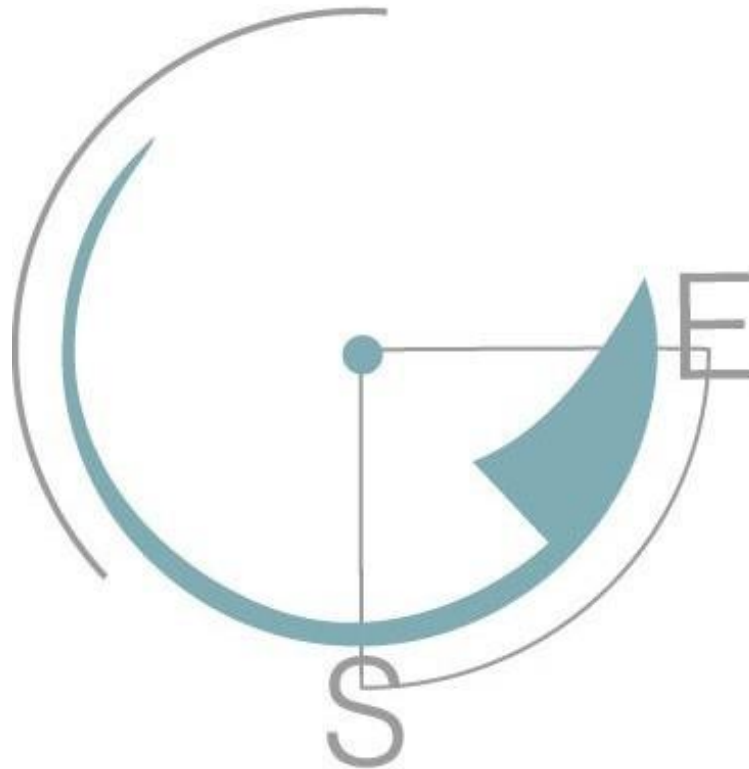


A Report to the Citizens of the Southeast Interstate Compact Region on the Activities of the Southeast Interstate Low-Level Radioactive Waste Management Commission

Fiscal Year 2021
July 1, 2020 - June 30, 2021



Annual Report

Southeast Compact Commission
for Low-Level Radioactive Waste Management

AL • FL • GA • MS • TN • VA

FY2021: 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.

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 develops 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 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 Frank Hahne to receive the 2021 Richard S. Hodes Award (Award) for the significant role he played in successfully designing, implementing, and leading the U.S. Department of Energy's (DOE) successful uranium bartering program during the deactivation and decommissioning (D&D) clean-up work at the former enrichment site in Portsmouth, Ohio.

The Barter Program was an innovative partnership between the U.S. DOE and Flour-BWXT Portsmouth, the prime contractor, to leverage excess inventories of uranium in order to accelerate the D&D projects at the

Portsmouth site. Mr. Hahne was able to overcome market, processing and economic challenges and he negotiated revenue sharing contracts to gain support of the Program from industry companies. The program provided over \$1.25 billion dollars of additional funding to DOE and the Portsmouth site for cleanup and risk reduction efforts, while serving as a model to other projects for the reuse and repurposing of surplus materials.

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, 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.

Supporting the National Compact System

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

The Commission monitored the rulemaking activities of the U.S. Nuclear Regulatory Commission (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.

Financial Report

Fiscal Year 2021

An audit of the books for FY2021 was conducted by the firm of Walker, Rodeniser & Welch LLP, Certified Public Accountants of Cary, North Carolina. The firm's report included the following statement of cash receipts and disbursements and narrative dated February 8, 2022:

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH RECEIPTS:		
Investment income	\$ 404,656	\$ 600,766
Total cash receipts	\$ 404,656	\$ 600,766
CASH DISBURSEMENTS:		
Salaries	163,752	160,459
Fringe benefits	45,422	44,120
Travel	1,872	24,115
Professional services	32,173	20,515
Insurance	14,364	14,754
Telephone	1,669	1,824
Hodes Award	5,628	
Office expense	702	712
Miscellaneous	5,888	13,132
Total cash disbursements	271,470	279,631
Increase in cash, cash equivalents, and temporary investments	133,186	321,135
Cash, cash equivalents, and temporary investments – beginning of year	22,045,348	21,724,213
Cash, cash equivalents, and temporary investments - end of year	\$22,178,534	\$ 22,045,348

See accompanying notes to financial statements.

“We have audited the accompanying statement of cash receipts and disbursements of the Southeast Compact Commission for Low-Level Radioactive Waste Management (the "Commission"), for the year ended June 30, 2021, 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 statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements 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.

Opinion

In our opinion, the statement 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 year ended June 30, 2021, 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.

Other Matter

The financial statements of the Southeast Compact Commission for Low-Level Radioactive Waste Management for the year ended June 30, 2020, was audited by other auditors whose opinion dated February 4, 2021, on those statements was qualified because of the departure from generally accepted accounting principles described in Note 1.”

Notes to Financial Statements - Cash Basis

For the Years Ended June 30, 2021 and 2020

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 the party states. 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.

Cash and Cash Equivalents

The Commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

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 held at each financial institution are insured by the Federal Deposit Insurance Corporation ("the FDIC") up to \$250,000. At various times during the year, the Commission's cash balance held at financial institutions may exceed the federally insured limit. As of June 30, 2021, the amount of cash held at financial institutions is fully insured.

The Commission maintains accounts with an investment firm. These accounts contain cash and securities. Cash 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. As of June 30, 2021 and 2020, the amount of uninsured cash held with this investment firm was \$219,148 and \$1,201,352, respectively.

3. CASH, CASH EQUIVALENTS, AND TEMPORARY INVESTMENTS

Cash, cash equivalents, and temporary investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Out-of-Region (60) Accounts		
Temporary investments	\$ 21,694,023	\$ 20,337,162
Cash and cash equivalents	469,148	1,621,354
Bank Accounts	15,363	86,832
	\$ 22,178,534	\$ 22,045,348

4. TEMPORARY INVESTMENTS

Temporary 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 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 were limited to 20% 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. During the year ended June 30, 2020, the Commission amended its investment policy to state that investment in corporate bonds are limited to 25% of the total book value of funds held by the Commission with no more than one percent of the total book value of the funds 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, 2021 is as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
U.S. Govt. Obligations	\$ 4,078,362	\$ 55,006	\$ 4,133,368
Certificates of Deposit	12,233,961	58,177	12,292,138
Corporate Bonds	5,381,700	67,556	5,449,256
Total	\$ 21,694,023	\$ 180,739	\$ 21,874,762

A summary of the investment account at June 30, 2020 is as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
U.S. Govt. Obligations	\$ 2,185,905	\$ 15,369	\$ 2,201,274
Certificates of Deposit	13,708,641	554,505	14,263,146
Corporate Bonds	4,442,616	120,992	4,563,608
Total	\$ 20,337,162	\$ 690,866	\$ 21,028,028

These unrealized gains and losses would only be realized if the U.S. Government Obligations and Corporate Bonds were called or sold before their maturity date, or if the Certificates of Deposit were withdrawn before their full term.

5. FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of inputs used to measure fair values are as follows:

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 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 inputs because they generally provide the most reliable evidence of fair value.

The assets listed below are measured at fair value on a recurring basis at June 30, 2021 and 2020:

June 30, 2021	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
U.S. Govt. Obligations	\$ 4,133,368	\$	\$ 4,133,368	\$
Certificates of Deposit	12,292,138		12,292,138	
Corporate Bonds	5,449,256		5,449,256	
Total	\$ 21,874,762	\$	\$ 21,874,762	\$

June 30, 2020	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Govt. Obligations	\$ 2,201,274	\$	\$ 2,201,274	\$
Certificates of Deposit	14,263,146		14,263,146	
Corporate Bonds	4,563,608		4,563,608	
Total	\$21,028,028	\$	\$21,028,028	\$

Level 2 fair value measurements are based on quoted market prices for identical or similar assets in active markets, as well as bid information and vendor evaluations. Level 2 fair value measurements also contain insignificant adjustments to observable information.

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 \$37,500 for each of the years ended June 30, 2021 and 2020.

7. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The pandemic has adversely affected global economic activity and contributed to instability in financial markets. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the Commission's account balances and the amounts reported in the statements of cash receipts and disbursements. Because the values of the Commission's investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and the related impact on the Commission's liquidity cannot be determined at this time.

Based on the Commission's assessment, management believes the Commission's financial statements will not be materially impacted by COVID-19. However, the impact of COVID-19 remains uncertain and may be different from what the Commission has estimated as of February 8, 2022. The Commission will continue to closely monitor any material changes to future economic conditions.

8. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through February 8, 2022, 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, 2020 - JUNE 30, 2021

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

Officers

Chairman	John Williamson
Vice Chairman	Donna Hodges
Secretary/Treasurer	Paul Burks

Staff

Executive Director	Ted Buckner
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State

Alabama

Commissioners

David A. Turberville
Maureen Neighbors

Alternate Commissioners

Myron K. Riley
Karl Frost

Florida

John Williamson

Georgia

Kevin Clark

Paul Burks

Mississippi

Gary Rikard

Donna Hodges
B.J. Smith

Tennessee

Michael Mobley

Debra Shults

Virginia

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

P.O. Box 5427	919/380-7780
Cary, North Carolina 27512	
http://www.secompact.org	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 our outside the State for disposal of low-level radioactive waste generated within its borders.

States Working for Responsible Waste Management