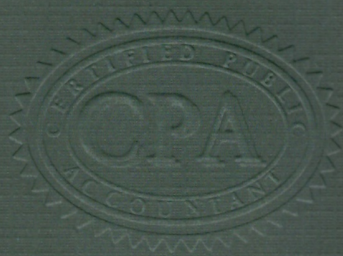


TEXAS LOW LEVEL RADIOACTIVE WASTE  
DISPOSAL COMPACT COMMISSION

FINANCIAL STATEMENTS  
AND OTHER INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED AUGUST 31, 2017



MONDAY RUFUS & CO., P.C.

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
FINANCIAL STATEMENTS AND OTHER INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED AUGUST 31, 2017

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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, 2017, 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 auditors' 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, 2017, 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

June 29, 2018



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2017

## **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, 2017. Please read it in conjunction with the independent auditors' report on Page 1, and the Commission's Basic Financial Statements which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The Commission reported expenses of \$343 thousand, reflecting a 13% increase over the prior fiscal year.
- The increased expenses in 2017 were primarily the result of higher office occupancy costs and an assessment from the Texas State Comptroller related to the statewide cost allocation plan.
- Shortly after the fiscal year end, the Commission returned approximately \$239,729 of unused allocated funds to the State. This amount has been recorded as an amount due to the State as of August 31, 2017.

## **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 Revenue, Expenses, and Changes in 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, 2017

**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, 2017 as well as comparative information for the year ended August 31, 2016. The two-year comparison shows that net position increased from the prior year by \$2,000.

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 \$41,664 over the prior year approximated the increase in expenses of \$39,314. Since the Commission is required to return unused allocated funds to the State after each fiscal year, revenues will generally approximate expenditures.



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2017

**Table I**  
**NET POSITION**

	Year Ended 8/31/17	Year Ended 8/31/16	Change
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 272,918	\$ 305,480	\$ (32,562)
Deposits	2,000	2,000	-
Total Assets	274,918	307,480	(32,562)
<b>LIABILITIES</b>			
Accounts Payable	33,189	27,086	6,103
Due to State	239,729	280,394	(40,665)
Total Liabilities	272,918	307,480	(34,562)
<b>NET POSITION</b>			
Unrestricted Net Position	2,000	-	2,000
Total Net Position	\$ 2,000	\$ -	\$ 2,000

**Table II**  
**CHANGES IN NET POSITION**

	Year Ended 8/31/17	Year Ended 8/31/16	Change
<b>OPERATING REVENUES:</b>			
Disposal Fees	\$ 344,559	\$ 302,895	\$ 41,664
Total Revenue	344,559	302,895	41,664
<b>OPERATING EXPENSES:</b>			
Professional and Contracted Services	264,647	256,950	7,697
Travel	26,760	27,659	(899)
Dues and Fees	9,500	10,200	(700)
Materials and Supplies	2,713	537	2,176
Communications and Utilities	2,216	1,612	604
Rentals and Leases	23,100	3,936	19,164
Other Operating Costs	13,623	2,351	11,272
Total Expenses	342,559	303,245	39,314
Change in Net Position	2,000	(350)	2,350
Net Position at 9/1/16 and 9/1/15	-	350	(350)
Net Position at 8/31/17 and 8/31/16	\$ 2,000	\$ -	\$ 2,000



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2017

## **CAPITAL ASSETS AND LONG-TERM DEBT**

As of August 31, 2017 the Commission had no capital assets to record related to its operations. In addition, there was no short or long-term debt outstanding 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 \$577,144 for the upcoming 2018 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](http://www.tllrwdcc.org).





## BASIC FINANCIAL STATEMENTS



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
STATEMENT OF NET POSITION  
AUGUST 31, 2017

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**ASSETS**

Cash and Cash Equivalents	\$ 272,918
Deposits	2,000
Total Assets	<u>274,918</u>

**LIABILITIES**

Accounts Payable	33,189
Due to State	239,729
Total Liabilities	<u>272,918</u>

**NET POSITION**

Unrestricted Net Position	<u>2,000</u>
Total Net Position	<u>\$ 2,000</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, 2017

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OPERATING REVENUES:

Disposal Fees	\$ 344,559
Total Revenues	<u>344,559</u>

OPERATING EXPENSES:

Professional and Contracted Services	264,647
Travel	26,760
Dues and Fees	9,500
Materials and Supplies	2,713
Communications and Utilities	2,216
Rentals and Leases	23,100
Other Operating Costs	<u>13,623</u>

Total Expenses	<u>342,559</u>
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Change in Net Position	2,000
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Total Net Position - Beginning	<u>-</u>
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Total Net Position - Ending	<u><u>\$ 2,000</u></u>
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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, 2017

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Cash Flows from Operating Activities:

Cash Received from Disposal Fees	\$ 303,894
Cash Payments for Professional Fees and Contracted Services	(264,647)
Cash Payments for Travel	(26,760)
Cash Payments for Other Operating Activities	(45,049)
Net Cash provided by (Used for) Operating Activities	<u>(32,562)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,562)
Cash and Cash Equivalents at Beginning of the Year	305,480
Cash and Cash Equivalents at the End of the Year:	<u><u>\$ 272,918</u></u>

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used for) Operating Activities:

Operating Income (Loss):	\$ 2,000
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	6,103
Increase (decrease) in Due to State	(40,665)
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (32,562)</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, 2017

**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.

**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.



TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

**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, 2017, the carrying amount of the Commission's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$272,918 and the bank balance was \$272,918.

As of year end these funds were deposited as follows:

Held in State Treasury	\$272,918
Total	<u>\$272,918</u>



## OTHER INFORMATION





TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
OPERATING REVENUES:				
Disposal Fees	\$ 583,289	\$ 583,289	\$ 344,559	\$ (238,730)
Total Revenues	583,289	583,289	344,559	(238,730)
OPERATING EXPENDITURES:				
Professional and Contracted Services	433,400	433,400	264,647	168,753
Travel	55,000	55,000	26,760	28,240
Dues and Fees	14,000	14,000	9,500	4,500
Materials and Supplies	1,300	1,300	2,713	(1,413)
Communications and Utilities	2,000	2,000	2,216	(216)
Rentals and Leases	22,800	22,800	23,100	(300)
Other Operating Costs	54,789	54,789	13,623	41,166
Total Expenditures	583,289	583,289	342,559	240,730
Change in Net Position	-	-	2,000	2,000
Net Position - September 1 (Beginning)	-	-	-	-
Net Position - August 31 (Ending)	\$ -	\$ -	\$ 2,000	\$ 2,000