

CLASS A
SOLID WASTE COMPANIES

Annual Affiliated Interest and Subsidiary Report

G-98 Harold LeMay Enterprises, Inc. 4111 192nd St. East Tacoma, WA 98446
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 Shores 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 Harold LeMay Enterprises, 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 31, 2018

AFFILIATED INTEREST TRANSACTION

1. Company Identification

Full and Exact Name: Harold LeMay Enterprises, Inc. ("LeMay")
 Doing Business As _____

Garbage Certificate No.: **G-98**

2. Annual Report/ Accounting Contact Person:

Heather Garland
 (name)
PO Box 61726
 (mailing address)
501 SE Columbia Shores Blvd. #350
 (physical address)
(360) 695-4923
 (telephone)
heatherg@wcnx.org
 (E-Mail)

Pricing Manager
 (title)
Vancouver, WA 98666
 (city, state, ZIP)
Vancouver, WA 98661
 (city, state, ZIP)
(360) 695-5091
 (fax)

 (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. ("WCI")	3 Waterway Square Place, Suite 110 The Woodlands, TX 77380	\$3,425,051	See 6b below.
2	Mason County Garbage Company, Inc.	81 E. Wilbur Way Shelton, WA 98584	\$127,210	Material sales revenue passed-through from third-party processor to Mason
3	Mason County Garbage Company, Inc.	81 E. Wilbur Way Shelton, WA 98584	\$1,121	Shredding revenue received from Mason
4	Murrey's Disposal Company, Inc. dba Olympic Disposal	2058 Edgewood Drive Port Angeles, WA 98363	\$654	Shredding revenue received from Olympic
5	DM Disposal Company, Inc.	2058 Edgewood Drive Port Angeles, WA 98363	\$4,308	Shredding revenue received from DM Disposal
6	Silver Springs Organics, LLC	13835 Military Rd. SE Rainier, WA 98576	\$58,099	Payment to Silver Springs Organics, LLC for disposal of yard waste.

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.

Mason County Garbage Company, Inc.: Intercompany transfer of Mason's material sales revenue paid to LeMay by Pioneer Recycling Services. LeMay also provides paper 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.

Mason County Garbage Company, Inc.: actual price of materials paid to LeMay by Pioneer Recycling Services (3rd party pricing). Shredding fee is set to closely approximate 3rd party pricing.

d Description of loans:

Loans between Waste Connections, Inc. and Harold LeMay Enterprises, Inc. None

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

e Description of any obligations or liabilities assumed:

Harold LeMay Enterprises, Inc. has assumed no liabilities or obligations on behalf of any of the Affiliated Interests mentioned above.

f Affiliated interest or subsidiary activities:

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

g List all common officers and directors: See attached

SCHEDULE 2C
BALANCE SHEET - Mason County Garbage Company, 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	(\$679)
2	Special Deposits	
3	Temporary Cash Investments	
4	Notes Receivable	
5	Receivables from Affiliated Companies	
6	Accounts Receivable	\$627,964
7	Less: Allowance for Uncollectables	\$21,621
8	Net Accounts Receivable	\$606,343
9	Prepayments	\$829,296
10	Materials and Supplies	\$50,895
11	Other Current Assets (specific in Footnote)	
12	Total Current Assets	\$1,485,855
Tangible Property:		
13	Solid Waste Operating Property (Schedule 2A, Line 12)	\$9,141,239
14	Less: Accumulated Depreciation (Schedule 2A, Line 22)	\$5,673,070
15	Net Solid Waste Operating Property	\$3,468,168
16	Total Net Tangible Property	\$3,468,168
Intangible Property:		
17	Organization, Franchises, and Permits	\$6,382,898
18	Less: Accumulated Amortization - Credit	\$52,091
19	Other Intangible Property	
20	Less: Accumulated Amortization - Credit	
21	Total Net Intangible Property	\$6,330,807
Other Assets and Deferred Items:		
22	Investment and Advances	(\$3,735,496)
23	Undistributed Earnings from Subsidiaries	
24	Deferred Debits	
25	Other Assets and Deferred Items: (specify in Footnote)	
26	Total Other Assets and Deferred Items	(\$3,735,496)
27	Total Assets (add lines 12, 16, 21 and 26)	\$7,549,335

SCHEDULE 2D
BALANCE SHEET - Mason County Garbage Company, 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	\$582,635
4	Salaries and Wages Payable	\$127,663
5	Accrued Taxes	\$92,428
6	Current Portion of Long Term Debt (Equipment and Other)	
7	Other Current Liabilities (specify in Footnote)	\$50,126
8	Total Current Liabilities	\$852,851
	Long Term Debt After 1 Year:	
9	Equipment Obligations	
10	Other Long Term Debt (specify in Footnote)	
11	Unamortized Premium / Discount of Debt - (net)	
12	Total Long Term Debt After 1 Year	
	Deferred Credits and Other Items:	
13	Deferred Credits	\$4,756
14	Other Credits (specify in Footnote)	
15	Total Deferred and Other Credits	\$4,756
16	Total Liabilities (Add Lines 8, 12, and 15)	\$857,606
	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	\$6,691,729
27	Total Equity (Add Lines 21 and 26 or 25)	\$6,691,729
28	Total Liabilities and Equity (Line 16 plus Line 27)	\$7,549,335

SCHEDULE 4
INCOME STATEMENT - Mason County Garbage Company, 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)	\$7,547,270
2	Grants / Debt Forgiveness	
3	Other (specify in Footnote)	\$11,016
4	<i>Total Revenues (Line 1 thru Line 3)</i>	\$7,558,286
Expenses		
5	Employee Salaries	\$1,643,397
6	Employee Benefits	\$270,224
7	Truck Operating Costs	\$540,574
8	Repair and Maintenance	\$529,771
9	Insurance and Safety	\$39,477
10	Disposal and Processing	\$2,096,732
11	Depreciation	\$716,123
12	Selling and Advertising	\$11,885
13	Office and Administration	\$234,678
14	Management Fees	\$138,113
15	Taxes and Licenses	\$470,400
16	Rents	\$106,655
17	Other Expenses (specify in Footnote)	
18	<i>Total Expenses before Other Items (add Lines 5 through 17)</i>	\$6,798,030
19	<i>Net Income before Other Items (Line 4 minus Line 18)</i>	\$760,256
Other Income and Expenses		
20	Other Income/(Loss) (specify in Footnote)	
21	Interest, Dividends, and Other Investment Income/(Loss)	
22	Distrib./Undistrib. Income/(Loss) from Subsidiaries	
23	Interest Expense	
24	Other Deductions (specify in Footnote)	
25	<i>Total Other Income and Expenses (add Lines 20 through 25)</i>	
26	<i>Net Income before Federal Income Taxes (Line 19 plus Line 25)</i>	\$760,256
27	Federal Income Taxes	\$258,487
28	Net Income (Loss) (Line 26 minus Line 27)	\$501,769

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>