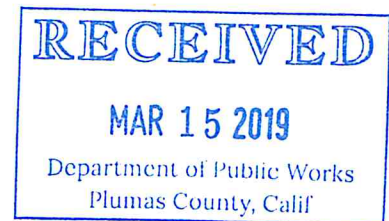


Intermountain Disposal, Inc.  
Franchise Agreement Annual Reporting

December 31, 2018



**Intermountain Disposal**  
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**December 31, 2018**

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**Intermountain Disposal**

Costs Associated with Expense Items That Have Contractual Limits

December 31, 2018

**Officer compensation**

Name	Position	Salary	Benefits	Total
Ricky R. Ross	CEO	\$ 88,374	\$ 18,480	\$ 106,854
Candice M. Ross	CFO	59,438	12,455	71,893
Total				<u>\$ 178,747</u>

**Officer life insurance costs**

None.

**Director costs**

None.

**Promotional, business development and business related travel**

Feather Publishing Company	\$ 1,023
Portola Reporter	26
Plumas Lassen Connection	173
Total	<u>\$ 1,222</u>

**Payments to repair damage to property of County, Contractor, or others**

None.

**Fines and penalties**

United States Treasury	\$ 719
Employment Development Department	388
Total	<u>\$ 1,107</u>

**Charitable donations**

Graeagle Men's Golf Association	\$ 100
Feather River Little League	400
Plumas Pines Men's and Women's Golf Club	100
Total	<u>\$ 600</u>

**Political donations**

None.

**Vehicle lease in excess of acquisition costs**

None.

**State and federal income taxes**

Federal income taxes	\$ (24)
California state income taxes	43
Total	<u>\$ 19</u>

**Attorneys' fees incurred in a hearing where Contractor and County are adversarial parties**

None.

**Attorneys' fees incurred in any court proceeding in which Contractor's own negligence violation of law or regulation, or other wrongdoing, are at issue**

None.

**Payments to related parties for products or services in excess of fair market value**

None.

**Intermountain Disposal**  
**Operating Ratio Calculation**  
**December 31, 2018**

<i>Total Revenue</i>	1,742,333		
<b>Operating Expenses</b>		<i>Pass-Through</i>	<i>Non Allowable</i>
<i>Labor</i>			
Payroll - route	208,216		
Payroll - office	91,265		
Payroll - company executive officer	88,374		1,688
Payroll - transfer station	58,792		
Payroll - taxes	42,006		
Retirement plan contribution	59,402		30,935
Workers' compensation insurance	26,293		
Employee benefits	16,556		
Diesel fuel	119,169		
Depreciation - vehicles	148,461		
Equipment rent	26,555		
Vehicle maintenance	103,684		
Tires	47,601		
Dump fees	211,023	211,023	
Franchise fees	81,856	81,856	
Hazardous waste	13,709		
Transfer station rental	9,600	9,600	
Building rent - related party	69,831		
Insurance	50,024		
Accounting	44,698		
Business taxes, licenses and fees	37,913		1,107
Operating and office supplies	31,742		
Telephone and internet	22,685		
Depreciation - equipment	22,487		
Utilities	11,352		
Equipment rental - related party	8,580		
General maintenance	8,463		
Equipment maintenance	6,320		
Fuel, oil and lubricants	5,074		
Other rent	4,961		
Depreciation - leasehold improvements	2,378		
Entertainment	1,545		
Association dues	1,443		
Advertising and promotion	1,222		
Bad debts	1,054		
Charitable contributions	600		
Depreciation - office	497		
Legal	214		
<i>Total Operating Expenses</i>	<u>1,685,645</u>		
<b>Operating Income</b>	<u>56,688</u>		
<i>Total Other Income (Expense)</i>	<u>1,458</u>		
<b>Income Before Income Taxes</b>	58,146		
<b>Income Tax Expense</b>	<u>(42,529)</u>		
<b>Net Income</b>	15,617		
<b>Operating Ratio</b>	<u><u>95.80%</u></u>		
			<b>Profit</b>
			<b>Base</b>
		302,479	19
		33,749	1,349,417

**Intermountain Disposal**  
**Variance Analysis**  
**For the Year Ended December 31, 2018**

Explanation of significant changes in revenue and expense line items, where significant is defined as those changes in excess of \$15,000 AND 10%.

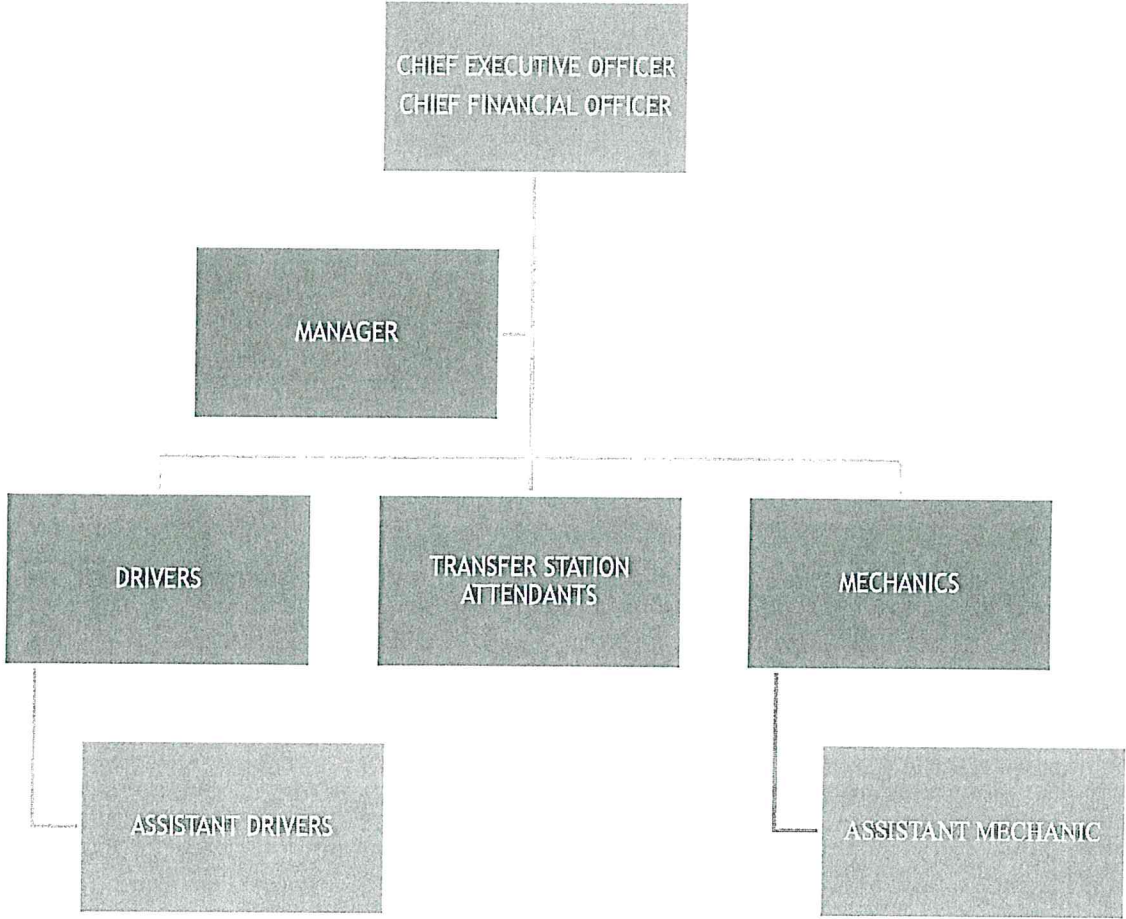
	<u>2018</u>	<u>2017</u>	<u>\$</u>	<u>%</u>	<u>Explanation</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>	
<b>Revenue</b>					
Commercial	\$ 602,047	\$ 552,513	49,534	0%	
Residential	379,852	380,251	-	0%	
Roll-off containers	213,936	192,944	20,992	11%	Increase in construction jobs in the area.
Transfer station	230,175	201,577	28,598	14%	Increase in commercial hauling into the transfer station.
Tipping fees	127,272	77,334	49,938	65%	Full year of Sierra County tipping fees versus partial year in 2017.
Tipping fees - related party	115,613	106,816	-	0%	
Special service	46,875	16,660	30,215	181%	Increase in commingled recycling and cardboard sold in 2018.
Recycling	26,563	61,090	(34,527)	-57%	The Company stopped participating in the CRV program in 2017.
<b>Total Revenue</b>	<u>1,742,333</u>	<u>1,589,185</u>			
<b>Operating Expenses</b>					
<b>Labor</b>					
Payroll - route	208,216	164,917	43,299	26%	Wages were adjusted in 2018 according to performance/industry wage scales
Payroll - office	91,265	87,678	-	0%	
Payroll - company executive officer	88,374	88,374	-	0%	
Payroll - transfer station	58,792	38,191	20,601	54%	Wages were adjusted in 2018 according to performance/industry wage scales
Payroll - taxes	42,006	36,867	-	14%	
Retirement plan contribution	59,402	39,645	19,757	50%	Discretionary increase
Workers' compensation insurance	26,293	22,479	-	17%	
Employee benefits	16,556	15,673	-	0%	
Casual labor	-	260	-	-100%	
<b>Total Labor</b>	<u>590,904</u>	<u>494,084</u>			
<b>Diesel Fuel</b>					
Diesel fuel	119,169	85,527	33,642	39%	Increase in usage and cost of diesel fuel compared to 2017.
<b>Total Diesel Fuel</b>	<u>119,169</u>	<u>85,527</u>			
<b>Vehicle Replacement</b>					
Depreciation - vehicles	148,461	145,327	-	0%	
Equipment rent	26,555	14,943	-	78%	
<b>Total Vehicle Replacement</b>	<u>175,016</u>	<u>160,270</u>			
<b>Vehicle Maintenance</b>					
Vehicle maintenance	103,684	41,203	62,481	152%	More maintenance performed in 2018 to bring older vehicles up-to-date.
Tires	47,601	26,605	20,996	79%	More tire purchases in 2018 in addition to nonrecurring purchase of foam tires for rear loaders.
<b>Total Vehicle Maintenance</b>	<u>151,285</u>	<u>67,808</u>			
<b>Disposal</b>					
Dump fees	211,023	167,496	43,527	26%	Increase correlated with increase in revenue and activity
Franchise fees	81,856	74,355	-	10%	
Hazardous waste	13,709	19,622	-	-30%	
Transfer station rental	9,600	7,200	-	33%	
Recycling buy-back	-	10,896	-	-100%	
<b>Total Disposal</b>	<u>316,188</u>	<u>279,569</u>			

Intermountain Disposal  
Variance Analysis  
For the Year Ended December 31, 2018

Explanation of significant changes in revenue and expense line items, where significant is defined as those changes in excess of \$15,000 AND 10%.

	<u>2018</u>	<u>2017</u>	<u>\$</u>	<u>%</u>	<u>Explanation</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>	
<i>All Other</i>					
Building rent - related party	69,831	70,560	-	0%	
Insurance	50,024	39,047	-	28%	
Accounting	44,698	45,291	-	0%	
					Nonrecurring item approximating variance amount was paid in 2017 and not paid in 2018.
Business taxes, licenses and fees	37,913	59,426	(21,513)	-36%	
Operating and office supplies	31,742	30,366	-	0%	
Telephone and internet	22,685	12,698	-	79%	
Depreciation - equipment	22,487	20,273	-	11%	
Utilities	11,352	11,435	-	0%	
Equipment rental - related party	8,580	8,547	-	0%	
General maintenance	8,463	7,908	-	0%	
Equipment maintenance	6,320	4,310	-	47%	
Fuel, oil and lubricants	5,074	6,367	-	-20%	
Other rent	4,961	4,621	-	0%	
Depreciation - leasehold improvements	2,378	2,427	-	0%	
Entertainment	1,545	1,087	-	42%	
Association dues	1,443	55	-	2524%	
Advertising and promotion	1,222	1,902	-	-36%	
Bad debts	1,054	2,013	-	-48%	
Charitable contributions	600	850	-	-29%	
Depreciation - office	497	497	-	0%	
Legal	214	2,168	-	-90%	
<i>Total All Other</i>	<u>333,083</u>	<u>331,848</u>			
<i>Total Operating Expenses</i>	<u>1,685,645</u>	<u>1,419,106</u>			
<i>Operating Income</i>	<u>56,688</u>	<u>170,079</u>			
<b>Other Income (Expense)</b>					
Interest income	3,001	1,353	-	122%	
Interest expense	(4,425)	(3,905)	-	13%	
Refunds	1,448	2,795	-	-48%	
Miscellaneous	1,279	(931)	-	-237%	
Bad debts recovered	155	-	-	0%	
<i>Total Other Income (Expense)</i>	<u>1,458</u>	<u>(688)</u>			
<i>Income Before Income Taxes</i>	<u>58,146</u>	<u>169,391</u>			
<i>Income Tax Expense</i>	<u>(42,529)</u>	<u>(66,639)</u>			
<b>Net Income</b>	<u>\$ 15,617</u>	<u>\$ 102,752</u>			





**Intermountain Disposal**  
**Job Classifications**  
**December 31, 2018**

	Department				
	FTE	Supervisors	Drivers and Assistants	Transfer Station Attendants	Mechanics and Assistants
CEO	1.00	1.00			
CFO	1.00	1.00			
Manager	1.00	1.00			
Employee	1.00		1.00		
Employee	1.00		1.00		
Employee	0.70			0.70	
Employee	0.70		0.70		
Employee	1.00		1.00		
Employee	1.00		1.00		
Employee	0.70				0.70
Employee	1.00		1.00		
Employee	1.00		1.00		
Employee	1.00		0.50		0.50
Employee	1.00			1.00	
Employee	1.00		0.50	0.50	
Total FTE per Department		3.00	7.70	2.20	1.20

**Notes:**

The CEO performs duties in the following areas: communicating on behalf of the Company, with shareholders, government entities, and the public. Leading the development of the Company's short and long-term strategies, creating and implementing the Company's vision and mission, working closely with the Board of Directors, serving as managing director of corporate operations and is the main link between the different divisions of the Company.

The CFO performs duties in the following areas: tracking cash flow, financial planning, as well as analyzing the Company's financial strengths, weaknesses and proposing corrective actions. The CFO is responsible for managing the finance and accounting division and for ensuring that the Company's financial reports are accurate and completed in a timely manner. Works closely with the CEO, has significant input in the Company's investments, capital structure and how the Company manages its income and expenses.

The general manager performs duties in the followings areas: Oversees most or all of the Company's day-to-day operations of the business. Effective planning, delegating, coordinating, staffing, organizing policies being met and decision making to attain desirable profit making results for the Company.



**Intermountain Disposal****List of Non Allowable Expenses****For the Year Ended December 31, 2018**

	<u>Total</u>	<u>Allowable</u>	<u>Non Allowable</u>
Officer salary and benefits*	\$ 178,747	\$ 146,124	\$ 32,623
Officer life insurance costs	-	-	-
Director costs	-	-	-
Promotional, business development and business related travel	1,222	2,500	-
Payments to repair damage to property of County, Contractor, or others	-	-	-
Fines and penalties	1,107	-	1,107
Charitable donations	600	2,500	-
Political donations	-	-	-
Vehicle lease in excess of acquisition costs	-	-	-
State and federal income taxes	19	-	19
Attorneys' fees and other fees incurred by Contractor in a court or other hearing where Contractor and County are adversarial parties	-	-	-
Attorneys' fees and other expenses incurred in any court proceeding in which Contractor's own negligence violation of law or regulation, or other wrongdoing, are at issue.	-	-	-
Payments to related parties for products or services in excess of fair market value	-	-	-
Total Non Allowable Expenses			<u>\$ 33,749</u>

\* All benefits included except social security, worker's compensation and group health insurance premiums offered to all employees.

