

CITY OF IRVINE, CALIFORNIA
ORANGE COUNTY GREAT PARK
FINANCIAL STATEMENTS
JUNE 30, 2015

CITY OF IRVINE, CALIFORNIA
ORANGE COUNTY GREAT PARK

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Orange County Great Park Funds of the City of Irvine, California, which include the Operations Special Revenue Fund, the Development Capital Projects Fund, and the Infrastructure Capital Projects Fund ("Orange County Great Park Funds"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Great Park Funds of the City of Irvine, California as of



To the Board of Directors
Orange County Great Park

June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Orange County Great Park Operations Special Revenue Fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Orange County Great Park Funds and do not purport to, and do not, present fairly the financial position of the City of Irvine, California, as of June 30, 2015, the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 on our consideration of the City'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 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.

Brea, California
November 4, 2015

ORANGE COUNTY GREAT PARK

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2015

(amounts expressed in thousands)

	Special Revenue	Capital Project Funds		Totals
	Fund	Orange County	Orange County	
	Orange County	Orange County	Orange County	
	Great Park	Great Park	Great Park	
	Operations	Development	Infrastructure	
Assets:				
Cash and investments	\$ 39,792	\$ 2,288	\$ -	\$ 42,080
Accounts receivable	217	-	-	217
Accrued interest	42	2	-	44
Due from the Successor Agency	288,084	-	-	288,084
Total Assets	\$ 328,135	\$ 2,290	\$ -	\$ 330,425
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 866	\$ 329	\$ -	\$ 1,195
Accrued liabilities	168	159	-	327
Due to City of Irvine	14,404	-	-	14,404
Due to other governments	3	-	-	3
Deposits	23	-	-	23
Unearned revenue	60	-	-	60
Total Liabilities	15,524	488	-	16,012
Deferred Inflows of Resources:				
Unavailable Revenue	84	-	-	84
Total Deferred Inflows of Resources	84	-	-	84
Fund Balances:				
Committed	38,848	1,802	-	40,650
Restricted	273,679	-	-	273,679
Total Fund Balances	312,527	1,802	-	314,329
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 328,135	\$ 2,290	\$ -	\$ 330,425

ORANGE COUNTY GREAT PARK

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015
(amounts expressed in thousands)

	Special Revenue	Capital Project Funds		Totals
	Fund	Orange County	Orange County	
	Orange County	Orange County	Orange County	
	Great Park	Great Park	Great Park	
	Operations	Development	Infrastructure	
Revenues				
Investment income	\$ 312	\$ 14	\$ -	\$ 326
Charges for services	3,897	-	-	3,897
Revenue from developers	15,123	-	-	15,123
Other revenue	1,028	-	-	1,028
Total Revenues	20,360	14	-	20,374
Expenditures:				
Current:				
General government	3,089	2	-	3,091
Public safety	199	-	-	199
Public works	2,733	135	-	2,868
Community development	218	-	-	218
Community services	3,747	-	-	3,747
Capital Outlay	-	1,486	-	1,486
Total Expenditures	9,986	1,623	-	11,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,374	(1,609)	-	8,765
Other Financing Sources (Uses):				
Transfers in	830	3,345	-	4,175
Transfers out	(3,345)	-	(830)	(4,175)
Contributions to the City of Irvine	(100)	-	-	(100)
Total Other Financing Sources (Uses)	(2,615)	3,345	(830)	(100)
Extraordinary Gain (Loss):				
Settlement agreement	143,400	-	-	143,400
Total Extraordinary Gain (Loss)	143,400	-	-	143,400
Net Program Revenues (Expenses)/ Change in Fund Balances	151,159	1,736	(830)	152,065
Fund Balances, Beginning of Year	161,368	66	830	162,264
Fund Balances, End of Year	\$ 312,527	\$ 1,802	\$ -	\$ 314,329

**CITY OF IRVINE
ORANGE COUNTY GREAT PARK**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (amounts expressed in thousands)**

Note 1: Reporting Entity and Summary of Significant Accounting Policies

The accompanying financial statements present only the Orange County Great Park and do not include any other funds of the City of Irvine. The City's basic financial statements are available at City Hall.

a. Reporting Entity

The Orange County Great Park was formed by the City of Irvine to transform the former United States Marine Corps Air Station El Toro into the first great metropolitan park of the 21st Century, the Orange County Great Park. 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 of Irvine, 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 and the City of Irvine, Lennar was granted limited development rights in return for the land and capital that will allow the construction of the Orange County Great Park. The agreement required Lennar to transfer more than 1,347 acres to public ownership and contribute \$200 million dollars towards the development of the Great Park.

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. Financial Statement Presentation

Governmental entities are required to report information on a fund basis (with emphasis placed on major funds of the entity). The governmental fund financial statements (i.e., balance sheet and the statement of revenues, expenditures and changes in fund balance) report information on individual funds of the government. A fund is considered to be separate accounting entity with a self-balancing set of accounts.

c. Measurement Focus

"Measurement focus" is a term used to describe which transactions are recorded within the various financial statements. "Basis of accounting" refers to when transactions are recorded, regardless of the measurement focus applied.

In the governmental fund financial statements, all funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources." Governmental fund statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 (amounts expressed in thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

d. Basis of Accounting

In the governmental fund financial statements, funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. "Measurable" means that the amounts can be estimated, or otherwise determined. "Available" means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. The Great Park considers sponsorship, advertising, and investment income to be available if it is collected within 60 days of the end of the current fiscal period. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Voluntary, non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Great Park's policy to use restricted resources first, then unrestricted resources as they are needed.

e. 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 balance 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 restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

f. Cash and Investments

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

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Great Park has no such items.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 (amounts expressed in thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Great Park has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

h. Use of Estimates

The preparation of financial statements in conformity 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.

i. Budgetary Basis of Accounting

Budgets for the Great Park Operating Fund are adopted at a budget category by department level of control and capital improvement funds are managed at the project level on a basis consistent with the generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with the related budget amounts without any significant reconciling items. Budget amounts contained within this report are the original and final amended amounts as reviewed by the Board of Directors and approved by the City Council.

Note 2: Cash and Investments

Investments Authorized by the California Government Code:

Any cash of the Great Park is entirely pooled with the City of Irvine's cash and investment pool. The table below identifies the investment types that are authorized by the City of Irvine's investment pool and the California Government Code (where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**CITY OF IRVINE
ORANGE COUNTY GREAT PARK**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 (amounts expressed in thousands)**

Note 2: Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	25%	\$ 5,000
Commercial Paper	270 days	15%	1%
Repurchase Agreements	75 days	25%	None
Reverse Repurchase Agreements	75 days	15%	None
Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	None	None
Corporate Medium Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	10%

N/A Not Applicable

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The Great Park has no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial

**CITY OF IRVINE
ORANGE COUNTY GREAT PARK**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 (amounts expressed in thousands)**

Note 2: Cash and Investments (Continued)

institutions to secure the Great Park's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Great Park had cash deposits with depository financial institutions during the year ended June 30, 2015, of \$42,080.

Additional Information:

Any cash of the Great Park is entirely pooled with the City of Irvine's cash and investment pool. Information regarding the exposure of the City of Irvine's cash and investment pool to interest rate risk, credit risk, concentration of credit risk and custodial risk is available in the City of Irvine's Comprehensive Annual Financial Report.

Note 3: Interfund Transfers

Funds	Transfers Out		Total
	Orange County Great Park Operations	Orange County Great Park Infrastructure	
Transfers In:			
Orange County Great Park Operations	\$ -	\$ 830	\$ 830
Orange County Great Park Development	3,345	-	3,345
	<u>\$ 3,345</u>	<u>\$ 830</u>	<u>\$ 4,175</u>

Transfers are used to fund various capital projects.

Note 4: Settlement Agreement

a. Extraordinary Gain / (Loss)

The City, Successor Agency, and the Irvine Community Land Trust entered into a settlement agreement and release of claims with the DOF. The settlement agreement provides that the Successor Agency will, over time, receive \$292,000 in property tax revenues from the Redevelopment Property Tax Trust Fund. Under a separate agreement (dismissal agreement), the City committed to pay the Land Trust with 5%, or \$14,600, of the funds it receives from the Successor Agency.

The extraordinary gain of the Orange County Great Park reported in the accompanying financial statements consisted of the following:

Extraordinary gain from settlement agreement	\$ 292,000
Extraordinary loss from dismissal agreement	(14,600)
Extraordinary gain from write-off of interest due on previous RDA loan	52,586
Extraordinary loss from write-off of RDA loan balance	(186,586)
	<u>\$ 143,400</u>

CITY OF IRVINE
ORANGE COUNTY GREAT PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 (amounts expressed in thousands)

Note 4: Settlement Agreement (Continued)

b. Due from Successor Agency

The amount due to the Orange County Great Park reported in the accompanying financial statements consisted of the following:

Due from Successor Agency	\$ 292,000
Payment received in Fiscal Year 2014-15	<u>(3,916)</u>
	<u>\$ 288,084</u>

Note 5: Self-Insurance

The Great Park is covered under the City of Irvine's insurance which is described in detail in the City of Irvine's Comprehensive Annual Financial Report.

Note 6: Litigation

At June 30, 2015, the Great Park was involved as a defendant in several lawsuits and claims arising out of ordinary conduct of its affairs. It is the opinion of management and the Great Park'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.

REQUIRED SUPPLEMENTRY INFORMATION

ORANGE COUNTY GREAT PARK OPERATIONS

BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2015
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 234	\$ 234	\$ 312	\$ 78
Intergovernmental	200	200	-	(200)
Charges for services	3,322	3,322	3,897	575
Revenue from developers	15,550	15,550	15,123	(427)
Other revenue	-	-	1,028	1,028
Total Revenues	19,306	19,306	20,360	1,054
Expenditures:				
Current:				
City Manager				
Personnel	1,127	1,127	935	192
Supplies	144	144	9	135
Contract services	2,287	2,907	1,751	1,156
Training and business expense	40	40	5	35
Capital equipment	77	77	-	77
Miscellaneous	60	60	56	4
Total City Manager	3,735	4,355	2,756	1,599
Administrative services				
Personnel	342	341	330	11
Contract services	3	8	3	5
Total Administrative Services	345	349	333	16
Public Safety				
Personnel	376	376	199	177
Total Public Safety	376	376	199	177
Public Works				
Personnel	491	752	514	238
Supplies	133	133	78	55
Internal service allocations	27	27	27	-
Contract services	2,873	3,080	1,775	1,305
Utilities	475	475	339	136
Total Public Works	3,999	4,467	2,733	1,734
Community Development				
Personnel	-	218	37	181
Supplies	-	3	1	2
Contract services	272	445	180	265
Total Community Development	272	666	218	448
Community Services				
Personnel	1,829	1,991	1,670	321
Supplies	242	259	146	113
Internal service allocations	339	339	339	-
Contract services	2,297	2,297	1,490	807
Training and business expenses	5	9	2	7
Capital equipment	-	40	11	29
Miscellaneous	89	89	89	-
Total Community Services	4,801	5,024	3,747	1,277
Total Expenditures	13,528	15,237	9,986	5,251
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,778	4,069	10,374	6,305

See Notes to Financial Statements

ORANGE COUNTY GREAT PARK OPERATIONS

BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2015
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Transfers in	826	826	830	4
Transfers out	(2,300)	(3,345)	(3,345)	-
Contributions to the City of Irvine	(100)	(100)	(100)	-
Total Other Financing Sources (Uses)	(1,574)	(2,619)	(2,615)	4
Extraordinary Gain (Loss)				
Settlement agreement	-	-	143,400	143,400
Total Extraordinary Gain (Loss)	-	-	143,400	143,400
Net Change in Fund Balances	4,204	1,450	151,159	149,709
Fund Balances, Beginning of Year	161,368	161,368	161,368	-
Fund Balances, End of Year	\$ 165,572	\$ 162,818	\$ 312,527	\$ 149,709

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*

To the Honorable Mayor and Members of the City Council
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 Orange County Great Park (the "Great Park") as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated November 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Great Park's internal control over financial reporting (internal control) to determine the 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 Great Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Great Park's internal control.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Great Park's 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 determination of financial statement amounts. 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*.



CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Orange County Great Park

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 Great Park'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 Great Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea California
November 4, 2015