



To: Members, Executive Committee  
From: Glenn Hegar, Treasurer  
Date: May 2, 2024  
Subject: Governance Letter from LSWG - CPAs dated December 19, 2023

---

### **COMMENTS – Corrected and Uncorrected Misstatements (page 2 of this letter)**

#### **The four material misstatements ranging from \$42,000 to \$148,000**

The Multistate Tax Commission prepares its annual budget and its internal financial statements on a cash basis. Thus, and as an example, on MTC's budget and internal financial statements: equipment is expensed when purchased and vacation pay is not accrued. However, under the provisions of the Generally Accepted Accounting Principles (GAAP) used on the audited financial statements various accrual adjustments and an adjustment to market value are required. Thus, these types of "misstatements" are the difference in accounting methods between the MTC's books and the audited financial statements. These types of "misstatements" occur every year.