

**ORANGE COUNTY WASTE & RECYCLING**  
**(An Enterprise Fund of the**  
**County of Orange, California)**

**Independent Auditor's Reports**  
**and Financial Statements**

**For the Years Ended June 30, 2008 and 2007**



**OC WASTE & RECYCLING  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

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## INDEPENDENT AUDITORS' REPORT

Honorable Board of Supervisors  
County of Orange, California

We have audited the accompanying financial statements of the Orange County Waste and Recycling Enterprise Fund of the County of Orange, California (OCWR), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the OCWR's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of OCWR as of June 30, 2007, were audited by other auditors whose report dated November 30, 2007, expressed an unqualified opinion on these statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCWR's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Orange County Waste and Recycling Enterprise Fund is intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the County of Orange, California that is attributable to the transactions of OCWR. It does not purport to, and does not present fairly the financial position of the County of Orange, California as of June 30, 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Waste and Recycling Enterprise Fund of the County of Orange, California as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008 on our consideration of OCWR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

OCWR has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 12, 2008

**COUNTY OF ORANGE  
OC WASTE & RECYCLING  
STATEMENTS OF NET ASSETS  
JUNE 30, 2008 AND 2007  
(Dollar Amounts in Thousands)**

	<u>2008</u>	<u>2007</u>
<b>ASSETS:</b>		
<b>Current assets:</b>		
Pooled cash and investments (Note 3)	\$ 329,998	\$ 320,987
Imprest cash funds (Note 3)	35	35
Accounts receivable, net of allowances of \$1 in 2008 and 2007	9,899	11,172
Interest receivable	1,750	3,640
Prepaid expenses (Note 2)	787	1
Due from other governmental agencies	552	1,023
Due from other funds of the County (Note 11)	54	21
<b>Total current assets</b>	<u>343,075</u>	<u>336,879</u>
<b>Noncurrent assets:</b>		
<b>Restricted assets:</b>		
Pooled cash and investments-rate stabilization (Note 3)	26,796	32,237
Pooled cash and investments-closure and postclosure care costs (Note 3 and 9)	115,040	108,723
Pooled cash and investments- corrective action (Note 3)	1,155	1,315
Pooled cash and investments - San Joaquin Marsh project (Note 3)	3,120	-
Pooled cash and investments-customer deposits (Note 3)	640	730
Pooled cash and investments-contractor deposits (Note 3)	134	51
Investments with trustees (Note 3)	10,855	10,675
Deposits in-lieu of cash (Note 4)	17,131	17,622
<b>Total restricted assets</b>	<u>174,871</u>	<u>171,353</u>
<b>Capital assets (Note 5)</b>		
Nondepreciable	27,130	30,684
Depreciable, net	209,118	207,504
<b>Net capital assets</b>	<u>236,248</u>	<u>238,188</u>
Prepaid expenses (Note 2)	3,929	-
Debt issuance costs	181	268
<b>Total noncurrent assets</b>	<u>415,229</u>	<u>409,809</u>
<b>Total Assets</b>	<u>\$ 758,304</u>	<u>\$ 746,688</u>

See accompanying notes to financial statements.

