



To: Executive Committee
From: Glenn Hegar, Treasurer
Date: April 27, 2023
Subject: Financial Statements for the nine months ended March 31, 2023

OVERALL COMMENTS:

Attached are the financial statements for the nine months ended March 31, 2023.

The budget column amounts in the attached reports are computed and are based on the amounts in the fiscal year 2023 budget approved at the meeting of the Commission during its meeting on August 3, 2022.

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.

BALANCE SHEET:

The balance sheet remains strong.

Accounts receivable consist of membership fee and program fee amounts related to FY 2023 that will be collected during the remainder of FY 2023.

BUDGET AND FUND SUMMARY:

Overall:

The overall activities and financial results for the nine-month period ended March 31, 2023, produced a surplus of \$152,094. The reasons for this surplus are explained in the **Income Statement** section of this report.

INCOME STATEMENT:

Revenues: Dividend Income

Interest rates have dramatically increased during the current fiscal year resulting in higher than anticipated earnings on MTC's money market fund and short-term government fund.

Expenses:

Personnel expense

There is one vacant position in the Audit Program resulting in an overall favorable variance for the combined salaries, retirement, employee insurance, and payroll taxes expense line items.

Travel expense

Travel expenses were budgeted tightly for FY 2023 not knowing how much travel there would be for MTC staff following the COVID pandemic. Travel has resumed to levels approaching pre-COVID pandemic levels.

Catering & Audio-Visual expense

Catering & Audio-Visual expenses were budgeted tightly for FY 2023 not knowing the level of attendance at MTC in-person committee meetings and summer seminar. Attendance at these meetings has bounced back to levels approximating the pre-COVID pandemic levels. Additionally, the post-pandemic manner of conducting meetings, with a focus on quality participation by remote attendees, has increased the audio-visual equipment and service expenses.

Consultant/Contractor Fees expense

There is an unfavorable variance due to use of consultants and catch-up payments for website hosting services:

- Migration from Microsoft Dynamics server-based accounting software to Microsoft Dynamics cloud-based accounting software. These services, which account for just under half this expense, have been largely completed.
- Follow up team-building training post all-staff development event in June 2022 and executive development and coaching for senior staff. No additional expenses are anticipated in this area for this fiscal year.
- Website migration and recovery, and catch-up payments for hosting services. Approximately one-fourth of this expense relates to the unanticipated required website CMS migration that began in December including catch-up payments for website hosting. During the migration and recovery process, we discovered that invoices for the last two years of website hosting services had not been received (and thus not paid) by the MTC (The MTC uses a third-party vendor for hosting and support for its public-facing website). Other than website hosting, no further expenses are expected this fiscal year.