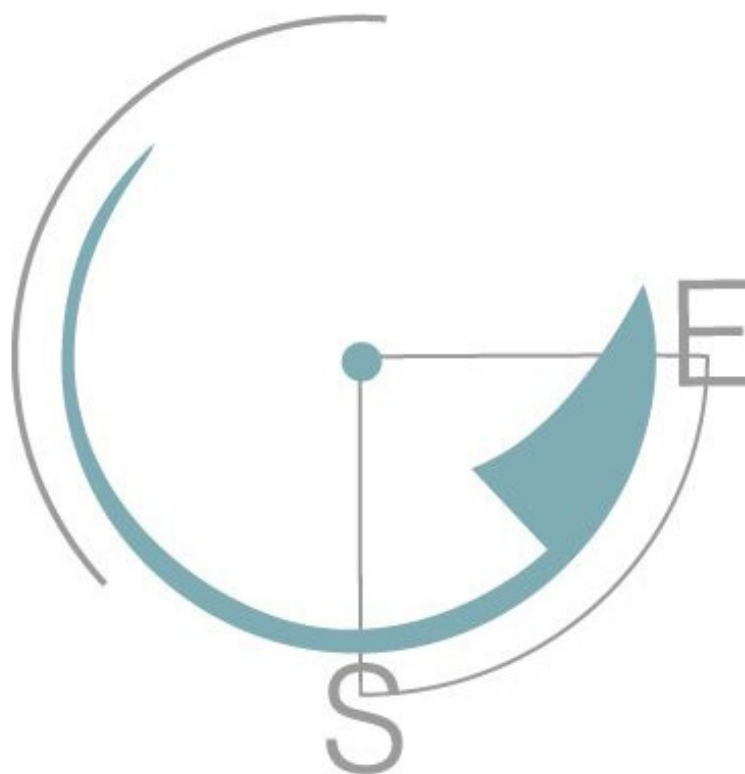


A Report to the Citizens of the Southeast Interstate Compact Region on the Activities of the Southeast Interstate Low-Level Radioactive Waste Management Commission

July 1, 2017-June 30, 2018



annual report

Southeast Compact Commission
for Low-Level Radioactive Waste Management

AL • FL • GA • MS • TN • VA

2017-2018: YEAR AT A GLANCE

COMMISSION ACTIVITIES

Access to Low-Level Radioactive Waste Management

The Southeast Compact Commission (Commission) continues 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. The Commission does not have any restrictions or requirements for prior approval or fees.

Southeast generators also have 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 support of the Disused Source Working Group (DSWG) of the Low-Level Radioactive Waste Forum, Inc. (LLW Forum). The DSWG has developed 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 and published educational brochures and a disposal guide for current and potential licensees 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 (SCATR) Program administered by the Conference of Radiation Control Program Directors, 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> or www.crcpd.org/page/SCATR.

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

The Commission selected The National Nuclear Security Administration (NNSA) and the Off-Site Source Recovery Program (OSRP) of the U.S. Department of Energy to receive the Richard S. Hodes, M.D. Honor Lecture Award for 2018, which was presented in March 2018 during the annual Waste Management Conference in Phoenix, Arizona. The Commission recognized NNSA-OSRP for the program's innovative efforts in solving LLRW management challenges by:

- Successfully completing the design, testing and certification of two new Type-B transportation containers to alleviate a shortage of containers that significantly limited the recovery and disposal of commercially licensed sealed sources and
- Providing the certified designs to qualified private sector entities to use or modify them to develop containers for commercial use, thereby encouraging and facilitating the development of additional commercial capacity.

In 2003, 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 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, or by visiting the Commission's website at 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.

National Compact System Support

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

The Commission monitors the rulemaking activities of the NRC, the U.S. Environmental Protection Agency, and other entities that impact the regulation of LLRW and submits comments to those entities as appropriate.

Commission Office

The Commission closed its North Carolina office effective July 2017. Staff is working remotely until the need for a headquarters office arises.

Financial Report

Fiscal Year 2017-2018

An audit of the books for FY 2017-18 was conducted by the firm of Walker Rodeniser & Welch LLP, Certified Public Accountants of Raleigh, North Carolina. The firm submitted the following statement dated May 6, 2019:

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, 2018 and June 30, 2017, and the related notes to financial statements - cash basis.

Management's Responsibility for the Financial Statements

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 statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 statement, 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 statement 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 statements of cash receipts and disbursements referred to above present 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, 2018 and 2017, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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.

Walker Rodeniser & Welch LLP, Certified Public Accountants

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH RECEIPTS:		
Investment income	\$ 562,678	\$ 553,335
Total cash receipts	<u>\$ 562,678</u>	<u>\$ 553,335</u>
CASH DISBURSEMENTS:		
Salaries	234,919	228,710
Travel	52,915	43,488
Fringe benefits	52,697	63,953
Professional services	39,229	28,469
Insurance	14,495	19,472
Hodes Award	5,133	5,117
Office expense	4,248	3,565
Telephone	2,396	2,786
Miscellaneous	256	141
Occupancy expense	-	2,153
Total cash disbursements	<u>\$ 406,288</u>	<u>\$ 397,854</u>
Increase in cash, cash equivalents, and temporary investments	\$ 156,390	\$ 155,481
Cash, cash equivalents, and temporary investments - beginning of year	<u>\$ 21,325,037</u>	<u>\$ 21,169,556</u>
Cash, cash equivalents, and temporary investments - end of year	<u>\$ 21,481,427</u>	<u>\$ 21,325,037</u>

See accompanying notes to financial statements.

Notes to Financial Statements

For the Years Ended June 30, 2018 and 2017

(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 to manage low-level radioactive waste streams generated in the Southeast Compact Region and to promote and facilitate the maximum use of those services by low-level radioactive material licensees in the party states" (Strategic Plan, 2016). 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, 2018 and 2017, 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) 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:

	<u>2018</u>	<u>2017</u>
Out-of-Region (60) Accounts		
Cash and Cash Equivalents	\$ 607,842	\$ 707,533
Temporary investments (Note 4)	20,797,915	20,565,546
Bank Accounts	<u>75,670</u>	<u>51,958</u>
	<u>\$ 21,481,427</u>	<u>\$ 21,325,037</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, 2018 is as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
U.S Govt. Obligations	\$15,495,422	\$ (806,537)	\$14,688,885
Certificates of Deposit	1,232,000	(34,943)	1,197,057
Corporate Bonds	4,070,493	(252,674)	3,817,819
Total	<u>\$20,797,915</u>	<u>\$(1,094,154)</u>	<u>\$19,703,761</u>

A summary of the investment account at June 30, 2017 is as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
U.S Govt. Obligations	\$15,234,178	\$ (722,253)	\$14,511,925
Certificates of Deposit	1,479,000	4,963	1,483,963
Corporate Bonds	3,852,368	313,145	4,165,513
Total	<u>\$20,565,546</u>	<u>\$(404,145)</u>	<u>\$20,161,401</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, 2018:

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	\$14,688,885	\$	\$14,688,885	\$
Certificates of Deposit	1,197,057		1,197,057	
Corporate Bonds	<u>3,817,819</u>		<u>3,817,819</u>	
Total	<u>\$19,703,761</u>	<u>\$ 0</u>	<u>\$19,703,761</u>	<u>\$ 0</u>

The assets listed below are measured at fair value on a recurring basis at June 30, 2017:

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	\$14,511,925	\$	\$14,511,925	\$
Certificates of Deposit	1,483,963		1,483,963	
Corporate Bonds	<u>4,165,513</u>		<u>4,165,513</u>	
Total	<u>\$20,161,401</u>	<u>\$ 0</u>	<u>\$20,161,401</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 \$46,775 and \$52,210 for the years ended June 30, 2018 and 2017.

(7) OPERATING LEASES

The Commission had a lease for office space under a one-year term at \$1,759 per month, which expired in July 2016. The Commission no longer leases office space after July 2016.

Rental expense for office space and parking, included in occupancy expense on the statements of cash receipts and disbursements, for the ended June 30, 2017 was \$(1,625), the result of a rental deposit refund.

(8) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through May 6, 2019, 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.

Southeast Compact Commission Membership

JULY 1, 2017 - JUNE 30, 2018

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

Officers

Chairman Debra Shults

Vice-Chairman Steve Harrison

Secretary/Treasurer Paul Burks

Staff

Executive Director Ted Buckner

Director of Special Linda Walters (Through 11/17)
 Projects

Southeast Compact Commission
for Low-Level Radioactive Waste Management



For more information, please write or call

P.O. Box 5427	919/380-7780
Cary, North Carolina 27512	
http://www.secompact.org	secc@secompact.org

State	Commissioners	Alternate Commissioners
<i>Alabama</i>	Karl David Walter Maureen Neighbor (Appt. 6/18)	Karl Frost David Turberville (Appt. 7/17)
<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 (Through 6/18) 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 MISSION:

To ensure that adequate, reliable, and appropriate services are available to manage low-level radioactive waste streams generated in the Southeast Compact Region and to promote and facilitate the maximum use of those services by low-level radioactive material licensees in the party states. (Strategic Plan, 2016)

States Working for Responsible Waste Management

