

TEXAS LOW LEVEL RADIOACTIVE WASTE
DISPOSAL COMPACT COMMISSION

FINANCIAL STATEMENTS
AND OTHER INFORMATION
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED AUGUST 31, 2016



MONDAY RUFUS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of the
Texas Low Level Radioactive Waste Disposal Compact Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Texas Low Level Radioactive Waste Disposal Compact Commission (hereafter the "Commission") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of August 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Monday Rufus & Co., P.C.

Austin, Texas

July 19, 2017

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the annual financial report, the management of Texas Low Level Radioactive Waste Disposal Compact Commission (hereafter the "Commission"), discusses and analyzes the Commission's financial performance for the fiscal year ended August 31, 2016. Please read it in conjunction with the independent auditor's report on Page 1, and the Commission's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The Commission's net position decreased by \$350 as a result of this year's current operations, to end at a zero balance.
- Operating expenditures of the Commission rose to \$303,245 for the current year, or 11% higher over the prior year.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the Basic Financial Statements, and the Notes to the Financial Statements.

The purpose of the MD&A is to provide an objective and easily readable analysis of the financial activities of the Commission for the year. It is based on currently known facts and conditions and also provides comparisons to prior year financial information.

For purposes of external financial reporting, the Commission is considered to be a special-purpose government engaged only in business-type activities. For organizations such as these, the Governmental Accounting Standards Board (GASB) specifies the Basic Financial Statements should consist of the following:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows

These financial statements report the Commission's financial activities and show how revenues for the period compared to expenses as well as provide information on cash flows. They are prepared using the full-accrual basis of accounting and reflect the flow of total economic resources in a manner similar to the financial reports of a private business enterprise.

The notes to the financial statements communicate information essential for the fair presentation of the financial information that is not displayed on the face of the financial statements. As such, the notes are an integral part of the Basic Financial Statements.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

ABOUT THE TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION

The Commission is an Interstate Compact enacted into law in Texas and Vermont in 1993 and was authorized by the Texas Low Level Radioactive Waste Disposal Policy Consent Act approved by Congress as Public Law 105-236 on September 20, 1998. While closely monitored by the State of Texas, the Commission is not considered to be a State agency. However, the Commission is considered to be a discretely presented component unit by the Texas Comptroller of Public Accounts for the purpose of financial reporting by the State of Texas.

The Commission is managed by contracted professionals who perform duties such as preparation and proposal of the annual budget, development of the strategic plan, coordination of inter-agency relationships, and other daily functions.

FINANCIAL ANALYSIS OF THE COMMISSION

The primary purpose of the financial statements of the Commission is to report assets and liabilities of the Commission and to show whether the Commission is better off or worse off as a result of current year financial activities. The Statement of Net Position includes all the Commission's assets and liabilities at the end of the year while the Statement of Revenues, Expenses, and Changes in Net Position includes all the revenues and expenses generated or incurred by the Commission's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. For the current year, the Commission reported a single revenue source, *Disposal Fees*, which reflects an allocation from the State of Texas to carry out the Commission's activities. All the Commission's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the Commission's net position and changes in net position. The Commission's net position (the difference between assets and liabilities) provides one measure of the Commission's financial health. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Commission however, you should also consider nonfinancial factors as well, such as the current political environment related to the activities of the Commission and possible future changes to the support levels provided by the states of Texas and Vermont.

Table-I on the following page shows the net position of the Commission as of August 31, 2016 as well as comparative information for the year ended August 31, 2015. The two-year comparison shows that net position decreased from the prior year by \$350.

Table-II on the following page provides details into the change in net position. As shown on the table, the increase in revenues for the year of \$31,184 over the prior year approximated the increase in expenses of \$28,823. The increase in disposal fees was a result of the increase in expenses and therefore the Commission was able to retain a higher amount of its original State funds allocation. Increased costs for professional and contracted services during fiscal year 2016 were the primary driver of the increase in overall expenses of the Commission.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Table I
NET POSITION

	Year Ended 8/31/16	Year Ended 8/31/15	Change
ASSETS			
Cash and Cash Equivalents	\$ 305,480	\$ 332,592	\$ (27,112)
Deposits	2,000	-	2,000
Total Assets	<u>307,480</u>	<u>332,592</u>	<u>(25,112)</u>
LIABILITIES			
Accounts Payable	27,086	24,285	2,801
Due to State	280,394	307,957	(27,563)
Total Liabilities	<u>307,480</u>	<u>332,242</u>	<u>(24,762)</u>
NET POSITION			
Unrestricted Net Position	-	350	(350)
Total Net Position	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ (350)</u>

Table II
CHANGES IN NET POSITION

	Year Ended 8/31/16	Year Ended 8/31/15	Change
OPERATING REVENUES:			
Disposal Fees	\$ 302,895	\$ 271,711	\$ 31,184
Total Revenue	<u>302,895</u>	<u>271,711</u>	<u>31,184</u>
OPERATING EXPENSES:			
Professional and Contracted Services	256,950	225,992	30,958
Travel	27,659	30,355	(2,696)
Dues and Fees	10,200	10,500	(300)
Materials and Supplies	537	2,288	(1,751)
Communications and Utilities	1,612	2,728	(1,116)
Rentals and Leases	3,936	1,209	2,727
Other Operating Costs	2,351	1,350	1,001
Total Expenses	<u>303,245</u>	<u>274,422</u>	<u>28,823</u>
Change in net position	<u>(350)</u>	<u>(2,711)</u>	<u>2,361</u>
Net position at 9/1/15 and 9/1/14	<u>350</u>	<u>3,061</u>	<u>(2,711)</u>
Net position at 8/31/16 and 8/31/15	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ (350)</u>

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

CAPITAL ASSETS AND LONG-TERM DEBT

As of August 31, 2016 the Commission had not recorded depreciable capital assets related to its operations. In addition, there was not short or long-term debt obtained in the name of the Commission.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission's valuable mission of responsibly overseeing the disposition of low-level radioactive waste generated within the boundaries of the party states is expected to continue to be fully supported and funded by the partner states of Texas and Vermont in the upcoming and future years.

The Commission's budget each year is set based on expected funding from the State of Texas along with estimates of anticipated expenses that will be required to fund operations within the constraints of the revenue budget. The Commission has projected an expense budget of \$583,300 for the upcoming 2017 fiscal year.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide to the Commissioners of the Texas Low Level Radioactive Waste Disposal Compact Commission and the citizens of the states of Texas and Vermont with a general overview of the Commission's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Commission's administration office at (512) 217-8045. General information about the Commission can be found at the Texas Low Level Radioactive Waste Disposal Compact Commission's website at www.tllrwdcc.org.

BASIC FINANCIAL STATEMENTS

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF NET POSITION
AUGUST 31, 2016

ASSETS

Cash and Cash Equivalents	\$ 305,480
Deposits	2,000
Total Assets	<u>307,480</u>

LIABILITIES

Accounts Payable	27,086
Due to State	280,394
Total Liabilities	<u>307,480</u>

NET POSITION

Unrestricted Net Position	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2016

OPERATING REVENUES:

Disposal Fees	\$ 302,895
Total Revenues	<u>302,895</u>

OPERATING EXPENSES:

Professional and Contracted Services	256,950
Travel	27,659
Dues and Fees	10,200
Materials and Supplies	537
Communications and Utilities	1,612
Rentals and Leases	3,936
Other Operating Costs	<u>2,351</u>
Total Expenses	<u>303,245</u>
Change in Net Position	(350)
Total Net Position - Beginning (as restated)	<u>350</u>
Total Net Position - Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2016

Cash Flows from Operating Activities:

Cash Received from Disposal Fees	\$ 275,332
Cash Payments for Professional Fees and Contracted Services	(256,950)
Cash Payments for Travel	(27,659)
Cash Payments for Other Operating Activities	<u>(17,835)</u>
Net Cash provided by (Used for) Operating Activities	<u>(27,112)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,112)
Cash and Cash Equivalents at Beginning of the Year	<u>332,592</u>
Cash and Cash Equivalents at the End of the Year:	<u><u>\$ 305,480</u></u>

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used for) Operating Activities:

Operating Income (Loss):	\$ (350)
Effect of Increases and Decreases in Current Assets and Liabilities:	
(Increase) decrease in Other Current Assets	(2,000)
Increase (decrease) in Accounts Payable	2,801
Increase (decrease) in Due to State	<u>(27,563)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (27,112)</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Texas Low Level Radioactive Waste Disposal Compact Commission (the "Commission") is an Interstate Compact enacted into law in Texas and Vermont in 1993 and authorized by the Texas Low Level Radioactive Waste Disposal Policy Consent Act approved by Congress as Public Law 105-236 on September 20, 1998. The State of Texas provides oversight of the Commission and its financial records and practices generally comply with Texas statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies. However, the Commission is not considered an agency of the State of Texas. The Commission is considered a discretely presented component unit of a proprietary fund nature for purposes of external financial reporting by the State of Texas.

According to the guidelines of the Interstate Compact, it is the policy of the party states (Texas and Vermont) to cooperate in the protection of the health, safety, welfare, and environment of the citizens of the respective states by providing for and encouraging the safe and economical management and disposal of low-level radioactive waste. Generally, the Commission fulfills its mission through the regulation of the importation of low-level radioactive waste to a host-state licensed low-level radioactive waste disposal site in Andrews County, Texas and the regulation of the exportation of low-level radioactive waste from the Compact party states.

The Commission is governed by an eight member Board of Commissioners with six members appointed by the Governor of Texas and two members appointed by the Governor of Vermont.

B. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Commission are presented as a proprietary fund under the governmental financial reporting framework. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as management of the Commission's operations. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Proprietary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. FUND ACCOUNTING

The Commission utilizes fund accounting and currently reports only one proprietary fund for external financial reporting purposes. All activities of the Commission are accounted for in this fund.

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

For purposes of the statement of cash flows for proprietary funds, the Commission considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories

The Commission does not report inventories of consumable maintenance and office supplies due to the unused amount of these items being on hand at any given time being deemed immaterial.

3. Capital Assets

Capital assets, which include land, buildings, and furniture and equipment, are reported on the Statement of Net Position when applicable. Such assets are recorded at historical cost and depreciated over the course of their estimated useful life. As of year end, the Commission had no capital assets.

4. Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position when applicable. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, unless the straight-line method is not materially different, in which case the straight-line method is used. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the year of issuance of the debt. As of year end, the Commission had no short or long-term debt.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America (GAAP). An annual appropriated budget is adopted by the Commission and must conform to the fiscal year of the host state of Texas.

The budget is initially prepared by the Executive Director based on anticipated state funding and expected organization operating costs. The budget is later formally presented to and considered for approval by the Board of Commissioners. Budget amendments may be brought to the Board for consideration and approval as needed throughout the year.

III. DETAILED NOTES TO FINANCIAL STATEMENTS

A. DEPOSITS AND INVESTMENTS

At August 31, 2016, the carrying amount of the Commission's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$305,480 and the bank balance was \$305,480.

As of year end these funds were deposited as follows:

Held in State Treasury	\$ 305,480
Total	<u>\$ 305,480</u>

B. RESTATEMENT OF NET POSITION

The Commission is required to return to the State any funds received for a given fiscal year that are in excess of operating needs. The repayment of these funds occurs shortly after the conclusion of each fiscal year. In previous years, the Commission accounted for this return of excess funds from the prior year as a reduction of the subsequent year revenues. Starting with the fiscal year ended August 31, 2016, the Commission began recording the amount due back to the state for a given fiscal year as a reduction of the revenue for that year, as opposed to a reduction of revenue for the subsequent year.

The effect of this change in accounting treatment has been applied to the prior year for comparability purposes and is summarized as follows:

Net Position as previously stated 8/31/15	\$ 308,307
Effect of recording the funds due back to state for FY2015 as a liability as of 8/31/15, and therefore a reduction of net position	(307,957)
Net position as restated at 8/31/15	<u>\$ 350</u>

OTHER INFORMATION

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
OPERATING REVENUES:				
Disposal Fees	\$ 583,300	\$ 583,300	\$ 302,895	\$ (280,405)
Total Revenues	583,300	583,300	302,895	(280,405)
OPERATING EXPENDITURES:				
Professional and Contracted Services	374,000	374,000	256,950	117,050
Travel	89,000	89,000	27,659	61,341
Dues and Fees	10,200	10,200	10,200	-
Materials and Supplies	1,500	1,500	537	963
Communications and Utilities	5,000	5,000	1,612	3,388
Rentals and Leases	42,000	42,000	3,936	38,064
Other Operating Costs	61,600	61,600	2,351	59,249
Total Expenditures	583,300	583,300	303,245	280,055
Change in Net Position	-	-	(350)	(350)
Net Position - September 1 (Beginning) (as restated)	350	350	350	-
Net Position - August 31 (Ending)	\$ 350	\$ 350	\$ -	\$ (350)