1,016	1,088,356	1,043,262	45,094
ADVERTISING	667	0	667	8,000	2,397	5,603
SUBSCRIPTIONS & PUBLICATIONS	3,950	5,850	(1,900)	47,400	53,991	(6,591)
TRAVEL	20,208	20,766	(558)	273,968	285,008	(11,040)
TRAVEL-MEMBERS	0	2,268	(2,268)	14,000	11,138	2,862
RENT AND UTILITIES	17,217	7,999	9,218	372,331	362,207	10,124
OFFICE SUPPLIES	2,938	2,878	60	38,786	33,927	4,859
POSTAGE, POST EQUIP RENTAL & FREIGHT	2,062	2,720	(658)	30,906	30,261	645
PRINTING, COPYING & COPIER RENTAL	1,500	191	1,309	27,543	20,769	6,774
TELEPHONE SERVICE&VIDEO CONFERENC	5,479	2,517	2,962	65,750	48,081	17,669
INTERNET ACCESS	2,546	2,683	(137)	30,550	28,999	1,551
TRAINING	1,225	4,330	(3,105)	14,700	13,157	1,543
CONFERENCES & MEETINGS	83	2,753	(2,670)	89,600	139,139	(49,539)
CONSULTANTS TRAVEL	0	3,664	(3,664)	0	6,657	(6,657)
CONTRACT SERVICES	2,500	12,001	(9,501)	36,600	55,065	(18,465)
CONSULTING FEES/LEGAL	208	0	208	2,500	1,735	765
PENSION TRUSTEES FEES	208	0	208	2,500	1,390	1,110
INVESTMENT ADVISORY FEES	2,250	2,657	(407)	27,000	23,647	3,353
LEGISLATIVE - CONSULTING	14,583	12,832	1,751	175,000	153,445	21,555
INSURANCE & BONDS	1,500	1,487	13	18,000	16,355	1,645
MAINTENANCE	1,667	1,037	630	20,000	19,255	745
BOND AMORTIZATION	6,250	5,673	577	75,000	67,665	7,335
MISCELLANEOUS	2,000	762	1,238	25,000	19,158	5,842
ACCOUNTING	333	299	34	15,500	15,356	144
SOFTWARE LICENCES	1,000	12	988	12,000	5,474	6,526
ADMINISTRATIVE SERVICE ALLOCAT	0	0	0	1	(25)	26
<b>TOTAL OPERATION EXPENSES</b>	<b>\$536,255</b>	<b>\$537,762</b>	<b>(\$1,507)</b>	<b>\$6,904,718</b>	<b>\$6,752,179</b>	<b>\$152,539</b>
FURNITURE & EQUIPMENT	\$3,542	\$0	\$3,542	\$42,500	\$26,676	\$15,824
<b>EXCESS REVENUE (EXPENSES)</b>	<b>\$37</b>	<b>\$36,066</b>	<b>\$36,029</b>	<b>(\$238,813)</b>	<b>\$45,998</b>	<b>\$284,811</b>

Multistate Tax Commission  
REVENUE SUMMARY  
For the Twelve Months Ending June 30, 2013

	Current Period			Year-to-Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
MEMBER ASSESSMENTS	\$104,368	\$104,369	\$1	\$1,252,421	\$1,252,423	\$2
GEN OPS SUPPORT FEE-AUDIT	11,718	12,857	1,139	140,616	154,288	13,672
GEN OPS SUPPORT FEE-NEXUS	4,921	4,921	0	59,046	59,046	0
INTEREST	11,667	22,709	11,042	140,000	188,061	48,061
CONFERENCE FEES-ANNUAL MEETING	0	0	0	15,500	19,057	3,557
EQUIPMENT SALES	0	0	0	0	1,000	1,000
MISCELLANEOUS REVENUE	42	164	122	500	626	126
<b>TOTAL REVENUES - GENERAL OPERATIO</b>	<b>\$132,716</b>	<b>\$145,020</b>	<b>\$12,304</b>	<b>\$1,608,083</b>	<b>\$1,674,501</b>	<b>\$66,418</b>
<b>ADMINISTRATIVE SERVICES</b>						
<b>AUDIT PROGRAM</b>						
MEMBER AUDIT REIMBURSEMENTS	343,885	357,440	13,555	4,126,624	4,175,983	49,359
<b>TOTAL REVENUES - AUDIT</b>	<b>\$343,885</b>	<b>\$357,440</b>	<b>\$13,555</b>	<b>\$4,126,624</b>	<b>\$4,175,983</b>	<b>\$49,359</b>
<b>NEXUS PROGRAM</b>						
NEXUS PROGRAM FEES	63,233	63,233	0	758,798	758,799	1
<b>TOTAL REVENUES - SPECIAL PROJECTS</b>	<b>\$63,233</b>	<b>\$63,233</b>	<b>\$0</b>	<b>\$758,798</b>	<b>\$758,799</b>	<b>\$1</b>
<b>TRAINING &amp; EDUCATION</b>						
AUDIT SAMPLING SCHOOLS	0	0	0	48,600	41,622	(6,978)
INCOME TAX SCHOOLS	0	0	0	78,300	60,143	(18,157)
NEXUS SCHOOLS	0	8,135	8,135	88,000	113,805	25,805
<b>TOTAL REVENUES-TRAINING &amp; EDUCATI</b>	<b>\$0</b>	<b>\$8,135</b>	<b>\$8,135</b>	<b>\$214,900</b>	<b>\$215,570</b>	<b>\$670</b>
<b>TOTAL REVENUES</b>	<b>\$539,834</b>	<b>\$573,828</b>	<b>\$33,994</b>	<b>\$6,708,405</b>	<b>\$6,824,853</b>	<b>\$116,448</b>

Multistate Tax Commission  
EXPENDITURE SUMMARY  
For the Twelve Months Ending June 30, 2013

	Current Period			Year-to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>EXPENDITURES BY PROGRAM TYPE</b>						
<b>GENERAL OPERATIONS</b>						
PERSONNEL	\$102,059	\$105,688	(\$3,629)	\$1,224,704	\$1,148,034	\$76,670
OPERATING EXPENSES	33,546	38,110	(4,564)	528,612	530,466	(1,854)
EQUIPMENT	583	0	583	7,000	3,506	3,494
ADMINISTRATIVE SERVICES	<u>26,883</u>	<u>27,095</u>	<u>(212)</u>	<u>322,595</u>	<u>331,288</u>	<u>(8,693)</u>
TOTAL EXPENSES - GENERAL OPERATIO	<u>\$163,071</u>	<u>\$170,893</u>	<u>(\$7,822)</u>	<u>\$2,082,911</u>	<u>\$2,013,294</u>	<u>\$69,617</u>
<b>ADMINISTRATIVE SERVICES</b>						
PERSONNEL	\$62,810	\$56,040	\$6,770	\$753,725	\$744,979	\$8,746
OPERATING EXPENSES	22,834	25,114	(2,280)	274,014	286,908	(12,894)
EQUIPMENT	1,208	0	1,208	14,500	15,402	(902)
ADMIN. SERVICES ALLOCATION	<u>(86,853)</u>	<u>(81,151)</u>	<u>(5,702)</u>	<u>(1,042,240)</u>	<u>(1,047,286)</u>	<u>5,046</u>
TOTAL EXPS - ADMIN. SERVICES	<u>(\$1)</u>	<u>\$3</u>	<u>(\$4)</u>	<u>(\$1)</u>	<u>\$3</u>	<u>(\$4)</u>
<b>AUDIT</b>						
PERSONNEL	\$246,437	\$246,556	(\$119)	\$2,957,251	\$2,886,930	\$70,321
OPERATING EXPENSES	28,812	19,005	9,807	350,744	306,763	43,981
EQUIPMENT	1,667	0	1,667	20,000	5,547	14,453
ADMIN. SERVICES ALLOCATION	<u>50,743</u>	<u>46,874</u>	<u>3,869</u>	<u>608,918</u>	<u>603,330</u>	<u>5,588</u>
TOTAL EXPS - AUDIT	<u>\$327,659</u>	<u>\$312,435</u>	<u>\$15,224</u>	<u>\$3,936,913</u>	<u>\$3,802,570</u>	<u>\$134,343</u>
<b>NEXUS PROGRAM</b>						
PERSONNEL	\$34,575	\$34,100	\$475	\$414,899	\$401,874	\$13,025
OPERATING EXPENSES	4,000	4,861	(861)	186,911	176,317	10,594
EQUIPMENT	0	0	0	0	2,221	(2,221)
ADMIN. SERVICES ALLOCATION	<u>9,227</u>	<u>7,182</u>	<u>2,045</u>	<u>110,728</u>	<u>112,644</u>	<u>(1,916)</u>
TOTAL DIRECT EXPS - NEXUS PROGRAM	<u>\$47,802</u>	<u>\$46,143</u>	<u>\$1,659</u>	<u>\$712,538</u>	<u>\$693,056</u>	<u>\$19,482</u>
<b>TRAINING &amp; EDUCATION</b>						
PERSONNEL	\$0	\$0	\$0	\$131,504	\$156,112	(\$24,608)
OPERATING EXPENSES	1,183	8,289	(7,106)	82,353	113,824	(31,471)
EQUIPMENT	83	0	83	1,000	0	1,000
TOTAL EXPS - TRAINING & EDUCATION	<u>\$1,266</u>	<u>\$8,289</u>	<u>(\$7,023)</u>	<u>\$214,857</u>	<u>\$269,936</u>	<u>(\$55,079)</u>
<b>OTHER APPROPRIATED FUNDS</b>						
<b>TOTAL EXPENDITURES</b>	<u><u>\$539,797</u></u>	<u><u>\$537,763</u></u>	<u><u>\$2,034</u></u>	<u><u>\$6,947,218</u></u>	<u><u>\$6,778,859</u></u>	<u><u>\$168,359</u></u>