

COUNTY OF LOS ANGELES

Independent Auditor's Report
On Schedule of Revenues and Expenditures and
Changes in Fund Balance
For
Homeless and Housing Measure H
Special Revenue Fund

For the Fiscal Year Ended June 30, 2024



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County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
For the Fiscal Year Ended June 30, 2024

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Independent Auditor's Report

Ms. Fesia A. Davenport
Chief Executive Officer
County of Los Angeles
Los Angeles, California

Report on the Audit of the Schedule of Revenues, Expenditures, and Changes in Fund Balance

Opinion

We have audited the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance (the Schedule) of the County of Los Angeles (the County) Homeless and Housing Measure H Special Revenue Fund (Measure H) for the fiscal year ended June 30, 2024, and the related notes to the Schedule, which collectively comprise County's Schedule as listed in the table of contents.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the Measure H Revenues and Expenditures of the County for the fiscal year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the Schedule, the accompanying Schedule of the Measure H Special Revenue Fund is intended to present the revenues and expenditures attributable to the Measure H Fund. They do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2024, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to this matter.

Responsibility of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic Schedule. Such information is the responsibility of management and, although not a part of the basic Schedule, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic Schedule 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 Schedule, and other knowledge we obtained during our audit of the basic Schedule. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting.

Handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, CA
December 16, 2024

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

Revenues:

Voter Approved Special Taxes	\$	538,241,566
Interest Earnings		21,577,237
Miscellaneous Revenue		32,882
Total Revenues		559,851,685

Expenditures

Strategies

A: Prevent Homelessness

	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	\$ 979,099		
Total A1: Homeless Prevention Program for Families		\$ 979,099	
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	945,000		
Chief Executive Office - payable	5,473		
Chief Executive Office - paid with FY 2022 encumbrance	72,686		
Chief Executive Office - paid with FY 2023 encumbrance	102,828		
Chief Executive Office	29,989		
Total A5: Homeless Prevention Program for Individuals		1,155,976	
Total A: Prevent Homelessness			\$ 2,135,075

B: Subsidize Housing

B3: Partner with Cities to Expand Rapid Re-Housing			
Chief Executive Office - paid with FY 2022 encumbrance	140,321		
Chief Executive Office - paid with FY 2023 encumbrance	195,941		
Chief Executive Office	174,919		
Los Angeles Homeless Services Authority	4,834,082		
Total B3: Partner with Cities to Expand Rapid Re-Housing		5,345,263	
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	172,074		
Total B4: Facilitate Utilization of Federal Housing Subsidies		172,074	
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Los Angeles Homeless Services Authority	492,000		
Total B7: Interim/ Bridge Housing for Those Exiting Institutions		492,000	
Total B: Subsidize Housing			6,009,337

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2024

Expenditures	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
C: Increase Income			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Public Social Services	293,036		
Total C4: Establish a Countywide SSI Advocacy Program	293,036	\$ 293,036	
C7: Subsidized Employment for Homeless Adults			
Department of Workforce Development, Aging, and Community Services - paid with FY 2023 encumbrance	671,157		
Total C7: Subsidized Employment for Homeless Adults	671,157	671,157	
Total C: Increase Income			\$ 964,193
E: Create a Coordinated System			
E6: Countywide Outreach System			
Department of Fire	104,803		
Los Angeles Homeless Services Authority	487,126		
Chief Executive Office - paid with FY 2023 encumbrance	696,540		
Total E6: Countywide Outreach System	1,288,469	1,288,469	
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	1,516,000		
Chief Executive Office - payable	(35,493)		
Chief Executive Office - paid with FY 2022 encumbrance	329,741		
Chief Executive Office - paid with FY 2023 encumbrance	3,368,194		
Chief Executive Office	3,431,678		
Total E7: Strengthen the Coordinated Entry System	8,610,120	8,610,120	
E8: Enhance the Emergency Shelter System			
Department of Health Services	3,238,814		
Los Angeles Homeless Services Authority	6,569,775		
Chief Executive Office - paid with FY 2022 encumbrance	511,892		
Chief Executive Office - paid with FY 2023 encumbrance	548,953		
Chief Executive Office	221,984		
Total E8: Enhance the Emergency Shelter System	11,091,418	\$ 11,091,418	
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	1,663,650		
Total E14: Enhanced Services for Transition Age Youth	1,663,650	1,663,650	
Total E: Create a Coordinated System			\$ 22,653,657

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2024

	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
Expenditures			
Pillars			
Coordinate:			
Coordinated Entry System			
Los Angeles Homeless Services Authority	12,200,667		
Total Coordinate		12,200,667	12,200,667
 Homeless Prevention:			
Targeted Prevention			
Department of Children and Family Services	714,277		
Department of Health Services	115,886		
Los Angeles Homeless Services Authority	18,354,251		
Total Targeted Prevention		19,184,414	
 Problem Solving			
Los Angeles Homeless Services Authority	428,645		
Total Problem Solving		428,645	
Total Homeless Prevention			\$ 19,613,059
 Connect:			
Pathway RV Encampment			
Chief Executive Office - Capital Projects	338,924		
Chief Executive Office	157,957		
Department of Public Health	23,140		
Department of Public Works	393,026		
Department of Arts & Culture	6,591		
Department of Fire	248,894		
Sheriff's Department	643,556		
Total Pathway RV Encampment		1,812,088	
 Coordinated Outreach			
Los Angeles Homeless Services Authority	9,535,840		
Department of Health Services	26,627,293		
Department of Public Health	974,944		
Total Coordinated Outreach		37,138,077	

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2024

Expenditures	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
Connect:			
Jail In-Reach			
Department of Health Services	1,751,340		
Sheriff's Department	467,752		
Total Jail In-Reach		2,219,092	
Navigation			
Los Angeles Homeless Services Authority	12,020,777		
Total Navigation		12,020,777	
Total Connect			\$ 53,190,034
House:			
Interim Housing			
Chief Executive Office	1,728,025		
Department of Health Services	41,425,500		
Department of Mental Health	170,124		
Department of Public Health	11,012,071		
Los Angeles Homeless Services Authority	68,401,305		
Total Interim Housing		122,737,025	
Time-Limited Subsidies			
Department of Public Social Services	4,820,000		
Los Angeles Homeless Services Authority	54,602,959		
Total Time-Limited Subsidies		59,422,959	
Permanent Supportive Housing			
Department of Health Services	63,784,822		
Department of Mental Health	6,649,906		
Department of Public Health	1,951,152		
Chief Executive Office - Affordable Housing	5,426,603		
Total Permanent Supportive Housing		77,812,483	
Housing Acquisition			
Los Angeles Homeless Services Authority	11,195,057		
Los Angeles County Development Authority	13,336,919		
Total Housing Acquisition		24,531,976	
Transitional Housing for Special Populations			
Los Angeles Homeless Services Authority	7,980,038		
Total Transitional Housing for Special Populations		7,980,038	
Total House			\$ 292,484,481

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2024

Expenditures	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
Stabilize:			
Employment & Income Support			
Department of Economic Opportunity	5,385,695		
Los Angeles Homeless Services Authority	2,225,960		
Total Employment & Income Support		7,611,655	
Benefits Advocacy			
Department of Mental Health	753,680		
Department of Public Social Services	4,306,750		
Total Benefits Advocacy		5,060,430	
Legal & Financial Services			
Los Angeles Homeless Services Authority	3,573,000		
Total Legal & Financial Services		3,573,000	
Critical Documents & Background Clearing			
Department of Public Defender	2,717,931		
Total Critical Documents & Background Clearing		2,717,931	
Total Stabilize			\$ 18,963,016
Local Jurisdiction:			
Cities & COGs			
Chief Executive Office	4,737,449		
Total Local Jurisdiction		4,737,449	
Pathway Local Jurisdictions			
Chief Executive Office	11,458,433		
Department of Health Services	3,773,069		
Los Angeles Homeless Services Authority	3,888,493		
Total Pathway Local Jurisdictions		19,119,995	
Permanent/Interim Housing			
Department of Health Services	100,132		
Los Angeles Homeless Services Authority	251,681		
Total Permanent/Interim Housing		351,813	
Total Local Jurisdiction			\$ 24,209,257

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

	<i>Strategy/Pillar by Department/ Agency:</i>	<i>Total by Strategy/Pillar</i>	<i>Total by Objective</i>
Expenditures			
Administrative:			
Chief Executive Office	10,745,312		
Homeless Initiative Administration	546,000		
Total Administrative:		11,291,312	11,291,312
Grand Expenditures			463,714,088
Excess Revenues over Expenditures			96,137,597
Net Change in Fund Balance			96,137,597
Fund Balance, July 1, 2023			439,494,495
Fund Balance, June 30, 2024			\$ 535,632,092

Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

The Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance are summaries of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance.

1. Organization

General

The County of Los Angeles (County), which was established in 1850, is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors, which, as the governing body of the County, is responsible for the legislative and executive control of the County.

Homeless and Housing Measure H Special Revenue Fund

Measure H, also referred to as the Transaction and Use Tax to Prevent and Combat Homelessness Ordinance (Los Angeles County Code, Chapter 4.73), is a special revenue fund of the County established to account for the proceeds of a voter-approved quarter-cent countywide sales tax. This sales tax became effective in March 2017, with the California Board of Equalization beginning collections from businesses and consumers in October 2017.

Revenues generated from the Measure H tax are required to be expended by the County in accordance with an expenditure plan approved by the Board of Supervisors prior to June 30th of each fiscal year. Prior to fiscal year (FY) 2023-24, the Board of Supervisors approved an expenditure plan that allocated funding to 47 Homeless Initiative strategies aimed at addressing the homelessness crisis in Los Angeles County.

These strategies were divided into the following six areas:

Strategy A - Preventing Homelessness - Combating homelessness requires reducing the number of families and individuals who have become homeless and helping currently homeless families and individuals move into permanent housing.

Strategy B - Subsidize Housing - Homeless families and individuals lack sufficient income to pay rent on an ongoing basis due to the high cost of housing in Los Angeles County. Subsidizing rent and related housing costs is key to enabling homeless families and individuals to secure and retain permanent housing and to prevent families and individuals from becoming homeless.

Strategy C - Increase Income - A high percentage of homeless adults can increase their income through employment and qualified disabled homeless individuals can increase their income through federal disability benefits. This increase in income can assist homeless families and individuals pay for their own housing in the future.

Strategy D - Provide Case Management and Services - The availability of appropriate case management and supportive services is critical to enable homeless families and individuals to take advantage of an available rental subsidy, increase their income, and access/utilize available services and benefits. Since the specific needs of homeless families and individuals vary depending on their circumstances, they need case management and supportive services to secure and maintain permanent housing.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

1. Organization (Continued)

Homeless and Housing Measure H Special Revenue Fund (Continued)

Strategy E - Create a Coordinated System - Homeless individuals, families, and youth often encounter multiple County departments, city agencies, and community-based providers based on their complex individual needs. This fragmentation is often exacerbated by a lack of coordination of services, disparate eligibility requirements, funding streams, and bureaucratic processes. A coordinated system brings together homeless and mainstream services to maximize the efficiency of current programs and expenditures.

Strategy F - Increase Affordable Homeless Housing - The lack of affordable housing for the homeless contributes substantially to the current crisis of homelessness. The County and cities throughout the region can increase the availability of both affordable and homeless housing through a combination of land use policy and subsidies for housing development.

In April 2022, the Chief Executive Office Homeless Initiative reassessed the Homeless Initiative strategies and proposed a new framework for the Homeless Initiative strategies. In FY 2023-24, the Board of Supervisors approved an expenditure plan that funded five new frameworks of pillars to combat the homeless crisis in Los Angeles County. While funding allocations have shifted to the new framework, certain expenditures continued to be incurred under the previous strategy allocations during the transition period.

The New Framework is divided into five categories of actions: (1) Coordinate, (2) Prevent, (3) Connect, (4) House, and (5) Stabilize. The New Framework was implemented by three key system partners: the Homeless Rehousing System, Mainstream Government Systems, and Participation of Cities. Within the Homeless Rehousing System, the pillars focus on the core system components of prevention, outreach, interim housing, permanent housing, and supportive services with focused efforts to serve persistently underserved people experiencing homelessness (PEH) to reduce the number of people falling into this category. Within the Mainstream Government Systems, pillars seek to establish a true no wrong-door approach that advances equity, prioritizes at-risk households, and effectively prevents homelessness, especially first-time homelessness. With Participation of Cities, the pillars focus on encampment resolution and co-investment in permanent and interim housing. The New Framework focuses on program pillars that prioritize specific needs of the homelessness delivery system and shift how funding is tracked from the previous strategy-based design.

The funding was allocated to the following fourteen County departments and outside agencies as follows: the Chief Executive Office (CEO) (which includes CEO–Administration, CEO–Capital Projects, CEO– Homeless Initiative), the Department of Arts and Culture (DAC), the Department of Children and Family Services (DCFS), the Department of Economic Opportunity (DEO), the Department of Health Services (DHS), the Department of Mental Health (DMH), the Department of Public Health (DPH), the Department of Public Social Services (DPSS), the Department of Public Works (DPW), the Los Angeles Fire Department (LAFD), the Los Angeles County Sheriff’s Department (LASD), Public Defender (PD), the Los Angeles County Development Authority (LACDA), and the Los Angeles Homeless Services Authority (LAHSA).

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

1. Organization (Continued)

Homeless and Housing Measure H Special Revenue Fund (Continued)

These categories of actions are divided into the following five pillars:

Coordinate - The County's Coordinated Entry System (CES), managed by LAHSA, is the network that aligns homeless services to ensure that resources are efficiently and equitably distributed countywide to support PEH. CES serves as the organizational backbone of homeless services and helps service providers work in a similar manner to make the experience of connecting PEH to solutions as quickly as possible.

Prevent - Homeless Prevention services help rent-burdened, low-income families and individuals to resolve crises that could cause the loss of their homes. Homeless prevention services include short-term rental subsidies, housing conflict resolution, mediation with landlords and/or property managers, legal defense against eviction, and problem-solving. Problem-solving is a person-centered, short-term housing intervention that seeks to assist households in maintaining their current housing or identifying an immediate and safe housing alternative within their own social network. This pillar uses exploratory conversation, mediation, empowerment methods, and financial assistance to help resolve the person's crises or quickly connect them to existing emergency or crisis housing services.

Connect - Street-Based Outreach involves experienced teams building trusting relationships with unsheltered people and connecting them to housing, health and mental health care, substance use disorder treatment, and other services – a process that can vary in length and is customized to meet an individual's unique needs. The County deploys different teams to conduct street-based outreach, including DHS Housing for Health's Multidisciplinary Teams (MDT), which serve clients with more complex health and/or behavioral health needs, and DMH Homeless Outreach and Mobile Engagement (HOME) specialist teams that serve clients with serious mental illness. LAHSA's CES Teams and Homeless Engagement Teams (HET) make initial contact and maintain ongoing engagement with people living on the streets, while LASD and LAHSA's Homeless Outreach Services Teams (LASD HOST and LAHSA HOST) handle outreach at larger encampments and hard-to-reach areas.

House - Interim Housing provides safe temporary accommodation for people who otherwise have nowhere to stay. Types of interim housing include but are not limited to: emergency shelter; stabilization housing for individuals with complex health and or/behavioral health conditions; bridge housing; bridge housing for people exiting institutions such as jails, hospitals, or foster care; and recovery bridge housing for people undergoing outpatient treatment for substance use disorder. The County also provides recuperative care facilities for people recovering from an acute illness or injury. Additionally, it provides Enriched Residential Care facilities also known as Board and Care, that provide 24/7 care and supervision in licensed residential facilities that can be either interim or permanent housing. Systemwide, 157,141 people experiencing homelessness have used interim housing since Measure H-funding began in July 2017. Of those placements, 82,966 people used interim housing completely or partially funded by Measure H. During the full FY 2023-24, 35,973 people utilized interim housing. This includes 15,097 people newly placed in interim housing funded with Measure H.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

1. Organization (Continued)

Homeless and Housing Measure H Special Revenue Fund (Continued)

Permanent Housing lifts people out of homelessness by offering either short- or long-term rental subsidies in combination with varied levels of supportive services. One type of permanent housing is Permanent Supportive Housing (PSH), which provides long-term rental subsidies and supportive services to individuals who have experienced chronic homelessness and have disabilities, chronic medical conditions, and/or behavioral health conditions. Since July 1, 2017, the County's homeless services system has placed 119,433 people in permanent housing, with 44,129 of the placements supported by Measure H funding. In the full FY 2023-24, a total of 26,972 people were placed in permanent housing through the County's homeless services system, including 9,285 Measure H-funded placements. This includes all types of permanent housing, such as the TLS program (formally known as the Rapid Rehousing program) and PSH.

Stabilize - Most families and individuals experiencing homelessness need some level of case management and supportive services to secure and maintain permanent housing, though their needs vary greatly depending on individual circumstances. The availability of appropriate case management and supportive services is key to enabling homeless families and individuals to take advantage of rental subsidies, increase their income, and access/utilize public services and benefits. Severely disabled homeless individuals can increase their income through federal disability benefits, while many homeless adults can do so by securing employment.

2. Summary of Significant Accounting Policies

The Schedule of Revenues, Expenditures, and Changes in Fund Balance for the Homeless and Housing Measure H Special Revenue Fund (the Schedule) has been prepared in conformity with generally accepted accounting principles in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The most significant of the County's accounting policies with regard to the special revenue fund type are described below:

Fund Accounting

The County utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of the County's governmental activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. The County uses a governmental fund type Special Revenue Fund to account for Measure H sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues (primarily from sales tax) are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period). Expenditures are generally recorded when a liability is incurred.

Use of Estimates

The preparation of the Schedule in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Investment Earnings/Losses

The County maintains a pooled cash and investments account that is available for use by all funds, except those restricted by State statutes. For the fiscal year ended June 30, 2024, the Homeless and Housing Measure H Special Revenue Fund had investment earnings of \$21,577,237 due to favorable market conditions during FY 2023-24.

The County issues a publicly available annual comprehensive financial report that includes complete disclosures related to the entire cash and investment pool. The report may be obtained at the County's website <https://auditor.lacounty.gov/annual-comprehensive-financial-report/>.

Schedule of Revenues, Expenditures, and Changes in Fund Balance for the Measure H Special Revenue Fund

The Schedule is intended to reflect the revenues and expenditures of the Homeless and Housing Measure H Special Revenue fund only. Accordingly, the Schedule does not purport to, and does not, present fairly the financial position of the County and changes in the financial position thereof for the year then ended in conformity with US GAAP.

The audited financial statements for the Homeless and Housing Measure H Special Revenue Fund for the fiscal year ended June 30, 2024, are included in the County's Audited Annual Comprehensive Financial Report.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

3. Los Angeles Homeless Services Authority (LAHSA)

For the fiscal year ended June 30, 2024, the County recorded \$222,145,405 for LAHSA’s Measure H expenditures to prevent and combat homelessness projects under various homeless initiative strategies and pillars as listed in the table below. However, LAHSA’s actual Measure H expenditures were \$237,673,053 for the fiscal year ended June 30, 2024. The \$15,527,648 difference represents LAHSA’s late 4th quarter claims/billings not reimbursed in FY 2023-24 by the County since it was submitted beyond the County’s processing cut-off date for expenditures reimbursements/payments.

Strategy/Pillar	Program	Measure H Expenses Disbursed/Paid by County	Measure H Expenses Incurred by LAHSA	Difference Over/(Under) Paid by County
Prevent	Targeted Prevention	\$ 18,354,251	\$ 19,437,623	\$ (1,083,372)
Prevent	Problem Solving	428,645	648,092	(219,447)
Coordinate	Coordinated Entry System	12,200,667	12,962,470	(761,803)
Stabilize	Legal & Financial Services	3,573,000	3,595,045	(22,045)
Stabilize	Employment & Income Support	2,225,960	2,240,204	(14,244)
Connect	Coordinated Outreach	9,535,840	10,203,917	(668,077)
Connect	Navigation	12,020,777	12,844,411	(823,634)
Connect	Pathway/RV	-	-	-
House	Interim Housing	68,401,305	73,109,992	(4,708,687)
House	Time-Limited Subsidies	54,602,959	58,641,698	(4,038,739)
House	Transitional Housing for Special Populations	7,980,038	7,581,296	398,742
House	Housing Acquisition	11,195,057	11,777,379	(582,322)
Local Jurisdiction	Permanent/Interim Housing	251,681	251,681	-
Local Jurisdiction	Pathway	3,888,493	6,522,363	(2,633,870)
B3	Partner with Cities to Expand Rapid Re-Housing (Carryover)	4,834,082	5,204,232	(370,150)
A1	Homeless Prevention Program for Families (Carryover)	979,099	979,099	-
A5	Homeless Prevention Program for Individuals (Carryover)	945,000	945,000	-
B7	Interim/ Bridge Housing for Those Exiting Institutions (Carryover)	492,000	492,000	-
E6	Countywide Outreach System (Carryover)	487,126	487,126	-
E7	Strengthen the Coordinated Entry System (Carryover)	1,516,000	1,516,000	-
E8	Enhance the Emergency Shelter System (Carryover)	6,569,775	6,569,775	-
E14	Enhanced Services for Transition Age Youth (Carryover)	1,663,650	1,663,650	-
Total Measure H Expenses		<u>\$ 222,145,405</u>	<u>\$ 237,673,053</u>	<u>\$ (15,527,648)</u>

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

4. Measure H Expenditures Paid/Disbursed to County Departments and Outside Agencies

Measure H expenditures paid/disbursed to County Departments and Outside Agencies for the fiscal year ended June 30, 2024, were as follows:

Strategy/Pillar	Program	Measure H Actual Expenditures
Chief Executive Office		
Admin	Administrative	\$ 11,291,312
Connect	Pathway/RV	496,881
House	Interim Housing	1,728,025
House	Homekey Round 3	5,426,603
Local Jurisdiction	Cities & COGs	4,737,449
Local Jurisdiction	Pathway	11,458,433
A5	Homeless Prevention Program for Individuals (Carryover)	29,989
A5	Homeless Prevention Program for Individuals (Carryover) - Paid with FY 2022 Encumbrance	72,686
A5	Homeless Prevention Program for Individuals (Carryover) - Paid with FY 2023 Encumbrance	102,828
A5	Homeless Prevention Program for Individuals (Carryover) - Payable	5,473
B3	Partner with Cities to Expand Rapid Re-Housing (Carryover)	174,919
B3	Encumbrance	140,321
B3	Encumbrance	195,941
E6	Countywide Outreach System (Carryover) - Paid with FY 2023 Encumbrance	696,540
E7	Strengthen the Coordinated Entry System (Carryover)	3,431,678
E7	Strengthen the Coordinated Entry System (Carryover) - Paid with FY 2022 Encumbrance	329,741
E7	Strengthen the Coordinated Entry System (Carryover) - Paid with FY 2023 Encumbrance	3,368,194
E7	Strengthen the Coordinated Entry System (Carryover) - Payable	(35,493)
E8	Enhance the Emergency Shelter System (Carryover)	221,984
E8	Enhance the Emergency Shelter System (Carryover) - Paid with FY 2022 Encumbrance	511,892
E8	Enhance the Emergency Shelter System (Carryover) - Paid with FY 2023 Encumbrance	548,953
Total		<u>44,934,349</u>
Department of Arts and Culture		
Connect	Pathway/RV	6,591
Total		<u>6,591</u>
Department of Child and Family Services		
Prevent	Targeted Prevention	714,277
Total		<u>714,277</u>
Department of Economic Opportunity		
Stabilize	Employment Income & Support	5,385,695
C7	Subsidized Employment for Homeless Adults (Carryover) - Paid with 2023 Encumbrance	671,157
Total		<u>6,056,852</u>
Department of Fire		
Connect	Pathway/RV	248,894
E6	Countywide Outreach System (Carryover)	104,803
Total		<u>353,697</u>

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

**4. Measure H Expenditures Paid/Disbursed to County Departments and Outside Agencies
(Continued)**

Strategy/Pillar	Program	Measure H Actual Expenditures
Department of Health Services		
Connect	Coordinated Outreach	26,627,293
Connect	Jail In-Reach	1,751,340
House	Interim Housing	41,425,500
House	Permanent Supportive Housing	63,784,822
Local Jurisdiction	Skid Row Action Plan	100,132
Local Jurisdiction	Pathway Local Jurisdiction	3,773,069
Prevent	Reduce PEH Mortality	115,886
E8	Enhance the Emergency Shelter System (Carryover)	3,238,814
Total		140,816,856
Department of Mental Health		
House	Interim Housing	170,124
House	Permanent Supportive Housing	6,649,906
Stabilize	Benefits Advocacy	753,680
Total		7,573,710
Department of Public Health		
Connect	Pathway/RV	23,140
Connect	Coordinated Outreach	974,944
House	Interim Housing	11,012,071
House	Permanent Supportive Housing	1,951,152
Total		13,961,307
Department of Public Social Services		
House	Time-Limited Subsidies	4,820,000
Stabilize	Benefits Advocacy	4,306,750
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness (Carryover)	293,036
Total		9,419,786
Department of Public Works		
Connect	Pathway/RV	393,026
Total		393,026
Sheriff's Department		
Connect	Jail In-Reach	467,752
Connect	Pathway/RV	643,556
Total		1,111,308

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

**4. Measure H Expenditures Paid/Disbursed to County Departments and Outside Agencies
(Continued)**

Strategy/Pillar	Program	Measure H Actual Expenditures
Los Angeles County Development Authority		
House	Housing Acquisition	13,508,993
	Total	13,508,993
Los Angeles Homeless Services Authority		
Prevent	Targeted Prevention	18,354,251
Prevent	Problem Solving	428,645
Coordinate	Coordinated Entry System	12,200,667
Stabilize	Legal & Financial Services	3,573,000
Stabilize	Employment & Income Support	2,225,960
Connect	Coordinated Outreach	9,535,840
Connect	Navigation	12,020,777
House	Interim Housing	68,401,305
House	Time-Limited Subsidies	54,602,959
House	Transitional Housing for Special Populations	7,980,038
House	Housing Acquisition	11,195,057
Local Jurisdiction	Permanent/Interim Housing	251,681
Local Jurisdiction	Pathway	3,888,493
B3	Partner with Cities to Expand Rapid Re-Housing (Carryover)	4,834,082
A1	Homeless Prevention Program for Families (Carryover)	979,099
A5	Homeless Prevention Program for Individuals (Carryover)	945,000
B7	Interim/ Bridge Housing for Those Exiting Institutions (Carryover)	492,000
E6	Countywide Outreach System (Carryover)	487,126
E7	Strengthen the Coordinated Entry System (Carryover)	1,516,000
E8	Enhance the Emergency Shelter System (Carryover)	6,569,775
E14	Enhanced Services for Transition Age Youth (Carryover)	1,663,650
	Total	222,145,405
Public Defender		
Stabilize	Critical Documents & Background Clearing	2,717,931
	Total	2,717,931
	Grand Total	\$ 463,714,088

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

5. Subsequent Events

L.A. Alliance for Human Rights, et al. v. City of Los Angeles, et al.

On September 28, 2023, a federal court approved Los Angeles County's settlement with Plaintiff LA Alliance for Human Rights and six individual plaintiffs that committed additional resources for people experiencing homelessness. The settlement commits the County to \$1.24 billion worth of resources and services over the next four years and includes 3,000 mental health and substance use disorder beds, 450 new subsidies for enriched residential care for adult residential facilities, and residential care facilities for the elderly beds (also known as board and care beds) serving the most vulnerable, an increase from 27.5 to 44 the number of specialized outreach teams in the City of Los Angeles, and provide a comprehensive suite of supportive services to the more than 13,000 permanent supportive housing and interim housing beds financed by the City of Los Angeles as part of the City's settlement with the plaintiffs. A federal monitor will assist the court in overseeing the County's settlement. On September 29, 2023, the court dismissed the plaintiffs' claims against the County. The settlement agreement is effective September 29, 2023, the date of the dismissal Order, and terminates on June 30, 2027. In October 2024, the County agreed to provide information and data regarding its services and health and mental health programs being provided to the City's three homelessness programs: (1) Roadmap-Freeway Agreement; (2) City-Plaintiffs' LA Alliance Program; and (3) Inside Safe Program as part of an independent audit of the City and pay \$180,000 in costs related to this scope of work. In November 2024, the Court requested an expanded audit scope of County services, including contract document review, site visits, and stakeholder interviews, with an additional \$440,000 cost. The County is still considering this request.

Measure A - Homeless Services and Affordable Housing Ordinance

On November 5, 2024, the voters of Los Angeles County successfully passed Measure A - Homeless Services and Affordable Housing Ordinance. This measure authorizes the implementation of a permanent one-half cent sales tax to reduce and prevent homelessness, as well as to provide mental health and addiction treatment, and affordable housing. Additionally, this measure repeals the one-quarter cent sales tax enacted by Measure H in 2017, which would have otherwise expired in 2027. This will impact the special revenue fund Homeless and Housing Measure H and the Measure H collections which end on March 31, 2025. Measure A is projected to generate approximately \$1.076 billion annually, effective on April 1, 2025.

In preparing the Schedule, the County has evaluated events and transactions for potential recognition or disclosure through December 16, 2024, the date the Schedule was available to be issued. No subsequent events occurred that require additional recognition or disclosure in the Schedule other than those described above.

REQUIRED SUPPLEMENTARY INFORMATION

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
on a Budgetary Basis
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance
Revenues			
Voter Approved Special Taxes	\$ 534,784,000	\$ 538,241,566	\$ 3,457,566
Interest Earnings	-	18,993,237	18,993,237
Miscellaneous	-	32,882	32,882
Total Revenues	<u>534,784,000</u>	<u>557,267,685</u>	<u>22,483,685</u>
Expenditures			
A: Prevent Homelessness			
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	979,099	979,099	-
Total A1: Homeless Prevention Program for Families	<u>979,099</u>	<u>979,099</u>	<u>-</u>
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	945,000	945,000	-
Chief Executive Office	422,203	210,976	211,227
Total A5: Homeless Prevention Program for Individuals	<u>1,367,203</u>	<u>1,155,976</u>	<u>211,227</u>
Total A: Prevent Homelessness	<u>2,346,302</u>	<u>2,135,075</u>	<u>211,227</u>
B: Subsidize Housing			
B3: Partner with Cities to Expand Rapid Re-Housing			
Los Angeles Homeless Services Authority	5,447,000	4,834,082	612,918
Chief Executive Office	739,944	511,181	228,763
Total B3: Partner with Cities to Expand Rapid Re-Housing	<u>6,186,944</u>	<u>5,345,263</u>	<u>841,681</u>
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	433,000	172,074	260,926
Total B4: Facilitate Utilization of Federal Housing Subsidies	<u>433,000</u>	<u>172,074</u>	<u>260,926</u>
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Los Angeles Homeless Services Authority	492,000	492,000	-
Total B7: Interim/ Bridge Housing for Those Exiting Institutions	<u>492,000</u>	<u>492,000</u>	<u>-</u>
Total B: Subsidize Housing	<u>7,111,944</u>	<u>6,009,337</u>	<u>1,102,607</u>
C: Increase Income			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Public Social Services	365,000	293,036	71,964
Total C4: Establish a Countywide SSI Advocacy Program	<u>365,000</u>	<u>293,036</u>	<u>71,964</u>
C7: Subsidized Employment for Homeless Adults			
Department of Economic Opportunity	-	671,157	(671,157)
Total C7: Subsidized Employment for Homeless Adults	<u>-</u>	<u>671,157</u>	<u>(671,157)</u>
Total C: Increase Income	<u>365,000</u>	<u>964,193</u>	<u>(599,193)</u>
E: Create a Coordinated System			
E6: Countywide Outreach System			
Los Angeles Homeless Services Authority	487,126	487,126	-
Department of Fire	111,000	104,803	6,197
Chief Executive Office	428,000	696,540	(268,540)
Total E6: Countywide Outreach System	<u>1,026,126</u>	<u>1,288,469</u>	<u>(262,343)</u>
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	1,516,000	1,516,000	-
Chief Executive Office	14,953,853	7,094,120	7,859,733
Total E7: Strengthen the Coordinated Entry System	<u>16,469,853</u>	<u>8,610,120</u>	<u>7,859,733</u>

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
on a Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2024

Expenditures	Budget	Actual	Variance
E: Create a Coordinated System (Continued)			
E8: Enhance the Emergency Shelter System			
Department of Health Services	5,583,000	3,238,814	2,344,186
Los Angeles Homeless Services Authority	6,569,775	6,569,775	-
Chief Executive Office	1,912,000	1,282,829	629,171
Total E8: Enhance the Emergency Shelter System	<u>14,064,775</u>	<u>11,091,418</u>	<u>2,973,357</u>
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	1,673,000	1,663,650	9,350
Total E14: Enhanced Services for Transition Age Youth	<u>1,673,000</u>	<u>1,663,650</u>	<u>9,350</u>
Total E: Create a Coordinated System	<u>33,233,754</u>	<u>22,653,657</u>	<u>10,580,097</u>
Coordinate			
Coordinated Entry System			
Los Angeles Homeless Services Authority	14,083,000	12,200,667	1,882,333
Total Coordinate	<u>14,083,000</u>	<u>12,200,667</u>	<u>1,882,333</u>
Homeless Prevention			
Targeted Prevention			
Department of Children and Family Services	800,000	714,277	85,723
Department of Health Services	1,200,000	115,886	1,084,114
Department of Public Health	500,000	-	500,000
Los Angeles Homeless Services Authority	19,534,000	18,354,251	1,179,749
Total Targeted Prevention	<u>22,034,000</u>	<u>19,184,414</u>	<u>2,849,586</u>
Problem Solving			
Los Angeles Homeless Services Authority	598,000	428,645	169,355
Total Problem Solving	<u>598,000</u>	<u>428,645</u>	<u>169,355</u>
Total Homeless Prevention	<u>22,632,000</u>	<u>19,613,059</u>	<u>3,018,941</u>
Connect			
Pathway RV Encampment			
Chief Executive Office - Capital Projects	650,000	338,924	311,076
Chief Executive Office	2,402,000	157,957	2,244,043
Department of Public Health	312,000	23,140	288,860
Department of Public Works	4,813,000	393,026	4,419,974
Department of Arts & Culture	312,000	6,591	305,409
Los Angeles Homeless Services Authority	2,673,000	-	2,673,000
Department of Fire	290,000	248,894	41,106
Sheriff's Department	1,562,000	643,556	918,444
Total Pathway RV Encampment	<u>13,014,000</u>	<u>1,812,088</u>	<u>11,201,912</u>
Coordinated Outreach			
Los Angeles Homeless Services Authority	11,637,000	9,535,840	2,101,160
Department of Health Services	37,681,000	26,627,293	11,053,707
Department of Public Health	975,000	974,944	56
Total Coordinated Outreach	<u>50,293,000</u>	<u>37,138,077</u>	<u>13,154,923</u>
Jail In-Reach			
Department of Health Services	2,086,000	1,751,340	334,660
Sheriff's Department	521,000	467,752	53,248
Total Jail In-Reach	<u>2,607,000</u>	<u>2,219,092</u>	<u>387,908</u>
Navigation			
Los Angeles Homeless Services Authority	17,265,880	12,020,777	5,245,103
Total Navigation	<u>17,265,880</u>	<u>12,020,777</u>	<u>5,245,103</u>
Total Connect	<u>83,179,880</u>	<u>53,190,034</u>	<u>29,989,846</u>

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
on a Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2024

Expenditures	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
House			
Interim Housing			
Chief Executive Office	9,147,354	1,728,025	7,419,329
Department of Health Services	57,329,212	41,425,500	15,903,712
Department of Mental Health	226,000	170,124	55,876
Department of Public Health	11,110,000	11,012,071	97,929
Los Angeles Homeless Services Authority	75,323,303	68,401,305	6,921,998
Total Interim Housing	<u>153,135,869</u>	<u>122,737,025</u>	<u>30,398,844</u>
Time-Limited Subsidies			
Department of Public Social Services	4,820,000	4,820,000	-
Los Angeles Homeless Services Authority	60,401,600	54,602,959	5,798,641
Total Time-Limited Subsidies	<u>65,221,600</u>	<u>59,422,959</u>	<u>5,798,641</u>
Permanent Supportive Housing			
Department of Health Services	98,181,000	63,784,822	34,396,178
Department of Mental Health	15,838,000	6,649,906	9,188,094
Department of Public Health	3,053,000	1,951,152	1,101,848
Chief Executive Office - Affordable Housing	15,000,000	5,426,603	9,573,397
Total Permanent Supportive Housing	<u>132,072,000</u>	<u>77,812,483</u>	<u>54,259,517</u>
Housing Acquisition			
Los Angeles Homeless Services Authority	13,559,000	11,195,057	2,363,943
Los Angeles County Development Authority	13,852,000	13,336,919	515,081
Total Housing Acquisition	<u>27,411,000</u>	<u>24,531,976</u>	<u>2,879,024</u>
Transitional Housing for Special Populations			
Los Angeles Homeless Services Authority	9,674,143	7,980,038	1,694,105
Total Transitional Housing for Special Populations	<u>9,674,143</u>	<u>7,980,038</u>	<u>1,694,105</u>
Total House	<u>387,514,612</u>	<u>292,484,481</u>	<u>95,030,131</u>
Stabilize			
Employment & Income Support			
Department of Economic Opportunity	7,121,000	5,385,695	1,735,305
Los Angeles Homeless Services Authority	2,537,862	2,225,960	311,902
Total Employment & Income Support	<u>9,658,862</u>	<u>7,611,655</u>	<u>2,047,207</u>
Benefits Advocacy			
Department of Mental Health	1,513,000	753,680	759,320
Department of Public Social Services	5,001,000	4,306,750	694,250
Total Benefits Advocacy	<u>6,514,000</u>	<u>5,060,430</u>	<u>1,453,570</u>
Legal & Financial Services			
Los Angeles Homeless Services Authority	3,573,000	3,573,000	-
Total Legal & Financial Services	<u>3,573,000</u>	<u>3,573,000</u>	<u>-</u>
Critical Documents & Background Clearing			
Department of Public Defender	3,265,000	2,717,931	547,069
Total Critical Documents & Background Clearing	<u>3,265,000</u>	<u>2,717,931</u>	<u>547,069</u>
Total Stabilize	<u>23,010,862</u>	<u>18,963,016</u>	<u>4,047,846</u>

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
on a Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance
Expenditures			
Local Jurisdiction			
Cities & COGs			
Chief Executive Office	15,500,000	4,737,449	10,762,551
Chief Executive Office - CoCs	6,440,000		6,440,000
Total Cities & COGs	<u>21,940,000</u>	<u>4,737,449</u>	<u>17,202,551</u>
Pathway Local Jurisdictions			
Chief Executive Office	21,146,306	11,458,433	9,687,873
Department of Health Services	3,948,000	3,773,069	174,931
Los Angeles Homeless Services Authority	19,628,694	3,888,493	15,740,201
Total Pathway Local Jurisdictions	<u>44,723,000</u>	<u>19,119,995</u>	<u>25,603,005</u>
Permanent/Interim Housing			
Chief Executive Office	5,000,000		5,000,000
Department of Health Services	13,349,186	100,132	13,249,054
Los Angeles Homeless Services Authority	321,460	251,681	69,779
Total Permanent/Interim Housing	<u>18,670,646</u>	<u>351,813</u>	<u>18,318,833</u>
Total Local Jurisdiction	<u>85,333,646</u>	<u>24,209,257</u>	<u>61,124,389</u>
Administrative			
Chief Executive Office	17,465,000	10,745,312	6,719,688
Homeless Initiative Administration	546,000	546,000	-
Total Administrative	<u>18,011,000</u>	<u>11,291,312</u>	<u>6,719,688</u>
Contingency			
Appropriated for Contingency	193,649,000	-	-
Total Contingency	<u>193,649,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>870,471,000</u>	<u>463,714,088</u>	<u>213,107,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(335,687,000)	93,553,597	(190,624,227)
Less: Contractual Obligations/Changes in Fund Balance			
Commitments Outstanding as of Fiscal Year End	-	374,821,000	374,821,000
Changes in Fund Balance	-	(645,834,597)	(645,834,597)
Total Net Change in Contractual Obligations	<u>-</u>	<u>(271,013,597)</u>	<u>(271,013,597)</u>
Net Change in Fund Balance	(335,687,000)	(177,460,000)	(158,227,000)
Fund Balance, July 1, 2023	<u>335,687,000</u>	<u>335,687,000</u>	<u>-</u>
Fund Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 158,227,000</u>	<u>\$ (158,227,000)</u>

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Required Supplementary Information
June 30, 2024

1. Budgets and Budgetary Information

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts an annual budget on or before October 2 for each fiscal year. Budgets are adopted on a basis of accounting that is different from accounting principles generally accepted in the United States of America. Budgets for the Homeless and Housing Measure H Special Revenue Fund are consistent with the annual expenditure plan approved by the Board of Supervisors. The County utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year's expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

2. Reconciliation of Fund Balance - Budgetary to US GAAP Basis

The Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Homeless and Housing Measure H Special Revenue Fund has been prepared on a modified accrual basis of accounting in accordance with US GAAP. The Budgetary Comparison Schedule has been prepared on a budgetary basis, which is different from US GAAP.

The following schedule is a reconciliation of the budgetary and US GAAP fund balances as of June 30, 2024:

Fund Balance - budgetary basis	\$ 158,227,000
Encumbrances and other reserves	<u>374,821,000</u>
Subtotal	533,048,000
Adjustments:	
Change in revenue accruals	<u>2,584,000</u>
Fund Balance - US GAAP basis	<u><u>\$ 535,632,000</u></u>

**SUPPLEMENTAL INFORMATION
IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



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**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the
Schedule of Revenues, Expenditures, and Changes in Fund Balance of the
Homeless and Housing Measure H Special Revenue Fund
Performed in Accordance with *Government Auditing Standards***

Ms. Fesia A. Davenport
Chief Executive Officer
County of Los Angeles
Los Angeles, California

We have audited, 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance (the Schedule) for the Homeless and Housing Measure H Special Revenue Fund (Measure H) of the County of Los Angeles (the County) for the fiscal year ended June 30, 2024, and the related notes to the Schedule, which collectively comprised the County’s Schedule, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s Schedule will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's Schedule is free of 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 the amounts on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BCA Watson Rice, LLP

Torrance, California
December 16, 2024



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**Independent Auditor’s Report on Compliance with Requirements
Applicable to the Homeless and Housing Measure H Special Revenue Fund in Accordance with the
Measure H, Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code –
Transaction and Use Tax to Prevent and Combat Homelessness**

Ms. Fesia A. Davenport
Chief Executive Officer
County of Los Angeles
Los Angeles, California

Report on Compliance

Opinion

We have audited the County of Los Angeles’ (the County) compliance with *Measure H, Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness* (Measure H Ordinance) applicable to the Homeless and Housing Measure H (Measure H) revenues, expenditures, and changes in the fund balance for the fiscal year ended June 30, 2024.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure H revenues and expenditures for the fiscal year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Measure H revenues and expenditures.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County’s compliance with Measure H revenues and expenditures based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County’s compliance with the requirements of the Measure H revenues and expenditures as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County’s compliance with the compliance requirements referred to above and performing other procedures as necessary in the circumstances.
- Obtain an understanding of the County’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Measure H revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over

compliance may exist that have not been identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the compliance requirements of Measure H revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

BCA Watson Rice, LLP

Torrance, California

December 16, 2024

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Current Year Audit Findings
For the Fiscal Year Ended June 30, 2024

There are no current year audit findings.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Status of Prior-Year Audit Findings and Recommendations

Finding FY 2023-01

Community Career Development, a subcontractor with the Department of Economic Opportunity (DEO), was unable to provide supporting documentation for any of its claimed Measure H expenditures totaling \$78,789.

Criteria

Measure H, Ordinance 2017-001, Chapter 4.73.030 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness, provides that the revenues generated by the retail transactions and use tax will be expended by the County pursuant to an expenditure plan approved by the Board of Supervisors prior to June 30th of each year.

Condition

The subcontractor, Community Career Development (CCD), engaged by the DEO for the Subsidized Employment for Homeless Adults – a strategy/expenditure plan approved by the County Board of Supervisor, failed to produce supporting documentation for two selected expenditure transactions amounting to \$17,979. Additionally, upon further inquiry, the DEO disclosed that CCD was unable to provide documentation for all claimed expenditures totaling \$78,789 for the fiscal year 2022-2024. Consequently, the DEO took the necessary action to terminate its subcontracting agreement with CCD, effective June 30, 2024.

Cause

The subcontractor (CCD) lacked adequate internal controls to maintain supporting documentation of claimed Measure H expenditures. The subsequent termination of the subcontracting agreement by the DEO resulted in CCD becoming uncooperative and unresponsive to DEO's requests for the required supporting documentation, thereby further hindering the expenditure verification process.

Effect

We are unable to substantiate the validity of the \$78,789 reimbursed to CCD for the fiscal year ended June 30, 2023, as authorized Measure H expenditures.

Questioned Costs

\$78,789 of subcontractor claimed costs pertaining to the DEO's Subsidized Employment for Homeless Adults strategy.

Recommendation

We recommend that DEO seek reimbursement from CCD for the \$78,789 of unsupported costs. Furthermore, DEO should improve its oversight measures to ensure that all reimbursement claims from subcontractors are accompanied by valid and authorized supporting documentation before approval and disbursement of Measure H funds.

Views of the Responsible Officials

The DEO agrees with the auditor's finding.

Planned Corrective Action

DEO's agreement with subrecipient Community Career Development (CCD) Inc., lapsed June 30, 2024, and was not renewed. On October 19, 2024, DEO placed CCD in the County's Contractor Alert Reporting Database (CARD), which notifies all Los Angeles County departments of poorly performing contractors.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Status of Prior-Year Audit Findings and Recommendations

Planned Corrective Action (continued)

DEO will strengthen the procedures to ensure that all reimbursement claims are accompanied by valid and authorized supporting documentation before issuance of any funds, including Measure H.

Person in-charge:

Administrative Deputy, Department of Economic Development

Date to implement:

Implementation target date: June 28, 2024

Current Year Management Response

DEO acknowledges that the recommendations and planned corrective actions outlined in the FY 2022-23 Measure H Audit Report have not been implemented as scheduled. The delay in implementing the action plan, originally slated for October 2024, was due to transitions in key personnel, including the Administrative Deputy and Departmental Finance Officer, as well as, contract transitions following the public workforce system procurement, which relates to this workforce development and job center specific finding. The department is now fully staffed, responsibilities have been reassigned, and the action plan has been updated. to ensure timely implementation moving forward.

Current Status as of June 30, 2024

The planned corrective action has not yet been implemented.

DEO has submitted the following revised plan and timeline as follows:

- Develop a mandatory expenditure summary document to be included with the monthly invoice submissions by subrecipients. The planned implementation date for the internal DEO development is January 31, 2025.

- Issue a Directive to Measure H subrecipients with the requirement for backup expenditure documentation with monthly invoices, which details the specific information and supporting documents required. The planned implementation date for subrecipient compliance with the new procedure is February 28, 2025.

- Develop a pilot quality assurance procedure for reviewing Measure H invoices to ensure compliance with the new requirement. The planned implementation date will accompany the external rollout and is February 28, 2025.

- Provide a training session to subrecipient agencies on the new requirement for including backup documentation with monthly invoices. The planned implementation date is March 20, 2025.

The target date for full implementation is March 20, 2025.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Status of Prior-Year Audit Findings and Recommendations

Finding FY 2023-02

St. Anne’s Maternity Home, a subcontractor for the Los Angeles Homeless Service Authority (LAHSA) erroneously recorded \$9,350 of a non-Measure H expenditure as a Measure H claimed expenditure.

Criteria

Measure H, Ordinance 2017-001, Chapter 4.73.030 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness, provides that the revenues generated by the retail transactions and use tax will be expended by the County pursuant to an expenditure plan approved by the Board of Supervisors prior to June 30th of each year.

Condition

In our expenditure testing, we selected a transaction from LAHSA’s subcontractor, St. Anne’s Maternity Home, from the May-June 2023 general ledger totaling \$9,350. Upon reviewing the supporting documentation for this transaction before submission to the auditors, St. Anne’s Maternity Home discovered that the selected transaction was not a Measure H related expenditure, but it was erroneously charged to the Measure H Enhanced Services for Transition Age Youth strategy.

Cause

The subcontractor’s lack of management oversight and review resulted in the miscoding of this transaction going undetected.

Effect

The reported LAHSA’s expenditures for the Enhanced Services for Transition Age Youth strategy for the fiscal year ended June 30, 2023, were overreported by \$9,350.

Questioned Costs

\$9,350

Recommendation

We recommend that LAHSA seek reimbursement from the subcontractor for the erroneously claimed expenditures of \$9,350. Moving forward, LAHSA should improve its subcontractor monitoring to ensure that expenditures claimed from subcontractors are accurately supported and are valid Measure H strategies expenditures.

Views of the Responsible Officials

LAHSA agrees with the finding and recommendation as noted in the report. LAHSA has since confirmed receipt of the reimbursed check for the total amount of \$43,865.99. The check includes the \$9,350.00 amount identified by Measure H, plus an additional \$34,515.99 in miscoded spending not related to Measure H funds that the agency discovered as part of this audit outside of the sample selection.

Planned Corrective Action

To reduce this finding from recurring, LAHSA has revisited our current protocols to ensure expenditure claims by service providers accurately support and validate Measure H pillar expenditures. In addition, LAHSA will deduct the \$9,350 from the next expenditures claim/invoice to the County

Person in-charge:

Accounting Department

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Status of Prior-Year Audit Findings and Recommendations

Date to implement:

No later than December 15, 2024.

Current Year Management Response

LAHSA implemented additional protocols to ensure expenditure claims by service providers are accurately supported and validated to the Measure H pillar and program expenditures. LAHSA also provided technical assistance to all service providers which included training and instructions for validating costs and coding to the Measure H pillars and programs. LAHSA will continue providing future capacity-building training opportunities for all service providers.

Current Status as of June 30, 2024

Implemented.

During FY 2023-24, LAHSA Grants Management and Compliance (GMC) department hosted a total of 10 capacity-building training sessions. These monthly training sessions were designed to address common service provider needs, including technical support, invoice submission, efficient management of LAHSA's annual allocation, and other operational requirements.