

FEATHER RIVER DISPOSAL
(A Division of USA Waste of California, Inc., a Delaware Corporation)

FINANCIAL STATEMENTS
December 31, 2024 and 2023

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FEATHER RIVER DISPOSAL
(A Division of USA Waste of California, Inc., a Delaware Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Management and Board of Directors
Feather River Disposal
Quincy, California

Opinion

We have audited the accompanying financial statements of Feather River Disposal (the "Company") (A Division of USA Waste of California, Inc., a Delaware Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Feather River Disposal as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Feather River Disposal and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Basis of Presentation

The accompanying financial statements were prepared to present the assets, liabilities, stockholders' equity, results of operations and cash flows of the Feather River Disposal, which is an operating division of USA Waste of California, Inc., and, as described in Note 2, are not intended to be a complete presentation of USA Waste of California, Inc.'s assets, liabilities, stockholders' equity, results of operations and cash flows. Our opinion is not modified with respect to that matter.

Related Party Transactions

As discussed in Note 4 to the financial statements, the Company has a net intercompany liability to its parent company resulting from various transactions with the parent company including the sweep of all cash receipts, the purchase of fixed assets, and the payments for goods and services. Our opinion is not modified with respect to that matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Feather River Disposal's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Feather River Disposal's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feather River Disposal's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 15 - 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the management of the Company and the County of Plumas and is not intended to be and should not be used by anyone other than these specified parties.

Propp Christensen Caniglia LLP

March 13, 2025
Roseville, California

FEATHER RIVER DISPOSAL
 (A Division of USA Waste of California, Inc., a Delaware Corporation)

BALANCE SHEETS
 December 31, 2024 and 2023

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	\$ 4,577	\$ 10,317
Accounts receivable, net of allowance for doubtful accounts of \$152 and \$2,818, respectively	72,886	12,611
Other receivables	11,985	21,728
Inventory	33,452	43,245
 Total current assets	 122,900	 87,901
 Property and equipment, net	 2,093,867	 1,171,278
Intercompany receivable from USA Waste of California, Inc.	4,566,965	5,415,312
 Total assets	 \$ 6,783,732	 \$ 6,674,491

LIABILITIES AND STOCKHOLDERS' EQUITY

	2024	2023
Current liabilities:		
Accounts payable	\$ 31,773	\$ 25,100
Accrued liabilities	125,347	129,753
Deferred income	1,108	1,180
 Total current liabilities	 158,228	 156,033
 Deferred income tax liability	 77,711	 47,774
 Total liabilities	 235,939	 203,807
 Stockholders' equity:		
Common stock	77,044	77,044
Retained earnings	6,470,749	6,393,640
 Total stockholders' equity	 6,547,793	 6,470,684
 Total liabilities and stockholders' equity	 \$ 6,783,732	 \$ 6,674,491

FEATHER RIVER DISPOSAL
 (A Division of USA Waste of California, Inc., a Delaware Corporation)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
 For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Residential	\$ 1,492,421	\$ 1,373,816
Commercial	2,476,528	2,206,813
Transfer site	797,532	657,040
Recycling materials and other revenue	<u>115,139</u>	<u>134,819</u>
Total Revenue	<u>4,881,620</u>	<u>4,372,488</u>
Costs and expenses:		
Payroll	1,555,902	1,509,351
Employee benefits	542,123	503,105
Accounting	38	31,150
Administrative fees	122,737	103,617
Advertising and promotion	4,489	2,881
Bad debt	12,453	20,965
Bank charges	28,093	21,532
Contributions	13,593	14,087
Corporate overhead	322,652	284,487
Depreciation	208,141	102,046
Equipment maintenance	84,903	110,695
Equipment rental	20,730	15,624
Gas and oil	259,196	253,523
Insurance	268,762	116,468
Miscellaneous	13,300	19
Office supplies	46,393	37,805
Operating supplies	-	467
Property taxes	16,813	14,940
Recycling purchases	70,944	98,741
Solid waste disposal	412,133	451,190
Subcontractor costs	573,879	560,752
Tax and licenses	28,176	29,697
Tires	27,736	40,218
Travel	46,396	120,709
Uniforms	20,697	12,161
Utilities and telephone	<u>74,295</u>	<u>65,319</u>
Total costs and expenses	<u>4,774,574</u>	<u>4,521,549</u>
Income (loss) before provision for income taxes	107,046	(149,061)
Provision for income tax (expense) benefit	<u>(29,937)</u>	<u>41,688</u>
Net income (loss)	77,109	(107,373)
Retained earnings, beginning of year	<u>6,393,640</u>	<u>6,501,013</u>
Retained earnings, end of year	<u>\$ 6,470,749</u>	<u>\$ 6,393,640</u>

The accompanying notes are an integral part of these financial statements.

FEATHER RIVER DISPOSAL
 (A Division of USA Waste of California, Inc., a Delaware Corporation)

STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income (loss)	\$ 77,109	\$ (107,373)
Adjustments to reconcile net income (loss) to net cash net cash provided by (used in) operating activities:		
Depreciation and amortization	208,141	102,046
Bad debt expense	12,453	20,965
Deferred tax expense (benefit)	29,937	(41,688)
Changes in operating assets and liabilities:		
Accounts receivable	(72,728)	(9,950)
Other receivables	9,743	(21,728)
Inventory	9,793	(4,160)
Accounts payable	6,673	(17,624)
Accrued liabilities	(4,406)	27,840
Deferred income	(72)	33
Net cash provided by (used in) operating activities	<u>276,643</u>	<u>(51,639)</u>
Cash flows from investing activities:		
Purchases of equipment	<u>(1,145,231)</u>	<u>(401,376)</u>
Cash flows from financing activities:		
Net change in intercompany payable to USA Waste of California, Inc.	<u>862,848</u>	<u>452,785</u>
Change in cash and cash equivalents	(5,740)	(230)
Cash and cash equivalents, beginning of year	<u>10,317</u>	<u>10,547</u>
Cash and cash equivalents, end of year	<u>\$ 4,577</u>	<u>\$ 10,317</u>

FEATHER RIVER DISPOSAL
(A Division of USA Waste of California, Inc., a Delaware Corporation)

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1: ORGANIZATION

Feather River Disposal (the "Company") is a division of USA Waste of California, Inc., a Delaware Corporation (the "Parent"). The Company primarily processes residential, commercial, and industrial refuse collected in Plumas County, California. The Company has established rates for each type of customer based on the type of waste.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Presentation

The Company has prepared the accompanying financial statements to present the assets, liabilities and stockholders' equity, results of operations and cash flows which have been specifically allocated to the Feather River Disposal, which is an operating division of USA Waste of California, Inc. The accompanying financial statements do not provide a complete presentation of all of USA Waste of California, Inc.'s assets, liabilities, and stockholders' equity, or the results of operations and cash flows.

Cash and Cash Equivalents

The Company has an analysis checking account which is regularly swept into the Parent's corporate checking account.

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

The Company's receivables are net of an allowance for doubtful accounts, which represents the estimated net realizable value. Receivables are recorded when billed, when services are performed or when cash is advanced. The Company estimates an allowance for doubtful accounts based on historical collection trends, type of customers, the age of outstanding receivables and existing as well as expected economic conditions. If events or changes in circumstances indicate that specific receivables and balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

The following reflects the activity in accounts receivable and allowance for doubtful accounts as of and for the years ended December 31:

	2024	2023	2022
Accounts receivable	\$ 73,038	\$ 15,429	\$ 26,508
Allowance for doubtful accounts			
Balance as of January 1,	(2,818)	(1,583)	(44,914)
Additions charged to expense	(12,453)	(20,965)	18,202
Accounts written-off, net of recoveries	<u>15,119</u>	<u>19,730</u>	<u>25,129</u>
Balance as of December 31,	<u>(152)</u>	<u>(2,818)</u>	<u>(1,583)</u>
Accounts receivable, net	<u><u>\$ 72,886</u></u>	<u><u>\$ 12,611</u></u>	<u><u>\$ 24,925</u></u>

FEATHER RIVER DISPOSAL
(A Division of USA Waste of California, Inc., a Delaware Corporation)

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is stated at the lower of cost (first-in, first-out) or net realizable value, and consists of the following at December 31, 2024 and 2023:

	2024	2023
Fuel, oil and lubricants	\$ 4,220	\$ 6,946
Parts & tires	19,012	31,405
Recyclable materials	<u>10,220</u>	<u>4,894</u>
Total	<u>\$ 33,452</u>	<u>\$ 43,245</u>

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance and repairs are expensed as incurred. When property and equipment is retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in current operations. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Buildings and improvements	15 - 20 Years
Vehicles, machinery and equipment	5 - 10 Years

Revenue Recognition

The Company recognizes revenue as services are provided for all ongoing customer contracts in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 606 (FASB ASC 606) as revised by Accounting Standards Update 2014-09 (ASU 2014-09). This guidance requires the recognition of certain consideration payable to customers as a reduction in operating revenues.

For contracts with an effective term greater than one year, the Company has applied the practical expedient that permits the exclusion of unsatisfied performance obligations as the right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations. The Company has also applied the optional exemption for performance obligations related to contracts that have an original expected duration of one year or less.

Long-Term Contracts

A portion of the total revenue is derived from contracts with an effective term greater than one year. The consideration for these contracts is variable in nature. The variable elements of these contracts primarily include the number of homes and businesses served and annual rate changes based on consumer price index, fuel prices or other operating costs. Such contracts are generally within the collection, recycling and other lines of business. The Company has not disclosed the value of unsatisfied performance obligations for these contracts as the right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

FEATHER RIVER DISPOSAL
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are provided for the tax effects of transaction reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The Company is included in the consolidated federal and state income tax returns filed by the Parent. The provision for income taxes allocates taxes to the Company as if it was a separate taxpayer. After they are filed, the Parent's consolidated income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

The Company presents all deferred tax liabilities and assets as a net noncurrent amount.

Administrative Fees

The Company pays an administrative fee to the Nevada market area office of the parent. The administrative fee is calculated based on the Company's pro-rata share of gross operating expenses. The administrative fee charged to the Plumas County contract is limited to \$2,500 per month or \$30,000 annually. The balance of the administrative fee is allocated equally to the Quincy Community Services District and the Chester Public Utility District. In addition, the Company is charged a corporate overhead fee calculated as 6.2% of gross revenue.

Unearned Income

The Company billed commercial customers one month in advance and residential customers three months in advance. These amounts, along with cash payments received in advance of performance obligations, are originally considered to be unearned revenue which is reduced monthly as service is provided. Charges owed to customers that are deemed to be refunds are also included in unearned revenues.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2024 and 2023, is \$4,489 and \$2,881, respectively.

Management's Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use certain estimates and assumptions. Those estimates and assumptions affect the amounts recorded as contingent assets and liabilities and reported amounts of revenues and expenses during the reporting period. Although management believes its estimates are appropriate, changes in assumptions utilized in preparing such estimates could cause estimates to change in the future.

FEATHER RIVER DISPOSAL
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Company has implemented the provisions of FASB ASC 820-10, which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own suppositions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.

The Company reflects the carrying values of trade accounts receivable, other receivables, and trade accounts payable in the financial statements at historical cost, which is materially representative of their fair values principally because of the short-term maturities of these instruments.

The receivable from Waste of California, Inc. is a net intercompany account with no defined maturity date, resulting from transactions with the Parent; accordingly, its fair value is equal to the net amount receivable at the reporting date.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through March 13, 2025, the date that these financial statements were available to be issued.

NOTE 3:

PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2024 and 2023:

	2024	2023
Land	\$ 209,800	\$ 209,800
Buildings and improvements	336,083	336,083
Vehicles, machinery and equipment	<u>4,582,897</u>	<u>4,019,017</u>
Subtotal	5,128,780	4,564,900
Less accumulated depreciation	<u>(3,034,913)</u>	<u>(3,393,622)</u>
Property and equipment, net	<u>\$ 2,093,867</u>	<u>\$ 1,171,278</u>

Depreciation expense for the years ended December 31, 2024 and 2023, were \$208,141 and \$102,046, respectively.

FEATHER RIVER DISPOSAL
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4: RELATED PARTY TRANSACTIONS

The Parent allocates certain general and administrative expenses and intangible charges to the Company based on estimates of usage which management believes to be reasonable. The amount of these allocated expenses was \$487,852 and \$452,857 for the years ended December 31, 2024 and 2023, respectively.

The Parent also directly pays certain expenses on the Company's behalf such as health and workers' compensation insurance, payroll, security services and property and income taxes. Additionally, the Company's accounts payable is processed through cash accounts under the control of the Parent. During the years ended December 31, 2024 and 2023, the Parent paid \$5,919,760 and \$4,727,615, respectively, on behalf of the Company for operating expenses and capital expenditures.

The intercompany receivable from USA Waste of California, Inc., is increased by cash received on behalf of the Company through its sweep account totaling \$5,170,473 and \$4,600,775 for the years ended December 31, 2024 and 2023, respectively.

Intercompany amounts due to or from the Parent are separately maintained by each individual subsidiary or division. Because there is no intent to repay the amounts within the next operating cycle, the amounts are presented net and considered a long-term receivable from the Parent. The net intercompany receivable due from USA Waste of California, Inc., was \$4,566,965 and \$5,415,312, as of December 31, 2024 and 2023, respectively.

Direct transactions with affiliated operating or administrative divisions of the parent corporation for the years ended December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Revenue:		
Oakleaf Global Holdings <i>Commercial</i>	\$ 51,960	\$ 55,210
North Valley Disposal Services <i>Recycling materials and other revenue</i>	\$ 699	\$ 3,887
Expense:		
Refuse, Inc. <i>Solid waste disposal</i>	\$ 344,486	\$ 373,962
USA Waste of California, Inc. <i>Administrative fees</i>	\$ 122,737	\$ 103,617

FEATHER RIVER DISPOSAL
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NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE 5: INCOME TAXES

The provision for income taxes consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Federal income tax (expense) benefit:		
Current	\$ -	\$ -
Deferred	<u>(20,480)</u>	<u>28,519</u>
Net federal income tax (expense) benefit:	<u>(20,480)</u>	<u>28,519</u>
State income tax (expense) benefit:		
Current	- -	- -
Deferred	<u>(9,457)</u>	<u>13,169</u>
Net state income tax (expense) benefit:	<u>(9,457)</u>	<u>13,169</u>
Provision for income tax (expense) benefit:	<u>\$ (29,937)</u>	<u>\$ 41,688</u>

The provision for income taxes differs from the expense that would result from applying the federal and state statutory rates to income before income taxes because of certain permanent differences, including other nondeductible expenses.

The net deferred income tax assets and liabilities as of December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Deferred income tax assets (liabilities):		
Allowance for doubtful accounts	\$ 43	\$ 789
Accrued bonus	2,116	2,082
Property and equipment	<u>(394,002)</u>	<u>(221,318)</u>
Net operating loss	<u>314,132</u>	<u>170,673</u>
Net deferred tax income liability:	<u>\$ (77,711)</u>	<u>\$ (47,774)</u>

NOTE 6: RETIREMENT PLANS

The Company provides a 401(k) plan in which all employees who have completed 90 days of service may participate. Participating employees may elect to defer up to 15% of their compensation, and the Company will match 100% of the first 3% and 50% of the next 3% of eligible employee deferrals. The Company's contributions to these plans totaled \$51,575 and \$46,282 for the years ended December 31, 2024 and 2023, respectively.

FEATHER RIVER DISPOSAL
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 7: COMMITMENTS AND CONTINGENCIES

Contracts and Agreements

The Company operates under franchise contracts with the Plumas County Department of Public Works, the Quincy Community Services District, and the Chester Public Utility District for refuse collection and disposal services in Plumas County, California.

Substantially all of the Company's revenue is derived from these agreements. The franchise contracts include a franchise fee to be paid on gross commercial and residential revenues. The franchise fee percentage for each of the years ended December 31, 2024 and 2023, is 6%. The initial terms of the contracts expire as follows:

Plumas County	March 31, 2027
Quincy Community Services District	December 31, 2025
Chester Public Utility District	July 1, 2025

The franchise agreements include renewal provisions upon expiration of the initial terms.

The Company has a contract with an affiliated landfill operator, Refuse, Inc., that operates Lockwood Landfill, which is the only landfill operator currently utilized by the Company for ultimate refuse disposal. The initial contract term extends to October 2032. The Company may terminate the agreement with six months' written notice if utilization of the landfill is no longer "commercially feasible" as defined in the contract. The contract automatically terminates if the Company no longer operates transfer sites in Plumas County. The agreement provides for a base rate charge per ton of solid waste disposed at the operator's landfill, subject to periodic increases.

Environmental Clean-Up

The Company was involved in the operations of two Plumas County landfills that were closed in 1994. The Company's contract with Plumas County indemnifies them from closure and post-closure costs or claims relating to the landfill, except for negligent or unlawful actions on the part of the Company. Presently, there are no known issues or claims that could hold the Company responsible for environmental clean-up at these landfills.

Regulations

USA Waste of California, Inc., its subsidiaries and operating divisions, including the Company, are subject to extensive and evolving federal, state and local environmental laws and regulations that have been enacted in response to technological advances and the public's increased concern over environmental issues. As a result of the changing governmental attitudes in this area, management anticipates that the Company will continually modify or replace facilities and alter methods of operation. The majority of the expenditures necessary to comply with the environmental laws and regulations are made in the normal course of business. Although, the Company, to the best of its knowledge, is in compliance in all material respects with the laws and regulations affecting its operations, there is no assurance that the Company will not have to expend substantial amounts for compliance in the future.

Legal Contingencies

The Company is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from some of these matters. The Company is also subject to legal proceedings and claims that arise in the ordinary course of business. An accrual for estimated costs of settlement is recorded when the amount can be determined.

FEATHER RIVER DISPOSAL
(A Division of USA Waste of California, Inc., a Delaware Corporation)

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8: CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of customer accounts receivable. The Company does not generally require collateral for its customer accounts receivable. The Company's primary source of revenue is derived from the refuse collection operations in Plumas County, California. The Company does not believe a material risk of loss exists with respect to its financial position due to these concentrations of credit risk.

NOTE 9: SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2024, the Company's non-cash investment and financing activities include \$14,501, of net transfers and credit for property and equipment which include amounts through its intercompany account. During the year ended December 31, 2023, the Company's non-cash investment and financing activities include \$302,454, of net transfers and credit for property and equipment which include amounts through its intercompany account.

The Company paid no cash for interest or income taxes for the years ended December 31, 2024 and 2023. Interest and income taxes are paid by the Parent and allocated through the intercompany account.

SUPPLEMENTARY INFORMATION

FEATHER RIVER DISPOSAL
 (A Division of USA Waste of California, Inc., a Delaware Corporation)

DEPARTMENTAL STATEMENT OF OPERATIONS
 For the Year Ended December 31, 2024

	Plumas County Contract	Quincy Community Services District	Chester Public Utility District	<u>Total</u>
Revenue:				
Residential	\$ 991,552	\$ 208,196	\$ 292,673	\$ 1,492,421
Commercial	1,571,888	508,105	429,197	2,509,190
Transfer site	797,532	-	-	797,532
Recycling and other	82,477	-	-	82,477
 Total revenue	 3,443,449	 716,301	 721,870	 4,881,620
 Costs and expenses:				
Payroll	1,158,577	197,758	199,567	1,555,902
Employee benefits	404,876	68,311	68,936	542,123
Accounting	(98)	68	68	38
Administrative fees	93,395	14,814	14,528	122,737
Advertising and promotion	3,169	657	663	4,489
Bad debt	8,905	1,404	2,144	12,453
Bank charges	21,799	3,133	3,161	28,093
Contributions	2,613	10,980	-	13,593
Corporate overhead	233,733	44,165	44,754	322,652
Depreciation	160,755	23,585	23,801	208,141
Equipment maintenance	60,417	15,214	9,272	84,903
Equipment rental	14,632	3,035	3,063	20,730
Gas and oil	186,266	36,299	36,631	259,196
Insurance	191,669	38,371	38,722	268,762
Miscellaneous	9,388	1,947	1,965	13,300
Office supplies	33,842	6,247	6,304	46,393
Property taxes	11,868	2,461	2,484	16,813
Recycling purchases	72,511	(780)	(787)	70,944
Solid waste disposal	272,392	73,756	65,985	412,133
Subcontractor costs	564,103	4,866	4,910	573,879
Tax and licenses	20,394	3,873	3,909	28,176
Tires	19,577	4,061	4,098	27,736
Travel	33,077	6,629	6,690	46,396
Uniforms	14,696	2,987	3,014	20,697
Utilities and telephone	52,443	10,876	10,976	74,295
 Total costs and expenses	 3,644,999	 574,717	 554,858	 4,774,574
 Income (loss) before provision for income taxes	 \$ (201,550)	 \$ 141,584	 \$ 167,012	 \$ 107,046

See independent auditor's report.

FEATHER RIVER DISPOSAL
 (A Division of USA Waste of California, Inc., a Delaware Corporation)

NOTES TO SUPPLEMENTARY INFORMATION
 December 31, 2024

NOTE 1: SOURCES OF REVENUE AND ALLOCATION METHOD

Revenue from refused collection and disposal services is recorded in each contract area according to where the services are provided. The Company allocates expenses to each contract based on the percentage of revenue by type, excluding transfer site revenue, of each respective contract to total revenue by type. Recycling materials purchased for the Plumas County contract are charged directly to that contract. Administration fees are charged directly to each respective contract according to each contract.

NOTE 2: NON-ALLOWABLE EXPENSES

Under the terms of the contract with Plumas County, certain agreement-related expenses are deemed as non-allowable and are designated as such. Expenses that may be deemed non-allowable include:

Promotional, business development and business-related travel	\$ 68,215
Contribution	<u>114</u>
 Total non-allowable expenses	 <u>\$ 68,329</u>

NOTE 3: PLUMAS COUNTY CONTRACT – RATE OF RETURN

The Company's contract with Plumas County calls for a targeted rate of return of 10% of gross sales after reasonable and necessary expenses. The rate of return for 2024, calculated in accordance with the County contract, is as follows:

Plumas County contract loss before adjustment for non-allowable expense	\$ (201,550)
Non-allowable expenses	<u>68,329</u>
 Adjusted Plumas County contract loss	 <u>\$ (133,221)</u>
 Contract revenue - net of solid waste disposal (tipping fees)	 <u>\$ 3,171,057</u>
 Rate of Return (Loss)	 <u>-4.20%</u>

NOTE 4: REFUSE RATE INDEX EXPENDITURES

For ease of calculation of the annual Refuse Rate Index, expenditures are grouped into the following categories:

Expenditures	Total Expenditures	Non-Allowable Expenditures	Allowable Expenditures
Labor	\$ 1,563,453	\$ -	\$ 1,563,453
Diesel fuel	186,266	-	186,266
Vehicle replacement	19,577	-	19,577
Vehicle maintenance	60,417	-	60,417
Disposal	272,392	-	272,392
All other costs	<u>1,542,894</u>	<u>68,329</u>	<u>1,474,565</u>
 Total expenditures	 <u>\$ 3,644,999</u>	 <u>\$ 68,329</u>	 <u>\$ 3,576,670</u>