

TEXAS LOW-LEVEL RADIOACTIVE WASTE  
DISPOSAL COMPACT COMMISSION

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

TEXAS LOW-LEVEL RADIOACTIVE WASTE  
DISPOSAL COMPACT COMMISSION

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AUGUST 31, 2023

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# FINANCIAL SECTION

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## Independent Auditor's Report

To the Board of Directors

Texas Low-Level Radioactive Waste Disposal Compact Commission  
Austin, Texas

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Texas Low-Level Radioactive Waste Disposal Compact Commission (“the Commission”), as of August 31, 2023, 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.

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, 2023, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule be presented to the supplement the basic financial statements. Such information is the responsibility of management and, 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.

*Hankins Eastup Deaton Tonn Seay & Scarborough, LLC*

Denton, Texas  
August 7, 2024

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended August 31, 2023

*Management Discussion and Analysis*

The following is a narrative overview and analysis of the financial activities of the Texas Low-Level Radioactive Waste Disposal Compact Commission (“the Commission”) for the fiscal years ended August 31, 2023 and 2022. 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) enterprise fund financial statements and (2) notes to the financial statements.

*Financial Highlights*

- The total net position of the Commission as of August 31, 2023 and 2022 is \$1,887 and \$4,681 respectively.
- Total operating expenses increased by \$27,885 from fiscal year 2022 to 2023. The increase is primarily attributable to higher professional fees and contracted services in 2023.

*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 Notes to the Financial Statements.

The purpose of 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 provides comparisons to prior year financial information.

For purposes of external financial reporting, the Commission is a special-purpose government entity engaged only in business-type activities. For organizations such as these, the Governmental Accounting Standards Board (GASB) specifies that 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

The above financial statements report the Commission's financial position and revenues for the period compared to expenses as well as provide information about its cash flows. The financial statements are prepared using the full accrual basis of accounting and report the flow of total economic resources in a manner like financial reports of a private business enterprise.

The notes to the financial statements communicate information essential to 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 a discretely presented component unit of the state 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 a strategic plan, coordination of inter-agency relationships, and other daily functions.

#### *Financial Analysis of the Commission*

The primary purposes of the financial statements of the Commission are to report assets and liabilities of the Commission and to show whether the Commission is better off or worse off financially as a result of its current year's operations. 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 its revenues and expenses generated or incurred by the Commission's operations during the year. Both statements apply the full accrual basis of accounting, which is the basis used by private sector companies.

All the current year's revenues and expenses are included regardless of when cash is received or paid. For the current year, the Commission reported a single revenue source, disposal fees. All the Commission's assets are reported whether they serve the current year or future years. Liabilities are included 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 a measure of the Commission's financial health. Over time, increases or decreases in the Commission's net position are an indicator of whether its financial health is improving or deteriorating.



To fully assess the overall health of the Commission, however, readers of these financial statements 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 waste production provided by the states of Texas and Vermont.

*Explanation of Financial Statements*

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

- **Scope** - All the Commission’s activities are included in an enterprise fund; the reporting format is similar to private businesses.
- **Required Financial Statements** - The financial statements prepared for an enterprise fund include a (1) Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position; and (3) Statement of Cash Flows.
- **Accounting Basis and Measurement Focus** – Full accrual accounting and economic resources focus are utilized.
- **Type of Asset/Liability Information** - An enterprise fund reports all current and long-term assets and liabilities.
- **Type of Inflow/Outflow Information** - An enterprise fund records all revenues and expenses during the year regardless of when cash is received from revenue or when cash is paid for an expense.

The remaining information that is included in the Commissions’ basic financial statements are Notes to the Financial Statements. Notes are included to provide additional information to provide readers a more complete understanding of the Commissions’ financial position and activities.

*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 the Commission’s 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 the Commission is improving or deteriorating. In fiscal years 2023 and 2022, respectively, assets exceeded liabilities by \$1,887 and \$4,681.

The Statement of Net Position for the two-year period ended August 31, 2023 and 2022, is as follows:

**Statement of Net Position  
August 31**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash in state treasury	\$ 47,324	\$ 64,836
Rent deposit	1,650	4,681
<b>Total Assets</b>	<u>\$ 48,974</u>	<u>\$ 69,517</u>
<b>Liabilities</b>		
Accounts payable	\$ 28,047	\$ 20,221
Due to Texas Commission on Environmental Quality (TCEQ)	19,040	44,615
<b>Total Liabilities</b>	47,087	64,836
<b>Net Position</b>		
Unrestricted	1,887	4,681
<b>Total Liabilities and Net Position</b>	<u>\$ 48,974</u>	<u>\$ 69,517</u>

The Statement of Revenues, Expenses and Changes in Net Position for the two-year period ended August 31, 2023 and 2022, is as follows:

**Statements of Revenues, Expenses and Changes in Net Position  
For the Year Ended August 31**

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>	\$ -	\$ -
<b>Operating Expenses</b>		
Professional fees and contracted services	337,400	297,945
Travel	29,980	24,251
Dues and fees	9,500	10,672
Supplies	952	457
Telephones and internet	3,713	3,305
Rent	44,153	61,977
Other	799	5
<b>Total operating expenses</b>	<u>426,497</u>	<u>398,612</u>
<b>Operating income (loss)</b>	<u>(426,497)</u>	<u>(398,612)</u>
<b>Transfers</b>		
Transfers in from TCEQ	<u>423,703</u>	<u>398,612</u>
<b>Change in net position</b>	(2,794)	-
<b>Net position - beginning of year</b>	<u>4,681</u>	<u>4,681</u>
<b>Net position - end of year</b>	<u><u>\$ 1,887</u></u>	<u><u>\$ 4,681</u></u>

### *Financial Analysis*

Transfers in from TCEQ for the year ended August 31, 2023, were \$423,703, an increase of \$25,091 from the year ended August 31, 2022. Expenses for the year ended August 31, 2023, were \$426,497 an increase of \$27,885 from the year ended August 31, 2022.

The total net position at August 31, 2023, was \$1,887, a decrease of \$2,794 as compared to total net position as of August 31, 2022.

### *Economic Factors and Next Year's Budget*

The Commission's mission of 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 future years.

The Commission's annual budget is set based on expected funding levels 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.

### *Contacting the Commission's Financial Management*

This financial report is designed to provide 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, 2023

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<b>Assets</b>	
Cash in state treasury	\$ 47,324
Rent deposit	<u>1,650</u>
<b>Total Assets</b>	<u><u>\$ 48,974</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 28,047
Due to Texas Commission on Environmental Quality (TCEQ)	<u>19,040</u>
<b>Total Liabilities</b>	47,087
<b>Net Position</b>	
Unrestricted	<u>1,887</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 48,974</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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Year Ended August 31, 2023

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<b>Operating Revenues</b>	\$ -
<b>Operating Expenses</b>	
Professional fees and contracted services	337,400
Travel	29,980
Dues and fees	9,500
Supplies	952
Telephones and internet	3,713
Rent	44,153
Other	799
<b>Total operating expenses</b>	<u>426,497</u>
<b>Operating income (loss)</b>	(426,497)
<b>Transfers</b>	
Transfers in from TCEQ	<u>423,703</u>
<b>Change in net position</b>	(2,794)
<b>Net position - beginning of year</b>	<u>4,681</u>
<b>Net position - end of year</b>	<u><u>\$ 1,887</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, 2023

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<b>Cash Flows used for Operating Activities</b>	
Payments to suppliers and contractors	\$ (415,640)
<b>Cash flows used for operating activities</b>	<u>(415,640)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers in from TCEQ	398,128
<b>Cash flows from noncapital financing activities</b>	<u>398,128</u>
Net decrease in cash in state treasury	(17,512)
<b>Cash in state treasury at beginning of year</b>	<u>64,836</u>
<b>Cash in state treasury at ending of year</b>	<u><u>\$ 47,324</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash used for Operating Activities</b>	
Operating income (loss)	\$ (426,497)
Adjustments:	
(Increase) decrease in rent deposit	3,031
Increase (decrease) in accounts payable	<u>7,826</u>
<b>Net cash used for operating activities</b>	<u><u>\$ (415,640)</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, 2023

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**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 for governmental units.

Reporting Entity

The Commission is an Interstate Compact enacted into law in both 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 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 the State of Texas (a proprietary fund) for purposes of external financial reporting by the State of Texas.

In accordance with the guidelines of the Interstate Compact, Texas and Vermont 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 by regulating the importation of low-level radioactive waste to a host state-licensed low-level radioactive waste disposal site in Andrews County, Texas, and by regulating 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, 2023

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Fiscal Agent

The Commission has entered into an agreement with the Comptroller of Public Accounts (the “Comptroller”) for fiscal management assistance. As part of the agreement the Comptroller, the Commission is required to maintain one or more trust accounts under the supervision of the Comptroller. All warrants issued to the Comptroller on behalf of the Commission are deposited into 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 special purpose governments engaged only in business-type activities should present only financial statements required for Enterprise Funds. For these types of entities, 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 a single enterprise 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 Net Position, and a Statement of Cash Flows.

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued  
August 31, 2023

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Basis of Accounting

The basic financial statements (Statement of Net Position, Statement of Revenues, Expenses, Changes in Net Position, and the Statement of Cash Flows) are presented as a single enterprise fund. An 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 the Commission are included on the balance sheet. The enterprise fund is accounted for using the accrual basis of accounting; revenue is recognized when earned, and expenses are recognized when they are incurred.

The Commission had no operating revenue for the fiscal year ended August 31, 2023. General administrative and other costs are classified as operating expenses. The Commission classifies transfers it receives from the Texas Commission on Environmental Quality (TCEQ) as transfers in.

Estimates

In preparing 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 reported revenues and expenses for the period. Actual results could differ significantly from those estimates.

**NOTE 2: OPERATING LEASE**

The Commission leases space at 1502 West Avenue in Austin, Texas. Rent expense for the year ended August 31, 2023, was \$44,153.

**NOTE 3: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Commission completed a sunset review in November 2022; there were no recommended changes.

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued  
August 31, 2023

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**NOTE 4: 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 operating costs. The budget is presented to and approved by the Board of Commissioners. Budget amendments may be brought to the Board for consideration and approval as needed throughout the year.

**NOTE 5: SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through August 7, 2024, 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.

## OTHER INFORMATION

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION  
 BUDGETARY COMPARISON INFORMATION  
 For the Year Ended August 31, 2023

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	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating revenues</b>	\$ -	\$ -	\$ -
<b>Operating expenses</b>			
Professional fees and contracted services	314,500	337,400	(22,900)
Travel	30,000	29,980	20
Dues and fees	13,582	9,500	4,082
Supplies	1,300	952	348
Telephones and internet	2,400	3,713	(1,313)
Rent	45,000	44,153	847
Other	36,445	799	35,646
<b>Total operating expenses</b>	443,227	426,497	16,730
<b>TRANSFERS</b>			
Transfers in from TCEQ	443,227	423,703	16,730
<b>Total transfers</b>	443,227	423,703	16,730
<b>Change in net position</b>	-	(2,794)	2,794
<b>Net position - September 1</b>	4,681	4,681	-
<b>Net position - August 31</b>	\$ 4,681	\$ 1,887	\$ 2,794