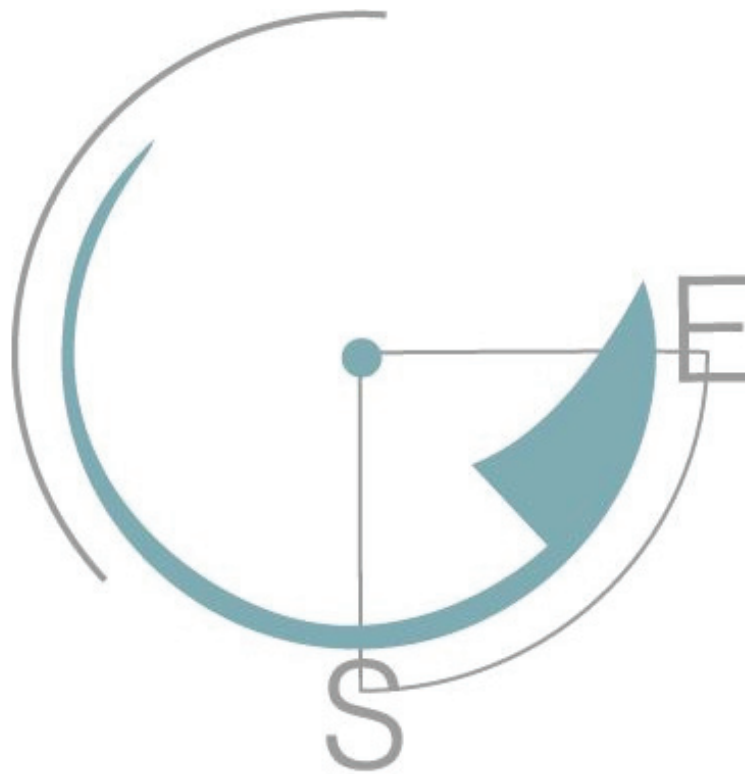


# A Report to the Citizens of the Southeast Interstate Compact Region on the Activities of the Southeast Interstate Low-Level Radioactive Waste Management Commission

July 1, 2015-June 30, 2016



## annual report

Southeast Compact Commission  
for Low-Level Radioactive Waste Management

AL • FL • GA • MS • TN • VA

# 2015-2016: YEAR AT A GLANCE

## COMMISSION ACTIVITIES

### ***Access to Safe, Adequate Low-Level Radioactive Waste Management***

The Southeast Compact Commission (Commission) continued to allow Southeast generators to ship their low-level radioactive waste (LLRW) to the disposal facilities in Clive, Utah; Richland, Washington; and Andrews County, Texas without any restrictions or requirements for prior approval or fees. The Commission continued to monitor the activities of the Texas Low-Level Radioactive Waste Disposal Compact Commission and the Texas Legislature as related to access to the Andrews County disposal site.

Southeast generators also had unrestricted access to all storage and treatment facilities in the nation.

### ***Additional LLRW Disposal Opportunities***

The Commission worked to secure additional disposal options for regional generators to dispose of sealed sources through continued participation in and support of the Disused Source Working Group (DSWG) of the Low-Level Radioactive Waste Forum, Inc. (LLW Forum). The DSWG has developed 24 recommendations to be considered by States, Federal agencies, and industry representatives to create a cooperative effort to improve the management and disposition of sealed sources. The DSWG continues to work with interested stakeholders to implement a timely and comprehensive solution. For additional information on the DSWG, please visit its website at <http://www.disusedsources.org/>.

The Commission encourages regional generators to take advantage of the Source Collection and Threat Reduction Program (SCATR) administered by the Conference of Radiation Control Program Directors (CRCPD), which provides financial assistance for the collection, processing, and disposal of Class A, B, and C sealed sources that are disposed at the Texas Compact Facility operated by Waste Control Specialists in Andrews County, Texas. For additional information on SCATR, see <http://osrp.lanl.gov/CRCPDSCATR.shtml>.

### ***Richard S. Hodes, M.D. Honor Lecture Award***

The Commission selected Louis F. Centofanti, Ph.D., President and Chief Executive Officer of Perma-Fix Environmental Services, Inc., to receive the Richard S. Hodes, M.D. Honor Lecture Award for 2016.

The Commission recognized Dr. Centofanti for his innovative efforts in developing critical new technologies, facilities, and resources for the nuclear industry. His efforts have improved radiation health, safety, and security throughout the nation and provided safe disposition of waste that did not

previously have disposal pathways. Most recently, he developed an innovative solution to the domestic commercial production of TC-99m that produces very little secondary waste without the proliferation concerns that accompany the use of enriched uranium.

The Commission established the Hodes Award in memory of Richard S. Hodes, M.D. and his achievements in the field of LLRW management. Dr. Hodes was the chair of the Southeast Compact Commission from its inception in 1983 until his death in 2002.

Information regarding the Richard S. Hodes, M.D. Honor Lecture Award may be obtained by contacting the Commission by email, [secc@secompact.org](mailto:secc@secompact.org), or by visiting the Commission's website at [www.secompact.org](http://www.secompact.org).

### ***Directory of Brokers and Processors***

The Commission maintains an Internet-based national directory of brokers, processors, and other companies that provide waste management services to LLRW generators. LLRW compacts, states, federal agencies, and users of radioactive materials may use the directory to obtain information about companies that package, transport, process, or otherwise manage radioactive material in preparation for ultimate disposal. The directory is provided to all as a free service and is located at [www.bpdirectory.com](http://www.bpdirectory.com).

### ***Supporting the National Compact System***

Commissioners and staff actively participated in meetings of the LLW Forum, conferences, and other events where national LLRW policy is debated and influenced.

The Commission monitored the rulemaking activities of the NRC, the U.S. Environmental Protection Agency (EPA), and other entities that impact the regulation of LLRW and submitted comments to those entities as appropriate. Those rulemaking activities included:

- The NRC Revision of 10 CFR Part 61;
- The NRC Draft Branch Technical Position on Concentration Averaging;
- The NRC Update of the Programmatic Assessment;
- The NRC Uniform Waste Manifest Changes; and
- The EPA Advance Notice of Proposed Rulemaking on alternatives for disposal of low-activity waste.

### ***Commission Office***

The Commission voted to close the North Carolina office effective July 2017. Staff will work from home until the need for a headquarters office arises.

# Financial Report

## Fiscal Year 2015-2016

An audit of the books for FY 2015-16 was conducted by the firm of Williams Overman Pierce, LLP, Certified Public Accountants of Raleigh, North Carolina. The firm submitted the following statement dated January 4, 2017:

We have audited the accompanying statements of cash receipts and disbursements of the Southeast Compact Commission for Low-Level Radioactive Waste Management (the "Commission"), for the years ended June 30, 2016 and 2015, and the related notes to financial statements - cash basis.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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.

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 statements of cash receipts and disbursements are free of 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 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.

In our opinion, the statements of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Southeast Compact Commission for Low-Level Radioactive Waste Management for the years ended June 30, 2016 and 2015, in accordance with the cash basis of accounting as described in Note 1.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Williams Overman Pierce, LLP, Certified Public Accountants

## STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

For the Years Ended June 30, 2016 and 2015

	2016	2015
<b>CASH RECEIPTS:</b>		
Investment income	\$ 556,934	\$ 558,203
Miscellaneous income	<u>100</u>	<u></u>
<i>Total cash receipts</i>	<u>\$ 557,034</u>	<u>\$ 558,203</u>
<b>CASH DISBURSEMENTS:</b>		
Salaries	227,867	242,273
Fringe benefits	65,474	66,164
Travel	31,689	40,864
Occupancy expense	26,446	22,969
Professional services	25,609	24,800
Insurance	19,409	20,255
Telephone	7,243	6,857
Hodes Award	7,201	5,214
Office expense	1,881	3,027
Miscellaneous	<u>555</u>	<u>446</u>
<i>Total cash disbursements</i>	<u>\$ 413,374</u>	<u>\$ 432,869</u>
<b>Increase (decrease) in cash, cash equivalents, and temporary investments</b>	\$ 143,660	\$ 125,334
<b>Cash, cash equivalents, and temporary investments - beginning of year</b>	<u>\$ 21,025,896</u>	<u>\$ 20,900,562</u>
<b>Cash, cash equivalents, and temporary investments - end of year</b>	<u><u>\$ 21,169,556</u></u>	<u><u>\$ 21,025,896</u></u>

See accompanying notes to financial statements.

# Notes to Financial Statements

## For the Years Ended June 30, 2016 and 2015

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Nature of Activities** - Southeast Compact Commission for Low-Level Radioactive Waste Management (the "Commission") is an organization responsible for the proper management of low-level radioactive waste in order to protect public health and the environment. The defined mission of the Commission is "to ensure that adequate, reliable, and appropriate services are available, now and in the foreseeable future, such that low-level radioactive waste generated in the Southeast Region can be safely managed in an efficient, equitable, economical, and environmentally responsible manner in order that each party state may meet its responsibility for providing for the availability of capacity either within or outside the State for disposal of low-level radioactive waste generated within its borders" (Article 1, PL 99-240). The Commission consists of appointees from the states of Alabama, Florida, Georgia, Mississippi, Tennessee, and Virginia.

**Basis of Accounting** - The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting. Under the cash receipts and disbursements basis, the Commission only records cash receipts and disbursements at the time of such transactions. The cash receipts and disbursements basis is a departure from generally accepted accounting principles primarily because the effects of accounts receivable uncollected, accounts payable, and accrued expenses unpaid at the date of the financial statements, are not included in the financial statements. In addition, property and equipment are expensed when purchased rather than capitalized.

**Income Tax** - The Commission has been classified as an exempt organization by Congress under Public Law 99-240 and, therefore, is not subject to income tax.

### (2) CONCENTRATIONS OF CREDIT RISK

The Commission maintains cash balances with financial institutions in North Carolina. Cash balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the fiscal year, the Commission's cash balances may have exceeded the federally insured limit. At June 30, 2016 and 2015, cash balances were fully insured.

The Commission maintains accounts with an investment firm. The accounts contain cash and securities. Balances are insured by the Securities Investor Protection Corporation up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation for certain acts by the broker dealer.

### (3) CASH, CASH EQUIVALENTS, AND TEMPORARY INVESTMENTS

Cash, cash equivalents, and temporary investments include checking and money market accounts, certificates of deposit, and callable securities of U.S. Treasury Bills and U.S. Agency Obligations purchased with maturities of one to five years. See Note 4.

Cash, cash equivalents, and temporary investments at June 30:

	2016	2015
Out-of-Region (60) Accounts		
Temporary investments	21,119,744	20,962,810
Bank Accounts	<u>49,812</u>	<u>63,086</u>
	<u>\$21,169,556</u>	<u>\$21,025,896</u>

### (4) TEMPORARY INVESTMENTS

Investments consist of certificates of deposit, U.S. Treasury Bills, U.S. Agency Obligations, foreign bonds, and corporate bonds recorded at cost. The fair market values of investments may fluctuate depending on changes in interest rates.

The Commission has an investment policy to guide investment making decisions by management. The policy states that the overall objective is to obtain as high a level of current income as is consistent with the preservation of capital and the level of liquidity necessary to approximately match expected cash flows. The funds can be invested in a combination of the following:

- Interest bearing demand deposits invested in U.S. Treasury Bills or other short-term U.S. Treasury securities.
- Bonds, notes, or other evidences of indebtedness that are direct obligations of the United States of America or that are unconditionally guaranteed both as to principal and interest by the United States of America.
- Bonds, notes, or other evidences of indebtedness that are obligations of agencies of the United States of America.
- Corporate bonds with at least a single "A" rating by either the Standard and Poor's rating agency or the Moody's rating agency. Investment in corporate bonds will be limited to 20 percent of the total par value of funds held by the Commission with no more than one percent of the total par value of the funds held by the Commission invested in any one issuer of corporate bonds. Should the rating by either Standard and Poor's or Moody's fall below a triple "B" rating, the Commission shall sell that investment.

A summary of the investment account at June 30, 2016 is as follows:

	Cost	Unrealized Gain (Loss)	Fair Market Value
U.S. Govt. Obligations	\$15,531,649	\$ 331,223	\$15,862,872
Certificates of Deposit	2,524,000	(189,776)	2,334,224
Corporate Bonds	<u>2,080,303</u>	<u>39,813</u>	<u>2,120,116</u>
Total	<u>\$20,135,952</u>	<u>\$ 181,260</u>	<u>\$20,317,212</u>

A summary of the investment account at June 30, 2015 is as follows:

	Cost	Unrealized Gain (Loss)	Fair Market Value
U.S. Govt. Obligations	\$15,001,978	\$ (553,404)	\$14,448,574
Certificates of Deposit	3,549,000	(32,660)	3,516,340
Corporate Bonds	<u>2,080,303</u>	<u>(49,702)</u>	<u>2,030,601</u>
Total	<u>\$20,631,281</u>	<u>\$ (634,766)</u>	<u>\$19,995,515</u>

These unrealized gains and losses would only be realized if the U.S. Government Obligations and Corporate Bonds were sold before their maturity date.



## (5) FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Commission uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Commission measures fair value using Level 1 and Level 2 inputs because they generally provide the most reliable evidence of fair value. No Level 3 inputs were used by the Commission.

### Level 1 Fair Value Measurements:

The fair values of the Commission's investments are based on quoted market prices, when available.

### Level 2 Fair Value Measurements:

Fair values are based on inputs other than quoted prices included within Level 1 that are observable for valuing the asset or liability either directly or indirectly. Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

### Level 3 Fair Value Measurements:

Fair values are based on inputs other than quoted prices included within Level 1 that are unobservable and significant to the fair value measurements.

The assets listed below are measured at fair value on a recurring basis at June 30, 2016:

#### Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Govt. Obligations	\$15,862,872	\$	\$15,862,872	\$
Certificates of Deposit	2,334,224		2,334,224	
Corporate Bonds	2,120,116		2,120,116	
Total	<u>\$20,317,212</u>	<u>\$ 0</u>	<u>\$20,317,212</u>	<u>\$ 0</u>

The assets listed below are measured at fair value on a recurring basis at June 30, 2015:

#### Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Govt. Obligations	\$14,448,574	\$	\$14,448,574	\$
Certificates of Deposit	3,516,340		3,516,340	
Corporate Bonds	2,030,601		2,030,601	
Total	<u>\$19,995,515</u>	<u>\$ 0</u>	<u>\$19,995,515</u>	<u>\$ 0</u>

## (6) RETIREMENT PLAN

All employees earning \$450 or more in a calendar year who meet certain age and length of service requirements are eligible to participate in the Commission's Simplified Employee Pension Plan. This qualified pension plan provides for contributions by the Commission at the rate of 25% of gross salary. Retirement contributions were \$55,210 and \$55,849 for the years ended June 30, 2016 and 2015, respectively.

## (7) OPERATING LEASES

The Commission entered into a lease agreement for office space during the year ended June 30, 2011. Initial monthly rent was \$1,625, escalating at 2% per year. The lease expired in July 2014, at which time it was renewed with a one-year term at \$1,725 per month. The Commission exercised the option for a second one-year term lease extension at \$1,759 per month, expiring in July 2016.

Rental expense for office space and parking, included in occupancy expense on the statements of cash receipts and disbursements, for the years ended June 30, 2016 and 2015, was \$21,077 and \$20,664, respectively.

Future minimum lease payments related to the lease are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	<u>1,759</u>
	<u>\$ 1,759</u>

## (8) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through January 4, 2017, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

### *Commission Website*

*The Commission maintains a website for use by commissioners, LLRW generators, and the public to keep them informed on current events and activities of the Commission as well as issues of national interest. The web page may be accessed at [www.secompact.org](http://www.secompact.org).*

# ***Southeast Compact Commission Membership***

**JULY 1, 2015 - JUNE 30, 2016**

The Compact Commission is composed of two Commissioners and two Alternate Commissioners appointed from each member state.

## **Officers**

Chairman	Michael Mobley (11/30/05-6/23/16) Debra Shults (Elected 6/23/16)
Vice-Chairman	Debra Shults (6/29/04-6/23/16) Steve Harrison (Elected 6/23/16)
Secretary/Treasurer	Herbert Wheary (12/7/10-6/23/16) Paul Burks (Elected 6/23/16)

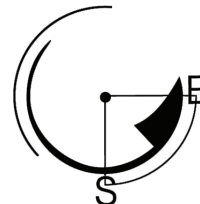
## **Staff**

Executive Director	Ted Buckner
Director of Special Projects	Linda Walters

<b>State</b>	<b>Commissioners</b>	<b>Alternate Commissioners</b>
<i>Alabama</i>	Karl David Walter Terri Adams	Karl Frost
<i>Florida</i>	John Lanza, M.D., Ph.D. John Williamson	
<i>Georgia</i>	Kevin Clark	Paul Burks Chuck Mueller
<i>Mississippi</i>	Terry Coggins Gary Rikard	B.J. Smith Donna Hodges
<i>Tennessee</i>	Michael Mobley	Debra Shults
<i>Virginia</i>	John (Jack) Storton Steven Harrison	Herbert Wheary Les Foldesi

## **Southeast Compact Commission**

*for Low-Level Radioactive Waste Management*



For more information, please write or call

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Cary, North Carolina 27512  
<http://www.secompact.org>

919/380-7780  
[secc@secompact.org](mailto:secc@secompact.org)

## ***SOUTHEAST COMPACT COMMISSION MISSION***

To ensure that adequate, reliable, and appropriate services are available, now and in the foreseeable future, such that low-level radioactive waste generated in the Southeast Region can be safely managed in an efficient, equitable, economical, and environmentally responsible manner in order that each party state may meet its responsibility for providing for the availability of capacity either within or outside the State for disposal of low-level radioactive waste generated within its borders.

***States Working for Responsible Waste Management***

