

CLASS A
SOLID WASTE COMPANIES

Annual Affiliated Interest and Subsidiary Report

G0000088 Mason County Garbage Co., Inc. Mason County Garbage 81 E Wilbur Way PO Box 787 Shelton, WA 98584
Full name and address of Company

Correct name and address, if different than shown

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
for the
YEAR ENDING DECEMBER 31, 2017

Inquiries concerning this Report should be addressed to:

Name: Heather Garland Title: Pricing Manager
Address: 501 SE Columbia Blvd. Ste 350
City: Vancouver State: WA Zip: 98661
Telephone: (360) 695-4923 Fax: (360) 695-5091 E-Mail: heatherg@wcnx.org

Certification

I certify that I, Adam Balogh, the responsible account officer for Mason County Garbage Co., Inc. have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2017, to December 31, 2017, inclusive.

Name (Printed): Adam Balogh Title: Division Controller
Signature: *Adam Balogh* Date: May 30, 2018

AFFILIATED INTEREST TRANSACTION

1. Company Identification

Full and Exact Name: Mason County Garbage Company, Inc. Garbage Certificate No. G-000088
 Doing Business As _____

2. Annual Report/ Accounting Contact Person:

Heather Garland	Pricing Analyst
(name)	(title)
PO Box 61726	Vancouver, WA 98666
(mailing address)	(city, state, ZIP)
501 SE Columbia Shores Blvd. #350	Vancouver, WA 98661
(physical address)	(city, state, ZIP)
(360) 695-4923	(360) 695-5091
(telephone)	(fax)
heatherg@wcnx.org	_____
(E-Mail)	(web site)

3. Type of Business Structure:

C-Corp
 (Proprietorship, Partnership, S-Corp., C-Corp., LLC, LLP, etc.)

4. List cumulative cash transfers or assumptions of liability in excess of 5 percent:

Affiliated Interest or Subsidiary Interest	Amount	Date
N/A		

5. Summarize all affiliated interest transactions:

	Company Name	Address	Total Dollar Amounts Of Transactions	Activity
1	Waste Connections, Inc.	3 Waterway Square Place, Suite #110 The Woodlands, TX 77380	\$138,113	See 6b below
2	Harold LeMay Enterprises, Inc.	4111 192nd St E Tacoma, WA 98446	\$127,210	Material sales revenue passed-through from third-party processor to Mason
3	Harold LeMay Enterprises, Inc.	4111 192nd St E Tacoma, WA 98446	\$1,121	Mason paid for paper shredding services.

6. Additional information for affiliated interest transactions equal to or over \$100,000

a Balance Sheet and Income Statement See attached

b Products or services:

Waste Connections, Inc.:

Waste Connections, Inc. provides the following services to its subsidiary companies within their respective regions and districts:

1. Strategic direction and decision-making including all shareholder/investor relations and managerial decisions affecting operations.
2. All human resource functions including recruiting, training, investigation and development of personnel.
3. Financial Services Functions
 - a. All accounts payable processing , including vendor procurement and national account establishment .
 - b. All cash processing, treasury & banking functions, debt payments and management thereof
 - c. All payroll management and support.
 - d . Fixed asset accounting, processing and reconciliation.
 - e. Accounting direction support, GAAP management, SEC reporting compliance, all federal, state and local tax management and reporting.
 - f. Billing and invoicing and customer support including new customer service set up and initiatives.
4. All risk management functions, including carrier selection, monitoring as well as auto and workers' compensation claims administration and disposition.
5. Safety oversight direction, support and initiatives for enhancement.
6. Engineering, construction management and environmental services compliance.
7. Direct legal services and oversight of outside legal counsel.
8. Vehicle/Equipment procurement direction and support, including the establishment of all vehicle/equipment maintenance standards

Harold LeMay Enterprises, Inc.: Intercompany transfer of Mason's material sales revenue paid to LeMay by Pioneer Recycling Services. LeMay also provides shredding services to Mason.

c Description of pricing basis:

For services provided by Waste Connections Inc.:

Allocation based on proportionate share of total operating expenses as adjusted.
Regional support is charged directly to districts for direct expenses and allocated by customer count for indirect expenses by Waste Connections of Washington Inc.

For transaction with Harold LeMay Enterprises, Inc.:

Recycling material payment: direct pass-through of recycle material revenue paid to LeMay by Pioneer Recycling Services (3rd party pricing).

d Description of loans:

Loans between Waste Connections, Inc. and Mason County Garbage Company, Inc. None

Loans between Harold LeMay Enterprises, Inc. and Mason County Garbage Company, Inc. None

e Description of any obligations or liabilities assumed:

Mason County Garbage Company, Inc. has assumed no liabilities or obligations on behalf of either Waste Connections, Inc. or Harold LeMay Enterprises, Inc.

f Affiliated interest or subsidiary activities:

Waste Connections, Inc.: Parent company/corporate office provides management and administrative services.

Harold LeMay Enterprises, Inc. Processing and marketing of recyclables.

g List all common officers and directors: See attached

SCHEDULE 2C
BALANCE SHEET - Harold LeMay Enterprises, Inc.

Complete this Balance Sheet in accordance with the end-of-year ledger figures as reflected in company books of account.

Line (L)	Account Name (a)	Balance End of Year (b)
Current Assets:		
1	Cash and Working Funds	\$405,139
2	Special Deposits	
3	Temporary Cash Investments	
4	Notes Receivable	
5	Receivables from Affiliated Companies	
6	Accounts Receivable	\$14,148,580
7	Less: Allowance for Uncollectables	\$116,999
8	Net Accounts Receivable	\$14,031,581
9	Prepayments	\$790,827
10	Materials and Supplies	\$943,887
11	Other Current Assets	
12	Total Current Assets	\$16,171,434
Tangible Property:		
13	Solid Waste Operating Property (Schedule 2A, Line 12)	\$147,724,219
14	Less: Accumulated Depreciation (Schedule 2A, Line 22)	\$90,685,951
15	Net Solid Waste Operating Property	\$57,038,268
16	Total Net Tangible Property	\$57,038,268
Intangible Property:		
17	Organization, Franchises, and Permits	\$43,039,790
18	Less: Accumulated Amortization - Credit	\$16,012,331
19	Other Intangible Property	\$94,386,214
20	Less: Accumulated Amortization - Credit	
21	Total Net Intangible Property	\$121,413,673
Other Assets and Deferred Items:		
22	Investment and Advances	(\$77,140,388)
23	Undistributed Earnings from Subsidiaries	
24	Deferred Debits	
25	Other Assets and Deferred Items:	\$7,315
26	Total Other Assets and Deferred Items	(\$77,133,073)
27	Total Assets (add lines 12, 16, 21 and 26)	\$117,490,301

SCHEDULE 2D
BALANCE SHEET - Harold LeMay Enterprises, Inc.

Complete this Balance Sheet in accordance with the end-of-year ledger figures as reflected in company books of account.

Line (L)	Account Name (a)	Balance End of Year (b)
	Current Liabilities:	
1	Notes Payable	
2	Payables to Affiliated Companies	
3	Accounts Payable	\$4,446,492
4	Salaries and Wages Payable	\$2,337,333
5	Accrued Taxes	\$952,044
6	Current Portion of Long Term Debt (Equipment and Other)	
7	Other Current Liabilities	\$774,839
8	Total Current Liabilities	\$8,510,709
	Long Term Debt After 1 Year:	
9	Equipment Obligations	
10	Other Long Term Debt	
11	Unamortized Premium / Discount of Debt - (net)	
12	Total Long Term Debt After 1 Year	
	Deferred Credits and Other Items:	
13	Deferred Credits	\$2,365,690
14	Other Credits	
15	Total Deferred and Other Credits	\$2,365,690
16	Total Liabilities (Add Lines 8, 12, and 15)	\$10,876,399
	Shareholder's and Proprietor's Equity:	
17	Capital Stock	
18	Capital Stock	
19	Paid in Capital in Excess of Par	
20	Other Capital (specify in Footnote)	
21	Total Capital Stock	
22	Proprietor's Equity	
23	Sole Proprietor's Capital	
24	Partnership Capital	
25	Total Proprietor's Capital	
26	Retained Earnings	\$106,613,902
27	Total Equity (Add Lines 21 and 26 or 25)	\$106,613,902
28	Total Liabilities and Equity (Line 16 plus Line 27)	\$117,490,301

SCHEDULE 4
INCOME STATEMENT - Harold LeMay Enterprises, Inc.

Complete this Total Company Income Statement in accordance with the end-of-year accumulated figures as reflected in company books of account.

Line	Account Name	Total Company
(L)	(b)	(c)
Revenues		
1	Solid Waste Operating Revenues (Line 13d, Schedule 3)	\$148,195,016
2	Grants / Debt Forgiveness	
3	Other (specify in Footnote)	
4	<i>Total Revenues (Line 1 thru Line 3)</i>	\$148,195,016
Expenses		
5	Employee Salaries	\$29,738,004
6	Employee Benefits	\$6,495,065
7	Truck Operating Costs	\$5,381,316
8	Repair and Maintenance	\$7,151,176
9	Insurance and Safety	\$1,329,912
10	Disposal and Processing	\$49,781,994
11	Depreciation	\$7,173,259
12	Selling and Advertising	\$83,133
13	Office and Administration	\$3,898,311
14	Management Fees	\$3,425,051
15	Taxes and Licenses	\$8,529,581
16	Rents	\$279,176
17	Other Expenses (specify in Footnote)	\$4,684,767
18	<i>Total Expenses before Other Items (add Lines 5 through 17)</i>	\$127,950,743
19	<i>Net Income before Other Items (Line 4 minus Line 18)</i>	\$20,244,273
Other Income and Expenses		
20	Other Income/(Loss) (specify in Footnote)	\$1,003,356
21	Interest, Dividends, and Other Investment Income/(Loss)	
22	Distrib./Undistrib. Income/(Loss) from Subsidiaries	
23	Interest Expense	
24	Other Deductions (specify in Footnote)	\$1,148,140
25	<i>Total Other Income and Expenses (add Lines 20 through 25)</i>	(\$144,785)
26	<i>Net Income before Federal Income Taxes (Line 19 plus Line 25)</i>	\$20,099,489
27	Federal Income Taxes	\$6,833,826
28	Net Income (Loss) (Line 26 minus Line 27)	\$13,265,662

Waste Connections, Inc.
Balance Sheet Summary

December
2017

Assets

Current assets:

Cash and equivalents	\$	433,815,093
Accounts receivable		554,458,381
Current deferred tax assets		-
Current assets held for sale		1,596,229
Prepaid expenses & other current assets		186,998,122
Total current assets		<u>1,176,867,824</u>

Restricted cash and investments		167,012,084
Property and equipment		4,820,933,636
Goodwill		4,681,774,221
Intangible assets		1,087,435,856
Long-term assets held for sale		12,624,620
Other assets		68,032,767
	\$	<u>12,014,681,007</u>

Liabilities and Equity

Current liabilities:

Accounts payable	\$	330,522,802
Book overdraft		19,223,408
Accrued liabilities		278,038,783
Deferred revenue		145,196,823
Current portion of contingent consideration		15,803,280
Current liabilities held for sale		2,154,712
Current portion of long-term debt		11,658,905
Total current liabilities		<u>802,598,714</u>

Long-term debt		3,899,572,083
Long-term portion of contingent consideration		31,481,562
Long-term liabilities held for sale		-
Other long-term liabilities		316,191,666
Deferred income taxes		690,766,734
Total liabilities		<u>5,740,610,758</u>

Equity:

Common stock		4,187,568,381
Additional paid-in capital		115,742,741
Accumulated other comprehensive income		108,413,317
Treasury stock		-
Retained earnings		1,856,945,979
Total Waste Connections' equity		<u>6,268,670,418</u>
Noncontrolling interests		5,399,821
Total equity		<u>6,274,070,239</u>

\$ 12,014,680,998

Waste Connections, Inc.
Consolidated Income Statement

**12 Months
Ended
12/31/2017**

Revenues	\$ 4,630,487,874
Operating expenses:	
Cost of operations	\$ 2,704,775,375
Selling, general and administrative	\$ 509,638,111
Depreciation	\$ 530,186,729
Amortization	\$ 102,297,050
Loss on sale of operations/assets	\$ 156,139,501
Loss on prior office leases	\$ 353,128
Income from operations	627,097,979
Interest expense	\$ (661,463,166)
Interest income	\$ 541,338,985
Other income (expense), net	\$ 3,736,296
Foreign Transaction Exchange (Gain) and	\$ (2,199,930)
Income before tax provision	508,510,165
Income tax provision	\$ 68,909,621
Net income	577,419,786
Less: net income attributable to noncontrolling interests	\$ (602,301)
Net income attributable to WCN	<u>\$ 576,817,485</u>