



FISCAL YEAR
2023-2024
ANNUAL AUDIT

FINANCIAL OPINION

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Paradise, California (the Town) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

-AFS 2024 pg5

AUDIT OPINION SUMMARIZED

The Town received a clean
(unmodified) audit opinion.

Financial statements are fairly
presented under U.S. accounting
rules.

This means the numbers can be
relied on for decision-making.

Table 1
GOVERNMENTAL ACTIVITIES NET POSITION AT JUNE 30, 2024

NET POSITION

The difference between assets and liabilities, of which may or may not be available for future spending.

	AFS 2024	PY 2023
<u>ASSETS</u>		
Current and other assets	\$ 264,832,947	\$ 234,469,381
Capital assets, net	<u>75,765,264</u>	<u>62,480,689</u>
TOTAL ASSETS	<u>340,598,211</u>	<u>296,950,070</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
	15,499,519	15,155,061
<u>LIABILITIES</u>		
Current and other liabilities	19,913,152	14,553,984
Long-term liabilities	<u>50,817,805</u>	<u>47,921,701</u>
TOTAL LIABILITIES	<u>70,730,957</u>	<u>62,475,685</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
	3,228,463	4,552,367
<u>NET POSITION</u>		
Net investment in capital assets	75,204,510	59,280,800
Restricted	<u>29,355,607</u>	<u>26,654,435</u>
Unrestricted	<u>177,518,193</u>	<u>159,141,844</u>
TOTAL NET POSITION	<u><u>\$282,078,310</u></u>	<u><u>\$245,077,079</u></u>

REVENUES

Table 2
CHANGE IN GOVERNMENTAL ACTIVITIES NET POSITION

	AFS 2024	PY 2023
<u>REVENUES</u>		
Program revenues		
Charges for services	\$21,236,491	\$ 8,124,296
Operating contributions & grants	8,467,723	7,119,406
Capital contributions & grants	<u>31,152,225</u>	<u>17,967,187</u>
Total program revenues	<u>60,856,439</u>	<u>33,210,889</u>
General revenues		
Property Taxes	4,471,390	3,274,019
Other Taxes	3,949,917	4,043,732
Motor Vehicle In-lieu	1,642,149	1,327,485
Other General Revenues	<u>11,121,279</u>	<u>2,889,279</u>
Total general revenues	<u>21,184,735</u>	<u>11,534,515</u>
TOTAL REVENUES	<u>82,041,174</u>	<u>44,745,404</u>

WHERE THE MONEY CAME FROM

- Total revenues were about \$82 million.
- Major sources: grants and capital contributions, property taxes, and investment earnings.
- Rebuilding and recovery funding remains a key driver.

EXPENSES

Program expenses			
General Government	4,701,414	4,181,209	
Community Development	20,998,241	9,966,093	
Public Safety	13,974,123	8,823,382	
Public Works	1,451,741	1,149,644	
Parks & Recreation	273,831	248,706	
Streets	3,206,803	2,709,160	
Interest on Long Term Debt	<u>433,790</u>	<u>478,220</u>	
 TOTAL EXPENSES	 45,039,943	 27,556,414	
Excess (deficiency) before extraordinary items	37,001,231	17,188,990	
Extraordinary items (Note 16)	<u>-</u>	<u>2,745,970</u>	
 INCREASE/(DECREASE) IN NET POSITION	 <u>\$37,001,231</u>	 <u>\$19,934,960</u>	

WHERE THE MONEY WENT

Total expenses were about
\$45 million.

Largest areas: Community
Development, Public
Safety, and Public Works.

Spending reflects ongoing
rebuilding and
infrastructure work.

BIG PICTURE FINANCIAL HIGHLIGHTS

- Total net position increased to approximately \$282 million.
- Net position grew by about \$37 million during the year.
- Growth driven by grants, reimbursements, and rebuilding activity.

CAPITAL ASSETS & INFRASTRUCTURE

- Capital assets total about \$76 million, net of depreciation.
- Major projects include road rehabilitation and sewer projects.
- Assets increased as rebuilding continues.

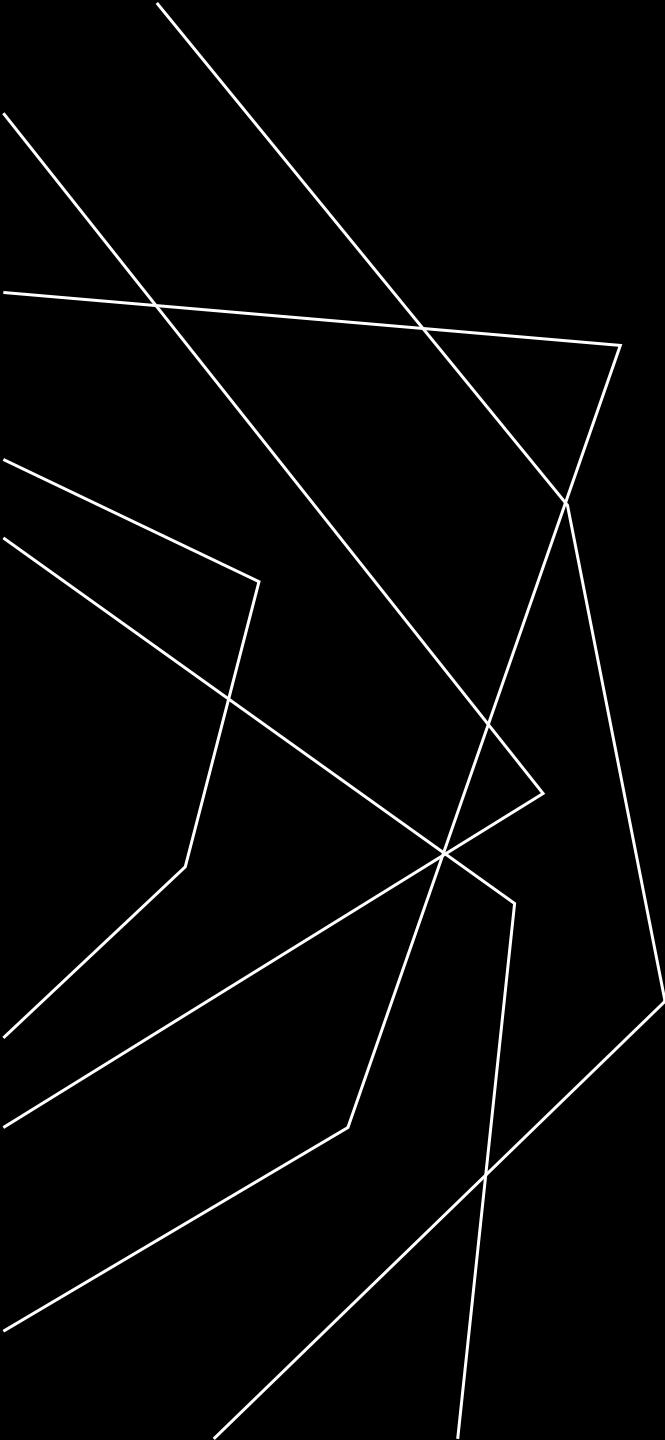


FINDINGS

- A high number of audit adjustments were required to finalize the financial statements due to timing and reconciliation issues.
- Internal control weaknesses were identified related to year-end close and review procedures.
- Federal grant reporting was not always timely, including late submission of required schedules and reports.
- Grant expenditures were sometimes recorded through fund transfers rather than billed directly, increasing audit effort and compliance risk.

WHAT THESE FINDINGS MEAN

- The issues are about process and timing, not missing money.
- Auditors did not find fraud or misuse of funds.
- Improvements are needed in accounting controls and staffing capacity.



CONTEXT

- The audit period occurred during a significant organizational transition.
- The Town was implementing a new account structure and updated financial coding, creating temporary gaps in continuity and processing.
- Delays in reconciliations and a higher number of audit adjustments during the year.



CORRECTIVE ACTION

- As staff gain experience, and historical project information is fully aligned within the new structure, workflows are stabilizing and these issues are expected to diminish.
- To accelerate progress, the Town is engaging additional consulting support to assist with training, technical guidance, and strengthening financial reporting procedures.
- Already implemented direct billing and allocation.



CORRECTIVE ACTION

- Continue stabilizing staffing and financial systems.
 1. Expanding our software ability with expanding current accounting modules and utilizing new ones.
 2. Working on filling 2 vacancies

BOTTOM LINE

- The Town's financial position continues to improve.
- Rebuilding progress is reflected in the financial results.
- Focus now is on strengthening processes to support long-term recovery.