

MARTINEZ, ROSARIO & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**TEXAS LOW – LEVEL RADIOACTIVE WASTE
DISPOSAL COMPACT COMMISSION**

FINANCIAL STATEMENTS

August 31, 2020

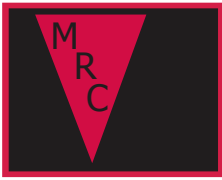
**TEXAS LOW – LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT
COMMISSION**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
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 ("the Commission"), as of August 31, 2020, and for the year then ended, 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.

Auditor's 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 accounting 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of August 31, 2020, and the respective changes in financial position and its cash flows 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 on pages 3 through 8 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.

Martinez, Rosario & Company, LLP

Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, Texas

March 26, 2021

**TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended August 31, 2020**

Management Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of Texas Low - Level Radioactive Waste Disposal Compact Commission (“the Commission”) for the fiscal years ended August 31, 2020 and 2019. This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the Commission’s basic financial statements, which have the following components: (1) proprietary fund financial statements, and (2) notes to the financial statements.

Financial Highlights

- Total net position of the Commissions as of August 31, 2020 and 2019 is \$ 4,681 and \$ 4,681 respectively. There was no change in net position from 2020 and 2019, respectively, is a result of each year’s operations.
- Total operating expenses decreased by \$145,828 from fiscal year 2020 and 2019. The decrease for fiscal year 2020 were primarily the results of lower overall costs for professional and contracted services as well as lower travel expenses for the Commissions during the year.
- Shortly after the fiscal year end, the Commission returned approximately \$307,222 of unused allocated funds to the State. This amount has been recorded as an amount due to the State as of August 31, 2020.

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.

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.

Explanation of the Financial Statements

The Commission financial statements consist entirely of one enterprise fund because the Commission is considered to be a special – purpose government engaged only in business-type activities. The major features of this enterprise fund reporting are:

- **Scope** – All The Commissions activities are included in the enterprise fund, the reporting format of which is similar to private businesses.
- **Required Financial Statements** – The financial statements prepared for the enterprise fund include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.
- **Accounting Basis and Measurement Focus** – Accrual accounting and economic resources focus are utilized.
- **Type of Asset/Liability Information** – The enterprise fund reports all current and long-term assets and liabilities, both financial and capital.
- **Type of Inflow/Outflow Information** – The enterprise fund records all revenues and expenses during the year, regardless of when the cash is received from the revenue or when the cash is paid for the expense.

The remaining information that is included within the Commissions’ basic financial statements is the Notes to the Financial Statements. These Notes are included to provide additional information to assist the readers to attain a more complete understanding of Commissions’ financial position.

Financial Information

The financial statements are designed to provide readers with a broad overview of the Commission’s financial position. The Statement of Net Position presents information on all of the Commissions’ assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Commissions is improving or deteriorating. In fiscal years, 2020 and 2019 respectively, assets exceeded liabilities by \$4,681 and \$4,681. During this one-year period, Net Position did not change. The following represents the Statement of Net Position for two year period ended August 31, 2020 and 2019.

Statements of Net Position

	<u>As of August 31, 2020</u>	<u>As of August 31, 2019</u>	<u>Change</u>
Assets			
Cash and Cash Equivalents			
Cash in State Treasury	\$ 331,379	\$ 201,621	\$ 129,758
Prepaid Expenses	-	4,753	(4,753)
Deposits	<u>4,683</u>	<u>4,683</u>	<u>-</u>
Total Assets	<u>\$ 336,062</u>	<u>\$ 211,057</u>	<u>\$ 125,005</u>
Liabilities			
Accounts Payable	24,159	47,039	(22,880)
Due to TCEQ	<u>307,222</u>	<u>159,337</u>	<u>147,885</u>
Total Liabilities	<u>331,381</u>	<u>206,376</u>	<u>125,005</u>
Net Position			
Unrestricted	<u>4,681</u>	<u>4,681</u>	<u>-</u>
Total Net Position	<u>\$ 4,681</u>	<u>\$ 4,681</u>	<u>\$ -</u>

The following table presents a Statement of Revenues, Expenses and Changes in Net Position for the two year period ended August 31, 2020 and 2019.

Statements of Revenues, Expenses and Changes in Net Position

	<u>Year Ended</u> <u>August 31, 2020</u>	<u>Year Ended</u> <u>August 31, 2019</u>	<u>Change</u>
Operating Revenues			
Disposal Fees	\$ 269,942	\$ 418,451	\$ (148,509)
Total Revenues	269,942	418,451	(148,509)
Operating Expenses			
Professional and Contracted Services	173,988	326,347	(152,359)
Travel	22,360	41,273	(18,913)
Dues and Fees	12,399	600	11,799
Materials and Supplies	129	1,729	(1,600)
Communications and Utilities	1,958	1,955	3
Rentals and Leases	59,108	39,808	19,300
Other Operating Costs	-	4,058	(4,058)
Total Expenses	269,942	415,770	(145,828)
Operating Income	-	2,681	(2,681)
Changes in Net Position	-	2,681	(2,681)
Total Net Position - Beginning of Year	4,681	2,000	2,681
Total Net Position - End of Year	\$ 4,681	\$ 4,681	\$ -

Financial Analysis

Revenues for the year ended August 31, 2020 was \$269,942, a decrease of \$148,509 from the year ended August 31, 2019. Expenses for the year ended August 31, 2020, were \$269,942 a decrease of \$145,828 from the year ended August 31, 2019.

The total net position at August 31, 2020 was \$4,681. This represents no change from the amount as of August 31, 2019.

Capital assets and Long- Term Debt

As of August 31,2020, 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 an approved expense budget of up to \$577 thousand for the upcoming 2021 fiscal year.

Contracting 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.

Texas Low - Level Radioactive Waste Disposal Compact Commission
Attention: Diane Fulmer, CPA
112 Twirling Pecan Cv
San Marcos, TX 78666

BASIC FINANCIAL STATEMENTS

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF NET POSITION
As of August 31, 2020

ASSETS

Cash and Cash Equivalents	
Cash in State Treasury	\$ 331,379
Security Deposits	4,683
	<hr/>

TOTAL ASSETS \$ 336,062

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 24,159
Due to TCEQ	307,222
	<hr/>

TOTAL CURRENT LIABILITIES 331,381

TOTAL LIABILITIES 331,381

NET POSITION

Unrestricted Net Position	<hr/> 4,681
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TOTAL NET POSITION \$ 4,681

The notes to financial statements are an integral part of these financial statements.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended August 31, 2020

OPERATING REVENUES:	
Disposal Fees	\$ <u>269,942</u>
TOTAL OPERATING REVENUES	269,942
OPERATING EXPENSES:	
Professional and Contracted Services	173,988
Travel	22,360
Dues and Fees	12,399
Materials and Supplies	129
Communications and Utilities	1,958
Rentals and Leases	<u>59,108</u>
TOTAL OPERATING EXPENSES	<u>269,942</u>
OPERATING INCOME	<u>-</u>
CHANGE IN NET POSITION	-
TOTAL NET POSITION - SEPTEMBER 1 (BEGINNING)	<u>4,681</u>
TOTAL NET POSITION - AUGUST 31 (ENDING)	<u><u>\$ 4,681</u></u>

The notes to financial statements are an integral part of these financial statements.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Disposal Fees	\$ 269,942
Cash Receipts from Operating Transfer In from TCEQ not recognized as revenue	147,885
Payments to Suppliers and Contractors	<u>(288,069)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>129,758</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,758
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>201,621</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 331,379</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Income	\$ -
To Net Cash Provided by Activities:	
(Increase) Decrease in Prepaid Expenses	4,753
Increase (Decrease) in Accounts Payable	(22,880)
Increase (Decrease) in Due to TCEQ	<u>147,885</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 129,758</u></u>

The notes to financial statements are an integral part of these financial statements.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Texas Low - Level Radioactive Waste Disposal Compact Commission (“the Commission”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commissions’ accounting policies are described below.

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.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Fiscal Agent

The Commission has entered into an agreement with the Comptroller of Public Accounts (Comptroller) to obtain fiscal management assistance. As part of the agreement the Comptroller is required to maintain one or more trust accounts under the supervision of the Comptroller for use by the Commission. All warrants issued to the Comptroller on behalf of the Commission are deposited in a Commission account and all Commission expenses are paid by the Comptroller from this account.

Fund Financial Statements

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, requires that special purpose governments engaged only in business-type activities should present only financial statements required for Enterprise Funds. For these types of governments, basic financial statements and required supplementary information consist of Management's Discussion and Analysis (MD&A), Enterprise Fund financial statements, notes to financial statements, and required supplementary information other than MD&A, if applicable.

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.

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

Required fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Basis of Accounting

The basic financial statements (The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position) are presented as a single Enterprise Fund. This Enterprise Fund accounts for the acquisition, operation and maintenance of the Commission's services and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund is accounted for using the accrual basis of accounting. Its revenue is recognized when it is earned, and its expenses are recognized when they are incurred.

The Commission distinguishes between operating and non-operating revenues and expenses consistently with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Commission classifies transfers in received from the Texas Commission on Environmental Quality (TCEQ) and recognizes as operating revenues earned amounts to the extent of expenses incurred. General administrative and other costs are classified as operating expenses. All other income and expenses, including investment income and interest expense, are considered non-operating activity.

Proprietary Funds

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.

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.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

COVID 19: The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Commission is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Commission operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Commission service recipients, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Commission financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Assets, Liabilities and Net Position

Assets

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at cost which approximates fair value.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Due to TCEQ

Due to TCEQ reflects the portion of the current year transfer in, or resources in flows from TCEQ that do not yet meet the criteria for revenue recognition.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Payables

Other Payables are an accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Net Position

The difference between assets and liabilities is “Net Position”.

Unrestricted Net Position – Unrestricted net position consists of net position which is available for use by management in the fulfillment of program objectives. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

Interfund Transactions and Fund Balances

The Commission has the following types of transactions:

- Transfers: legally required transfers that are reported when received as “Transfers In” by the Commission and “Transfers Out” when disbursed by the Commission.

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.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any purchased, at appraised value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. Currently the Commission has no Capital Assets.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the balance sheet, and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

At August 31, 2020, the carrying amount of the Commission's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$331,379. These funds are held on behalf of the Commission in the State Treasury.

As of year-end these funds were deposited as follows:

	<u>Amount</u>
Held in State Treasury \$	<u>331,379</u>
Total \$	<u><u>331,379</u></u>

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 3: OPERATING LEASE

Rental expense under the noncancelable operating agreement for the year ended August 31, 2020 was \$59,108.

Future minimum lease commitments under the non-cancelable agreement is as follows:

<u>Year Ended</u>	<u>Total</u>
August 31, 2021	\$ 59,199
August 31, 2022	60,159
August 31, 2023	<u>30,321</u>
TOTAL	\$ <u>149,679</u>

NOTE 4: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Commission, is set for review on September 1, 2022. It cannot be abolished by The State of Texas Legislature.

NOTE 5: 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.

TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS - Continued
August 31, 2020

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through March 26, 2021 which is the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

NOTE 7: RISK MANAGEMENT

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Commission has contracted with insurance companies for certain coverage in order to minimize risk.

OTHER INFORMATION

**TEXAS LOW LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION
 BUDGETARY COMPARISON INFORMATION
 FOR THE YEAR ENDED AUGUST 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
OPERATING REVENUES:				
Disposal Fees	\$ 577,164	\$ 577,164	\$ 269,942	\$ 307,222
Total Revenues	<u>577,164</u>	<u>577,164</u>	<u>269,942</u>	<u>307,222</u>
OPERATING EXPENDITURES:				
Professional and Contracted Services	449,000	449,000	173,988	275,012
Travel	75,325	75,325	22,360	52,965
Dues and Fees	5,500	5,500	12,399	(6,899)
Materials and Supplies	1,300	1,300	129	1,171
Communications and Utilities	2,400	2,400	1,958	442
Rentals and Leases	35,100	35,100	59,108	(24,008)
Other Operating Costs	8,539	8,539	-	8,539
Total Expenditures	<u>577,164</u>	<u>577,164</u>	<u>269,942</u>	<u>307,222</u>
Change in Net Position	-	-	-	-
Net Position - September 1 (Beginning)	<u>4,681</u>	<u>4,681</u>	<u>4,681</u>	<u>-</u>
Net Position - August 31 (Ending)	<u>\$ 4,681</u>	<u>\$ 4,681</u>	<u>\$ 4,681</u>	<u>\$ -</u>