



**CITY OF YACHATS
RESOLUTION NO. 2019-78
A RESOLUTION ADOPTING DISPOSAL RATES JULY 1, 2019-JUNE 30, 2020**

WHEREAS, the Yachats City Council reviewed Dahl Disposal's Annual Report of Operations as required in Section 5.10.140 (d) of the City of Yachats Code, and

WHEREAS, Dahl's Operating Ratio is projected to be within the allowable range of 85% to 91%, and

WHEREAS, Dahl Disposal is not requesting a rate adjustment for the upcoming year,

NOW THEREFORE, the City of Yachats resolves to approve the Annual Operations Report without rate adjustment for the upcoming year.

Passed and adopted June 5, 2019. This Resolution is effective upon adoption.

CITY OF YACHATS

By: _____
W. John Moore, Chair

ATTESTED TO BY:

Shannon Beaucaire, City Manager



East County Transfer Center
5441 W. Hwy 20
PO Box 357

Toledo, OR 97391
Office: 541.336.2932
Fax: 541.336.4817

South County Transfer Center
235 SW Dahl Ave.
PO Box 1059

Waldport, OR 97394
Phone: 541.563.3888
Fax: 541.563.7373

April 29, 2019

City Of Yachats
Attn: Shannon Beaucaire, City Manager
441 Hwy 101 N.
Yachats, OR 97498



2019 Rate Review Report

Enclosed please find our Annual Report of Operations as required in Section 5.10.140 (d) of the City of Yachats Code.

As required in this section, we have included an annual report of results of operations prepared by our CPA for the year ended 12/31/2018 (Exhibit A). We have also included a schedule of all additional allowable expenses that we anticipate for the current year (Exhibit B), Calculation of Operating Ratio for last year and the current year (Exhibit C) and the projected equipment and depreciation schedule for 2018 (Exhibit D).

Based on this data, our Operating Ratio is projected to be within the allowable range of 85% to 91%. The Operating Ratio that we project, without a rate adjustment is, is 87.45%. Based on this, we are not requesting a rate adjustment.

We are happy to sit down and discuss our Annual Report of Operations with you at your convenience, and ask that we be notified of any planned discussions of this report with the City Council so that we may attend.

Please let us know if you have any questions or concerns.

Respectfully,

Joseph Cook, Rate Analyst

DAHL DISPOSAL SERVICE, INC.

Review Report

Year Ended December 31, 2018

DAHL DISPOSAL SERVICE, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

March 27, 2019

To Management and the Board of Directors
Dahl Disposal Service, Inc.
Toledo, Oregon

We have reviewed the accompanying financial statements of Dahl Disposal Service, Inc. (an S corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, with the exception of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departures From Accounting Principles Generally Accepted in the United States of America

Accounting principles generally accepted in the United States of America require the primary beneficiary of a variable interest entity to consolidate the variable interest entity in its financial statements. As disclosed in Note C to the financial statements, management has determined that the Company holds a variable interest in and is the primary beneficiary of Dahl & Dahl, Inc. However, management has informed us that the Company has not consolidated the variable interest entity in its financial statements. The effects on the financial statements of this departure from generally accepted accounting principles have not been determined.

Accounting principles generally accepted in the United States of America do not allow goodwill to be amortized. However, management has informed us that, as disclosed in Note A to the financial statements, the Company has amortized goodwill as allowed by federal tax law. The effect of this departure from generally accepted accounting principles is the overstatement of current expenses by \$51,977 and the understatement of total assets and shareholders' equity by \$732,007.

Other Supplemental Information

The Supplemental Schedule is for informational purposes only. This is not a schedule for generally accepted accounting principles. There is no effect on the other supplemental information due to these departures.



Guyer & Associates
Certified Public Accountants
A Professional Corporation
Baker City, Oregon

DAHL DISPOSAL SERVICE, INC.
BALANCE SHEET
December 31, 2018

ASSETS

Current Assets

Cash & cash equivalents	\$ 181,738
Accounts receivable, net	492,138
Receivable - South Lincoln Landfill	<u>30,000</u>
Total current assets	703,876

Capital Assets

Land	35,148
Buildings & equipment, net	<u>511,478</u>
Total capital assets	546,626

Other Assets

Goodwill, net	47,643
N/R - Dahl & Dahl, Inc.	4,086
Investment - LC Hauler's Assoc.	<u>2,337</u>
Total other assets	54,066

Total Assets

\$ 1,304,568

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 197,168
Dahl & Dahl, Inc. payable	55,781
Deferred revenue	210,941
Due to shareholders	52,426
Accrued State Tax	<u>150</u>
Total current liabilities	516,466

Shareholders' Equity

Common stock, no par, 500 shares authorized, 150 shares issued	1,667
Additional paid-in capital	13,372
Retained earnings	<u>773,063</u>
Total shareholders' equity	788,102
Total liabilities & shareholders' equity	<u>\$ 1,304,568</u>

See accompanying notes and independent accountants' review report.

DAHL DISPOSAL SERVICE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 2018

Revenue:	
Income - net of adjustments and credits	\$ 3,975,364
Income - LQG - contractual LOB	2,285,006
Total Income	<u>6,260,370</u>
Operational Expenses:	
Disposal hauling	1,674,240
Disposal costs:	
Municipal solid waste	694,232
Recycling	248,304
Green waste	37,441
Labor	739,461
Management fees	621,324
Franchise fees	245,162
Equipment lease	194,025
Rent facilities	189,704
Solid waste district surcharge	172,423
Repairs & maintenance	165,035
Fuel	154,258
Depreciation	128,211
Insurance	56,425
Business taxes and PUC	31,409
Closure fees	27,032
Tools and supplies	15,708
Other operational	9,909
Total Operating Expenses	<u>5,404,303</u>
Administrative Expenses:	
Advertising & promotion	14,715
Bank service charges	38,314
Dues & subscriptions	14,449
License & fees	1,111
Office supplies	29,478
Postage and printing	35,826
Professional services	97,009
Utilities	31,094
Other	29,478
Total Administrative Expenses	<u>291,474</u>

See accompanying notes and independent accountants' review report.

(Continued)

DAHL DISPOSAL SERVICE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS, Continued
Year Ended December 31, 2018

Income from Ordinary Operations	<u>\$ 564,593</u>
Other Income (Expense):	
Amortization	(51,977)
Other Income	10,139
Gain (loss) on equipment disposition	(5,218)
Interest expense	(246)
Investment income (loss)	<u>1,356</u>
Total Other Income (Expense)	<u>(45,946)</u>
NET INCOME (LOSS)	518,647
RETAINED EARNINGS - Beginning of year	527,366
Shareholder distributions	<u>(272,950)</u>
RETAINED EARNINGS - End of year	<u>\$ 773,063</u>

See accompanying notes and independent accountants' review report.

DAHL DISPOSAL SERVICE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

Cash Flows from Operating Activities	
Net Income	\$ 518,647
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation & amortization	180,188
Loss on disposal of equipment	5,218
Income on equity investment	(1,356)
Decrease (Increase) in operating assets:	
Accounts receivable, net of deferred revenue	(205,122)
Accounts receivable - South Lincoln Landfill	(30,000)
Increase (decrease) in operating liabilities:	
Accounts payable	74,639
Dahl & Dahl, Inc. payable	48,525
Net cash provided by operating activities:	<u>590,739</u>
Cash Flows from Financing Activities	
Principal payments on debt	(24,994)
Shareholder distributions	(272,950)
Net cash used by financing activities:	<u>(297,944)</u>
Cash Flows from Investing Activities	
Payments received - Dahl & Dahl, Inc.	193,614
Capital Contribution - LC Hauler's	(500)
Capital expenditures	(414,353)
Net cash used by investing activities:	<u>(221,239)</u>
Net increase in cash & cash equivalents	71,556
Cash & Cash Equivalents - Beginning of year	<u>110,182</u>
Cash & Cash Equivalents - End of year	<u>\$ 181,738</u>
Supplemental Disclosures:	
Interest paid	\$ 246
Income taxes paid	150

See accompanying notes and independent accountants' review report.

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Dahl Disposal Service, Inc., located on the Central Oregon Coast, provides residential, commercial, and industrial solid waste and recycling services through franchise agreements to local residents in Toledo, Siletz, Waldport, Yachats and the Lincoln County unincorporated surrounding areas.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognized expenses in the accounting period in which they are incurred regardless of when cash is disbursed.

Cash and Cash Equivalents

For purposes of preparing the statement of cash flows, the Company consider highly liquid deposits with an initial maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements. At year end, the estimated allowance for doubtful accounts is zero.

Capital Assets

All property is carried at its original acquisition cost. Expenditures for repairs and maintenance are charged to expense as incurred. When depreciable assets are sold or retired, the cost and the related accumulated depreciation are removed from the records with the resulting gain or loss credited or charged to income.

Depreciation is provided using the straight-line method based on the following lives:

Buildings	39 years
Machinery & Equipment	3-7 years

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

Goodwill

Goodwill, related to the purchase of Lindsay Sanitary Service, Inc., was capitalized and is being amortized on a straight-line basis over fifteen years for income tax purposes. Generally accepted accounting principles ("GAAP") does not allow for amortization of goodwill but instead requires annual review for impairment in certain situations which are currently not applicable. For the current year, the effect of this departure from GAAP is the overstatement of current expenses by \$51,977 and the understatement of total assets and shareholders' equity by \$732,007.

Below is a summary as of December 31, 2018:

Goodwill	\$ 779,650
Accumulated amortization	<u>(732,007)</u>
Goodwill - Net	<u>\$ 47,643</u>

Deferred Revenue

Deferred revenue represents revenues billed and reported as trade receivables but services have not been performed as of December 31, 2018. Deferred revenue is recorded for any billings related to services provided in future months, but billed in the prior month.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the current year is \$14,715.

S Corporation Income Tax Status

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code ("IRC") to be an S Corporation. In lieu of corporation income tax, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes is included in these financial statements. The prior three tax years remain subject to examination by major tax jurisdictions.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results may differ from these estimates.

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

NOTE B – CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Company to potential concentrations of credit risk consist principally of temporary cash investments and a note receivable with related parties.

Deposits

The Company places its cash with financial institutions and limits the amount of credit exposure to any one financial institution. At year end, the Company has no significant concentrations of credit risk with deposits covered under federal deposit insurance ("FDIC").

NOTE C – RELATED PARTIES

Ownership of Dahl Disposal Service, Inc. consists of family members as follows: Zachary Dahl and Nicholas Dahl. These two shareholders own Dahl & Dahl, Inc., New Ventures Enterprises, LLC, and South Lincoln Landfill, Inc. by the same ownership percentage, 50% each. Below is a summary of related party transactions:

Leases

For the current year, Dahl Disposal Service, Inc. has the following included in lease transactions with the following related parties:

	Dahl & Dahl, Inc.	New Ventures Enterprises LLC
Facility lease	\$ 166,413	\$ 18,600
Equipment lease	192,075	-
	<u>\$ 358,488</u>	<u>\$ 18,600</u>

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

Related Transactions

For the current year, the Company has the following expenses paid to Dahl & Dahl, Inc. and South Lincoln Landfill:

	<u>Dahl & Dahl, Inc.</u>	<u>South Lincoln Landfill</u>
Closure fees	\$ -	\$ 18,199
Disposal hauling	1,674,240	-
Green Waste	37,441	-
Municipal solid waste	694,232	-
Solid waste district surcharge	32,691	-
Recycling expenses	248,304	-
Labor expenses	739,461	-
Management Fees	621,324	-
	<u>\$ 4,047,693</u>	<u>\$ 18,199</u>

Accounts Receivable

At year end, the Company estimates that it will receive \$30,000 from South Lincoln Landfill, Inc. in reimbursement for services provided that are subject to the approval of the Oregon DEQ.

Note Receivable

At year end, the Company holds a non interest bearing note receivable due from Dahl & Dahl, Inc. in the amount of \$4,086.

Accounts Payable

At year end, the Company owes Dahl & Dahl, Inc. for work performed, in the amount of \$55,781.

Due to Shareholders

At year end, the Company has an unsecured, noninterest bearing note due to shareholders in the amount of \$52,426.

Consolidation

Under GAAP, consolidated financial statements are required when a company has a controlling financial interest in another company based on variable interests. Dahl Disposal Service, Inc. is identified as a primary beneficiary of variable interests in Dahl & Dahl, Inc. The accounts have not been consolidated and presented in consolidated financial statements. The effects of this departure on the financial position, results of operations, and cash flows have not been determined.

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

NOTE D – CAPITAL ASSETS

Capital assets at year end consist of the following:

	<u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31</u>
Land	\$ 35,148	\$ -	\$ -	\$ -	\$ 35,148
Buildings	201,044	-	(3,500)	(60,893)	136,651
Equipment	<u>497,128</u>	<u>414,353</u>	<u>(82,197)</u>	<u>60,893</u>	<u>890,177</u>
	<u>\$ 733,320</u>	<u>\$ 414,353</u>	<u>\$ (85,697)</u>	<u>\$ -</u>	<u>1,061,976</u>
					<u>Less: accumulated depreciation (515,350)</u>
					<u>Net capital assets \$ 546,626</u>

Depreciation expense for the year is \$128,211.

NOTE E – INVESTMENT

The Company is a 33.33% partner in Lincoln County Hauler's Association, LLC which provides work on residential issues that impacts disposal services to Lincoln County. Because the Company is a general partner, the investment is accounted for under the equity method.

NOTE G – FRANCHISE AGREEMENTS

The Company provides residential, commercial, and industrial solid waste and recycling services through franchise agreements with Lincoln County and the Cities of Toledo, Siletz, Waldport, Yachats. The franchise agreements provide for rates based on allowable expenses and pre-tax return allowed within a range which rewards efficiencies, discourages inefficiencies and provides oversight of the operation to provide for the public interest. The life of the franchise agreements with renewals are as follows:

Lincoln County	10 years
Yachats	6 years
Siletz	7 years
Toledo	10 years
Waldport	10 years

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

NOTE H – COMMITMENTS AND CONTINGENCIES

The Company has a contract that started in 2018 with a Large Quantity Generator of waste material. The Company collects the large quantities of the customer's material at Customer's facility and transports the waste to the landfill. The Company provides all equipment to transport and dispose the waste. The Company refers to this contact as LQG agreement.

The contract was awarded in a competitive environment: The City of Toledo and the Company have agreed that a lower than expected return on the agreement could significantly impact the overall rates to the residents of Toledo. It was agreed that the likelihood of beating expectations on the project was far less likely than the potential for higher rates. The City does not include the operations in the revenues or expenses when applying operation ratio. However, because the waste material, in the opinion of the City of Toledo, is in fact subject to the regulated by the solid waste franchise the Company does pay applicable franchise fees as well as other county wide assessments and surcharges that are billed and assessed per ton of waste delivered to the landfill by the Company.

The tonnage fees charged under this contract are subject to and adjusted annually for COLA as well as contractual changes in disposal fees that the company is required to pay to its vendors.

This contract is renewable each year thereafter and has been renewed for 2019.

NOTE I – DEFERRED REVENUE

Deferred revenue for the Company consisted of \$210,941 as of December 31, 2018 for unearned solid waste and recycling services which were billed in 2018 for services to be performed in 2019.

DAHL DISPOSAL SERVICE, INC.
Notes to Financial Statements
Year Ended December 31, 2018
(See independent accountants' review report)

NOTE J – LEASES

The Company leases its Waldport and Toledo facilities under non-cancelable leases with Dahl & Dahl, Inc., a related party. The lease agreements include renewable options and a ten-year rollover term. Base rent is set based on customary triple net lease terms which allows for the base rent as well as additional for taxes, insurance costs, and utility charges. The current lease agreements required lease payments in 2018 of \$121,784. See note C for actual payments.

The following is a schedule of future minimum lease payments required under the current option renewal:

Fiscal year ending:		
2019	\$	121,784
2020		121,784
2021		121,784
2022		121,784
2023		121,784
Thereafter		<u>487,134</u>
		<u>\$ 1,096,054</u>

The Company also leases equipment from Dahl & Dahl, Inc. The lease agreements do not have a guaranteed minimum term, and allow for the Company to terminate the lease with 90 days' written notice. As such, there are no future minimum lease payments associated with the lease. Total lease expense for the current year is \$192,075. See Note C.

NOTE K – OTHER DISCLOSURES

Subsequent Events

Management has evaluated subsequent events through March 27, 2019, the date which the financial statements were available to be issued.

Other Supplemental Information

DAHL DISPOSAL SERVICE, INC.
Supplemental Schedule
Income Subject to Application of Operating Ratio
December 31, 2018

Revenue:	
Income - net of adjustments and credits	\$ 3,975,364
Operational Expenses:	
Disposal costs:	
Municipal solid waste	694,232
Recycling	248,304
Green waste	37,441
Labor	739,461
Management fees	478,929
Franchise fees	124,725
Equipment lease	194,025
Rent facilities	189,704
Solid waste district surcharge	32,692
Repairs & maintenance	165,035
Fuel	154,258
Depreciation	128,211
Insurance	56,425
Business taxes and PUC	31,409
Closure fees	27,032
Tools and supplies	15,708
Other operational	9,909
Total Operating Expenses	<u>3,327,500</u>
Administrative Expenses:	
Advertising & promotion	14,715
Bank service charges	38,314
Dues & subscriptions	14,449
License & fees	1,111
Office supplies	29,478
Postage and printing	35,826
Professional services	97,009
Utilities	31,094
Other	29,478
Total Administrative Expenses	<u>291,474</u>
Income Subject to Application of Operating Ratio	<u>356,390</u>

(Continued)

**Supplemental Schedule
Income Subject to Application of Operating Ratio, Continued
December 31, 2018**

Large Quantity Generator Contractual Line of Business Revenue (Expenses):	
Project Revenue	\$ 2,285,006
Franchise fee	(120,437)
SW District fee	(139,731)
Management fee	(142,395)
Haul disposal	<u>(1,674,240)</u>
Total Large Quantity Generator Contractual Line of Business Revenue (Expenses):	<u>208,203</u>
 Other Income (Expense):	
Amortization	(51,977)
Other Income	10,139
Gain (loss) on equipment disposition	(5,218)
Interest expense	(246)
Investment income (loss)	<u>1,356</u>
Total Other Income (Expense)	<u>(45,946)</u>
NET INCOME (LOSS)	<u><u>\$ 518,647</u></u>

City of Yachats
Dahl Disposal Service, Inc.
Rate Review Report
December 31, 2018

		Allocation Method	Total Company Actual 2018	City of Yachats Actual 2018	Projected Adjustments	City of Yachats Projected 2019
INCOME AND EXPENSE DATA:						
<i>From CPA</i>						
<i>Reviewed FS</i>						
REVENUE						
	Collection Services	Actual	\$ 3,981,641	\$ 428,813	\$ 25,828	\$ 454,641
	Non Franchised	Actual	-	-	-	-
0.00%		Actual	-	-	-	-
	Other Income (Expenses)	Actual	-	-	2,000	2,000
0.00%	Rate Adjustment Required	Actual	-	-	-	-
	Total Revenue		3,981,641	428,813	27,828	456,641
LABOR EXPENSES						
	Supervisor/Manager	Labor Hours	-	-	-	-
	Shared Management and admin labor	Labor Hours	478,929	51,195	3,024	54,219
	Operational Personnel	Labor Hours	739,461	79,045	3,629	82,673
	Total Labor		1,218,390	130,240	6,652	136,892
OPERATIONAL EXPENSES						
	Bad Debt Expense	Labor Hours	-	-	-	-
	Amortization	Labor Hours	51,977	5,556	-	5,556
	Business Taxes and PUC	Labor Hours	31,409	3,357	(792)	2,565
12000	Closure	Vessel Weights	27,032	-	-	-
	Depreciation	Labor Hours	128,211	13,705	4,788	18,493
	Disposal Charges - MSW	Vessel Weights	694,232	69,299	3,916	73,215
	Disposal Charges - Recycling	Vessel Weights	248,304	24,786	(1,337)	23,449
	Disposal Charges - Green	Vessel Weights	37,441	3,737	5,318	9,056
	Franchise Fees	Labor Hours	124,725	12,716	818	13,534
	Fuel	Labor Hours	154,258	16,489	(807)	15,683
	Insurance Expense	Labor Hours	56,425	6,032	1,030	7,062
	Yard Debris program Costs	Labor Hours	-	-	-	-
	Operational Lease and Rent (Note 3)	Labor Hours	194,025	20,740	4,075	24,816
	Interest	Labor Hours	246	26	(26)	-
	Purchase Recyclables	Labor Hours	-	-	-	0
	Recycling processing & transport	Labor Hours	-	-	-	-
	Other	Labor Hours	9,909	1,059	(20)	1,039
	Rent	Labor Hours	189,704	20,278	(2,445)	17,834
	Repairs and Maintenance	Labor Hours	165,035	17,641	(4)	17,638
	Tools and Supplies	Labor Hours	15,708	1,679	(76)	1,603
12000	Solid Waste District Surcharge	Labor Hours	32,692	3,495	108	3,602
	Total Operational		2,161,333	220,597	14,547	235,145
	GROSS PROFIT		442,246	77,975	6,629	84,604
ADMINISTRATIVE EXPENSES						
	Advertising	Customer Counts	14,715	1,371	632	2,002
	Bank Fees	Customer Counts	38,314	3,568	(216)	3,353
	Business Meals and Ent	Customer Counts	-	-	-	-
	Company Meetings	Customer Counts	-	-	-	-
	Community Education & Support	Customer Counts	-	-	-	-
	Drug Program	Customer Counts	-	-	-	-
	Dues and Subscriptions	Customer Counts	14,449	1,346	331	1,676
	Education and Travel	Customer Counts	-	-	-	-
	Licenses and Fees	Customer Counts	1,111	103	8	112
	Miscellaneous	Customer Counts	-	-	-	-
	Office Supplies	Customer Counts	29,478	2,746	49	2,794
	Postage	Customer Counts	35,826	3,337	389	3,725
	Printing	Customer Counts	-	-	-	-
	Professional fees	Customer Counts	97,009	9,035	(3,000)	6,035
	Other	Customer Counts	29,478	2,746	2,767	5,512
	Utilities	Customer Counts	31,094	2,896	(102)	2,794
	Total Administrative		291,474	27,147	858	28,005
	NET INCOME BEFORE TAX		\$ 310,444	\$ 50,828	\$ 5,771	\$ 56,599
Allocation Percentages						
	Labor Hours		10.69%	10.69%		10.69%
	Vessel Weights		9.98%	9.98%		9.98%
	Customer Counts		9.31%	9.31%		9.31%

City of Yachats
Dahl Disposal Service Inc.
 Calculation of Operating Ratio
 December 30.

with no adjustment

	Actual 2018	Projected 2019
Total Expenses:		
Total Labor	\$ 130,240	\$ 136,892
Total Operational	220,597	235,145
Total Administrative	27,147	28,005
Total	377,985	400,042
Less Non Allowable Expenses:	-	-
Less "Pass Through Expenses" amortization	(5,556)	(5,556)
Allowable Expenses	372,428	394,486
Revenue		
Revenue	428,813	456,641
Less "Pass Through Expenses" amortization	(5,556)	(5,556)
Revenue (net of Pass Through)	423,257	451,085
Operating Ratio:		
Allowable Expenses	372,428	394,486
divided by		
Revenue (net of Pass Through)	423,257	451,085
Calculated Operating Ratio	87.99%	87.45%
	Allowable Range	85% - 91%

Exhibit C

Net income from CPA Statements	\$ 518,647
less	
Net income from LQG contract	<u>\$ 208,203</u>
Net Income subject to Op Ratio	<u>\$ 310,444</u>

**2018 BOOK DEPRECIATION SCHEDULE
DAHL DISPOSAL SERVICE, INC**

NO	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS PCT	CUR 179 BONUS	SPECIAL DEPREC	PRIOR 179 BONUS/ SP DEPREC	PRIOR DEC BAL DEPREC	SALVAGE BASIS REDUCT	DEPREC BASIS	PRIOR DEPREC	METHOD	LIFE	RATE	CURRENT DEPREC
DEPRECIATION SUMMARY				733321												51,977
AMORTIZATION SUMMARY				779650												49,672
NEW 2018 ASSETS																
DDS	SOFTPACK SOFTWARE	3/31/2018		39321									S/L	3		8738
DDS	CONTAINERS	3/31/2018		1015									S/L	10		76
DDS	RECONF GURE ROLL OUT BOXES	3/31/2018		7929									S/L	10		595
DDS	REBUILD TRUCK FLOOR	3/31/2018		4749									S/L	5		633
DDS	1/2 REBEL WELDER	4/25/2018		1601									S/L	5		187
DDS	CARTS	4/25/2018		44000									S/L	10		2933
DDS	RULE STEEL TANK	5/31/2018		5076									S/L	7		423
DDS	CART LIDS	6/30/2018		1422									S/L	10		71
DDS	20-300 GAL CONTAINERS	7/31/2018		10726									S/L	10		447
DDS	YARD DEBRIS CARTS	8/31/2018		298515									S/L	10		9950

TOTAL DEPRECIATION	76,030
DEPRECIATION BY COMPANY	
DDS	76,030

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST / BASIS	BJS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179 / BONUS / SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG / BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120S																
AMORTIZATION																
23	LINDSAY'S GOODWILL	12/30/04		779,650							779,650	680,029	S/L	15		51,977
TOTAL AMORTIZATION				779,650		0	0	0	0	0	779,650	680,029				51,977
AUTO / TRANSPORT EQUIPMENT																
4	95 ISUZU	7/21/95		22,032							22,032	22,032	200DB HY	5		0
5	1992 INT'L TRUCK	6/20/92		93,465							93,465	93,465	200DB HY	5		0
8	1999 RANCO BELLYDUSZF	12/05/96		10,000							10,000	10,000	200DB HY	5		0
13	2003 FREIGHTLINER	9/11/02		49,752							49,752	49,752	200DB HY	5		0
19	1992 ROLL OFF TRUCK	12/30/04		4,500							4,500	4,500	200DB HY	7		0
40	TOYOTA TUNDRA 2014	12/22/14		30,944							30,944	18,567	S/L	5		6,189
TOTAL AUTO / TRANSPORT EQUIP				210,693		0	0	0	0	0	210,693	198,316				6,189
BUILDINGS																
6	TRUCK SHED WALDPORF	3/01/98		59,056							59,056	30,032	S/L	39		1,514
7	OFFICE CONSTRUCTION	1/12/99		22,218							22,218	10,825	S/L	39		570
10	OFFICE	8/01/99		16,865							16,865	7,766	S/L	40		422
11	RECYCLING BUILDING	12/28/01		38,513							38,513	15,802	S/L	39		958
29	SIGN	9/11/12		3,500							3,500	469	S/L	40		55
TOTAL BUILDINGS				140,152		0	0	0	0	0	140,152	64,894				3,582

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS PCT.	CJR 179 BONUS	SPECIAL DEPR. ALLOW.	PRICR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
<u>FURNITURE AND FIXTURES</u>																
35	OFFICE FURNITURE	6/30/14		1,002							1,002	700	S/L	5		200
	TOTAL FURNITURE AND FIXTURE			1,002		0	0	0	0	0	1,002	700				200
<u>LAND</u>																
41	LAND			35,148							35,148					0
	TOTAL LAND			35,148		0	0	0	0	0	35,148	0				0
<u>MACHINERY AND EQUIPMENT</u>																
1	DROP BOXES	1/09/02		4,100							4,100	4,100	200DB HY	7		0
5	DROP BOXES	3/11/99		7,200							7,200	7,200	200DB HY	7		0
12	DROP BOXES	6/20/02		3,900							3,900	3,900	200DB HY	7		0
14	DROP BOXES	11/27/02		2,512							2,512	2,512	200DB HY	7		0
15	DROP BOXES	8/21/03		5,966							5,966	5,966	200DB HY	5		0
16	DROP BOXES	3/30/04		1,000							1,000	1,000	200DB HY	7		0
17	DROP BOXES	10/11/04		600							600	600	200DB HY	7		0
18	DROP BOXES	8/09/04		257							257	257	200DB HY	7		0
20	102 CONTAINERS	12/30/04		5,100							5,100	5,100	200DB HY	7		0
21	95 65-GAL ROLL CARTS	12/30/04		950							950	950	200DB HY	7		0
22	4 DROP BOXES	12/30/04		800							800	800	200DB HY	7		0
24	2 HOT WATER PRESSURE WASHER	12/01/09		7,590							7,590	7,590	S/L	7		0
25	COPIER	8/11/10		9,309							9,309	9,309	S/L	5		0
26	30 BEAR CARTS	2/23/11		5,265							5,265	5,139	S/L	7		126
27	ELOY 14G32 CARTS	10/04/12		12,500							12,500	9,376	S/L	7		1,786
28	COMPUTER EQUIPMENT	11/10/12		38,358							38,358	19,819	S/L	10		3,836

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	CCST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW	PRIOR 179/ BONUS/ SP. DEPR	PRIOR DEC. BAL DEPR	SALVAG /BASIS REDUCT	DEPR. BASIS	PRIOR DEPR	METHOD	LIFE	RATE	CURRENT DEPR
30	ELCY 14416 CARTS	2/12/13		11,608							11,608	8,152	S/L	7		1,658
31	COMPUTER EQUIPMENT	10/25/13		3,282							3,282	2,733	S/L	5		549
32	PRESSURE WASHER	4/23/14		5,262							5,262	5,262	S/L	3		0
33	CART WASHING SYSTEM	4/12/14		4,771							4,771	4,771	S/L	3		0
34	COMPUTER	4/12/14		1,561							1,561	1,561	S/L	3		0
36	DESKTOP	5/29/14		1,240							1,240	1,240	S/L	3		0
37	OFFICE SIGN	12/02/14		3,500							3,500	3,500	S/L	3		0
38	SHOE MACHINES	12/26/14		13,104							13,104	13,104	S/L	3		0
39	BEAR CARTS	12/31/14		9,525							9,525	9,525	S/L	3		0
45	ROLL OFF UNIT 66	12/29/15		63,616							63,616	42,168	S/L	7		9,388
43	ROLLOFF CONTAINERS (2)40Y	8/11/15		13,200							13,200	5,582	S/L	7		1,886
44	CURBTENDER APMS	2/23/16		8,450							8,450	2,897	S/L	7		1,207
45	CARTS/457918	4/19/16		2,453							2,453	841	S/L	7		350
46	RECYCLE LIDS	7/19/16		12,998							12,998	5,200	S/L	5		2,600
47	RECYCLE LIDS	7/21/16		2,160							2,160	864	S/L	5		432
48	GARBAGE CARTS	9/20/16		13,988							13,988	4,796	S/L	7		1,998
49	ROLLOFF 20CUYD	10/26/16		6,945							6,945	1,687	S/L	7		992
50	COMPUTER EQUIPMENT	10/27/16		3,030							3,030	1,616	S/L	3		1,010
51	TIME CLOCK	5/18/16		2,060							2,060	824	S/L	5		412
52	NEW CARTS	6/19/17		35,791							35,791	2,557	S/L	7		5,113
53	10- CONTAINERS	8/22/17		4,200							4,200	200	S/L	7		600
54	A/R SOFTWARE	10/31/17		18,175							18,175	1,010	S/L	3		6,058
TOTAL MACHINERY AND EQUIPME				346,326		0	0	0	0	0	346,326	203,708				39,701
TOTAL DEPRECIATION				733,321		0	0	0	0	0	733,321	467,618				49,672

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW	PRIOR 179/ BONUS/ SP. DEPR	PRIOR DEC. BAL DEPR	SALVAG /BASIS REDUCT	DEPR. BASIS	PRIOR DEPR	METHOD	LIFE	RATE	CURRENT DEPR
	GRAND TOTAL AMORTIZATION			779,650		0	0	0	0	0	779,650	680,029				51,977
	GRAND TOTAL DEPRECIATION			<u>733,321</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>733,321</u>	<u>467,618</u>				<u>49,672</u>

