



# GEN INFO

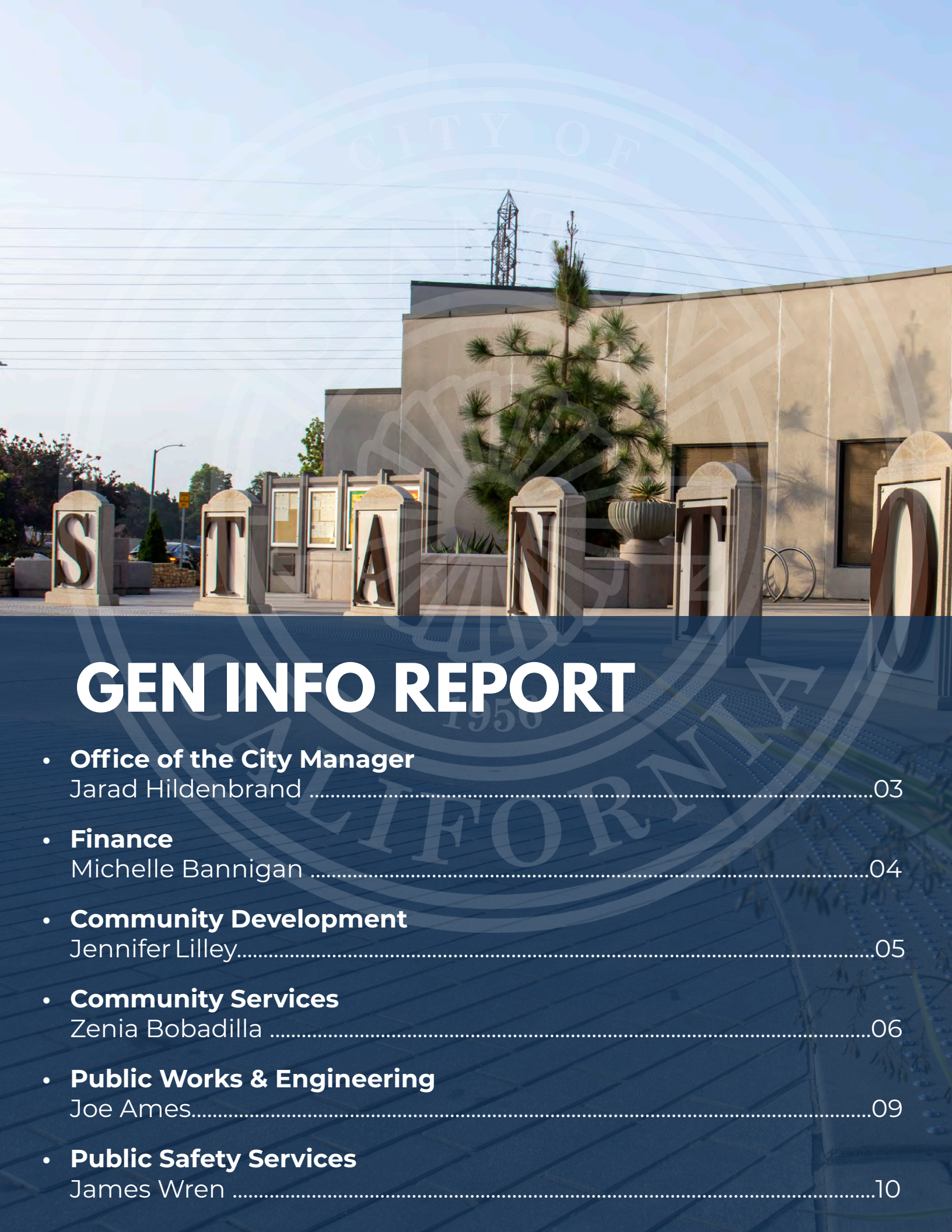
*September 23, 2021*



The City Manager's Report is intended only to keep the City Council current concerning ongoing and potential future matters. Much of the information contained in this Report is preliminary and subject to change. In particular, information concerning potential land use and/or economic development projects is to be considered tentative and preliminary (and in some cases may be speculative), subject both to change and to all future City review and approval processes. Nothing in this Report constitutes evidences or implies City approval of any such project, nor City acceptance of any proposed terms of any agreement, contract or understanding referred to in this Report. All such matters remain fully subject to all normal City approval processes, up to and including public meetings and/or public hearings before the Planning Commission and/or City Council, at future dates.

*Pictured: OCSD Deputy hands out stickers to attendees of the Stanton Family Resource Center Open House event on September 17, 2021*





# GEN INFO REPORT

- **Office of the City Manager**  
Jarad Hildenbrand .....03
- **Finance**  
Michelle Bannigan .....04
- **Community Development**  
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James Wren .....10

# OFFICE OF THE CITY MANAGER

Jarad Hildenbrand, City Manager

## CONNECTING WITH OUR SCHOOLS

A meeting with the surrounding school superintendents was held on Monday, September 20. Staff in attendance included Jarad Hildenbrand, Zenia Bobadilla and Joe Ames. Staff provided the school administrators with an update on key developments, upcoming programs as well pending projects like the Norm Ross Sports Complex and the concept plans in the Tina Pacific Neighborhood. The standing meeting will be held monthly to continue to leverage partnerships and connect our schools to City resources.

## HUMAN RESOURCES & RISK MANAGEMENT

### *CPR/AED/First Aid Training*

The annual CPR/AED/First Aid training for staff was not held in 2020 due to the COVID-19 pandemic. To catch up on this training, the California Joint Powers Insurance Authority (CJPIA) conducted three in-person sessions for all City staff pending certification on September 16, 22 and 23 at Stanton City Hall. More than 40 staff received their Heartsaver First Aid, CPR and AED certification from the American Heart Association.



City Staff in attendance of training

### *Recruitment*

A recruitment for two full-time/limited-term **Outreach Coordinators** for the Public Safety Services Department opened on Tuesday, August 3. These are both limited-term positions funded by the American Rescue Plan Act (ARPA). Interviews were conducted on September 9 and two candidates have been selected to fill these positions and are currently in the process of completing pre-employment requirements.

A recruitment for a full-time **Assistant Planner** for the Community Development department opened on Thursday, August 26 in an effort to fill the vacancy due to former Assistant Planner Jennifer Ash's resignation. The closing date was on Thursday, September 16. Applications are currently under review.

A part-time **Parking Control/Code Enforcement Specialist** position

to fill the current vacancy due to William Torres' resignation closed on Wednesday, September 22. Applications are currently under review.

A recruitment for a full-time/limited-term **Departmental Assistant** position for the Community Development Department opened on Thursday, August 26 and closed on Wednesday, September 15. Applications are currently under review.

A recruitment for a full-time/limited-term **Planning Manager** position for the Community Development Department opened on Tuesday, August 31 and closed on Wednesday, September 22. Applications are currently under review.

A recruitment for a full-time/limited-term **Senior Accounting Technician** for the Finance Department opened on Wednesday, September 1 and will remain open until filled with a first

review date of applications on Monday, September 20.

The recruitment for several temporary part-time **Recreation Leaders** remains open until filled. The City will continue to accept employment applications and hold interviews until all vacancies are filled.

A part-time volunteer **Intern** position for the Finance Department is now open for applications. This recruitment will remain open until filled.

## MEETINGS & EVENTS

- Sep 24 **Turning Silver Into Gold Stanton Senior Center**
- Sep 24 **Symphony on the Go! Stanton Central Park**
- Sep 29 **Citizen's Academy (Starts)**
- Sep 28 City Council
- Oct 6 Planning Commission
- Oct 12 City Council
- Oct 18 Parks & Recreation Commission
- Oct 20 Planning Commission
- Oct 26 City Council
- Oct 30 **Halloween Festival Stanton Central Park**
- Nov 3 Planning Commission
- Nov 9 City Council
- **Nov 11 Veterans Day**
- Nov 15 Parks & Recreation Commission
- Nov 17 Planning Commission
- Nov 23 City Council
- Dec 1 Planning Commission
- Dec 14 City Council



# FINANCE

Michelle Bannigan, Finance Director

## NORTH ORANGE COUNTY SERVICE PLANNING AREA

### *North SPA*

The North Orange County Service Planning Area issued its first audited financial statements for the thirteen-month period from May 1, 2019, through June 30, 2020. A copy of the audited financial statements and the Auditors' Conclusion Letter are attached for your information.

Most of the City's funding to this joint venture is derived from State SB-1 funds. During fiscal year 2020/21, the City's General Fund contributed \$31,772 to the North SPA's operations.

## COUNTY POD VACCINATION EFFORT

### *Reimbursement*

The City provided approximately 870 hours of staff support to the County to support the County's efforts in disseminating COVID-19 vaccinations at various "super POD" sites located in Anaheim and Aliso Viejo as well as a mobile vaccination clinic located at Stanton Community Center. Staff recently submitted a reimbursement claim to the County for the support provided at the Super POD sites for \$21,805. The Public Safety Director is working with County staff to coordinate the timing when the reimbursement claims of \$17,487 for the staff support at the mobile vaccination clinic site can be submitted.

Patients waiting after receiving the COVID-19 vaccination shot at the City's first Mobile POD on March 30, 2021.

## BUSINESS LICENSE

### *Update*

During the month of September, the City has issued business licenses to five new businesses consisting of: one home business, one consulting business, and three acupuncture businesses.



# COMMUNITY DEVELOPMENT

Jennifer Lilley, Community and Economic Development Director

## PLANNING COMMISSION

### *Training*

The Planning Commission has continued its training series with a walk-through “Development Agreements and the Commission’s Role.” The feedback from the Commission has been very positive and the members are enjoying the relevant knowledge and feeling well equipped for the decisions on projects that will be coming down the road.

## ZONING CODE

### *Clean-Up*

The first round of zoning text amendments is being finalized and are expected to be considered by the Planning Commission late October, early November. These proposed clean-up items have been recognized as portions of the Code that are causing confusion, need clarification or require an update to reflect changes in process or practice.

## UPDATES

### *Housing Element*

The consultant team and City staff are working diligently to complete the draft document in time to meet the deadline to submit to Housing and Community Development (HCD) in October. The draft will be released for public review and comment and a Study Session with the Planning Commission and the City Council will walk through the opportunity sites, the projected compliance and the policy and programs identified to have complete the update. This project is on track and on schedule and shaping up to demonstrate to the State that not only has Stanton planned for additional housing but progress is already happening to deliver the required RHNA units to market early in the next 8-year housing cycle.

### *Town Center Specific Plan*

The consultant team and City staff are working diligently to complete the draft document in time to meet the deadline to submit to Housing and Community Development (HCD) in October. The draft will be released for public review and comment and a Study Session with the Planning Commission and the City Council will walk through the opportunity sites, the projected compliance and the policy and programs identified to have complete the update. This project is on track and on schedule and shaping up to demonstrate to the State that not only has Stanton planned for additional housing but progress is already happening to deliver the required RHNA units to market early in the next 8-year housing cycle.

## NEW TO STANTON

### *Businesses Making Stanton Their Home*



Tailor taking measurements



Acupuncturist placing needle

- Are your pants too long? Got a tear in your shirt? Don't throw a fit! **BK Tailoring and Alteration located within the Indoor Swapmeet at 10401 Beach Boulevard #B186** will be opening soon. The business will offer services such as clothing repairs, alterations and tailoring to *suit* your needs.
- Feel like people never get to the *point*? Well at **12235 Beach Boulevard Suite 115A Jaein Acupuncture** will take a *jab* at it. They provide acupuncture services to help you deal with any personal health issues or injuries.



# COMMUNITY SERVICES

Zenia Bobadilla, Community Services Director



Pictures from the FRC Open House Event on September 17, 2021

## EVENT RECAP

### *Family Resource Center (FRC) Open House*

Our FRC Open House was held on Friday, September 17. Community members enjoyed lots of games, information and resources, and good food. Nearly 20 non-profit organizations attended the event, providing useful information and creating connections with attendees. Notable groups include Bikers Against Child Abuse (BACA) who brought their bikes for photos and OCFA & OCSD who brought stickers, hats, and plenty of smiles. A special thanks to Families Together OC, who operated a mobile vaccine clinic throughout the event.

## PARKS, RECREATION AND COMMUNITY SERVICES COMMISSION

The Commission held its regular meeting on Monday, September 20 and discussed a number of upcoming events and initiatives. Director, Zenia Bobadilla, briefed Commissioners on the draft plan for the American Recovery Plan Act (ARPA) Allocation for the Community Services Department. In addition, staff reviewed plans to replace the outdoor fitness equipment at Stanton Park through grant funding with the National Fitness Campaign. Commissioners also expressed receiving resident feedback regarding confusion between Stanton Park and Stanton Central Park and would like to explore a possible name change to recommend to the City Council.

## STANTON COLLABORATIVE

The Stanton Collaborative will meet in person on Monday, September 27 at 12:30pm in the Stanton Community Center. The Collaborative will welcome Captain Nate Wilson who will speak on the Behavioral Health Bureau for the OCSD and its response to Homelessness issues and Mental Health Issues.

## PLEASE JOIN US

### **Symphony on the Go!**

*Friday, September 24  
Stanton Central Park*



Pacific Symphony's Symphony on the Go! is performing a free outdoor chamber music concert at Stanton Central Park! Join us on Friday, September 24 at 7pm for a fun 45-minute concert. These free and family-friendly concerts are just right for classical music fans and those who have never experienced a Symphony concert.



## Stanton Central Park

The OC Public Libraries recently began hosting mobile sites at Stanton Central Park and Harry Dotson. As of September 13, they have added Zuniga Park and are providing resources such as checking out books, providing Wi-Fi, crafts, and storytime.



## Contract Programs

Staff have begun the planning process for the upcoming Winter/Spring 2022 Stanton Express and are thrilled to continue to offer our most popular programs. In addition to bringing back youth sports, senior exercise and art classes, The Rinks in Westminster has officially re-opened their doors to offer hockey and ice-skating classes for the upcoming season. Staff are looking forward continuing to offer these enrichment classes and programs for the community to enjoy every season.

## Turning Silver into Gold

### Senior Conference

Come aboard for a virtual voyage and discover the local treasures the Stanton Senior Center has to offer at the "Turning Silver into Gold" Conference. Topics include arts and culture, lifelong learning, navigating dating and optimizing aging. Due to the increase in COVID-19 positivity rates, this event will now be held virtually this Friday, September 24 from 8:30am-12pm.

## Food Distribution

Meals on Wheels continues to supply food for our clients on Tuesday and Thursday morning. Please see our total numbers for the month of September to date:

- MoW Grab N Go: **2,814 meals**
- MoW Home Delivered Meal Program Meals: **240**
- MoW Senior Participants: **494**
- MoW NEW Senior Participants: **2**
- Second Harvest Food Bank: **622 households served**



# HUMAN SERVICES

## Youth Programs

Our September Kids Night Out was hosted at the FRC on Friday, September 10. 18 Participants enjoyed a variety of "Back to School" activities and dinner with friends. All participants received a new backpack and school supplies.

Staff are also working with Young Leaders of Orange County (YLOC) to begin fall math tutoring for our elementary-aged youth. Tutoring sessions will begin on October 1 in-person at the FRC from 4:30-6pm.

### Total Service Enrollment:

- Math Tutoring: **0**
- Counseling Services: **45 Sessions**
- Personal Empowerment Program: **10**
- Case Management: **24**
- Family Support Services: **26**
- Parenting Education: **14**
- Information and Referral Services: **210 individuals**

## Information & Referral Services

Staff continue to receive calls for our Mental Health Services and diaper distribution. Our Family Support Advocate, Lizbeth Bugarin, is currently setting up intake appointments from our counseling waitlist.

## Community Engagement Advisory Committee (CEAC)

12 CEAC members volunteered 3 hours of their time to help with the Stanton FRC Open House on Friday, September 17. CEAC will hold its next meeting on Monday, September 27. Members will visit the Stanton Library and learn about all the resources available to them as well as volunteer opportunities.

## Social Media Update

14 Day Overview



**Facebook**

### Followers:

- 09/08/2021 3,746
- 09/22/2021 3,769

### Top Posts:

- Citizen's Academy
- Symphony on the Go!
- 9/11 Post



**Instagram**

### Followers:

- 09/08/2021 1,560
- 09/22/2021 1,582

### Top Posts:

- Symphony on the Go!
- FRC Open House
- COVID Clinic Testing



**Twitter**

### Followers:

- 09/08/2021 1,787
- 09/22/2021 1,791

### Top Posts:

- Citizen's Academy Deadline
- Phone Lines are Down
- Website Calendar

**PUBLIC INFORMATION  
OFFICE**



# PUBLIC WORKS & ENGINEERING

Joe Ames, Public Works Director & City Engineer

## SPLASH PAD MAINTENANCE

With the existing water splash pad play equipment maintenance contract expiring soon, Public Works released a request for proposals for maintenance of the splash pads at Central Park and Harry M. Dotson Park. Proposals are due to Public Works on Monday, October 18<sup>th</sup>.

## VANDALISM OF FENCING

Transients continue to cut fences on City property, requiring costly repairs, as discovered during the recent flood channel clean-up event conducted last week by OC Public Works and the Sheriff's Department. Consequently, Public Works is in the process of creating a bid package to obtain quotes for fence repairs. These bids will be used to formulate an on-call/as-needed service contract for future fence repairs. Public Works will also use this opportunity to formulate a "boilerplate process" for other similar projects for conformance with the California Labor Code.

## FY 20/21 CITYWIDE STREET IMPROVEMENT PROJECT

The FY 20/21 Citywide Street Improvement Project consists of a grind and overlay, or slurry seal treatment on several arterials, residential streets, and alleys throughout the city. The Public Works Director is making changes to the scope of the project to expand a growing surplus of funds available in the City's Senate Bill 1 account. One such change is the addition of a crosswalk on Village Center Drive. Another change will include the construction of new curb, gutter, and sidewalk on Garden Grove Boulevard near Court Street, which is currently missing these improvements.

## PROPOSED ANGLED PARKING ORDINANCE

The public hearing for the proposed angled parking ordinance and initial implementation of angled parking on Village Center Drive has been scheduled for September 28<sup>th</sup>. An Ordinance is required to be adopted per State law, Vehicle Code Section 22503, for any streets requiring angled parking.

## RESIDENTIAL AND COMMERCIAL ORGANICS RECYCLING PROGRAM

With the expiration of the recycling compliance consultant contract, Public Works released a request for proposal for recycling compliance consultant services. Proposals are due October 11, 2021. Of particular importance is compliance with State Senate Bill 1383. State Senate Bill 1383 requires residents and business owners to divert organic waste (food waste and green waste) from landfills for recycling by January 1, 2022. It also requires the City to purchase minimum quantities of compost and mulch for use in parks, medians, and open spaces in support of creating a green waste recycled material marketplace and to implement an edible food recovery program for restaurants and supermarkets within the City. After a review of submitted proposals, staff will request City Council award a consulting contract to the recommended consultant in late October.



# PUBLIC SAFETY SERVICES

James Wren, Public Safety Services Director

## OUTREACH EFFORTS

### *Homelessness Updates*

- Based on a referral from OCSD, the Outreach Coordinator engaged an individual experiencing homelessness and in need of services. The individual had just recently become homeless after disconnecting from his family in Orange County. After engaging the individual and discussing potential solutions to the situation, it was discovered that the participant had a home to return to in South Carolina. After verifying that the participant had a place to return to, the Outreach Coordinator utilized the City of Stanton funds to help relocate the participant back to South Carolina. The Outreach Coordinator is currently taking steps to stabilize her situation and support from friends and family.
- OCSD engaged an individual searching for shelter after recently becoming homeless in a neighboring city. OCSD was able to verify the participant's ties to North Orange County, allowing the Outreach Coordinator to place the participant into the shelter the same day.
- Based on a referral from a concerned resident, the Outreach Coordinators received a call for assistance regarding a severely disabled individual who needed medical aid. The Outreach Coordinators immediately began the evaluation process to provide the individual with connectivity and transportation to a higher level of care. The Outreach Coordinators collaborated with a Recuperative Care Case Manager and Foothill Hospital to have the participant assessed by a physician. Once the participant was evaluated, he was deemed appropriate for recuperative placement. The participant is now receiving wrap-around service through a recuperative care agency.
- The Outreach Coordinators worked with a participant to obtain the required documentation needed for a permanent supportive housing application. As of September 8, 2021, the participant was matched to a housing voucher through the Orange County Coordinated Entry System. The Outreach Coordinators are currently submitting final documentation to the U.S Department of Housing and Urban Development for final evaluation.

## CODE ENFORCEMENT

### *Shopping Cart Sweep*

Public Safety staff members conducted a "Shopping Cart Sweep" recently with assistance from the Public Works Department and OCSD. During this event, shopping carts that have been illegally taken from businesses were retrieved from individuals in possession of the carts. These sweeps are conducted with the intent to discourage theft of the carts and to return costly items to local businesses.

### *Automotive Uses*

Public Safety staff has continued to address businesses across the city that provide automotive repair services. These establishments can create a number of issues for the surrounding areas based on how they conduct their business. Staff has focused their efforts on Beach Boulevard and will now expand the campaign to other parts of the city. This is a major endeavor, however, improved compliance can be seen with the automotive businesses along Beach Boulevard.



Stanton City Staff retrieving shopping carts.





# ATTACHMENTS



**NORTH ORANGE COUNTY  
SERVICE PLANNING AREA**

**FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**AS OF JUNE 30, 2020, AND  
FOR THE PERIOD OF MAY 1, 2019 TO JUNE 30, 2020**



**WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING**

**CLAAconnect.com**



**North Orange County Service Planning Area**  
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**As of June 30, 2020, and for the period of May 1, 2019 to June 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

The City Parties of  
North Orange County  
Service Planning Area MOU  
La Habra, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the North Orange County Service Planning Area (North SPA) as of June 30, 2020 and for the period of May 1, 2019 to June 30, 2020, and the related notes to the financial statements, which collectively comprise the North SPA's basic 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions 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 auditors' 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 auditors consider internal control relevant to the North SPA'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 North SPA'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 opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and major fund of the North SPA as of June 30, 2020, and for the period of May 1, 2019 to June 30, 2020, and the changes in financial position for the period then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Required Supplementary Information*

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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North SPA's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021, on our consideration of the North SPA'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 North SPA'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 North SPA's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
July 19, 2021

**North Orange County Service Planning Area**  
**Statement of Net Position**  
**June 30, 2020**

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	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash	\$ 2,356,936
Due from other governments	<u>2,593,395</u>
Total current assets	<u>4,950,331</u>
Noncurrent assets:	
Capital assets, not being depreciated	16,109,320
Capital assets, being depreciated, net	<u>234,381</u>
Total noncurrent assets	<u>16,343,701</u>
 TOTAL ASSETS	 <u>21,294,032</u>
LIABILITIES:	
Due to other governments	558,621
Accounts payable	<u>2,113,132</u>
 TOTAL LIABILITIES	 <u>2,671,753</u>
NET POSITION:	
Net investment in capital assets	16,098,218
Unrestricted	<u>2,524,061</u>
 TOTAL NET POSITION	 <u><u>\$ 18,622,279</u></u>

See accompanying notes to basic financial statements.



**North Orange County Service Planning Area**  
**Statement of Activities**  
**For the period of May 1, 2019, to June 30, 2020**

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Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 568,427	\$ -	\$ 2,823,217	\$ 16,315,074	\$18,569,864
Total governmental activities	<u>\$ 568,427</u>	<u>\$ -</u>	<u>\$ 2,823,217</u>	<u>\$ 16,315,074</u>	18,569,864
General revenues:					
Interest					<u>52,415</u>
CHANGE IN NET POSITION					18,622,279
NET POSITION - BEGINNING OF YEAR					<u>-</u>
NET POSITION - END OF YEAR					<u>\$18,622,279</u>

See accompanying notes to basic financial statements.

North Orange County Service Planning Area  
Balance Sheet - Governmental Fund  
June 30, 2020

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	General Fund
<hr/>	
ASSETS	
Cash	\$ 2,356,936
Due from other governments	<u>2,593,395</u>
TOTAL ASSETS	<u>\$ 4,950,331</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES:	
Due to other governments	\$ 558,621
Accounts payable	<u>2,113,132</u>
TOTAL LIABILITIES	<u>2,671,753</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenues	<u>1,231,536</u>
FUND BALANCE - UNASSIGNED	<u>1,047,042</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,950,331</u>

See accompanying notes to basic financial statements.



**North Orange County Service Planning Area  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2020**

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Fund balance for the governmental fund	\$ 1,047,042
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Amounts reported for governmental activities in the Statement of  
Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	16,343,701
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Certain revenues in the governmental fund are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.	<u>1,231,536</u>
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Net position of governmental activities	<u><u>\$ 18,622,279</u></u>
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**North Orange County Service Planning Area  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund  
For the period of May 1, 2019, to June 30, 2020**

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	General Fund
REVENUES:	
HEAP grant	\$ 12,062,300
Contributions from the County	2,250,000
Contributions from City Parties	3,594,455
Interest	52,415
	<hr/>
TOTAL REVENUES	17,959,170
	<hr/>
EXPENDITURES:	
Engineering and management	
consulting services	590,937
Contract services	924,273
Legal services	30,270
Other operating costs	49,195
Capital outlay	15,317,453
	<hr/>
TOTAL EXPENDITURES	16,912,128
	<hr/>
NET CHANGE IN FUND BALANCE	1,047,042
FUND BALANCE - BEGINNING OF YEAR	<hr/> -
FUND BALANCE - END OF YEAR	<hr/> <hr/> \$ 1,047,042

See accompanying notes to basic financial statements.



**North Orange County Service Planning Area**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance of the Governmental Fund**  
**to the Statement of Activities**  
**For the period of May 1, 2019, to June 30, 2020**

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Net change in fund balance for the governmental fund \$ 1,047,042

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental fund reports capital outlays as expenditures. However, in the  
statement of activities the cost of these assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount of  
capital outlay as there was no depreciation expense in the current period.

Capital outlay 16,343,701

Certain revenues in the governmental fund are unavailable because they  
are not collected within the prescribed time period after year-end. Those  
revenues are recognized on the accrual basis in the government-wide  
statements.

1,231,536

Change in net position of governmental activities \$ 18,622,279

## ***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

### **a. Organization**

Like many other regions in California, the County of Orange ("County") has seen a rapid and troubling growth in the homeless population over the past several years, a condition that has been difficult to address given the high cost of housing and property in the area, and the shortage of emergency, transitional, and affordable housing available in the County to serve this population. As a result, local jurisdictions throughout the County have experienced increased incidents of unlawful camping and loitering activities in and upon portions of the public rights-of-way, parks, and other public facilities ("Public Property") in violation of local anticamping, anti-loitering, and/or park closure ordinances and regulations ("Anti-Camping Ordinances"). The use of Public Property in this manner creates health and safety risks to homeless persons due to traffic hazards, exposure to weather, inadequate sanitation, and other conditions detrimental to their wellbeing, and negatively impacts the health, safety, and general welfare of the community by degrading the environmental and physical condition of such Public Property, increasing risks associated the spread of illnesses, and frustrating the public purpose for which such Public Property is dedicated.

On a broader scale, the County is a complex jurisdiction of interconnected systems, many of which have been impacted by the homeless crisis in the region, including but not limited to health care, criminal justice, child welfare, public transportation, economic and social, and legislative and political systems. In efforts to address this crisis, the County established an integrated Continuum of Care ("CoC") to guide homeless individuals and families through a comprehensive array of services and housing designed to prevent and end homelessness. To better coordinate access points, assessments, resources, and programs serving persons experiencing homelessness, the CoC divided the County into three (3) geographic "Service Planning Areas" (or "SPAs"), with the "North Service Planning Area" ("North SPA") including the cities of Anaheim, Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Los Alamitos, Orange, Placentia, Stanton, Villa Park, and Yorba Linda.

On May 1, 2019, the cities of Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Los Alamitos, Orange, Placentia, Stanton, Villa Park, and Yorba Linda (cumulatively the "City Parties" or at times individually a "City Party") and the City of Anaheim, entered into a Memorandum of Understanding, and subsequently a Side Letter Agreement (cumulatively the "Agreements") to develop a regional solution to address the current homeless crisis within their respective jurisdictions.

As a result of such efforts, the City Parties have been awarded certain grant funds under California's Homeless Emergency Aid Program ("HEAP"), and certain additional funds made available under Senate Bill 2, towards the acquisition, construction, and operation of two (2) new homeless shelter facilities ("Navigation Centers") to be located within the boundaries of the City Parties, and intended to exclusively serve the unsheltered homeless population currently residing within the jurisdiction of the City Parties.



***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**a. Organization (Continued)**

City Parties formalized the terms and conditions by which the HEAP Funds, County contributions, and SB 2 Funds are aggregated, and combined with additional funds provided by each City Party from alternative sources, to finance the acquisition, construction, and operation of such new Navigation Centers located in the City of Buena Park and City of Placentia (“Host Cities”). City Parties also memorialized the terms and conditions by which: the Navigation Centers will be operated; the City Parties will equitably share access to the capacity provided by such new Navigation Centers, as well as the capacity provided by existing shelter facilities in located within the boundaries of the City Parties; the City Parties will equitably share the costs and responsibilities associated with the acquisition, construction, operation, and maintenance of such new shelter facilities; and other related matters in furtherance of their common purpose.

The City of La Habra acts as the Treasurer of North SPA and collects City Party contributions from SB 2 Funds and alternative sources. City of La Habra reimburses Host Cities for construction and operational costs as stipulated in the Agreements. Host Cities receive HEAP Funds and County contributions directly from the County. Host Cities maintain the accounting records of the costs incurred related to the North SPA

**b. Financial Statement Presentation**

Governmental entities are required to report information on a government-wide basis and on a fund basis (with emphasis placed on major funds of the entity). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The governmental fund financial statements (i.e., the 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 a separate accounting entity with a self-balancing set of accounts.

**c. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with their activity are included on the statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating 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. Under the modified accrual basis of accounting, revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the North SPA considers revenues to be available if they are collected within a 60-day period to pay current liabilities at the end of the fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

The North SPA reports the following major governmental fund:

General Fund - a government’s primary operating fund. It accounts for all financial resources related to the North SPA Agreements.

**d. Capital Assets**

Capital assets are reported in the governmental activities in the government-wide financial statements. Capital assets are owned by the Host Cities and are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset’s useful life is not capitalized. Each Host City follows their own capitalization policy described below.

**City of Buena Park:** Capital asset purchases in excess of \$1,000 are capitalized if they have an expected useful life of two years or more. Depreciation is recorded on a straight-line basis over the useful lives as follows:

Buildings	25 - 45 years
Furniture and Fixtures	2 - 20 years

**City of Placentia:** Capital asset purchases in excess of \$2,500 are capitalized if they have an expected useful life of one year or more. Depreciation is recorded on a straight-line basis over the useful lives as follows:

Structures and improvements	5 - 50 years
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

e. Due from Other Governments

Due from other governments consists of receivables from City Parties for their share of contributions as stipulated in the Agreements at June 30, 2020.

f. Due to Other Governments

To help finance construction of the Buena Park Navigation Center, the City of Buena Park made a loan from its General Fund up to \$1,000,000 to cover the shortfall in funding. The loan is made in consideration and anticipation of the pledge made by Members of the California Legislature to reimburse the loan from State funds in the State's next budget cycle. The loan bears zero percent interest and is due upon the earlier of (a) the Legislature's allocation of funds to repay the loan (or any State allocation towards the Navigation Center project generally) in an amount equal to the loan or (b) June 30, 2021. The loan shall be repaid first from any funds allocated by the Legislature and the balance, if any, shall be payable by any available program funds of North SPA. Program funds will be considered available only to the extent to which the Treasurer anticipates or actually realizes a surplus in program funds as of June 30, 2021, when compared with expenses due or paid before that date.

At June 30, 2020, due to other governments consist of the loan due to the City of Buena Park in the amount of \$432,858 and other temporary cash deficit incurred by the City of Buena Park in the amount of \$125,763.

g. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet 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 and will not be recognized as an outflow of resources (expense/expenditure) until that time. The North SPA does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental fund 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 net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The North SPA has one item that qualifies for reporting in this category. That item is unavailable revenues, which is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from City Parties' contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The North SPA has no restricted net position.
- **Unrestricted Net Position** - This component of net position consists of net position that does not meet the definition of “*net investment in capital assets*” or “*restricted*”.

Sometimes the North SPA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the North SPA’s practice to consider restricted net position to have been depleted before unrestricted net position is applied.

**i. Fund Balance**

The North SPA does not have a fund balance policy. The fund balance has been classified as unassigned and limited to be spent on the construction and operations of the Navigation Centers.

**j. Budgets**

The North SPA has not adopted an annual budget on a basis consistent with accounting principals generally accepted in the United States of America.

**k. 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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

**North Orange County Service Planning Area**  
**Notes to Basic Financial Statements**  
**As of June 30, 2020, and for the period of May 1, 2019 to June 30, 2020**

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## **2. CASH**

Cash at June 30, 2020 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ <u>2,356,936</u>
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Cash at June 30, 2020 consisted of the following:

Deposits with financial institutions	\$ 2,232,436
Equity in the City of Placentia's pooled cash	<u>124,500</u>
Total cash	\$ <u>2,356,936</u>

### **Equity in the Cash Pool of the City of Placentia**

North SPA has equity in the cash pool managed by the City of Placentia. North SPA is a voluntary participant in that pool and the pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Placentia. The amount of North SPA's cash in this pool is reported in the accompanying financial statements based upon North SPA's pro rata share of the amount calculated by the City of Placentia. The balance available for withdrawal is based on the accounting records maintained by the City of Placentia.

### **Investment Policy**

The North SPA has not adopted a separate investment policy and is subject to the authorized investments in the California Government Code applicable to governmental entities.

### **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 institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The North SPA's deposits with financial institutions are insured by the Federal Deposit Insurance Corporation or collateralized.



**North Orange County Service Planning Area**  
**Notes to Basic Financial Statements**  
**As of June 30, 2020, and for the period of May 1, 2019 to June 30, 2020**

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**3. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the period ended June 30, 2020, between the Host Cities:

	<b>Balance at May 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2020</b>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land - Placentia	-	2,809,103	-	2,809,103
Construction in progress - Placentia	-	3,586,670	-	3,586,670
Construction in progress - Buena Park	-	9,713,547	-	9,713,547
Total capital assets not being depreciated:	-	16,109,320	-	16,109,320
Capital assets being depreciated:				
Furnitures and fixtures - Buena Park	-	234,381	-	234,381
Total capital assets being depreciated	-	234,381	-	234,381
Less: accumulated depreciation for:				
Furnitures and fixtures - Buena Park	-	-	-	-
Total accumulated depreciation	-	-	-	-
Total capital assets being depreciated, net	-	234,381	-	234,381
Governmental activities capital assets, net	-	16,343,701	-	16,343,701

No depreciation expense was charged as of June 30, 2020, as the City of Buena Park does not take depreciation in the year of acquisition.

The City of Buena Park built the navigation center on existing land owned by the City of Buena Park. This land is not included in the financial statements as it was not purchased with North SPA funding.

## **SUPPLEMENTARY INFORMATION**

**North Orange County Service Planning Area**  
**Combining Schedule of Balance Sheet**  
**Governmental Fund, by City**  
**June 30, 2020**

	City of La Habra	City of Buena Park	City of Placentia	Eliminations	Total
<b>Assets:</b>					
Cash	\$ 2,232,436	\$ -	\$ 124,500	\$ -	\$ 2,356,936
Due from other governments	<u>2,593,395</u>	<u>1,191,711</u>	<u>870,382</u>	<u>(2,062,093) AD</u>	<u>2,593,395</u>
Total Assets	<u>\$ 4,825,831</u>	<u>\$ 1,191,711</u>	<u>\$ 994,882</u>	<u>\$ (2,062,093)</u>	<u>\$ 4,950,331</u>
<b>Liabilities, Deferred Inflows of Resources, Fund Balance (Deficit):</b>					
<b>Liabilities:</b>					
Due to other governments	\$ -	\$ 558,621	\$ -	\$ -	\$ 558,621
Accounts payable	<u>-</u>	<u>1,395,667</u>	<u>902,310</u>	<u>(184,845) C</u>	<u>2,113,132</u>
Total Liabilities	<u>-</u>	<u>1,954,288</u>	<u>902,310</u>	<u>(184,845)</u>	<u>2,671,753</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues	<u>1,231,536</u>	<u>-</u>	<u>870,382</u>	<u>(870,382) D</u>	<u>1,231,536</u>
Fund Balance (Deficit) - Unassigned	<u>3,594,295</u>	<u>(762,577)</u>	<u>(777,810)</u>	<u>(1,006,866)</u>	<u>1,047,042</u>
Total Liabilities, Deferred Inflows of Resources, Fund Balance (Deficit)	<u>\$ 4,825,831</u>	<u>\$ 1,191,711</u>	<u>\$ 994,882</u>	<u>\$ (2,062,093)</u>	<u>\$ 4,950,331</u>



**North Orange County Service Planning Area**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund, by City**  
**For the period of May 1, 2019, to June 30, 2020**

	City of La Habra	City of Buena Park	City of Placentia	Eliminations	Total
<b>Revenues:</b>					
HEAP grant	\$ -	\$ 6,412,300	\$ 5,650,000	\$ -	\$ 12,062,300
Contributions from the County	-	1,625,000	625,000	-	2,250,000
Contributions from City Parties	3,594,455	1,191,711	87,770	(1,279,481) <b>AB</b>	3,594,455
Interest	-	-	52,415	-	52,415
Total Revenues	3,594,455	9,229,011	6,415,185	(1,279,481)	17,959,170
<b>Expenditures:</b>					
Engineering and management consulting services	-	546,242	44,695	-	590,937
Contract services	-	43,660	880,613	-	924,273
Legal services	-	-	30,270	-	30,270
Other operating costs	160	-	226,053	(177,018) <b>BC</b>	49,195
Capital outlay	-	9,401,686	6,011,364	(95,597) <b>C</b>	15,317,453
Total Expenditures	160	9,991,588	7,192,995	(272,615)	16,912,128
Net Change in Fund Balance	3,594,295	(762,577)	(777,810)	(1,006,866)	1,047,042
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance (Deficit), End of Year	\$ 3,594,295	\$ (762,577)	\$ (777,810)	\$ (1,006,866)	\$ 1,047,042

**Eliminations:**

- A** To eliminate \$1,191,711 of receivables and related revenues the City of Buena Park will receive from North SPA as reimbursement from member contributions for construction, per the MOU.
- B** To eliminate \$87,770 of transfer in from other City of Placentia's Housing Successor Agency and the related expense, which is Placentia's share of member contributions to North SPA, per the MOU. This transaction is recorded as Contributions from City Parties under City of La Habra who collects the contributions for North SPA.
- C** To eliminate \$95,597 of construction and \$89,248 of operating costs, which is City of Placentia's SB2 contribution to North SPA, per the MOU. This transaction is recorded as Contributions from City Parties under City of La Habra who collects the contributions for North SPA.
- D** To eliminate \$870,382 of receivables and related unavailable revenue the City of Placentia will receive from North SPA as reimbursement from member contributions for construction and operations, per the MOU.

**North Orange County Service Planning Area  
Combining Schedule of Balance Sheet  
Governmental Fund, by Navigation Site  
June 30, 2020**

	<u>Buena Park Navigation Site</u>	<u>Placentia Navigation Site</u>	<u>Total</u>
<b>Assets:</b>			
Cash	\$ 1,513,488	\$ 843,448	\$ 2,356,936
Due from other governments	<u>1,594,697</u>	<u>998,698</u>	<u>2,593,395</u>
Total Assets	<u>\$ 3,108,185</u>	<u>\$ 1,842,146</u>	<u>\$ 4,950,331</u>
<b>Liabilities, Deferred Inflows of Resources, Fund Balance:</b>			
<b>Liabilities:</b>			
Due to other governments	\$ 558,621	\$ -	\$ 558,621
Accounts payable	<u>1,395,667</u>	<u>717,465</u>	<u>2,113,132</u>
Total Liabilities	<u>1,954,288</u>	<u>717,465</u>	<u>2,671,753</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	<u>787,112</u>	<u>444,424</u>	<u>1,231,536</u>
Fund Balance - Unassigned	<u>366,785</u>	<u>680,257</u>	<u>1,047,042</u>
Total Liabilities, Deferred Inflows of Resources, Fund Balance	<u>\$ 3,108,185</u>	<u>\$ 1,842,146</u>	<u>\$ 4,950,331</u>

**North Orange County Service Planning Area**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund, by Navigation Site**  
**For the period of May 1, 2019, to June 30, 2020**

	Buena Park Navigation Site	Placentia Navigation Site	Total
<b>Revenues:</b>			
HEAP grant	\$ 6,412,300	\$ 5,650,000	\$ 12,062,300
Contributions from the County	1,625,000	625,000	2,250,000
Contributions from City Parties	2,321,153	1,273,302	3,594,455
Interest	-	52,415	52,415
Total Revenues	10,358,453	7,600,717	17,959,170
<b>Expenditures:</b>			
Engineering and management			
consulting services	546,242	44,695	590,937
Contract services	43,660	880,613	924,273
Legal services	-	30,270	30,270
Other operating costs	80	49,115	49,195
Capital outlay	9,401,686	5,915,767	15,317,453
Total Expenditures	9,991,668	6,920,460	16,912,128
Net Change in Fund Balance	366,785	680,257	1,047,042
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 366,785	\$ 680,257	\$ 1,047,042





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*

The City Parties of  
North Orange County  
Service Planning Area MOU  
La Habra, 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 governmental activities and each major fund of the North Orange County Service Planning Area, California (North SPA), as of June 30, 2020, and for the period of May 1, 2019, to June 30, 2020, and the related notes to the financial statements, which collectively comprise the North SPA's basic financial statements and have issued our report thereon dated July 19, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the North SPA'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 North SPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the North SPA'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 North SPA'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.

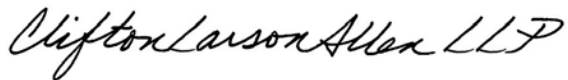
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 North SPA'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*.

## **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 North SPA'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 North SPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Irvine, California  
July 19, 2021

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

