

**CITY OF IRVINE, CALIFORNIA
GREAT PARK FUNDS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**CITY OF IRVINE
GREAT PARK FUNDS
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June 30, 2025**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Irvine
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund of the City of Irvine, California (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund of the City, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund and do not purport to, and do not, present fairly the financial position of the City of Irvine, California, as of June 30, 2025, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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.

Auditors' 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 auditors' report that includes our opinions. 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 GAAS and *Government 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 GAAS and *Government 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 the City'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.

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.

Honorable Mayor and Members of the City Council
City of Irvine

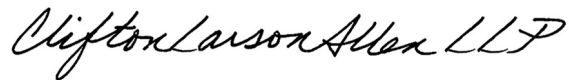
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026 on our consideration of the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund'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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen, LLP

Irvine, California
February 26, 2026

CITY OF IRVINE
GREAT PARK FUNDS

BALANCE SHEET

June 30, 2025

	Special Revenue Fund	Capital Projects Fund	
	Great Park Operations	Great Park Development	Total
ASSETS			
Cash and investments	\$286,323,779	\$ 14,961,386	\$ 301,285,165
Receivables, net of allowances	390,118	-	390,118
Lease receivable	15,148,162	-	15,148,162
Accrued interest	1,591,072	68,523	1,659,595
Prepays	191,428	-	191,428
Due from other governments	7,591,196	76,476	7,667,672
TOTAL ASSETS	\$ 311,235,755	\$ 15,106,385	\$ 326,342,140
LIABILITIES			
Accounts payable	\$ 3,611,575	\$ 2,082,918	\$ 5,694,493
Accrued liabilities	433,292	13,397	446,689
Deposits	98,421	-	98,421
Due to other governments	298	-	298
Retention payable	-	301,956	301,956
Unearned revenue	70,000	-	70,000
TOTAL LIABILITIES	4,213,586	2,398,271	6,611,857
DEFERRED INFLOWS OF RESOURCES			
Lease related	14,557,157	-	14,557,157
Unavailable revenue	7,591,196	76,476	7,667,672
TOTAL DEFERRED INFLOWS OF RESOURCES	22,148,353	76,476	22,224,829
FUND BALANCES			
Nonspendable	191,428	-	191,428
Restricted	284,682,388	-	284,682,388
Assigned	-	12,631,638	12,631,638
TOTAL FUND BALANCES	284,873,816	12,631,638	297,505,454
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 311,235,755	\$ 15,106,385	\$ 326,342,140

See accompanying Notes to Financial Statements.

CITY OF IRVINE
GREAT PARK FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the year ended June 30, 2025

	Special Revenue Fund	Capital Projects Fund	
	Great Park Operations	Great Park Development	Total
REVENUES			
Investment income	\$ 16,482,264	\$ 884,043	\$ 17,366,307
Charges for services	10,467,524	-	10,467,524
Special assessments	11,147,378	-	11,147,378
Contributions from other City funds	9,444,072	136,787	9,580,859
Donations	97	-	97
Other Revenue	262	-	262
TOTAL REVENUES	47,541,597	1,020,830	48,562,427
EXPENDITURES			
Current:			
General Government	19,066,589	-	19,066,589
Public Safety	820,419	-	820,419
Public Works and Sustainability	14,528,947	151,441	14,680,388
Community Development	170,640	282,344	452,984
Community and Library Services	7,791,976	1,673	7,793,649
Capital outlay	95,774	15,435,177	15,530,951
TOTAL EXPENDITURES	42,474,345	15,870,635	58,344,980
EXCESS OF EXPENDITURES OVER REVENUES	5,067,252	(14,849,805)	(9,782,553)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	12,641,551	12,641,551
Transfers out	(12,945,682)	-	(12,945,682)
TOTAL OTHER FINANCING SOURCES (USES)	(12,945,682)	12,641,551	(304,131)
NET CHANGE IN FUND BALANCES	(7,878,430)	(2,208,254)	(10,086,684)
FUND BALANCES, BEGINNING OF YEAR	292,752,246	14,839,892	307,592,138
FUND BALANCES, END OF YEAR	\$ 284,873,816	\$ 12,631,638	\$ 297,505,454

See accompanying Notes to Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the Great Park Operations Special Revenue Fund and Development Capital Projects Fund (Great Park Funds) of the City of Irvine, California (the City), and do not include any other funds of the City. The City's basic financial statements are available at City Hall.

a. Historical Background

The Great Park (GP) was formed by the City to transform the former United States Marine Corps Air Station (MCAS) El Toro into the first great metropolitan park of the twenty-first century. The former military base was built as a wartime air station for the purpose of aircraft squadron formation and unit training prior to overseas combat. In February 2005, the land was purchased during auction by Lennar Corporation, one of the country's leading residential and commercial developers. This purchase was the beginning of a unique partnership between the City, the federal government, and Lennar Corporation that will result in the formation of the greatest metropolitan park in the United States. Under the terms of a development agreement between Lennar Corporation and the City, Lennar Corporation was granted limited development rights in return for the land and capital that will allow the construction of the GP. The agreement required Lennar to transfer more than 1,347 acres to public ownership and contribute \$200 million dollars toward the development of the GP. The Great Park Plan will allow development on the property that is consistent with the uses allowed by the voter-approved Measure W. Under the Great Park Plan, the 4,639-acre El Toro property will become a master planned community.

b. Basis of Accounting

The accompanying financial statements for the Great Park Funds of the City, have been prepared on the modified accrual basis of accounting. Generally, revenues are recognized when they become susceptible to accrual, that is, measurable and available to finance expenditures of the current period. Revenues susceptible to accrual include property taxes and intergovernmental and investment earnings received within 60 days of year-end. Expenditures are recognized when the fund liability is incurred, if measurable. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement Focus

The Great Park Funds are accounted for on a spending or financial flow measurement focus. This means that generally only current assets, current liabilities, and deferred inflow of resources are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance for the Great Park Funds generally presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

d. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider the restricted fund balance to have been depleted before using any of the components of the unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by the assigned fund balance. The unassigned fund balance is applied last.

e. Cash and Investments

Cash and investments are pooled with the City's cash and investments for investment purposes. The Great Park Funds' share of the pooled cash and investments is stated at fair value, as determined by the City.

f. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Great Park Operations Special Revenue Fund has two types of items, the first arises only under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenues from special assessments. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second are lease-related amounts which are recognized at the inception of leases and is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

h. Budgetary Basis of Accounting

The budget for the Great Park Operations Special Revenue Fund is adopted at a budget category by department level of control, and the budget for the Great Park Development Capital Projects Fund is adopted at the project level on a basis consistent with the accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with the related budget amounts without any significant reconciling items. Budget amounts contained within the required supplementary information section are the original and final amended amounts as reviewed by the Board of Directors and approved by the City Council.

2. CASH AND INVESTMENTS

The Great Park Funds cash balance is pooled with various other City funds for deposit and investment purposes. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e., credit, interest rate, custodial, etc.), and other disclosures associated with the City's pooled cash and investments is included in the City's basic financial statements, which are available at City Hall.

3. INTERFUND TRANSFERS

Interfund transfers of \$12,641,551 were made to fund various capital projects related to the Great Park.

CITY OF IRVINE
GREAT PARK FUNDS
Notes to Financial Statements
June 30, 2025

4. LEASES

The City, as a lessor, has entered into long-term non-cancelable lease agreements for farming, retail space, facilities, and cell sites, which expire at various dates through 2087. During the year ended June 30, 2025, the City recognized \$643,223 and \$578,913 in lease revenue and interest revenue, respectively. The future minimum principal an interest to be received from the aforementioned leases is as follows:

Fiscal Year Ending June 30	Principal	Interest
2026	\$ 668,809	\$ 553,328
2027	695,412	526,725
2028	713,699	499,094
2029	62,984	487,016
2030	65,347	484,653
2031-2035	365,404	2,384,596
2036-2040	439,295	2,310,705
2041-2045	528,128	2,221,872
2046-2050	634,924	2,115,076
2051-2055	763,316	1,986,684
2056-2060	917,671	1,832,329
2061-2065	1,103,240	1,646,760
2066-2070	1,326,333	1,423,667
2071-2075	1,594,540	1,155,460
2076-2080	1,916,983	833,017
2081-2085	2,304,628	445,372
2086-2087	1,047,450	52,550
	<u>\$ 15,148,162</u>	<u>\$ 20,958,904</u>

5. LITIGATION

At June 30, 2025, the City was involved as a defendant in several lawsuits and claims arising out of ordinary conduct of its affairs as they relate to the GP. It is the opinion of management and the City's legal counsel that settlement of these lawsuits and claims, if any, will not have a material effect on the financial position of the Great Park Funds.

6. RISK MANAGEMENT

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automobile and general liability risks. Excess liability coverage is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). Additional information regarding risk management is included in the City's basic financial statements, which are available at City Hall.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRVINE
GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2025

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 4,031,260	\$ 4,031,260	\$ 16,482,264	\$ 12,451,004
Taxes	-	-	-	-
Intergovernmental	-	891,620	-	(891,620)
Charges for services	9,024,976	36,166,850	10,467,524	(25,699,326)
Revenue from developers	-	-	-	-
Special assessment	20,524,055	12,395,345	11,147,378	(1,247,967)
Contributions from other City funds	9,444,072	9,444,072	9,444,072	-
Donations	-	-	97	97
Other revenue	-	-	262	262
TOTAL REVENUES	43,024,363	62,929,147	47,541,597	(15,387,550)
EXPENDITURES				
General Government:				
City Manager and City Council	10,520,459	53,513,811	16,067,841	37,445,970
City Clerk	558,897	558,897	416,291	142,606
Human Resources and Innovation	252,098	252,098	252,098	-
Communications	-	1,179,945	1,179,333	612
Administrative Services	1,217,603	1,217,603	1,151,026	66,577
Public Safety	740,183	740,183	820,419	(80,236)
Public Works and Sustainability	13,322,631	15,328,106	14,528,947	799,159
Community Development	268,024	239,093	170,640	68,453
Community and Library Services	8,401,008	8,302,125	7,791,976	510,149
Capital outlay	294,000	425,706	95,774	329,932
TOTAL EXPENDITURES	35,574,903	81,757,567	42,474,345	39,283,222
EXCESS OF REVENUES OVER EXPENDITURES	7,449,460	(18,828,420)	5,067,252	23,895,672
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,304,131)	(47,611,776)	(12,945,682)	34,666,094
TOTAL OTHER FINANCING SOURCES (USES)	(1,304,131)	(47,611,776)	(12,945,682)	34,666,094
NET CHANGE IN FUND BALANCES	6,145,329	(66,440,196)	(7,878,430)	58,561,766
FUND BALANCES, BEGINNING OF YEAR	292,752,246	292,752,246	292,752,246	-
FUND BALANCES, END OF YEAR	\$ 298,897,575	\$ 226,312,050	\$ 284,873,816	\$ 58,561,766



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Irvine
Irvine, California

We have audited, in accordance with the 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, the financial statements of the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund of the City of Irvine, California (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements and have issued our report thereon dated February 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as it relates to the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control related to the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control related to the Great Park Funds.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Mayor and Members of the City Council
City of Irvine

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Great Park Operations Special Revenue Fund and the Great Park Development Capital Projects Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
February 26, 2026



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