

# CITY OF DANA POINT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



Joseph Muller, Mayor  
Paul N Wyatt, Mayor Pro Tem  
Debra Lewis, Council Member  
Jamey Federico, Council Member  
Richard Viczorek, Council Member  
Mark Denny, City Manager

Prepared by:  
Department of Administrative Services

**CITY OF DANA POINT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2019**

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# **INTRODUCTORY SECTION**



November 25, 2019

To the Mayor, City Council, City Manager, and Citizens of the City of Dana Point:

The Comprehensive Annual Financial Report (CAFR) of the City of Dana Point (“City”) for the fiscal year ended June 30, 2019, is submitted herewith. The Department of Administrative Services prepared this report. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. This document reflects the City's commitment to the highest levels of financial reporting by using a reporting format which meets the standards adopted by the Governmental Accounting Standards Board (GASB), which is recognized as the authoritative body for the promulgation of standards of financial accounting and reporting for activities and transactions of state and local governments. We believe that the data provided in this report is accurate in all material respects and is presented in a manner designed to fairly reflect the financial position and results of operations of the City. In addition, we believe all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In developing the City's accounting system, consideration is given to the adequacy of internal accounting control systems. The objectives of the City's internal accounting control systems are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

It is the policy of the City to have an audit performed annually by an independent certified public accountant. The independent audit of the June 30, 2019, financial statements was performed by Davis Farr LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. Davis Farr concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Dana Point’s financial statements for the year ended June 30, 2019, are fairly presented in conformity with Generally Accepted Accounting Principles (“GAAP”). The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE CITY

Dana Point is a city of approximately 6.7 square miles. Located on the southern coast of Orange County, California, the City has a population of approximately 34,359. The City draws its name from author Richard Henry Dana (1815-1882), who documented his experiences in an 1830's sea voyage from Boston to California in the novel *Two Years Before the Mast*. A replica of the sailing vessel he traveled on, the tall ship *Pilgrim*, is moored in the Dana Point Harbor.

Geographically, the city is comprised of a number of unique micro-communities. The south end of town is the Capistrano Beach community with mainly residential housing and limited commercial/retail development. Adjacent and west of Capistrano Beach is the Doheny Village area which consists of a mix of commercial and retail businesses, and multi-family residential housing. The Dana Point Harbor, although located within city boundaries, is administered by the County of Orange, and hosts small-craft moorings, a commercial fishing fleet, a hotel, shopping, and several restaurants. North of the Harbor is the Lantern District, which hosts mainly commercial and retail businesses that serve residents and visitors; this area extends along Pacific Coast Highway ("PCH") and Del Prado Street, from Copper Lantern Street to Blue Lantern Street. In addition, two primarily residential areas, commonly referred to as Lantern Village and Dana Hills, are north of there. Toward the northwest edge of town is an area known as the Monarch Beach community, which is home to the City's two largest hotels (the Ritz Carlton and Monarch Beach Resort), a golf course, and large, upscale residential developments.

The City incorporated under the general laws of the State of California on January 1, 1989, and operates under a Council-Manager form of government. The City Council consists of five members, with two seats currently elected at large, and three seats for geographic districts, all on a non-partisan basis to four-year terms. The mayor and mayor pro tem are honorary positions filled by Council members for one-year terms.

Beginning with the City's first full year of operations on July 1, 1989, all of the previously provided municipal services became the direct responsibility of the City and are now provided by the City at its own expense, either with in-house City staff or by contract with private firms or the County. The City today operates in part as a "contract city," utilizing contracts with other governmental entities, private firms, and individuals to provide certain of the traditional municipal services to the community.

On December 22, 1993, pursuant to a resolution of the Orange County Local Agency Formation Commission ("LAFCO"), the Capistrano Bay Park and Recreation District (the "Park District") merged with the City of Dana Point. The merger resulted from the permanent reallocation by the State of California of 59% of the Park District's property tax revenue base. As a result of this revenue loss, the Park District ceased generating sufficient revenues to support its operations. At the recommendation of both the Dana Point City Council and the Park District's Board of Directors, LAFCO approved the merger of the two entities. In connection with the merger, the City agreed to assume the existing debt of the Park District, which at that time consisted of a \$5.9 million capital lease obligation. The City serviced that debt until its retirement in August of 2006.

Other governmental entities, such as the State of California, the County of Orange, the Orange County Fire Authority, and numerous water, sewer, school, and other districts, as well as electric and gas utilities, provide various services within Dana Point. These entities are legally separate from the City.

Budgets are adopted bi-annually by the City Council and are prepared for each fund in accordance with its basis of accounting. As provided by City ordinance, the City Manager is responsible for preparing the budget and for its implementation after adoption. All unencumbered budget appropriations lapse at year-end. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer appropriations from one function or activity to another within the same fund without Council approval, provided such changes will neither have a significant policy impact nor affect budgeted year-end fund balances.

## **LOCAL ECONOMY**

The City serves a significant number of visitors each year, many of whom are drawn by the small boat harbor, beaches, parks, golf courses, resorts and special events in the city. Dana Point is home to two five-star resorts, one four-star resort, eight hotels and motels, and a 29-unit bed and breakfast inn, for a total of almost 1,873 rooms. The City's coastal resources continue to draw visitors that support its visitor-oriented commercial and retail establishments.

The City is highly reliant upon the tourism industry which is its principal revenue source. At approximately one-third of General Fund revenues, transient occupancy tax ("TOT") remains the City's largest revenue source. This 10% tax is imposed upon visitors staying in lodging establishments (hotels) and short-term vacation rentals (residences) located in the city. The four largest resorts in the city account for over seventy percent of available hotel rooms, are among the City's largest individual property taxpayers, some of its largest employers, and some of the leading sales tax generators. Moreover, their guests dine in area restaurants, shop in retail establishments and enjoy recreational opportunities within the city. In total, it is estimated that the tourism industry (directly or indirectly) contributes approximately half of the City's General Fund revenues.

Hotel TOT revenue increased \$350 thousand, or 2.7%, to \$13.3 million in fiscal year 2019. The increase from fiscal year 2018 is again due to individual and collective hotel revenue records, as well as an increase of \$149 thousand in TOT from short-term residential vacation rentals.

Sales Tax revenue has seen annual increases since fiscal year 2011, the pace of growth has slowed but steadily continues with an increase of \$500k over 2018, finishing at \$5.9 million.

Most existing businesses are oriented toward serving visitors or local residents. The City does not have a mall, new-car dealerships or major franchise retailers. Due to relatively high property values, limited availability of space, and in some cases parking requirements, there has been relatively limited infill residential, commercial and industrial development occurring in the city. Currently, there is a mixed-use development, Prado West, under construction in the Lantern District; when completed, it will include 109 residential units, and nearly 27,000 square feet of new restaurants, shops, public courtyard space, and some public parking. A 168 unit condominium project with a small amount of retail space, along with a new linear park, is also under construction near Pacific Coast Highway (PCH) across from Doheny State Beach.

There are a few other significant projects expected to break ground in the near future, including a \$330 million investment into the harbor under a recently signed 66-year operating lease with a private development consortium, and a new 57 room hotel on PCH adjacent to the Headlands, among others.

The City also receives significant revenue through the State of California. These revenues include gasoline taxes apportioned by the State based upon population and sales tax which is apportioned based upon local sales tax collections.

In November 2019, the State Legislative Analyst’s Office stated they believe the State’s budget is in good condition. Their base estimate is that there is a \$7 billion surplus available to allocate for the next budget year that begins July 1, 2020, but cautions the legislature to commit no more than \$1 billion due to potential for a recession. They recommend that the legislature use the State’s surplus to continue building reserves or to pay down debt.

Dana Point has experienced nine consecutive year-over-year increases in General Fund revenues through fiscal year 2019. The 2.8% unemployment rate in Dana Point was markedly lower than the previous year’s 3.2%. The City continues to recognize that the national economy has seen record, sustained growth since coming out of the Great Recession, and notes that many economists foresee a reduction in that pace on the near-term horizon. Staff is diligently monitoring economic turns and has eased City revenue forecasts to best prepare for challenges that may arise.

As shown in the table below, over the last five years, citywide assessed real property valuation as reported by the County of Orange Auditor/Controller’s Office increased \$3.1 billion, or 33.6%.

Dana Point Assessed Property Values Last Five Fiscal Years (in thousands)				
2015	2016	2017	2018	2019
\$9,798,000	\$10,521,000	\$11,212,000	\$12,191,000	\$12,725,000

According to HDL, Coren & Cone, Dana Point’s August 2019 median home sales price was \$944,000, a 2.1% increase compared to \$925,000 reported one year earlier. The home sales price increases over the past six years appear to have stabilized. With Dana Point’s desirable location, property appreciation is still projected to exceed national levels to some degree. Property Tax revenue finished fiscal year 2019 at \$8.8 million.

**LONG-TERM FINANCIAL PLANNING**

Staff began including a Master Financial Plan (MFP) in the fiscal year 2016 and 2017 two-year budget, and provided one again in the fiscal year 2018 and 2019 budget. The City Council, as part of a comprehensive financial policy development project, adopted a formal Long-Term Financial Policy before the end of Fiscal Year 2018. The new Policy is designed to ensure financial sustainability, defined as the City’s long-term financial performance where planned long-term service and infrastructure standards are met without unplanned increases in rates or disruptive cuts to services. The forecast period was extended out through fiscal year 2025.

Revenues

Dana Point’s Transient Occupancy Tax (“TOT”), Property Tax, Sales Tax, and In-Lieu Property Tax combined represent nearly 80% of General Fund revenue. Since fiscal year 2010, at the bottom of the recession, General Fund total tax revenue has grown on average about \$1.75 million per year over the past 9 fiscal years, from \$19.3 million in FY10 to \$35.0 million in FY19.



With the exception of FY16 when a major hotel was under renovation part of the year, TOT revenue continues to show positive growth, and with the establishment of a destination marketing organization (i.e., Visit Dana Point) by the major hotels it is expected to remain stable and possibly continue setting revenue records in the coming years. The Harbor area is also contemplated to be under construction for several years, with considerable investment made in refurbishing existing and opening new restaurants and retail stores, along with opening two new hotels that double the current number of available rooms. Tax revenue projections include Property Tax and In-Lieu Property Tax displaying steady growth of 3% and above per year, and Sales Tax projections showing a more reserved 2.5% to 3% growth in the coming years.

While planning related activity has begun to moderate from the record pace seen since the recession, there remains a steady, record level pace for private construction activity. Though revenue from Licenses & Permits and Charges for Service associated with the development activity have been at record highs, the long-term forecast assumes that the building boom will not continue at the same pace. Prior to fiscal year 2019, the last time the City adjusted its development related fees was in 1998. Beginning in fiscal year 2019, the City began a phased implementation of fee adjustments to bring fees in line with the cost of City services. The fee adjustments will help dampen the effect on City finances from the projected downturn in development activity.

For all General Fund operating revenues (excluding revenue from a property sale in FY14), revenue growth from FY10 through FY19 averaged \$1.9 million, or 2.7%, per year. The longer-term forecast projects overall revenue growth to average just under 2%.

### Expenditures

The average annual projected growth in General Fund operating expenditures through FY25 is just over 2.1%. Major cost categories that account for a large portion of anticipated increases include public safety costs, city personnel costs, street maintenance, park maintenance, and professional services.

- Based on recent history, public safety costs are assumed to see 3.8% increases compound each year;
- Personnel costs are projected to increase roughly 3.0% over the five years, excluding unfunded liability;
- A general cost growth assumption for materials and supplies was set at 1.75%; and,
- Contract professional services costs have been at elevated levels the past several years, particularly to augment development-related staffing to cover peak-level workloads. With the projected reduction in the pace of private development, these costs are expected to decline over the forecast period.

## MAJOR INITIATIVES

Over the past couple of years, the City Council had funded several initiatives, with the status of a few most relevant to City finances as follows:

- Update the City’s strategic plan (*adopted July 2018*);
- Develop comprehensive set of financial policies (*seven new policies as of June 2019*);
- Update the long-term financial plan (*completed*);
- Conduct a facilities assessment and implement a work order system (*completed*);
- Implement online financial transparency software (*completed*).

The City’s Strategic Plan (“Plan”), establishes the City of Dana Point’s mission to set the standard for an exceptionally livable city, with a vision to be a vibrant, world-class place. The Plan established five high-level goals, each supported by specific goals, objectives and performance measures that the City is continuing to implement. The following are some of the priority projects (summarized):

- Analysis of service costs in a manner that identifies the demand sources for Public Safety services;
- Enhance community engagement in City-led service programs (e.g., Neighborhood Watch, Volunteers in Police Services, Nature Interpretive Center Docents).
- Develop and obtain Council approval of Code Enforcement Strategy;
- Give employees the challenge, responsibility, and authority to make City government more effective, efficient and innovative;
- Measure employee engagement through employee engagement surveys;
- Complete implementation of the priority-based budget process;
- Review large contract scopes and develop and issue new RFPs; and,
- Complete General Plan Update.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dana Point for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Dana Point has received a Certificate of Achievement for the last thirty consecutive years (fiscal years 1989 through 2018). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation and development of this report would not have been possible without the special efforts of the entire Administrative Services Department. We would like to take this opportunity to compliment and express our gratitude to all those staff members of both the City and our independent auditors who were associated with the preparation of this report. We would like to thank our City leaders for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, reading "Michael A. Killebrew". The signature is written in a cursive style with a period at the end.

Michael Killebrew  
Assistant City Manager/  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Dana Point  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# OFFICIALS OF THE CITY OF DANA POINT\*

## Members of the City Council

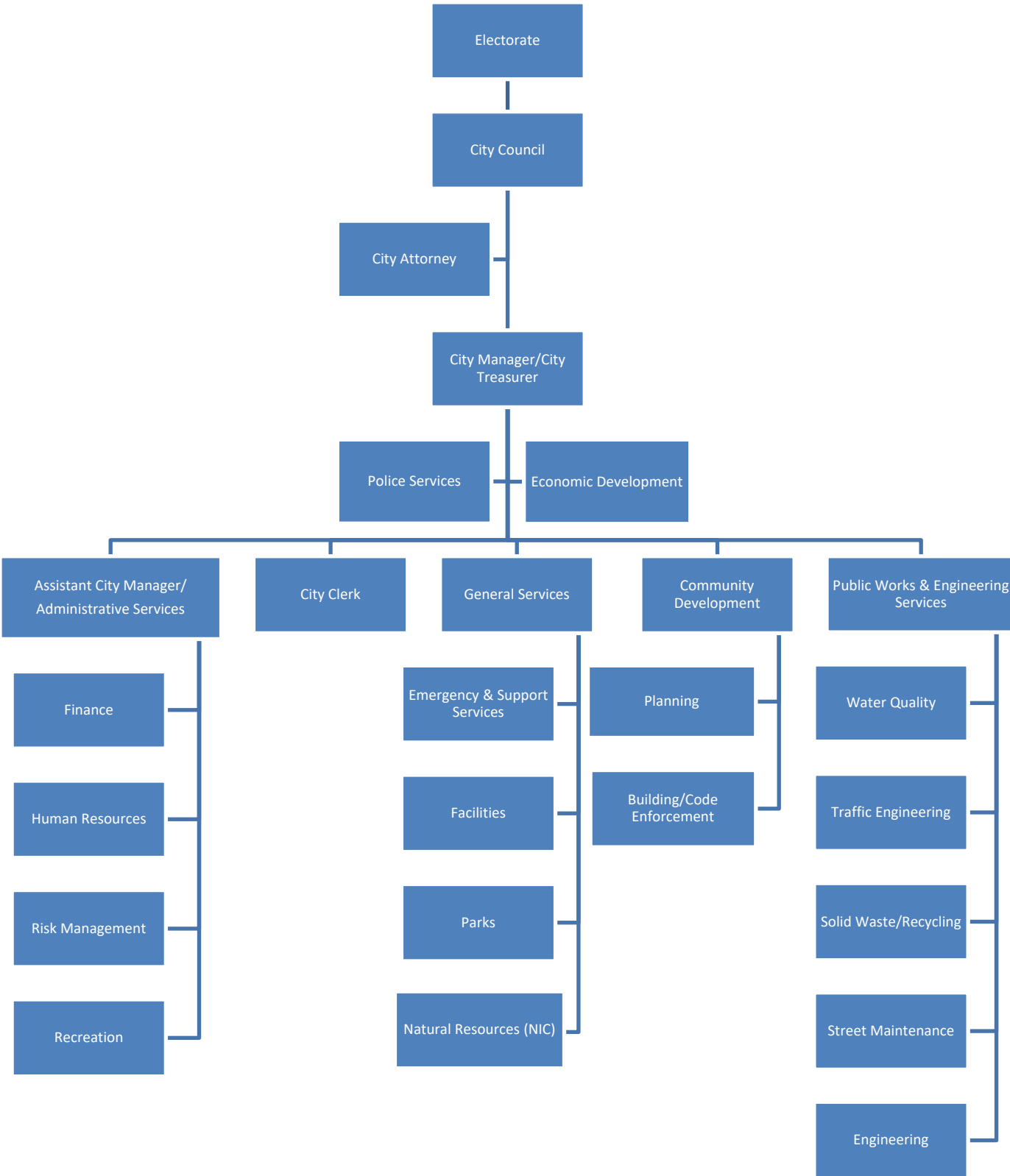
Joseph L. Muller, Mayor  
Paul N. Wyatt, Mayor Pro Tem  
Jamey M. Federico, Council Member  
Debra Lewis, Council Member  
Richard A. Viczorek, Council Member

## Administrative Staff

Mark Denny.....City Manager  
Michael Killebrew.....Assistant City Manager  
Kathy Ward.....City Clerk  
Matthew Schneider.....Director of Community Development  
Matt Sinacori.....Director of Public Works & Engineering Services  
Lt. Margie Sheehan.....Chief of Police Services  
Robert Sedita.....Director of General Services  
Patrick Munoz.....City Attorney  
Robin Harnish.....Accounting Supervisor  
Alicia West.....Accountant

\* Reflects office holders and positions as of the end of the fiscal year.

# CITY OF DANA POINT ORGANIZATIONAL CHART



# **FINANCIAL SECTION**

## **Independent Auditor's Report**

City Council  
City of Dana Point  
Dana Point, California

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dana Point, California, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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.

### **Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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 the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dana Point, California, as of June 30, 2019, the respective changes in financial position and the budgetary comparison schedule for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the City of Dana Point's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dana Point's basic financial statements. The *combining and individual nonmajor fund financial statements*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements* are the responsibility of management and were derived from and relate 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 and individual nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the City of Dana Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Dana Point's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California  
November 25, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Dana Point offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### FISCAL 2019 FINANCIAL HIGHLIGHTS

**Long-term Economic Resource (Government-wide) Focus** – Economic resources are differentiated from financial resources in that the economic measurement focus measures changes in net position as soon as the event occurs regardless of the timing of related cash flows.

Therefore, this measurement focus includes current spendable resources, fixed non-spendable assets plus deferred outflows of resources, and long-term claims against these assets plus deferred inflows of resources. The resulting net position utilizing this measurement focus provides one measure of the City's overall long-term financial condition.

- The City's total net position was \$196.9 million at June 30, 2019, which was an increase of approximately \$2.1 million from the prior year. Of this amount, \$165.8 million is invested in capital assets, \$5.2 million is restricted for various purposes and \$25.9 million is unrestricted.
- City-wide governmental revenues for fiscal year 2019 include program revenues of \$8.5 million, and general revenues of \$37.7 million, for a total of \$46.2 million.

**Short-term Financial Resource (Fund) Focus** – The Financial Resources focus measures inflows of current spendable assets. The resulting net difference between current financial assets and current financial liabilities, otherwise known as fund balance (or net working capital in the private sector), is a measure of the City's ability to finance activities in the near term.

- As of the close of fiscal year 2019, the City's Governmental Funds reported combined ending fund balances of \$35.7 million, an increase of \$2.7 million from fiscal year 2018. Of this amount, \$139 thousand is non-spendable, \$5.2 million is restricted, \$24.3 million is assigned, and \$6.1 million is unassigned.
- General Fund revenues totaled \$41.5 million, an increase of \$2.2 million from fiscal year 2018. This increase is mainly attributable to increased sales taxes, hotel occupancy taxes, property taxes, investment income, and short-term rental TOT.
- General Fund expenditures totaled \$34.7 million, a slight increase of \$0.3 million from fiscal year 2018. The rise is attributed to a combination of increases including the Orange County Sheriff's Department contract, street maintenance, development related

reimbursable costs, and City Attorney services, and offset by reductions in landscape maintenance, liability insurance premiums, and storm drain repairs.

- Capital Improvements Fund expenditures increased by \$1.2 million from fiscal year 2018, to \$4.6 million. Major capital outlays vary widely from year to year depending upon the nature of the projects, length of time to construct and availability of internal and external resources. During fiscal year 2019, the bulk of major capital outlays went towards Arterial Roadways, Pavement Preservation, and Street Slurry Sealing.
- All Other Governmental Funds revenues increased by \$0.7 million to \$4.4 million.
- All Other Governmental Funds expenditures combined increased by \$1.4 million, to \$3.9 million in fiscal year 2019.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. There are five components to these financial statements, namely:

- (1) **Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The following reports comprise the government-wide financial statements:
  - a) *Statement of Net Position* - This report presents information on all the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening, though it is important to consider other non-financial factors in accurately assessing the overall health of the City; and,
  - b) *Statement of Activities* - This report shows how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will impact cash flows in future fiscal periods.

Both of these government-wide financial statements detail functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as *governmental activities*). The *governmental activities* of the City of Dana Point include general government, public safety, community development, recreation and parks, and public works. Certain of these activities are funded through user fees and operating grants, while others are funded through general revenues such as sales and use taxes, transient occupancy taxes, property taxes and franchise taxes. The statement of

activities assists users in understanding the extent to which programs are self-supporting and which are subsidized through general revenues.

- (2) **Fund financial statements.** These statements show how City services were financed in the short term as well as what remains for future spending. These statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds, but not the City as a whole. Funds are required to be established, either by State or Federal laws, in order to meet legal responsibilities associated with the usage of certain taxes, grants and other money. There are three kinds of funds, namely:
  - a) Governmental funds - These funds focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and shows whether there are more or less financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the *modified accrual method* of accounting, which measures cash and all other financial assets that can readily be converted to cash. The relationship between governmental activities and the governmental funds are reported in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position and in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.
  - b) Proprietary funds - When a city charges for the services it provides, the services are generally reported in proprietary funds. The City does not have any financial transactions required to be accounted for using proprietary funds.
  - c) Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs.
- (3) **Notes to the financial statements.** The notes provide additional information essential to a full understanding of the government-wide and fund financial statements.
- (4) **Required Supplementary Information.** Beginning with fiscal year 2018, two new GASB pronouncements were implemented; GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions; GASB 81, Irrevocable Split-Interest Agreements.
- (5) **Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information, which includes budgetary and combining schedules that provide additional details about the City's major and non-major Governmental Funds. These statements can be found immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion (84%) of the City's net position reflects its investment of \$165.8 million in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure and construction in progress). There was a net decrease of \$0.2 million in capital assets in fiscal year 2019 resulting from an increase in net accumulated depreciation of \$5.1 million and offset by a net of \$4.9 million of expenditures on new projects that were capitalized. There is no outstanding debt associated with the City's capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are generally not available for future spending.

The remaining net position of the City includes \$25.9 million that is unrestricted, and \$5.2 million which is restricted due to other legal restrictions on the manner in which they may be spent. The City also carries various receivables which arise in the normal course of the City's operations.

**City of Dana Point**  
**Table 1**  
**Net Position**  
**(in thousands)**

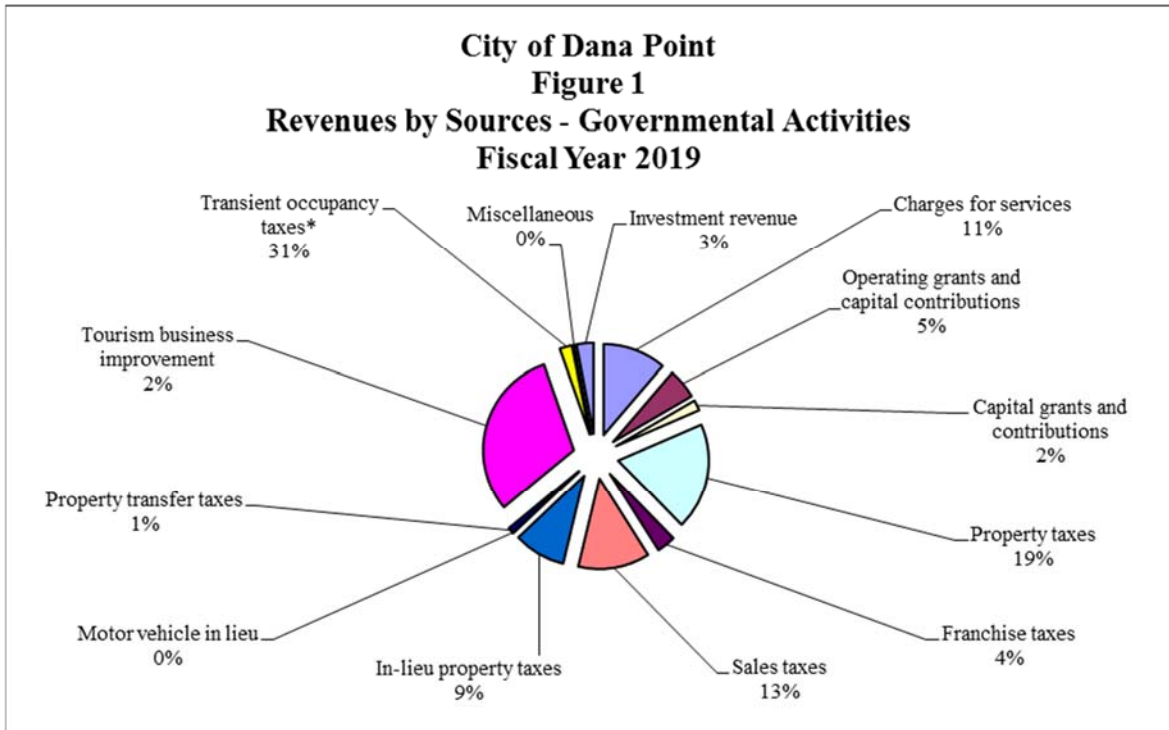
	<u>Fiscal Year</u>		<u>% Change</u>
	<u>2019</u>	<u>2018</u>	
<b>Assets:</b>			
Current and other assets	\$39,894	\$37,933	5.2%
Capital assets	<u>165,798</u>	<u>165,998</u>	<u>(0.1%)</u>
Total assets	<u><b>205,692</b></u>	<u><b>203,931</b></u>	<u><b>0.9%</b></u>
<b>Deferred Outflows of Resources</b>	<u><b>2,030</b></u>	<u><b>2,540</b></u>	<u><b>(20.1%)</b></u>
<b>Liabilities:</b>			
Long-term liabilities	6,837	7,189	(4.9%)
Other liabilities	<u>3,238</u>	<u>4,075</u>	<u>(20.5%)</u>
Total liabilities	<u><b>10,075</b></u>	<u><b>11,264</b></u>	<u><b>(10.6%)</b></u>
<b>Deferred Inflows of Resources</b>	<u><b>780</b></u>	<u><b>406</b></u>	<u><b>92.1%</b></u>
<b>Net Position:</b>			
Invested in capital assets	165,798	165,998	(0.1%)
Restricted	5,193	3,838	35.3%
Unrestricted	<u>25,876</u>	<u>24,965</u>	<u>3.6%</u>
Total net position	<u><b>\$196,867</b></u>	<u><b>\$194,801</b></u>	<u><b>1.1%</b></u>

Table 1 shows a slight increase in the City's net position since last year.

**City of Dana Point**  
**Table 2**  
**Changes in Net Position**  
**(in thousands)**

	<b>Fiscal Year</b>		<b>% Change</b>
	<b>2019</b>	<b>2018</b>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 5,201	\$ 5,257	(1.1%)
Operating grants and capital contributions	2,474	2,365	4.6%
Capital grants and contributions	869	267	225.5%
General revenues:			
Taxes:			
Property taxes	8,856	8,532	3.8%
Franchise taxes	1,553	1,530	1.5%
Sales taxes	5,891	5,385	9.4%
In-lieu property taxes	4,261	4,083	4.4%
Motor vehicle in-lieu	16	18	(11.1%)
Property transfer taxes	465	553	(15.9%)
Transient occupancy taxes	14,157	13,653	3.7%
Other	65	43	51.2%
Tourism business improvement district	1,007	1,006	0.1%
Unrestricted investment earnings	1,400	343	308.2%
Total revenues	<u><b>46,215</b></u>	<u><b>43,035</b></u>	<u><b>7.4%</b></u>
<b>Expenses:</b>			
General government	8,051	7,530	6.9%
Public safety	13,122	12,864	2.0%
Community development	5,713	4,879	17.1%
Recreation and parks	6,099	6,401	(4.7%)
Public works	11,164	11,161	0.0%
Total expenses	<u><b>44,149</b></u>	<u><b>42,835</b></u>	<u><b>3.1%</b></u>
Change in net position	2,066	200	(933.0%)
Net position, beginning of year	<u>194,801</u>	<u>194,601</u>	<u>0.1%</u>
Net position, end of year	<u><b>\$ 196,867</b></u>	<u><b>\$ 194,801</b></u>	<u><b>1.1%</b></u>

**Governmental Activities** – The cost of all governmental activities in fiscal 2019 was \$44.1 million. As shown in Table 2, the City recovered \$8.5 million of these costs through program revenues such as user fees, grants and contributions from other governmental organizations, developers, and property owners.



*\*Transient occupancy taxes include revenue from hotels (\$13.3M) and short-term residential vacation rentals (\$0.8M).*

Figure 1, Revenues by Sources – Governmental Activities, depicts the distribution of fiscal year 2019 revenues. The City remains highly dependent on tourism in general, and transient occupancy taxes in particular, to fund its operations; this revenue represented 31% of recurring governmental revenues in fiscal year 2019, and increased by \$0.5 million or 3.7% compared to fiscal year 2018. Sales tax revenues also increased by \$0.5 million, or 9.4%, in fiscal year 2019. The City’s realized investment earnings in fiscal year 2019 was \$1.1 million more than fiscal year 2018. Investment earnings of \$1.4 million in this report includes \$520 thousand in mark to market fluctuations for fiscal year 2019. The City experienced an increase in property tax revenue during the fiscal year of \$0.3 million, or 3.8%. Capital grants and contributions revenue increased by \$0.6 million, and operating grant revenue increased by \$0.1 million in fiscal year 2019. Overall, the City experienced an increase of \$3.2 million, or 7.4%, in governmental revenues in fiscal year 2019.

Dana Point is a hybrid “contract” city, wherein municipal services are provided by City staff and through contracts with other governmental entities, private firms, and individuals. The City’s services are functionally divided into the following categories:

General Government is comprised of nine departments (City Council, City Manager, City Clerk, Public Information Services, City Attorney, Administrative Services, Risk Management, Facilities, and Non-Departmental), which provide the general governance services, executive management, legal, records management, insurance, human resources, finance and accounting, information technology, and property maintenance services. City Attorney services are provided through a contract with a private firm.

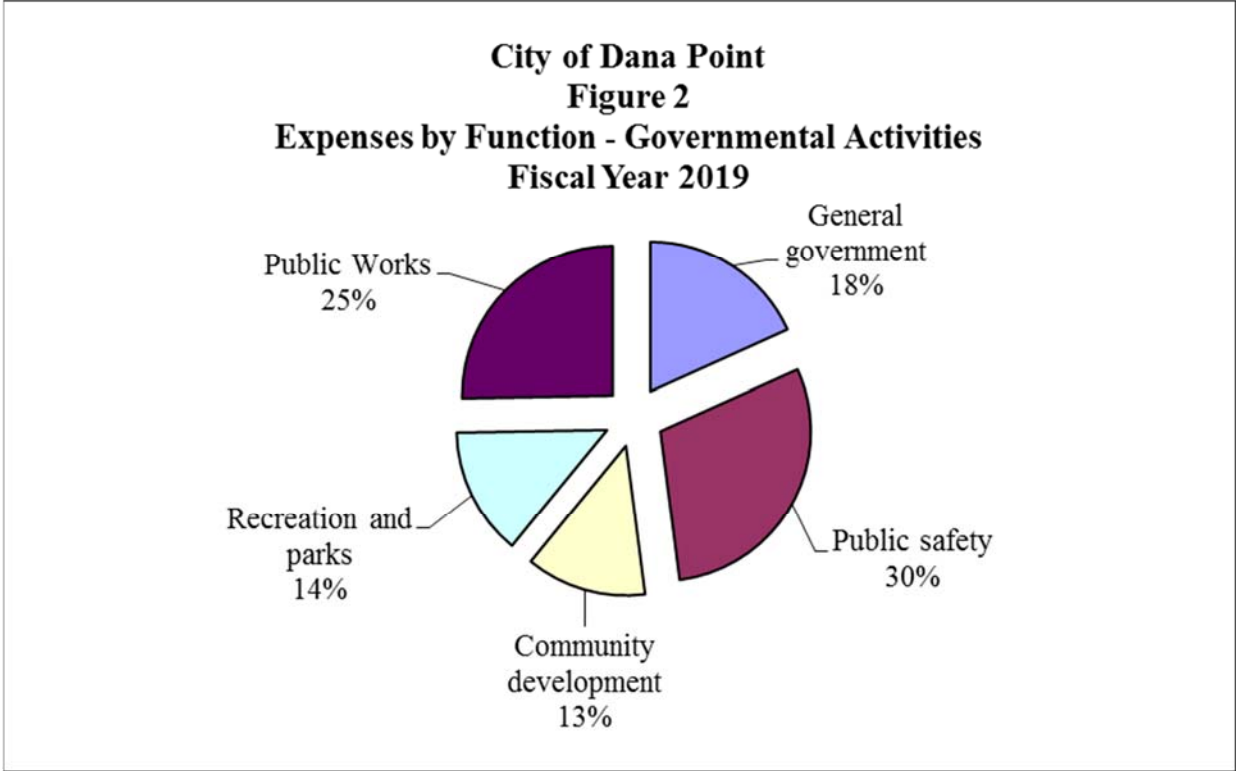


Public Safety is comprised of three departments (Police Services, Volunteers in Police Services, and Emergency and Support Services), which provide law enforcement, disaster, and emergency planning services. The City contracts with the Orange County Sheriff's Department to provide police services, while fire services are provided directly by the Orange County Fire Authority.

Community Development is comprised of four departments (Planning, Building, Code Enforcement, and Economic Development), which provide development review and permitting services, building inspection, plan review, and enforcement of municipal code services.

Recreation and Parks is comprised of two departments (Community Services and Parks), which provide recreational and cultural arts programs, community outreach activities, senior services, and park maintenance services. The City contracts with private firms to perform most park maintenance.

Public Works is comprised of six departments (Administration, Street Maintenance, Traffic Engineering, Solid Waste, Engineering, and Water Quality & Natural Resources), which provide street maintenance; signal maintenance; median and sidewalk maintenance; traffic signage design, installation, and maintenance; solid waste administration; storm drain repairs and maintenance services; and overall administration of the City's capital improvement program. The City contracts, as needed, with private firms and individuals to provide certain engineering review and design services. Solid waste collection services are provided to the community through a franchise agreement with a private firm. Street maintenance services are provided through contracts with the County of Orange and several private firms. Water, sewer, gas, electric, telephone and cable television services are provided by other governmental agencies or private enterprises.



As shown in Figure 2, Public Works (including Capital Investments in streets) and Public Safety continue to represent the two largest cost centers of the City, together comprising 55% of total expenses.

Public Works outlays remain relatively unchanged compared to fiscal year 2018.

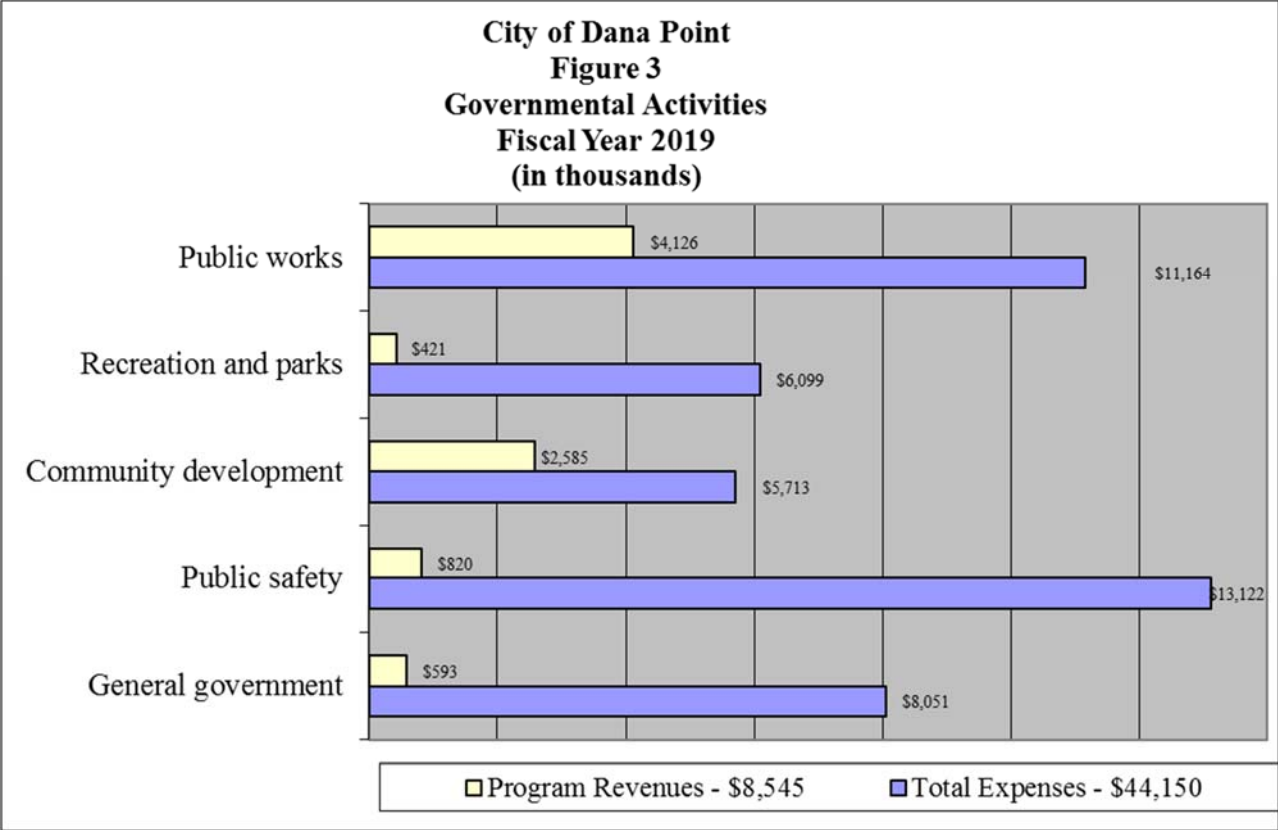
Public Safety expenses increased by \$0.3 million or 2.0%. This is primarily due to standard annual increases including sworn personnel wages and retirement costs, and increases in county overhead and shared costs for regional sheriff resources.

General Government outlays increased \$0.5 million, or 6.9% in fiscal year 2019. Increases are attributed to a combination of non-recurring costs associated with litigation, personnel vacancies in the prior year that were filled in fiscal 2019, public relations and maintenance contracts, and unfunded pension liability payments.

Community Development expenses increased by \$0.8 million, or 17.1%. The increase is primarily due to higher permit and inspection activity.

Recreation and Parks expenses decreased \$0.3 million, or 4.7%. This is attributed to a reduction in community activities and elimination of several community sponsored events in fiscal year 2019, combined with a landscape beautification project in the prior fiscal year.

Overall, total fiscal year expenses for governmental activities increased \$1.3 million, or 3.1%, to \$44.1 million in fiscal year 2019.



**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds utilize the financial resources measurement focus which provides information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the City’s fiscal requirements. In particular, unassigned fund balance serves as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

**Fund balance** – As of the end of fiscal year 2019, the City’s governmental funds reported combined fund balances of \$35.7 million, an increase of \$2.7 million from the prior year. Of that total, the General Fund represented \$19.3 million or 54.1%; the Capital Improvements Fund represented \$7.9 million, or 22.1%; the remainder of \$8.5 million, or 23.8%, was in all other funds combined.

At June 30, 2019, the City had \$139 thousand of prepaid expenditures that are classified in the non-spendable portion of the fund balance; this amount has already been spent so it is not available for additional appropriation. There was \$5.2 million of fund balance that is restricted in its use by the Federal government, the State of California, or other grantors. The assigned classification of fund balance is for items where it is the City’s intent to spend the funds on a specific purpose. In

fiscal year 2019, assigned fund balance totaled \$24.3 million and consisted of \$12.8 million in the General Fund for economic stability, extreme events, and unfunded pension liability; \$7.9 million for capital improvement projects; and \$3.6 million for facilities improvement projects. The remainder of the fund balance was \$6.1 million and was categorized as unassigned, meaning it was available for appropriation for any purpose. For more information about City reserves and fund balances, refer to Note 11 in the Notes to the Financial Statements.

Activities in the Major Governmental Funds in the current fiscal year included the following:

#### GENERAL FUND

Net General Fund revenues were \$6.8 million more than expenditures in fiscal year 2019. When combined with Interfund Transfers Out of \$6.5 million to the Capital Improvement Fund, \$2.2 million to the Facilities Improvement Fund, and \$34 thousand to the Headlands CFD Maintenance Fund, the result for fiscal year 2019 is a net fund balance decrease of \$1.9 million.

Transient occupancy tax revenue from hotels increased by \$0.4 million, or 2.7%, in fiscal year 2019, and revenue from short-term housing rentals increased by \$149 thousand, or 22.4%.

Assessed real estate values in Dana Point have been climbing for seven consecutive years. The 2019 assessed values stand at an all-time high of \$12.7 billion.

Total General Fund revenues for fiscal year 2019 were \$41.5 million, an increase of 5.8% over fiscal 2018. Overall, expenditures for fiscal year 2019 finished at \$34.7 million, or 1.0% more than fiscal year 2018.

#### CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund incurred \$4.6 million in capital expenditures. Funding was provided by transfers in from the General Fund in the amount of \$6.5 million, from the Measure M Fund in the amount of \$1 thousand, from the Gasoline Tax Fund in the amount of \$0.2 million, and from the Road Maintenance Fund in the amount of \$0.1 million. The Capital Improvements Fund concluded fiscal year 2019 with a net \$2.2 million increase in fund balance.

For fiscal year 2019, as compared to fiscal year 2018, Capital Improvements Fund transfers in from the General Fund were \$4.0 million higher, and transfers in from the Measure M Fund were \$0.5 million lower.

## **Budgetary Highlights**

The City adopts two-year operating and capital budgets, with fiscal year 2019 being the second year of a two-year budget cycle. Due to use of conservative assumptions and the uncertainty of estimates involved in projecting certain revenues and expenditures, the City Council routinely amends the budget during the fiscal year. During fiscal year 2019, the overall General Fund revenue budget was increased by \$2.3 million. The revenue accounts reflecting the largest increases compared to fiscal year 2018 included transient occupancy tax, sales and use tax, investment income, and in-lieu property tax.

*Transient Occupancy Tax (TOT)* – The City’s largest revenue source, at \$13.3 million collected in fiscal year 2019, TOT exceeded the conservative budget by \$543 thousand. There was an assumption made in budgeting TOT that the record pace that TOT revenue had been on the past few years would slow; though still expected, the slowdown has yet to occur.

*Property Tax* – The City’s second largest revenue came in at \$8.8 million, which was close to budget and reflected a respectable growth rate of 3.8% when compared to the prior year.

*Sales and Use Tax* – Represents the City’s third largest tax revenue, Sales and Use tax finished fiscal year 2019 at \$5.9 million, or \$190 thousand over budget. This was a \$507,000 increase over fiscal year 2018. Increased collections were evident across all major industry groups; however, a large portion the year over year increase was due to corrections by the State from under-allocations to cities in the prior fiscal year.

*Charges for Services* – This category of revenue includes among others Planning, Building & Engineering Fees. Fiscal Year 2019 revenue totaled \$2.5 million, and was \$454 thousand above budget, with one-time collections of \$335 thousand for development-related impact fees.

*Licenses & Permits* – This category includes construction-related permits, and finished fiscal year 2019 at \$2.0 million, or \$463 thousand over budget. The largest variances are one-time and not recurring, and were from grading permits which finished better than budget by \$165 thousand; and, plan checks and building permits, which finished \$165 thousand and \$151 thousand better than their budgets, respectively.

Actual General Fund revenues for fiscal year 2019 were \$1.5 million, or 3.9% above the revised budget.

During fiscal year 2019 the General Fund expenditure budget, including transfers out, had a net increase of \$8.3 million. The major components include 1) a \$4.3 million increase of Transfers Out to the Capital Improvements Fund for the Community Investment Reserve and Doheny Village Plan reserve, and 2) a \$2.0 million increase of Transfers Out to the Facilities Improvement Fund for deferred maintenance.

Actual General Fund expenditures for fiscal year 2019 were \$1.8 million, or 3.9% under the final budget. Of these unexpended funds, \$0.1 million was obligated at June 30, 2019 through encumbrances or contracts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

In accordance with Government Accounting Standards Board Statement No. 34, the City records and reports the value of its capital assets, including infrastructure. Infrastructure includes roads, bridges, parks, traffic signals, curbs, sidewalks, gutters, storm drains and similar public assets. At the end of fiscal year 2019 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 4 below. For more details about the City's capital assets, refer to Note 4 in the Notes to the Financial Statements.

**City of Dana Point**  
**Table 4**  
**Capital Assets**  
**(in thousands)**

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Land	\$ 54,386	\$ 54,386	0.0%
Construction in progress	637	5,668	(88.8%)
Buildings and improvements	11,435	10,665	7.2%
Equipment	2,776	3,092	(10.2%)
Infrastructure	221,025	211,521	4.5%
Less: Accumulated depreciation	(124,461)	(119,334)	4.3%
Governmental activity capital assets, net	<b>\$165,798</b>	<b>\$165,998</b>	<b>(0.1%)</b>

## Long-term Liabilities

At the end of fiscal year 2019, the City had total outstanding long-term liabilities of \$6.8 million, consisting of \$0.4 million in compensated time-off obligations due to employees, \$1.3 million for Other Post-Employment Benefits (OPEB) related to the CALPERS health benefit program, and \$5.1 million in net pension liability.

As of June 30, 2019, the City's long-term liabilities were as shown in Table 5 below:

**City of Dana Point**  
**Table 5**  
**Long-term Liabilities**  
**(in thousands)**

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Other debt:			
Compensated absences	\$ 401	\$ 472	(15.0%)
Net OPEB Liability	1,341	1,480	(9.4%)
Net Pension Liability	<u>5,095</u>	<u>5,236</u>	<u>(2.7%)</u>
Total long-term debt	<u>\$6,837</u>	<u>\$7,188</u>	<u>(4.9%)</u>

For more detailed information regarding the City's long-term liabilities, refer to Notes 6, 7 and 8 in the Notes to the Financial Statements.

## **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Assistant City Manager, 33282 Golden Lantern St, Dana Point, CA 92629.

# **BASIC FINANCIAL STATEMENTS**



**CITY OF DANA POINT**  
**Statement of Net Position**  
**June 30, 2019**  
(with comparative information for the prior year)

	Governmental Activities	
	2019	2018
<b>Assets</b>		
Cash and investments (note 2)	\$ 35,067,171	\$ 33,591,175
Beneficial interest in annuity (note 9)	432,643	434,407
Receivables:		
Taxes	2,820,041	2,582,171
Accounts	504,770	486,731
Interest	173,152	136,022
Intergovernmental	756,896	629,083
Prepaid items	139,401	73,690
Capital assets not being depreciated (note 4)	55,023,074	60,054,562
Capital assets net of accumulated depreciation (note 4)	110,775,412	105,943,484
Total Assets	<u>205,692,560</u>	<u>203,931,325</u>
<b>Deferred Outflows of Resources</b>		
Deferred amount related to pensions (note 8)	2,000,806	2,508,441
Deferred amount related to OPEB (note 7)	29,489	31,211
Total Deferred Outflows of Resources	<u>2,030,295</u>	<u>2,539,652</u>
<b>Liabilities</b>		
Accounts payable	3,237,827	4,075,462
Noncurrent liabilities:		
Due within one year:		
Compensated absences (note 6)	271,101	263,115
Due in more than one year:		
Compensated absences (note 6)	129,600	209,353
Net OPEB Liability	1,341,315	1,479,785
Net pension liability	5,095,369	5,236,362
Total Liabilities	<u>10,075,212</u>	<u>11,264,077</u>
<b>Deferred Inflows of Resources</b>		
Deferred amount related to pensions (note 8)	416,865	300,668
Deferred amount related to OPEB (note 7)	363,030	104,910
Total Deferred Inflows of Resources	<u>779,895</u>	<u>405,578</u>
<b>Net Position</b>		
Investment in capital assets	165,798,486	165,998,046
Restricted for:		
Public works	3,283,199	1,327,997
Public safety	41,995	27,550
Parks and recreation	174,513	297,630
ESHA maintenance	288,648	268,536
Art in public places	312,424	188,450
Tourism business improvement	795,780	1,727,743
Facilities improvement	296,835	-
Unrestricted	25,875,868	24,965,370
Total Net Position	<u>\$ 196,867,748</u>	<u>\$ 194,801,322</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**  
(with comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities:</b>			
General government	\$ 8,051,483	\$ 593,245	\$ -
Public safety	13,122,211	331,412	488,856
Community development	5,713,029	2,585,277	-
Recreation and parks	6,099,040	166,696	53,555
Public works	11,163,968	1,524,561	1,932,096
<b>Total Governmental Activities</b>	<b>\$ 44,149,731</b>	<b>\$ 5,201,191</b>	<b>\$ 2,474,507</b>

General Revenues:

Taxes:

Property taxes

Franchise taxes

Sales taxes

In-lieu property taxes

Motor vehicle in lieu tax

Property transfer taxes

Transient occupancy taxes

Tourism business improvement district

Unrestricted investment earnings

Other

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of the financial statements.

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
	Governmental Activities	
	2019	2018
\$ -	\$ (7,458,238)	\$ (7,181,989)
-	(12,301,943)	(12,060,319)
-	(3,127,752)	(2,223,223)
200,000	(5,678,789)	(6,167,686)
668,993	(7,038,318)	(7,313,198)
<u>\$ 868,993</u>	<u>(35,605,040)</u>	<u>(34,946,415)</u>

8,856,061	8,531,901
1,553,181	1,530,332
5,891,251	5,384,643
4,260,704	4,082,322
16,354	17,739
464,650	553,437
14,156,759	13,653,199
1,007,091	1,006,208
1,399,960	343,192
65,455	43,154
<u>37,671,466</u>	<u>35,146,127</u>
2,066,426	199,712
<u>194,801,322</u>	<u>194,601,610</u>
<u>\$ 196,867,748</u>	<u>\$ 194,801,322</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2019**

(with comparative information for the prior year)

	General	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds	
				2019	2018
<b>Assets</b>					
Cash and investments	\$ 18,005,055	\$ 8,210,152	\$ 8,851,964	\$ 35,067,171	\$ 33,591,175
Beneficial interest in annuity	-	-	432,643	432,643	434,407
Receivables:					
Taxes	2,630,495	-	189,546	2,820,041	2,582,171
Accounts	441,573	-	63,197	504,770	486,731
Interest	173,152	-	-	173,152	136,022
Intergovernmental	119,607	-	637,289	756,896	629,083
Prepaid items	139,401	-	-	139,401	73,690
Total Assets	<u>\$ 21,509,283</u>	<u>\$ 8,210,152</u>	<u>\$ 10,174,639</u>	<u>\$ 39,894,074</u>	<u>\$ 37,933,279</u>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 2,206,069	\$ 312,743	\$ 719,015	\$ 3,237,827	\$ 4,075,462
Total Liabilities	<u>2,206,069</u>	<u>312,743</u>	<u>719,015</u>	<u>3,237,827</u>	<u>4,075,462</u>
<b>Deferred Inflow of Resources</b>					
Unavailable Revenue	-	-	958,425	958,425	873,308
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>958,425</u>	<u>958,425</u>	<u>873,308</u>
<b>Fund Balances</b>					
Nonspendable	139,401	-	-	139,401	73,690
Restricted	312,424	-	4,880,970	5,193,394	3,649,456
Assigned	12,782,180	7,897,409	3,616,229	24,295,818	10,622,278
Unassigned	6,069,209	-	-	6,069,209	18,639,085
Total Fund Balances	<u>19,303,214</u>	<u>7,897,409</u>	<u>8,497,199</u>	<u>35,697,822</u>	<u>32,984,509</u>
Total Liabilities and Fund Balances	<u>\$ 21,509,283</u>	<u>\$ 8,210,152</u>	<u>\$ 10,174,639</u>	<u>\$ 39,894,074</u>	<u>\$ 37,933,279</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement Of Net Position**  
**June 30, 2019**

<b>Fund Balances of Governmental Funds</b>	<b>\$ 35,697,822</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	290,259,094
Accumulated depreciation	(124,460,608)
Revenues are reported as deferred inflows of resources in the governmental funds that do not provide current financial resources and are recognized in the statement of activities	
	958,425
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(400,701)
Net OPEB liability	(1,341,315)
Net pension liability	(5,095,369)
Deferred outflows and inflows of resources related to pensions	1,583,941
Deferred outflows and inflows of resources related to OPEB	(333,541)
<b>Net Position of Governmental Activities</b>	<b>\$ 196,867,748</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**  
(with comparative information for the prior year)

	General Fund	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds	
				2019	2018
<b>Revenues:</b>					
Taxes	\$ 35,034,767	\$ -	\$ 3,103,036	\$ 38,137,803	\$ 36,237,376
Licenses, fees and permits	2,250,566	-	-	2,250,566	2,626,457
Fines, forfeitures and penalties	354,825	-	-	354,825	244,370
Intergovernmental	356,463	-	685,396	1,041,859	1,075,371
Charges for services	2,232,051	-	326,779	2,558,830	2,333,652
Investment earnings	1,129,955	-	270,005	1,399,960	343,192
Other	187,198	-	-	187,198	146,715
<b>Total Revenues</b>	<b>41,545,825</b>	<b>-</b>	<b>4,385,216</b>	<b>45,931,041</b>	<b>43,007,133</b>
<b>Expenditures:</b>					
Current:					
General government	6,790,426	-	717,905	7,508,331	7,039,830
Public safety	12,871,142	-	139,464	13,010,606	12,734,656
Community development	3,705,634	-	1,999,991	5,705,625	4,820,754
Parks and recreation	5,110,341	-	46,467	5,156,808	5,422,106
Public works	6,175,259	-	156,817	6,332,076	6,305,601
Capital outlay	67,396	4,646,082	790,804	5,504,282	3,991,495
Debt service:					
Interest expense	-	-	-	-	3,246
<b>Total Expenditures</b>	<b>34,720,198</b>	<b>4,646,082</b>	<b>3,851,448</b>	<b>43,217,728</b>	<b>40,317,688</b>
Excess (deficiency) of revenues over (under) expenditures	6,825,627	(4,646,082)	533,768	2,713,313	2,689,445
<b>Other Financing Sources (Uses):</b>					
Transfers in (note 3)	-	6,802,183	2,209,200	9,011,383	6,052,920
Transfers out (note 3)	(8,735,188)	-	(276,195)	(9,011,383)	(6,052,920)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,735,188)</b>	<b>6,802,183</b>	<b>1,933,005</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(1,909,561)</b>	<b>2,156,101</b>	<b>2,466,773</b>	<b>2,713,313</b>	<b>2,689,445</b>
Fund Balances, Beginning of Year	21,212,775	5,741,308	6,030,426	32,984,509	30,295,064
<b>Fund Balances, End of Year</b>	<b>\$ 19,303,214</b>	<b>\$ 7,897,409</b>	<b>\$ 8,497,199</b>	<b>\$ 35,697,822</b>	<b>\$ 32,984,509</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,713,313</b>
Amounts reported for the governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives as depreciation expense.	
Cost of assets capitalized	5,663,865
Capital contribution	200,000
Depreciation expense	(6,063,425)
Revenues collected after the period of availability and earned in current fiscal year on the government wide statement of activities	
	85,117
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	71,767
Change in net OPEB liability and related deferred inflows and outflows of resources	(121,372)
Changes in net pension liability and related deferred inflows and outflows of resources	(482,839)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,066,426</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**General Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 32,705,000	\$ 34,198,704	\$ 35,034,767	\$ 836,063
Licenses, fees and permits	1,543,500	1,565,400	2,250,566	685,166
Fines, forfeitures and penalties	290,000	345,000	354,825	9,825
Intergovernmental	404,000	329,000	356,463	27,463
Charges for services	1,475,000	2,004,000	2,232,051	228,051
Investment earnings, net	253,800	452,800	1,129,955	677,155
Other	83,000	126,000	187,198	61,198
Total Revenues	<u>36,754,300</u>	<u>39,020,904</u>	<u>41,545,825</u>	<u>2,524,921</u>
<b>Expenditures</b>				
Current:				
General government	6,043,722	7,126,828	6,790,426	336,402
Public safety	13,053,010	13,092,601	12,871,142	221,459
Community development	3,588,264	4,104,299	3,705,634	398,665
Parks and recreation	5,470,924	5,355,895	5,110,341	245,554
Public works	6,413,608	6,653,642	6,175,259	478,383
Capital outlay	-	76,500	67,396	9,104
Total Expenditures	<u>34,569,528</u>	<u>36,409,765</u>	<u>34,720,198</u>	<u>1,689,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,184,772</u>	<u>2,611,139</u>	<u>6,825,627</u>	<u>4,214,488</u>
<b>Other financing sources (uses)</b>				
Transfers in	573,216	575,828	-	(575,828)
Transfers out	(2,330,000)	(8,735,188)	(8,735,188)	-
Total Other Financing Sources (Uses)	<u>(1,756,784)</u>	<u>(8,159,360)</u>	<u>(8,735,188)</u>	<u>(575,828)</u>
Net Change in Fund Balance	427,988	(5,548,221)	(1,909,561)	3,638,660
Fund Balance, Beginning of Year	21,212,775	21,212,775	21,212,775	-
Fund Balance, End of Year	<u>\$ 21,640,763</u>	<u>\$ 15,664,554</u>	<u>\$ 19,303,214</u>	<u>\$ 3,638,660</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF DANA POINT**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**  
(with comparative information for the prior year)

	2019	2018
<b>Assets</b>		
Cash and investments (note 2)	\$ 5,335,527	\$ 5,405,333
Cash and investments with fiscal agents (note 2)	5,593,904	5,401,858
Accounts receivable	152,864	89,022
Total Assets	\$ 11,082,295	\$ 10,896,213
<b>Liabilities</b>		
Accounts Payable	\$ 287,386	\$ -
Deposits	5,167,293	5,032,956
Due to bondholders	5,627,321	5,524,297
Due to other agencies	295	338,960
Total Liabilities	\$ 11,082,295	\$ 10,896,213

The accompanying notes are an integral part of the financial statements.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of the Reporting Entity**

The City of Dana Point (the "City") was incorporated on January 1, 1989, under the laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City operates under a Council-Manager form of government and provides planning, building, engineering, park, recreation, emergency preparedness, and general administrative services. Law enforcement services are provided through a contract with the County of Orange Sheriff's Department. Fire services are provided directly by the Orange County Fire Authority, of which the City is a member.

Generally accepted accounting principles required that these financial statements represent the City and its component units, entities for which the City is considered to be financially accountable, if any. Blended component units, although legally separate entities, are, in substance, part of the government's operations and therefore data from these units are combined with the data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

On December 22, 1993, pursuant to a resolution of the Orange County Local Agency Formation Commission ("LAFCO"), the Capistrano Bay Park and Recreation District (District) was merged with the City of Dana Point.

A number of other independent governmental entities, including the State of California, the County of Orange, various water, sewer and other districts, provide services within the City of Dana Point.

**B) Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide Statements: The Government-Wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. All City activities are governmental.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources, taxes, and other items that are not properly included among program revenues are reported instead as general revenues.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B) Basis of Presentation (Continued)**

Fund Financial Statements: Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, transient occupancy taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

The *Capital Improvements Fund* accounts for the acquisition, construction, and improvement of capital facilities financed by grants and operating transfers from the General Fund and other non-major funds.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the City reports the following fund types:

The Agency Funds are used to account for money received by the City as an agent for individuals, other governments, and other entities. This includes deposits for road and park improvements which are passed through to other governmental agencies, as well as refundable security deposits collected to ensure compliance with City municipal code requirements for construction activities. An Agency Fund is also used to account for the assessment and collection of certain special taxes for bonds financed under the Mello-Roos Community Facilities Act of 1982.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated. Interfund services provided and used have not been eliminated.

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

**D) Budgetary Policy and Control**

Budgets are adopted biennially by the City Council and prepared for all governmental funds in accordance with their basis of accounting. As provided by City ordinance, the City Manager is responsible for preparing the budget and for its implementation after adoption. All unencumbered appropriations lapse at year-end. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer appropriations from one function or activity to another within the same fund without Council approval provided such changes would neither have a significant policy impact, nor affect budgeted year-end fund balances.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. For management purposes, the City monitors activity at the function and activity level, within each individual fund. Formal budgetary integration is employed as a management control device during the year for the governmental-type funds. Budgets for the governmental-type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and as further amended by the City Council.

**E) Cash and Investments**

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. *Investment income* earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**E) Cash and Investments (Continued)**

they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City. Certain restricted assets of deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore excluded from the statement of cash flows.

**F) Investment Valuations**

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**G) Property Taxes**

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

Under California law, property taxes are assessed and collected by the County at up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based upon complex formulas.

**H) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City accounts for such items using the consumption method.

**I) Restricted Assets**

The City imposes impact fees upon certain new development in order to fund the creation, improvement and installation of public art in locations throughout the City. These impact fees are restricted in use for the specific improvements for which the fees were collected. Accordingly, they are classified as restricted on the Statement of Net Position and the Governmental Funds' Balance Sheet.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**J) Capital Assets**

Capital assets, which include land, structures, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 3 years or more. Infrastructure is capitalized if cost is in excess of \$50,000 and it has an expected useful life of 5 years or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets are valued at their acquisition value at the date of donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings	50 years
Furniture & Equipment	3 – 20 years
Infrastructure	5 – 40 years

**K) Use of Estimates**

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**L) Compensated Absences**

All leave benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations and retirements. Compensated absences are liquidated by the General Fund.

**M) Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**M) Pensions (Continued)**

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**N) Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**O) Investments**

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City's own assumptions about the inputs

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**O) Investments (Continued)**

market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

**P) Deferred Inflows and Outflows**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category, deferred outflows related to pension and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items, one which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: lease revenue, grant revenue and loan program revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The others are deferred inflow related to pensions and OPEB.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 35,067,171
Fiduciary Funds	
Cash and investments	5,335,527
Cash and investments with fiscal agents	5,593,904
Total Cash and Investments	\$ 45,996,602

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand (petty cash)	\$ 5,200
Deposits with financial institutions	1,139,920
Investments	44,851,482
Total Cash and Investments	\$ 45,996,602



**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS**

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's Investment Policy, where more restrictive) that address interest rate risk and concentration of credit risk. The trustee holds money market mutual funds in accordance with the provision of the debt agreements of the City, rather than the general provisions of California Government Code or the City's Investment Policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	2 years	30%	None
Repurchase Agreements	1 year	20%	None
Time Deposits	1 year	15%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	\$65,000,000

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2019, the City had the following investments.

Investment Type	Totals	Remaining Maturity (In Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
Local Agency Investment	\$ 23,098,890	\$ 23,098,890	\$ -	\$ -
U.S. Treasury Notes	16,158,688	3,389,902	3,394,152	9,374,634
Held by bond trustee:				
Money market funds	5,593,904	5,593,904	-	-
Total	<u>\$ 44,851,482</u>	<u>\$ 32,082,696</u>	<u>\$ 3,394,152</u>	<u>\$ 9,374,634</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s Investment Policy, or debt agreements, and the Standard and Poor’s actual rating as of year-end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type	Totals	Minimum Legal Rating	Rating as of Year End		
			Exempt from Disclosure	AAA	Not Rated
Local Agency Investment Fund	\$ 23,098,890	N/A	\$ -	\$ -	\$ 23,098,890
U.S. Treasury Notes Held by bond trustee:	16,158,688	N/A	16,158,688	-	-
Money market funds	5,593,904	AAA	-	5,593,904	-
Total	<u>\$ 44,851,482</u>		<u>\$ 16,158,688</u>	<u>\$ 5,593,904</u>	<u>\$ 23,098,890</u>

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 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 City’s Investment Policy contains a requirement that would limit the exposure to custodial risk for investments by the following provision: All securities owned by the City, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department, acting as agent for the City under terms of a custody agreement executed by the bank and by the City. All security transactions entered into by the City shall be conducted on a delivery-versus-payment basis, i.e., the City’s safekeeping agent will only release payment for a security after the security has been properly delivered.

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. Of the City’s deposits with financial institutions, \$1,756,303 was in excess of federal depository insurance limits. This amount is collateralized pursuant to California Government Code.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Fair Value Measurements

Fair Value measurements are categorized based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, including matrix pricing models; Level 3 inputs are significant unobservable inputs.

Fair value measurements as of June 30, 2019 for investments are as follows:

	Fair Value	Level 1	Level 2	Level 3
Leveled Investments:				
U.S. Treasury Notes	\$ 16,158,688	-	\$ 16,158,688	-
Uncategorized Investments:				
Local Agency Investment Fund	23,098,890			
Held by bond trustee:				
Money Market Funds	5,593,904			
Total Investment Portfolio	<u>\$ 44,851,482</u>			

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

**NOTE 3 – INTERFUND ACTIVITY**

Interfund balances for the year ended June 30, 2019, are as follows:

	Transfers in		Totals
	Capital Improvements	Nonmajor Governmental	
<u>Transfers out</u>			
General fund	\$ 6,525,988	\$ 2,209,200	\$ 8,735,188
Nonmajor governmental funds	276,195	-	276,195
Total	<u>\$ 6,802,183</u>	<u>\$ 2,209,200</u>	<u>\$ 9,011,383</u>

The City has established certain funds to account for revenues, which are subject to statutory requirements requiring that the revenues not be commingled with other revenue sources. In cases where the associated expenditure of these revenues occurs in other funds, the City utilizes interfund transfers to move the monies from the fund in which the revenues are received into the fund in which the associated expenditures occur. Interfund transfers are also used to move unrestricted monies from the General Fund

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 3 – INTERFUND ACTIVITY (Continued)**

into other funds, as needed, to provide matching funds or supplemental funds for operating and/or capital expenditures. In the year ended June 30, 2019, the City made the following interfund transfers:

1. A transfer of \$2,200,000 from the General Fund to the Capital Improvements Fund to provide resources for current year projects, and transfers of \$727,139 and \$3,598,849 from the General Fund to the Capital Improvement Projects Fund to establish Capital Improvement reserve accounts.
2. A transfer of \$2,175,000 from the General Fund to the Capital Projects Facilities Improvement Fund for deferred facilities maintenance.
3. A transfer of \$34,200 from the General Fund to the Headlands CFD 2006-1 Maintenance Fund to provide resources for current expenditures.
4. A transfer of \$1,113 from the Measure M Fund to the Capital Improvements Fund for restricted transportation improvements projects, a transfer of \$168,002 from the Gas Tax Fund to the Capital Improvements Fund for restricted street maintenance activities, and a transfer of \$107,080 from the Road Maintenance Fund to the Capital Improvements Fund for restricted street improvements.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 54,386,442	\$ -	\$ -	\$ 54,386,442
Construction in progress	5,668,120	5,305,126	(10,336,614)	636,632
Total capital assets not being depreciated	<u>60,054,562</u>	<u>5,305,126</u>	<u>(10,336,614)</u>	<u>55,023,074</u>
Capital assets being depreciated:				
Buildings	10,664,650	849,534	(79,297)	11,434,887
Equipment	3,091,808	541,414	(857,187)	2,776,035
Infrastructure	211,520,693	9,504,405	-	221,025,098
Total capital assets being depreciated	<u>225,277,151</u>	<u>10,895,353</u>	<u>(936,484)</u>	<u>235,236,020</u>
Less accumulated depreciation for:				
Buildings	(5,029,081)	(374,880)	79,297	(5,324,664)
Equipment	(2,088,596)	(188,614)	857,187	(1,420,023)
Infrastructure	(112,215,990)	(5,499,931)	-	(117,715,921)
Total accumulated depreciation	<u>(119,333,667)</u>	<u>(6,063,425)</u>	<u>936,484</u>	<u>(124,460,608)</u>
Total capital assets being depreciated, net	<u>105,943,484</u>	<u>4,831,928</u>	<u>-</u>	<u>110,775,412</u>
Total capital assets net of accumulated depreciation	<u>\$ 165,998,046</u>	<u>\$ 10,137,054</u>	<u>\$ (10,336,614)</u>	<u>\$ 165,798,486</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 385,303
Public safety	111,605
Community development	7,653
Recreation and parks	861,069
Public works	4,697,795
Total Depreciation Expense - Governmental Activities	<u>\$ 6,063,425</u>

Construction Commitments

The City had active construction projects as of June 30, 2019. The projects include residential road and slurry seals. At year end, the City had outstanding commitments which totaled \$149,714.

**NOTE 5 – OPERATING LEASE REVENUE**

The City is the lessor under a lease for office space in its City Hall facility, which was purchased by the City on June 11, 1996. The lease is considered to be an operating lease for accounting purposes. Lease revenues for the year ended June 30, 2019, amounted to \$22,801. The tenant is currently leasing the office space on a month-to-month basis.

**NOTE 6 – COMPENSATED ABSENCES**

The following is a summary of the compensated absences activity for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Compensated absences	<u>\$ 472,468</u>	<u>\$ 470,435</u>	<u>\$ (542,202)</u>	<u>\$ 400,701</u>	<u>\$ 271,101</u>

All full-time and certain part-time employees are eligible to receive comprehensive annual leave (CAL). The number of days each employee accrues is determined based upon length of employment and hours worked. An employee may accrue a maximum of two times their annual accrual rate for employees subject to the Memorandum of Understanding by and between the City and the Dana Point City Employees Association, and for all employees subject to the City's Personnel Rules and Regulations.

All leave benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are liquidated by the General Fund.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

***Plan Description***

The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees, but only to the extent they are legally mandated under California's Public Employee Medical and Hospital Care Act (PEMHCA). Under PEMHCA, participants in the CalPERS health medical program, in which the City participates, are required to make contributions for medical care. In order for a retiree to be eligible for a City contribution toward the retirees medical care, they must (1) be a CalPERS member; (2) be a participant in the CalPERS health program at the time of retirement; and (3) elect to continue participation in the CalPERS health program (at their own expense) at the time of retirement. If the retiree meets all three criteria, then the City is required to make monthly payments which are credited against the retirees' cost of continued health insurance through the CalPERS health system. For the calendar year ended 2019, the City's mandated contribution rate was \$133 per month per eligible retiree. The contribution rate is adjusted annually by the State of California based on the medical care component of the Consumer Price Index. A separate report is not issued for the plan.

***Employees Covered***

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	61
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving benefits	<u>10</u>
Total	<u>78</u>

***Contributions***

The contribution requirements of the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as monthly PEMHCA contributions for eligible retiree's cost become due). For the fiscal year ended June 30, 2019, the City's contributions included \$11,298 for benefit payments, \$191 administrative expenses, and \$18,000 for the implied subsidy resulting in total contributions of \$29,489.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Discount Rate	2.98%
Inflation	2.75%
Salary Increases	3.00%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study <sup>(1)</sup>
Healthcare Trend Rate	Non-Medicare 7.5% for 2020 decreasing to 4.0% in 2076 Medicare 6.5% for 2020 decreasing to 4.0% in 2076

<sup>(1)</sup> Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.98 percent based on the S&P Municipal Bond 20 Year Index.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Changes in Total OPEB Liability**

The changes in the total OPEB liability are as follows:

	<b>Total OPEB Liability (a)</b>
Balance at June 30, 2018 <i>(Measurement Date June 30, 2017)</i>	<b>\$ 1,479,785</b>
Changes recognized the measurement period:	
Service Cost	144,151
Interest	50,341
Changes of assumptions	(178,149)
Changes of benefit terms	-
Actual vs. expected experience	(123,602)
Benefits payments	(31,211)
Administrative expense	-
<b>Net changes</b>	<b>(138,470)</b>
Balance at June 30, 2019 <i>(Measurement Date June 30, 2018)</i>	<b><u>\$ 1,341,315</u></b>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<b>1% Decrease (1.98%)</b>	<b>Current Discount Rate (2.98%)</b>	<b>1% Increase (3.98%)</b>
<b>Total OPEB Liability</b>	\$1,586,389	\$1,341,315	\$1,148,057

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:



**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates (Continued)**

	<b>1% Decrease</b> (6.50% Non-Medicare/5.50% Medicare decreasing to 3.00% Non-Medicare/Medicare)	<b>Current Healthcare Cost Trend Rates</b> (7.50% Non-Medicare/6.50% Medicare) decreasing to 4.00% Non-Medicare/Medicare)	<b>1% Increase</b> (8.50% Non-Medicare/9.50% Medicare decreasing to 5.00% Non-Medicare/Medicare)
<b>Total OPEB Liability</b>	\$1,108,578	\$1,341,315	\$1,647,066

**Recognition of Deferred Outflows and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Changes of assumptions	Expected Average Remaining Service Life (9.6 years)
------------------------	---

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$150,861. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 29,489	\$ -
Changes of assumptions	-	252,303
Differences between expected and actual experience	-	110,727
<b>Total</b>	<b>\$ 29,489</b>	<b>\$ 363,030</b>

The \$29,489 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ (43,631)
2021	(43,631)
2022	(43,631)
2023	(43,631)
2024	(43,631)
Thereafter	(144,875)

**NOTE 8 – COST-SHARING EMPLOYER PENSION PLAN**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Employee Pension Plan (Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees’ Retirement Fund C (PERF C). Benefit provisions under the Plan are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Classic	New Member
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.00%	2.00%
Required employee contribution rates	7.000%	6.25%
Required employer contribution rates	9.409%	6.842%

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 8 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the collective net pension liability as follows:

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c) = (a) - (b)</b>
<b>Measurement Date:</b>			
Balance at: 6/30/2017	\$ 25,141,174	\$ 19,904,813	\$ 5,236,361
Balance at: 6/30/2018	<u>27,618,725</u>	<u>22,523,356</u>	<u>5,095,369</u>
Net Changes during 2017-18	<u>\$ 2,477,551</u>	<u>\$ 2,618,543</u>	<u>\$ (140,992)</u>

The City’s net pension liability for the Plan was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City’s net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018 using standard actuarial procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportion of the collective net pension liability as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.05280%
Proportion - June 30, 2018	<u>0.05288%</u>
Change - Increase (Decrease)	<u>0.00008%</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 8 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

	Miscellaneous	
Valuation Date		June 30, 2017
Measurement Date		June 30, 2018
Actuarial Cost Method		Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate		7.15%
Inflation		2.50%
Salary Increases		Varies by Entry Age and Service
Mortality		Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase		Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% scale MP 2016. For more details on this table, please refer to the December 2017 experience study report.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.15% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 8 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return Years 1-10</u>	<u>Long-Term Expected Real Rate of Return Years 11+</u>
Global equity	50%	4.80%	5.98%
Fixed Income	28%	1.00	2.62
Inflation assets	0%	0.77	1.81
Private equity	8%	6.30	7.23
Real Assets	13%	3.75	4.93
Liquidity	1%	-	(0.92)
Total	<u>100%</u>		

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
City's proportionate share of the net pension liability	\$ 8,831,386	\$ 5,095,369	\$ 2,011,348

**Pension Plan Fiduciary Net Position** – Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Recognition of Gains and Losses** – Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The EARSLS for the Plan for the measurement date ending June 30, 2018 is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Inactive employees

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 8 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the City recognized pension expense of \$1,005,864. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 740,130	\$ -
Differences between expected and actual experience	195,500	66,527
Changes in assumptions	580,887	142,364
Changes in proportion and difference between City's contributions and proportionate share of contributions	-	207,974
Change in employer's proportion	459,099	
Net difference between projected and actual earnings on pension plan investments	25,190	-
	<u>\$ 2,000,806</u>	<u>\$ 416,865</u>

The amount of \$740,130 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 613,422
2021	388,826
2022	(112,607)
2023	(45,830)
2024	-
	<u>\$ 843,811</u>

**NOTE 9 – BENEFICIAL INTEREST IN ANNUITY**

The City maintains a beneficial interest in an annuity in which the City was identified as the beneficiary. The annuity provides an annual payment of \$30,000 per year for a term of 50 years. The annuity is subject to fair value measurement and is classified as a Level 2 investment valued at \$432,643 at June 30, 2019.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS**

*South Orange County Animal Services Authority*

The City is a member of the South Orange County Animal Services Authority (Authority), along with the City of San Clemente. The Authority was established to provide animal control and animal shelter services to the member agencies. The Board of Directors of the Authority is comprised of one representative from each member agency. The City paid \$372,900 for its share of costs, during the fiscal year ended June 30, 2019.

Funding of the Authority's budgeted amounts comes from contributions received from non-profit organizations, with the member agencies paying any portion of unfunded costs allocated to the members in the budget. Separate financial statements of the Authority can be obtained at: San Clemente Animal Shelter, 221 Avenida Fabricante, San Clemente, California 92672.

*Orange County Fire Authority*

In January 1995, the City of Dana Point entered into a joint powers agreement with several other Orange County cities and the County of Orange to create the Orange County Fire Authority (Fire Authority). The purpose of the Fire Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Fire Authority's governing board consists of one representative from each City and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Santa Ana, Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach.

The County pays all structural fire fees it collects to the Fire Authority. The Cities of Santa Ana, Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach are considered "cash contract cities" and make cash contributions based on the Fire Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2019. Upon dissolution of the Fire Authority, all surplus money and property of the Fire Authority will be conveyed or distributed to each member in proportion to all funds provided to the Fire Authority by that member or by the County on behalf of that member during its membership. The City paid \$0 for its share of services during the fiscal year ended June 30, 2019.

Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

*Orange County 800 Megahertz Communications System*

In May 1995, the City of Dana Point entered into a joint powers agreement with thirty other Cities and the County of Orange to create the Orange County 800 MHz Countywide Coordinated Communication System Authority (CCCS Authority). The purpose of the CCCS Authority is to provide an 800 megahertz coordinated law enforcement/public works/fire radio communication system (the 800 MHz CCCS). The CCCS Authority's governing board consists of one representative from each City, two from the County, the elected Sheriff, and one other representative selected by the County Board of Supervisors. Each member is responsible for its percentage interest contribution of the CCCS Authority's annual budget. The percentage interest contribution is calculated based upon each member's equipment purchase

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

Orange County 800 Megahertz Communications System (Continued)

divided by the total equipment purchases. The City of Dana Point's percentage contribution is 0.34 percent. Upon dissolution, all surplus money and property of the CCCS Authority will be conveyed or distributed to each member in proportion to all funds provided to the CCCS Authority by the member during its membership. The City paid \$20,719 for its share of costs during the fiscal year ended June 30, 2019.

**NOTE 11 – FUND BALANCES**

Pursuant to GASB Statement No. 54, the City provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – amounts that are not in a spendable form (such as prepaid expenditures) or are required to be maintained intact.
- *Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- *Committed* – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. The City Council has not delegated authority to assign fund balance and therefore, only the City Council can assign fund balance.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The following table summarizes the City's fund balance:



**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 11 – FUND BALANCES (Continued)**

	General Fund	Capital Improvements Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepaid expenditures	\$ 139,401	\$ -	\$ -	\$ 139,401
Restricted:				
Public works	-	-	3,283,199	3,283,199
Public safety	-	-	41,995	41,995
Parks and recreation	-	-	174,513	174,513
ESHA maintenance	-	-	288,648	288,648
Art in public places	312,424	-	-	312,424
Tourism business improvement	-	-	795,780	795,780
Facilities improvement	-	-	296,835	296,835
Subtotal	312,424	-	4,880,970	5,193,394
Assigned	12,782,180	7,897,409	3,616,229	24,295,818
Unassigned	6,069,209	-	-	6,069,209
Total Fund Balance	\$ 19,303,214	\$ 7,897,409	\$ 8,497,199	\$ 35,697,822

Restricted Fund Balances:

- Public Works balances may be used to fund maintenance of the CFD and street repairs and maintenance.
- Community Development balances may be used to fund transit projects and programs to reduce mobile sources of air pollution.
- Public Safety balances may be used to supplement law enforcement services.
- Parks and Recreation balances may be used to acquire, construct or improve City parks.
- ESHA maintenance balances may be used to fund maintenance of the environmentally sensitive habitat area in the Headlands.
- Art in Public Places balances may be used to fund new public art displays.
- Tourism Business Improvement balances may be used to fund marketing activities to promote the City of Dana Point as an overnight destination.

Assigned Fund Balances:

- The Capital Projects balance may be used for future repair and/or replacement of capital infrastructure.

Minimum Fund Balance Policy:

The City maintains the following fund balance reserves that were formally established for the General Fund by the City Council in June 2019:

- Economic Stability Reserve – This reserve was established to protect and preserve City services from dramatic drops in General Fund revenues that are highly sensitive to economic conditions, mainly transient occupancy tax. This designation is set at an amount equal to 11 percent of annual General Fund operating revenues. The current year amount is \$4,280,199.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 11 – FUND BALANCES (Continued)**

- Extreme Event Reserve – This reserve was established to ensure quick and decisive response to man-made or natural extreme events. This reserve could fund the initial public safety response or repairs and reconstruction of public property required in the aftermath of an event. This designation is set at an amount equal to 9 percent of annual General Fund operating revenues. The current year amount is \$3,501,981.
- Unassigned Fund Balance – Though not a designated reserve, the City aims to maintain an amount equal to 4 percent to 7 percent of General Fund budgeted revenue to ensure smooth operations through normal differences between the timing of the City’s revenue inflows and expenditure outflows.

The economic stability reserve and extreme event reserve are included in the assigned classification.

**NOTE 12 – RISK MANAGEMENT PROGRAM**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City accounts for all risk management activities in the General Fund.

*Description of Self-Insurance Pool Pursuant to Joint Powers Agreement*

The City of Dana Point is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. The City's share of the CJPIA's assets, liabilities, and equities is not available. Separate financial statements of CJPIA may be obtained at: 8081 Moody St., La Palma, California 90623.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

**NOTE 12 – RISK MANAGEMENT PROGRAM (Continued)**

**Liability** - Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website:  
<https://cjpia.org/protection/coverage-programs>.

**Workers' Compensation** - Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**CITY OF DANA POINT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2019**

***Purchased Insurance***

**Pollution Legal Liability Insurance** - The City of Dana Point participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Dana Point. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

**Property Insurance** - The City of Dana Point participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Dana Point property is currently insured according to a schedule of covered property submitted by the City of Dana Point to the Authority. City of Dana Point property currently has all-risk property insurance protection in the amount of \$36,270,006. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

**Earthquake and Flood Insurance** - The City of Dana Point purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Dana Point property currently has earthquake protection in the amount of \$28,785,277. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2019 (Continued)**

***NOTE 12 – RISK MANAGEMENT PROGRAM (Continued)***

**Crime Insurance** - The City of Dana Point purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

**Special Event Tenant User Liability Insurance** - The City of Dana Point further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user to the City of Dana Point according to a schedule. The City of Dana Point then pays for the insurance. The insurance is facilitated by the Authority.

***Adequacy of Protection***

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the current year.

CJPIA premiums for fiscal year 2019 were \$570,701. Since claims are paid by the CJPIA and, in effect, charged back to the City via future insurance deposits, no long-term liability for claims has been recorded.

***NOTE 13 – CONTINGENCIES***

As a CJPIA member (see Note 12), the City is insured for claims and judgments resulting from the normal operations of the City. Material losses not covered by the CJPIA program would be paid from unassigned fund balances designated for extreme events and economic stability, which were \$3,501,981 and \$4,280,199, respectively, as of June 30, 2019, and/or other unassigned fund balances. Immaterial uninsured claims would be paid from routine operating revenues. There were no uninsured claims paid by the City as of June 30, 2019.

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

The City receives financial assistance from federal, state and local governmental agencies in the form of grants and allocations. The disbursement of funds received under these programs requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of the City's management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at June 30, 2019.

***NOTE 14 – COMMUNITY FACILITIES DISTRICT BONDS***

Included within the City is Community Facilities District No. 2006-1 of the City of Dana Point (CFD), which was formed pursuant to the Mello-Roos Community Facilities Act of 1982 for the purpose of financing the acquisition and/or construction of certain public improvements in the area of the City, known as The Headlands. The CFD is authorized to issue up to \$45 million of debt, which is to be repaid from revenues generated by special taxes levied on the taxable property within the CFD.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2019 (Continued)**

***NOTE 14 – COMMUNITY FACILITIES DISTRICT BONDS (Continued)***

On May 29, 2013, the CFD sold 2013 Special Tax Bonds totaling \$17,885,000 of aggregate principal. The bonds mature in increments over a 30-year period. The bonds are not general obligations of the City, and neither the faith nor the taxing power of the City is pledged to the payments of these bonds. Therefore, the bonds are not recorded as liabilities of the City. The City has no obligation beyond the balances in the agency fund for any delinquent CFD bond payments. The bonds are limited obligations of the CFD payable solely from the special tax or funds held pursuant to the bond indenture agreement. The principal amount of bonds outstanding as of June 30, 2019 was \$16,150,000.

In February 2014, the CFD sold 2014 Special Tax Bonds totaling \$26,245,000 of aggregate principal. The bonds mature in increments over a 20-year period. The bonds are not general obligations of the City, and neither the faith nor the taxing power of the City is pledged to the payment of these bonds. Therefore, the bonds are not recorded as liabilities of the City. The City has no obligation beyond the balances in the agency fund for any delinquent CFD bond payments. The bonds are limited obligations of the CFD payable solely from the special tax or funds held pursuant to the bond indenture agreement. The principal amount of bonds outstanding as of June 30, 2019 was \$24,485,000.

An amount of \$5,627,321 is being held by the City and is reflected as due to bondholders at June 30, 2019 in the Statement of Fiduciary Assets and Liabilities.

***NOTE 15 – DESTINATION MARKETING ORGANIZATION***

On May 17, 2016, the City executed an operating agreement with a Destination Marketing Organization (DMO) (dba Visit Dana Point). The DMO provides tourism related services on behalf of the City's Tourism Business Improvement District (TBID). The DMO, utilizing funding provided by the TBID, will carry out functions consistent with allowable uses of TBID funds. Visit Dana Point is a legally separate non-profit 501(c)(6) entity. During the year ended June 30, 2019, the City remitted \$1,999,991 to Visit Dana Point under the terms of the operating agreement.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DANA POINT**  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Ten Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.05288%	0.05280%	0.05280%	0.04968%	0.04775%
Proportionate share of the net pension liability	\$ 5,095,369	\$ 5,236,362	\$ 4,298,490	\$ 3,062,851	\$ 2,971,518
Covered payroll **	\$ 5,692,626	\$ 5,812,702	\$ 5,495,749	\$ 5,360,064	\$ 5,020,186
Proportionate Share of the net pension liability as a percentage of covered payroll	89.51%	90.08%	78.21%	57.14%	59.19%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

\* - Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

\*\* - For the year ending on the measurement date

Summary of Changes of Benefits or Assumptions:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changes in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.6 percent (without a reduction for pension plan administrative expense).



**CITY OF DANA POINT**  
Schedule of Pension Contributions  
Last Ten Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 740,130	\$ 665,655	\$ 656,761	\$ 572,235	\$ 598,530
Contributions in relation to the actuarially determined contribution	(740,130)	(665,655)	(656,761)	(572,235)	(598,530)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 5,550,541	\$ 5,692,626	\$ 5,812,702	\$ 5,495,749	\$ 5,360,064
Contributions as a percentage of covered payroll	13.33%	11.69%	11.30%	10.41%	11.17%

\* - Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

\*\* - For the fiscal year ending on the date shown

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.375%
Projected Salary	3.20% to 12.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary	A merit scale
Growth	Varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

**CITY OF DANA POINT**  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

Measurement Period	2018	2017
Total OPEB Liability		
Service cost	\$ 144,151	\$ 154,966
Interest on the total OPEB liability	50,341	42,429
Actual and expected experience difference	(123,602)	-
Changes in assumptions	(178,149)	(117,109)
Changes in benefit terms	-	-
Benefit payments	(31,211)	(22,392)
Net change in total OPEB liability	(138,470)	57,894
Total OPEB liability - beginning	1,479,785	1,421,891
Total OPEB liability - ending (a)	\$ 1,341,315	\$ 1,479,785
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%	 0.00%
 Covered-employee payroll	 \$ 6,259,507	 \$ 6,652,016
 Total OPEB liability as a percentage of covered-employee payroll	 21.43%	 22.25%

Notes to Schedule:

Change in Assumptions: During the 2018 measurement period, the discount rate changed from 3.13% to 2.98%.

\*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

## **SUPPLEMENTARY INFORMATION**

**CITY OF DANA POINT**  
**Major Capital Projects Fund**  
**June 30, 2019**

The City of Dana Point has established the following major capital projects fund to account for resources used for the acquisition or construction of major capital facilities:

Capital Improvements Fund

Used to account for the acquisition, construction and improvement of capital facilities financed by grants and operating transfers from the General Fund, Gas Tax Fund, Road Maintenance and Rehabilitation Fund, and Measure M Fund.

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Capital Improvements Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Capital outlay	<u>8,606,043</u>	<u>4,646,082</u>	<u>3,959,961</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>7,852,856</u>	<u>6,802,183</u>	<u>(1,050,673)</u>
Total Other Financing Sources (Uses)	<u>7,852,856</u>	<u>6,802,183</u>	<u>(1,050,673)</u>
Net Change in Fund Balance	(753,187)	2,156,101	2,909,288
Fund Balance, Beginning of Year	<u>5,741,308</u>	<u>5,741,308</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,988,121</u>	<u>\$ 7,897,409</u>	<u>\$ 2,909,288</u>

**CITY OF DANA POINT**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

The City of Dana Point has established the following nonmajor special revenue funds which are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes:

Gasoline Tax Fund	Used to account for revenues collected as the City's share of State gasoline taxes, pursuant to the California State Constitution and authorized by the State Legislature. All associated street repairs and maintenance expenditures are accounted for in the General Fund and Capital Improvements Fund. Accordingly, gasoline tax revenues are transferred from the Gasoline Tax Fund to the General Fund and Capital Improvements Fund.
Road Maintenance and Rehabilitation Fund	Used to account for additional gas tax revenues to rebuild neighborhood streets, freeways and bridges.
Measure M Fund	Used to account for revenues collected pursuant to Measure M, a half-cent sales tax increase approved by Orange County voters in 1990 (M1), and again in 2006 (M2). Measure M funds are restricted to use for transportation improvements made within the County. Transportation related improvements are accounted for in the Capital Improvements Fund. Accordingly, Measure M revenues are transferred to the Capital Improvements Fund.
Supplemental Law Enforcement Services Fund	Used to account for revenues collected pursuant to California Assembly Bill AB3229 which was passed in 1996. Known as the COPS program (Citizens' Option for Public Safety), it provides funds to cities and counties restricted for use in supplementing law enforcement services.
Coastal Transit Fund	Used to account for revenues collected from the California Coastal Commission restricted for the purpose of providing coastal recreational transit services. Funds will be used to provide a summer and special events shuttle service to and from the beach and harbor areas.
AB 2766 Fund	Used to account for funds received pursuant to the California Clean Air Act. Under this Act, the South Coast Air Quality Management District distributes fees generated from motor vehicle registrations to local jurisdictions that are restricted for use in developing programs to reduce mobile sources of air pollution.

**CITY OF DANA POINT**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

Environmentally Sensitive Habitat Areas (ESHA) Maintenance Fund	Used to account for revenues received pursuant to a developer agreement establishing a funding mechanism for maintenance of the Headlands Area. The developer paid \$180,000 in fiscal year 2013 to establish this fund and has an annuity contract that provides an additional \$30,000 per year for 50 years, to satisfy the non-wasting endowment requirement provided in the Development Agreement.
Tourism Business Improvement District Fund	Used to account for the levy of \$3 per occupied room night subject to transient occupancy tax to be used for marketing activities to promote the City of Dana Point as an overnight tourism destination.
Headlands CFD 2006-1	Used to account for special tax revenues assessed on properties located within the Community Facilities District 2006-1 of the City of Dana Point which are restricted for the maintenance of certain public facilities within the District boundaries.

The City has established the following nonmajor capital projects funds to account for resources used for acquisition or construction of major capital facilities:

Facilities Improvement Fund	Used to account for major improvements or rehabilitation of City facilities financed by operating transfers from other City funds.
Park Development Fund	Used to account for the acquisition, construction and improvement of park sites financed by developer contributions.

**CITY OF DANA POINT**  
**Non-major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Special Revenue Funds				
<b>Assets</b>	Gasoline Tax	Road Maintenance and Rehabilitation Account	Measure M	Supplemental Law Enforcement Services	Coastal Transit
Cash and investments	\$ 582,940	\$ 502,150	\$ 744,482	\$ 50,723	\$ 577,215
Beneficial interest in annuity	-	-	-	-	-
Receivables:					
Taxes	-	-	98,163	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	111,507	-	-	525,782
Total Assets	<u>\$ 582,940</u>	<u>\$ 613,657</u>	<u>\$ 842,645</u>	<u>\$ 50,723</u>	<u>\$ 1,102,997</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 4,627	\$ 8,728	\$ 236,582
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,627</u>	<u>8,728</u>	<u>236,582</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	525,782
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,782</u>
<b>Fund balances</b>					
Restricted	582,940	613,657	838,018	41,995	340,633
Assigned	-	-	-	-	-
Total Fund Balances	<u>582,940</u>	<u>613,657</u>	<u>838,018</u>	<u>41,995</u>	<u>340,633</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 582,940</u>	<u>\$ 613,657</u>	<u>\$ 842,645</u>	<u>\$ 50,723</u>	<u>\$ 1,102,997</u>



AB 2766	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	Headlands Habitat (ESHA) Maintenance	Tourism Business Improvement District	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	
\$ 510,701	\$ 292,798	\$ 1,004,089	\$ 546,246	\$ 3,969,766	\$ 70,854	\$ 8,851,964
-	432,643	-	-	-	-	432,643
-	-	91,383	-	-	-	189,546
11,457	-	-	15,997	35,743	-	63,197
-	-	-	-	-	-	637,289
<u>\$ 522,158</u>	<u>\$ 725,441</u>	<u>\$ 1,095,472</u>	<u>\$ 562,243</u>	<u>\$ 4,005,509</u>	<u>\$ 70,854</u>	<u>\$ 10,174,639</u>
<u>\$ -</u>	<u>\$ 4,150</u>	<u>\$ 299,692</u>	<u>\$ 72,791</u>	<u>\$ 92,445</u>	<u>\$ -</u>	<u>\$ 719,015</u>
<u>-</u>	<u>4,150</u>	<u>299,692</u>	<u>72,791</u>	<u>92,445</u>	<u>-</u>	<u>719,015</u>
<u>-</u>	<u>432,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>958,425</u>
<u>-</u>	<u>432,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>958,425</u>
<u>522,158</u>	<u>288,648</u>	<u>795,780</u>	<u>489,452</u>	<u>296,835</u>	<u>70,854</u>	<u>4,880,970</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,616,229</u>	<u>-</u>	<u>3,616,229</u>
<u>522,158</u>	<u>288,648</u>	<u>795,780</u>	<u>489,452</u>	<u>3,913,064</u>	<u>70,854</u>	<u>8,497,199</u>
<u>\$ 522,158</u>	<u>\$ 725,441</u>	<u>\$ 1,095,472</u>	<u>\$ 562,243</u>	<u>\$ 4,005,509</u>	<u>\$ 70,854</u>	<u>\$ 10,174,639</u>

**CITY OF DANA POINT**  
**Non-major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For The Year Ended June 30, 2019**

	Special Revenue Funds				
	Gasoline Tax	Road Maintenance and Rehabilitation Account	Measure M	Supplemental Law Enforcement Services	Coastal Transit
<b>Revenues</b>					
Taxes	\$ 707,403	\$ 624,800	\$ 615,903	\$ -	\$ -
Intergovernmental	-	-	53,555	148,747	438,901
Charges for services	-	-	-	2,179	26,313
Investment earnings	34,817	18,487	26,863	2,983	22,301
Total Revenues	<u>742,220</u>	<u>643,287</u>	<u>696,321</u>	<u>153,909</u>	<u>487,515</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	139,464	-
Community development	-	-	-	-	-
Parks and recreation	-	-	23,870	-	-
Public works	-	-	-	-	717,905
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>23,870</u>	<u>139,464</u>	<u>717,905</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>742,220</u>	<u>643,287</u>	<u>672,451</u>	<u>14,445</u>	<u>(230,390)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	(168,002)	(107,080)	(1,113)	-	-
Total Other Financing Sources (Uses)	<u>(168,002)</u>	<u>(107,080)</u>	<u>(1,113)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	574,218	536,207	671,338	14,445	(230,390)
Fund Balances, Beginning of Year	8,722	77,450	166,680	27,550	571,023
Fund Balances, End of Year	<u>\$ 582,940</u>	<u>\$ 613,657</u>	<u>\$ 838,018</u>	<u>\$ 41,995</u>	<u>\$ 340,633</u>

AB 2766	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	Headlands Habitat (ESHA) Maintenance	Tourism Business Improvement District	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	
\$ -	\$ -	\$ 1,007,091	\$ -	\$ 147,839	\$ -	\$ 3,103,036
44,193	-	-	-	-	-	685,396
-	-	-	298,287	-	-	326,779
22,300	42,709	60,937	21,254	-	17,354	270,005
66,493	42,709	1,068,028	319,541	147,839	17,354	4,385,216
-	-	-	-	-	-	139,464
-	-	1,999,991	-	-	-	1,999,991
-	22,597	-	-	-	-	46,467
-	-	-	156,817	-	-	874,722
-	-	-	59	790,745	-	790,804
-	22,597	1,999,991	156,876	790,745	-	3,851,448
66,493	20,112	(931,963)	162,665	(642,906)	17,354	533,768
-	-	-	34,200	2,175,000	-	2,209,200
-	-	-	-	-	-	(276,195)
-	-	-	34,200	2,175,000	-	1,933,005
66,493	20,112	(931,963)	196,865	1,532,094	17,354	2,466,773
455,665	268,536	1,727,743	292,587	2,380,970	53,500	6,030,426
<u>\$ 522,158</u>	<u>\$ 288,648</u>	<u>\$ 795,780</u>	<u>\$ 489,452</u>	<u>\$ 3,913,064</u>	<u>\$ 70,854</u>	<u>\$ 8,497,199</u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Gas Tax Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 735,108	\$ 707,403	\$ (27,705)
Investment earnings	-	34,817	34,817
Total Revenues	<u>735,108</u>	<u>742,220</u>	<u>7,112</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(743,830)</u>	<u>(168,002)</u>	<u>575,828</u>
Total Other Financing Sources (Uses)	<u>(743,830)</u>	<u>(168,002)</u>	<u>575,828</u>
Net Change in Fund Balance	(8,722)	574,218	582,940
Fund Balance, Beginning of Year	<u>8,722</u>	<u>8,722</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 582,940</u></u>	<u><u>\$ 582,940</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Road Maintenance and Rehabilitation Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 540,264	\$ 624,800	\$ 84,536
Investment earnings	-	18,487	18,487
Total Revenues	<u>540,264</u>	<u>643,287</u>	<u>103,023</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(598,852)</u>	<u>(107,080)</u>	<u>491,772</u>
Total Other Financing Sources (Uses)	<u>(598,852)</u>	<u>(107,080)</u>	<u>491,772</u>
Net Change in Fund Balance	(58,588)	536,207	594,795
Fund Balance, Beginning of Year	<u>77,450</u>	<u>77,450</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 18,862</u></u>	<u><u>\$ 613,657</u></u>	<u><u>\$ 594,795</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Measure M Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 560,014	\$ 615,903	\$ 55,889
Intergovernmental	47,000	53,555	6,555
Investment earnings	2,000	26,863	24,863
Total Revenues	<u>609,014</u>	<u>696,321</u>	<u>87,307</u>
<b>Expenditures</b>			
Current:			
Parks and recreation	47,000	23,870	23,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>562,014</u>	<u>672,451</u>	<u>110,437</u>
<b>Other financing sources (uses)</b>			
Transfers out	(560,014)	(1,113)	558,901
Total Other Financing Sources (Uses)	<u>(560,014)</u>	<u>(1,113)</u>	<u>558,901</u>
Net Change in Fund Balance	2,000	671,338	669,338
Fund Balance, Beginning of Year	<u>166,680</u>	<u>166,680</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 168,680</u></u>	<u><u>\$ 838,018</u></u>	<u><u>\$ 669,338</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Supplemental Law Enforcement Services Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 138,144	\$ 148,747	\$ 10,603
Charges for services	1,980	2,179	199
Investment earnings	-	2,983	2,983
Total Revenues	<u>140,124</u>	<u>153,909</u>	<u>13,785</u>
<b>Expenditures</b>			
Current:			
Public safety	167,624	139,464	28,160
Total Expenditures	<u>167,624</u>	<u>139,464</u>	<u>28,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,500)</u>	<u>14,445</u>	<u>41,945</u>
Net Change in Fund Balance	(27,500)	14,445	41,945
Fund Balance, Beginning of Year	<u>27,550</u>	<u>27,550</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 50</u></u>	<u><u>\$ 41,995</u></u>	<u><u>\$ 41,945</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Coastal Transit Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 550,000	\$ 438,901	\$ (111,099)
Charges for services	-	26,313	26,313
Investment earnings	5,500	22,301	16,801
Total Revenues	555,500	487,515	(67,985)
<b>Expenditures</b>			
Current:			
General government	735,155	717,905	17,250
Net Change in Fund Balance	(179,655)	(230,390)	(50,735)
Fund Balance, Beginning of Year	571,023	571,023	-
Fund Balance, End of Year	\$ 391,368	\$ 340,633	\$ (50,735)



**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**AB 2766 Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 40,000	\$ 44,193	\$ 4,193
Investment earnings	3,000	22,300	19,300
Total Revenues	<u>43,000</u>	<u>66,493</u>	<u>23,493</u>
Net Change in Fund Balance	43,000	66,493	23,493
Fund Balance, Beginning of Year	<u>455,665</u>	<u>455,665</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 498,665</u></u>	<u><u>\$ 522,158</u></u>	<u><u>\$ 23,493</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Headlands Habitat (ESHA) Maintenance Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ 31,450	\$ 42,709	\$ 11,259
<b>Expenditures</b>			
Parks and recreation	22,700	22,597	103
Net Change in Fund Balance	8,750	20,112	11,362
Fund Balance, Beginning of Year	268,536	268,536	-
Fund Balance, End of Year	\$ 277,286	\$ 288,648	\$ 11,362

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Tourism Business Improvement District Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 1,000,000	\$ 1,007,091	\$ 7,091
Investment earnings	10,000	60,937	50,937
Total Revenues	<u>1,010,000</u>	<u>1,068,028</u>	<u>58,028</u>
<b>Expenditures</b>			
Community Development	<u>2,000,000</u>	<u>1,999,991</u>	<u>9</u>
Total Expenditures	<u>2,000,000</u>	<u>1,999,991</u>	<u>9</u>
Net Change in Fund Balance	(990,000)	(931,963)	58,037
Fund Balance, Beginning of Year	<u>1,727,743</u>	<u>1,727,743</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 737,743</u></u>	<u><u>\$ 795,780</u></u>	<u><u>\$ 58,037</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Headlands CFD 2006-1 Maintenance Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 324,000	\$ 298,287	\$ (25,713)
Investment earnings	7,000	21,254	14,254
Total Revenues	<u>331,000</u>	<u>319,541</u>	<u>(11,459)</u>
<b>Expenditures</b>			
Current:			
Public works	327,600	156,817	170,783
Capital outlay	-	59	(59)
Total Expenditures	<u>327,600</u>	<u>156,876</u>	<u>170,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,400</u>	<u>162,665</u>	<u>159,265</u>
<b>Other financing sources (uses)</b>			
Transfers in	30,000	34,200	4,200
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>34,200</u>	<u>4,200</u>
Net Change in Fund Balance	33,400	196,865	163,465
Fund Balance, Beginning of Year	<u>292,587</u>	<u>292,587</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 325,987</u></u>	<u><u>\$ 489,452</u></u>	<u><u>\$ 163,465</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Facilities Improvement Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment income	\$ -	\$ -	\$ -
Other	-	147,839	147,839
<b>Expenditures</b>			
Capital outlay	1,019,462	790,745	228,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,019,462)	(642,906)	376,556
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,175,000	2,175,000	-
Net Change in Fund Balance	1,155,538	1,532,094	376,556
Fund Balance, Beginning of Year	2,380,970	2,380,970	-
Fund Balance, End of Year	<u>\$ 3,536,508</u>	<u>\$ 3,913,064</u>	<u>\$ 376,556</u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Park Development Fund**  
**For the Year Ended June 30, 2019**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment income	\$ -	\$ 17,354	\$ 17,354
Total Revenues	<u>-</u>	<u>17,354</u>	<u>17,354</u>
 Net Change in Fund Balance	 -	 17,354	 17,354
Fund Balance, Beginning of Year	<u>53,500</u>	<u>53,500</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 53,500</u>	<u>\$ 70,854</u>	<u>\$ 17,354</u>

**CITY OF DANA POINT**  
**Agency Governmental Funds**  
**June 30, 2019**

The City of Dana Point has established the following agency funds which are used to account for funds held by the City in a trustee capacity:

Developer Deposits Fund	Used to account for deposits placed with the City by developers to ensure that developers perform required services. These deposits are fully refundable.
Due to Bondholders Fund	Used to account for special taxes collected from Community Facilities District 2006-1 of the City of Dana Point, which are due to the holders of the district's bonds.
Pass-through Deposits Fund	Used to account for revenues collected by the City on behalf of other governmental agencies.

**CITY OF DANA POINT**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2019

	Developer Deposits	Due to Bondholders	Pass-through Deposits	Totals
<b>Assets</b>				
Cash and investments	\$ 5,301,815	\$ 33,417	\$ 295	\$ 5,335,527
Cash with fiscal agents	-	5,593,904	-	5,593,904
Accounts receivable	-	152,864	-	152,864
Total Assets	<u>\$ 5,301,815</u>	<u>5,780,185</u>	<u>295</u>	<u>11,082,295</u>
<b>Liabilities</b>				
Accounts payable	134,522	152,864		287,386
Deposits	5,167,293	-	-	5,167,293
Due to bondholders	-	5,627,321	-	5,627,321
Due to other agencies	-	-	295	295
Total Liabilities	<u>\$ 5,301,815</u>	<u>\$ 5,780,185</u>	<u>\$ 295</u>	<u>\$ 11,082,295</u>



**CITY OF DANA POINT**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019

Developer Deposits	Beginning Balance	Additions	Deletions	Ending Balance
<b>Assets:</b>				
Cash and investments	\$ 5,032,956	\$ 2,296,466	\$ 2,027,607	\$ 5,301,815
	<u>\$ 5,032,956</u>	<u>\$ 2,296,466</u>	<u>\$ 2,027,607</u>	<u>\$ 5,301,815</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 134,522	\$ -	\$ 134,522
Deposits	5,032,956	2,161,944	2,027,607	5,167,293
	<u>\$ 5,032,956</u>	<u>\$ 2,161,944</u>	<u>\$ 2,027,607</u>	<u>\$ 5,301,815</u>
<hr/>				
Due to Bondholders				
<b>Assets:</b>				
Cash and investments	\$ 33,417	\$ 2,769,869	\$ 2,769,869	\$ 33,417
Cash with fiscal agents	5,401,858	1,847,782	1,655,736	5,593,904
Accounts receivables	89,022	152,864	89,022	152,864
	<u>\$ 5,524,297</u>	<u>\$ 4,770,515</u>	<u>\$ 4,514,627</u>	<u>\$ 5,780,185</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 152,864	\$ -	\$ 152,864
Due to bondholders	5,524,297	4,653,701	4,550,677	5,627,321
	<u>\$ 5,524,297</u>	<u>\$ 4,653,701</u>	<u>\$ 4,550,677</u>	<u>\$ 5,780,185</u>
<hr/>				
Pass-through Deposits				
<b>Assets:</b>				
Cash and investments	\$ 338,960	\$ 442,266	\$ 780,931	\$ 295
	<u>\$ 338,960</u>	<u>\$ 442,266</u>	<u>\$ 780,931</u>	<u>\$ 295</u>
<b>Liabilities:</b>				
Due to other agencies	\$ 338,960	\$ 442,266	\$ 780,931	\$ 295
	<u>\$ 338,960</u>	<u>\$ 442,266</u>	<u>\$ 780,931</u>	<u>\$ 295</u>
<hr/>				
Total - All Agency Funds				
<b>Assets:</b>				
Cash and investments	\$ 5,405,333	\$ 5,508,601	\$ 5,578,407	\$ 5,335,527
Cash with fiscal agents	5,401,858	1,847,782	1,655,736	5,593,904
Accounts receivables	89,022	152,864	89,022	152,864
	<u>\$ 10,896,213</u>	<u>\$ 7,509,247</u>	<u>\$ 7,323,165</u>	<u>\$ 11,082,295</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 287,386	\$ -	\$ 287,386
Deposits	5,032,956	2,161,944	2,027,607	5,167,293
Due to bondholders	5,524,297	4,653,701	4,550,677	5,627,321
Due to other agencies	338,960	442,266	780,931	295
	<u>\$ 10,896,213</u>	<u>\$ 7,545,297</u>	<u>\$ 7,359,215</u>	<u>\$ 11,082,295</u>

# STATISTICAL SECTION

This part of the City of Dana Point's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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# STATISTICAL SECTION, continued

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**Operating Information**

These schedules contain service and activity level data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DANA POINT  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in Capital Assets	\$174,898	\$171,342	\$169,246	\$167,182	\$166,203	\$168,209	\$169,925	\$168,050	\$165,998	\$165,798
Restricted	2,847	2,665	2,765	2,879	4,747	4,631	4,826	4,136	3,838	5,194
Unrestricted	33,932	31,319	29,690	30,400	30,108	24,780	22,522	23,105	24,965	25,876
Total governmental activities net position	<u>\$211,677</u>	<u>\$205,326</u>	<u>\$201,701</u>	<u>\$200,461</u>	<u>\$201,058</u>	<u>\$197,620</u>	<u>\$197,273</u>	<u>\$195,291</u>	<u>\$194,801</u>	<u>\$196,868</u>

CITY OF DANA POINT  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 5,285	\$ 5,636	\$ 5,006	\$ 4,794	\$ 5,110	\$ 5,382	\$ 6,368	\$ 6,832	\$ 7,530	\$ 8,051
Public Safety	9,700	10,156	9,977	10,069	10,100	10,906	11,129	12,117	12,864	13,122
Community Development	2,831	2,604	2,769	3,689	4,325	4,651	5,031	5,270	4,879	5,713
Recreation and Parks	4,528	4,632	4,481	4,917	6,460	6,817	6,298	6,433	6,401	6,099
Public Works	10,667	11,374	11,327	21,265	33,075	10,321	11,216	12,018	11,161	11,164
Interest on Long-term Debt	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	220	221	214	214	-	-	-	-	-	-
Total governmental activities expenses	33,231	34,623	33,774	44,948	59,070	38,077	40,042	42,670	42,835	44,149
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	631	464	584	112	140	169	191	201	273	593
Public Safety	305	253	304	199	199	195	168	152	269	331
Community Development	1,265	1,171	1,064	1,603	2,275	3,311	3,286	3,045	2,656	2,585
Recreation and Parks	271	306	349	424	344	335	306	270	233	167
Public Works	260	244	185	118	436	980	973	1,054	1,826	1,525
Operating grants and contributions	2,424	1,900	2,172	11,610	2,162	2,037	1,840	1,741	2,365	2,474
Capital grants and contributions	46,617	826	1,143	705	24,425	173	264	1,054	267	869
Total governmental activities program revenues	51,773	5,164	5,801	14,771	29,981	7,200	7,028	7,517	7,889	8,544
Total government net revenue (expense)	\$ 18,542	\$ (29,459)	\$ (27,973)	\$ (30,177)	\$ (29,089)	\$ (30,877)	\$ (33,014)	\$ (35,153)	\$ (34,946)	\$ (35,605)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,109	\$ 5,936	\$ 5,857	\$ 6,020	\$ 6,286	\$ 6,731	\$ 7,298	\$ 7,800	\$ 8,532	\$ 8,856
Franchise taxes	1,255	1,247	1,198	1,329	1,315	1,405	1,382	1,372	1,530	1,553
Sales taxes	2,909	3,075	3,570	3,425	3,794	4,111	5,316	5,337	5,385	5,891
In-lieu property taxes	3,719	3,944	3,947	4,319	4,271	4,622	3,953	3,756	4,082	4,261
Property transfer taxes	229	200	230	459	570	439	904	591	553	465
Transient occupancy taxes	7,221	8,284	9,382	10,086	12,140	12,467	12,091	13,099	13,653	14,157
Motor vehicle in-lieu (unrestricted)	109	170	18	-	-	-	14	15	-	-
Other	53	60	68	1,233	141	82	333	8	61	81
Unrestricted investment earnings	334	193	77	124	86	1,119	367	(58)	343	1,400
Tourism business improvement district							994	1,027	1,006	1,007
Special Item				180	1,083	(8)	15	223	-	-
Total governmental activities	21,938	23,109	24,347	27,175	29,686	30,968	32,667	33,170	35,145	37,671
<b>Change in Net Position</b>	\$ 40,480	\$ (6,350)	\$ (3,626)	\$ (3,002)	\$ 597	\$ 91	\$ (347)	\$ (1,983)	\$ 199	\$ 2,066

CITY OF DANA POINT  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Nonspendable	\$ -	\$ 64	\$ 73	\$ 76	\$ 155	\$ 98	\$ 149	\$ 118	\$ 74	\$ 139
Restricted	-	-	-	139	118	118	118	118	-	312
Committed	-	9,462	9,027	-	-	-	-	-	-	-
Assigned	-	3,169	3,169	13,472	2,500	2,500	2,500	2,500	2,500	12,782
Unassigned	-	6,094	7,003	8,284	18,930	15,474	17,397	17,512	18,639	6,069
Reserved	406	-	-	-	-	-	-	-	-	-
Unreserved	19,925	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 20,331</b>	<b>\$ 18,789</b>	<b>\$19,272</b>	<b>\$21,971</b>	<b>\$21,703</b>	<b>\$18,190</b>	<b>\$ 20,164</b>	<b>\$ 20,248</b>	<b>\$ 21,213</b>	<b>\$ 19,302</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 1	\$ -	\$ -
Restricted	-	2,498	2,598	2,920	4,629	4,514	4,708	4,018	3,650	4,881
Committed	-	-	-	1,919	-	-	-	-	-	-
Assigned	-	12,406	10,284	6,867	9,027	10,530	5,775	6,028	8,122	11,514
Reserved	827	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,062	-	-	-	-	-	-	-	-	-
Capital project funds	13,130	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 16,019</b>	<b>\$ 14,904</b>	<b>\$ 12,882</b>	<b>\$ 11,706</b>	<b>\$ 13,656</b>	<b>\$ 15,044</b>	<b>\$ 10,504</b>	<b>\$ 10,047</b>	<b>\$ 11,772</b>	<b>\$ 16,395</b>

(1) Beginning in fiscal year 2011 the City of Dana Point implemented GASB No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.  
Prior year information has not been restated.

CITY OF DANA POINT  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 20,271	\$ 22,821	\$ 24,525	\$ 27,513	\$ 28,811	\$ 32,437	\$ 33,224	\$ 34,154	\$ 36,237	\$ 38,138
Licences, fees and permits	1,983	1,975	1,937	2,122	2,434	1,799	1,935	1,786	2,627	2,250
Fines and forfeitures	335	286	455	236	263	288	320	328	244	355
Intergovernmental	1,856	1,118	1,570	1,442	854	558	572	1,091	1,075	1,042
Charges for services	1,651	1,392	1,307	1,437	1,859	2,786	2,620	2,534	2,334	2,559
Use of money and property	520	399	241	286	281	280	532	103	343	1,400
Contributions from property owners	486	41	28	9,447	23,935	-	-	-	-	-
Other	106	295	86	111	147	32	270	506	147	187
Total revenues	27,208	28,327	30,149	42,594	58,584	38,180	39,473	40,502	43,007	45,931
<b>Expenditures</b>										
General government	5,223	5,524	5,026	4,880	4,745	5,314	6,322	6,538	7,040	7,508
Public safety	9,617	10,077	9,856	9,985	10,030	10,846	11,062	12,013	12,735	13,011
Community development	2,804	2,578	2,764	3,667	4,292	4,627	5,013	5,263	4,821	5,706
Recreation and parks	4,443	4,526	4,477	4,799	4,993	5,337	5,166	5,352	5,422	5,157
Public works	5,398	5,409	5,388	5,538	5,498	6,121	6,714	6,951	6,306	6,332
Capital outlay	6,712	2,869	4,177	14,145	30,969	8,059	7,762	4,758	3,991	5,504
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	3	-
Total expenditures	34,197	30,983	31,688	43,014	60,527	40,304	42,039	40,875	40,318	43,218
Excess of revenues over (under) expenditures	(6,989)	(2,656)	(1,539)	(420)	(1,943)	(2,124)	(2,566)	(373)	2,689	2,713
<b>Other financing sources (uses)</b>										
Transfers in	4,313	1,772	1,521	1,277	9,543	9,965	3,997	4,540	6,053	9,011
Transfers out	(4,313)	(1,772)	(1,521)	(1,277)	(9,543)	(9,965)	(3,997)	(4,540)	(6,053)	(9,011)
Other Financing Sources (uses)					3,625	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	3,625	-	-	-	-	-
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	180	-	-	-	-	-	-
Net change in fund balances	\$ (6,989)	\$ (2,656)	\$ (1,539)	\$ (240)	\$ 1,682	\$ (2,124)	\$ (2,566)	\$ (373)	\$ 2,689	\$ 2,713
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF DANA POINT  
 Program Revenue by Function/Program  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General Government	\$ 685	\$ 497	\$ 625	\$ 164	\$ 171	\$ 223	\$ 237	\$ 495	\$ 348	\$ 593
Public Safety	785	670	803	983	570	580	612	586	804	820
Community Development	1,280	1,181	1,070	1,607	2,278	3,315	3,293	3,054	2,656	2,585
Recreation and Parks	442	359	422	517	351	335	529	694	233	420
Public Works	48,581	2,457	2,881	11,500	26,611	2,747	2,356	2,688	3,848	4,126
Total governmental activities	\$ 51,773	\$ 5,164	\$ 5,801	\$ 14,771	\$ 29,981	\$ 7,200	\$ 7,027	\$ 7,517	\$ 7,889	\$ 8,544



CITY OF DANA POINT  
Tax Revenues By Source, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Fiscal Year	Property Tax (1)	Franchise Tax	Sales Tax (2)	Gasoline Tax (3)	Measure M Tax	TBID Tax (5)	In-lieu Property Tax (2)	Property Transfer Tax	(TOT) Transient Occupancy Tax (4)	(SB1) Road Maintenance & Rehabilitation Account (6)	Total
2010	5,227	1,255	2,909	660	337	-	3,719	229	7,221		21,557
2011	5,935	1,247	3,075	961	336	-	3,944	200	8,284		23,982
2012	5,857	1,198	3,570	1,044	456	-	3,947	230	9,382		25,684
2013	6,020	1,329	3,425	775	456	955	4,319	459	10,086		27,824
2014	6,286	1,315	3,794	1,133	618	1,017 *	4,271	570	11,122		30,126
2015	6,731	1,405	4,111	1,059	551	1,052 *	4,622	439	12,466		32,436
2016	7,298	1,382	5,315	753	533	994	3,953	904	12,091		33,223
2017	7,800	1,372	5,337	646	525	1,027	3,757	591	13,099		34,154
2018	8,532	1,530	5,385	721	577	1,006	4,082	553	13,653	198	36,237
2019	8,856	1,553	5,891	707	616	1,007	4,261	465	14,157	625	38,138

\* Corrected actuals.

- (1) Property taxes are imposed by the County of Orange at a rate of 1% of assessed value, pursuant to Proposition 13. Refer to Direct and Overlapping Property Tax Rate schedule for distribution information.
- (2) Beginning in fiscal 2005 the State of California swapped 25% of the 1% basic sales tax levy allocated to municipalities for in-lieu sales taxes, which represent an equivalent amount of property taxes. Therefore, the City's portion of sales tax was reduced from 1.00% of gross sales to 0.75% of gross sales from 2005, and ended in 2016. The City does not impose a local sales tax.
- (3) Beginning in fiscal 2011 the State of California replaced the Proposition 42 (Transportation Congestion Relief) funds with gasoline tax funds which represents an equivalent amount.
- (4) Transient occupancy tax is imposed by the City at the rate of 10%; beginning in 2014, this revenue includes taxes collected on short-term residential vacation rentals.
- (5) Beginning in fiscal 2013 the method of accounting for the TBID tax collections was changed from an agency fund to a special revenue fund.
- (6) Beginning in fiscal 2018, The City of Dana Point began receiving funding from the State of California for Road Maintenance and Rehabilitation created by Senate Bill (SB)1 .

CITY OF DANA POINT  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dana Point portion of property tax levy	\$ 6,064	\$ 6,031	\$ 6,093	\$ 6,303	\$ 7,836	\$ 10,076	\$ 10,702	\$ 11,623	\$ 12,105	\$ 12,501
Current year collections	5,630	5,663	4,954	5,758	7,397	8,929	10,268	11,134	11,788	11,386
Current year collections as % of levy	92.8%	93.9%	81.3%	91.4%	94.4%	88.6%	95.9%	95.8%	97.4%	91.1%
Subsequent collections from prior years	280	185	873	107	102	835	137	111	54	61
Total collections to-date, \$	5,910	5,848	5,827	5,865	7,499	9,764	10,405	11,245	11,842	11,447
Total collection to-date as % of levy	97.5%	97.0%	95.6%	93.1%	95.7%	96.9%	97.2%	96.7%	97.8%	91.6%
Current year delinquencies	434	368	1,139	545	439	1,147	434	489	317	1,115
Current year delinquencies as % of levy	7.2%	6.1%	18.7%	8.6%	5.6%	11.4%	4.1%	4.2%	2.6%	8.9%
City direct rate applied to base (1)	0.076%	0.076%	0.076%	0.076%	0.076%	0.076%	0.076%	0.076%	0.076%	0.076%

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value	\$ 8,763,402	\$ 8,687,748	\$ 8,735,352	\$ 8,844,364	\$ 9,126,750	\$ 9,797,767	\$ 10,521,105	\$ 11,212,210	\$ 12,191,306	\$ 12,725,481
Estimated actual value (see note)	8,763,402	8,687,748	8,735,352	8,844,364	9,126,750	9,797,767	10,521,105	11,212,210	\$ 12,191,306	\$ 12,725,481
Annual increase in assessed value	(116,507)	(75,654)	47,604	109,012	282,386	671,017	723,338	691,105	979,096	534,175
Annual % increase in assessed value	-1.3%	-0.9%	0.5%	1.2%	3.2%	7.4%	7.4%	6.6%	8.7%	4.4%

(1) The property tax rate is based upon 1% of assessed valuation. The City receives 7.6% of the 1% levy. A complete breakdown of the 1% levy can be found on the Direct and Overlapping Property Tax Rates schedule.

Note: Under Proposition 13, the real estate tax on a parcel of residential property is limited to 1% of its assessed value until the property is resold, and the assessed value may only be increased by a maximum of 2% per year. The Orange County Assessor does not provide estimates of actual value.

Source: Orange County Assessor

CITY OF DANA POINT  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Distribution of Basic 1% Levy (per \$100 of assessed value)</u>										
Capistrano Unified School District	0.3890	0.3890	0.3890	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898
Educational Revenue Augmentation Fund	0.1660	0.1660	0.1660	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656
Orange County Fire Authority	0.1220	0.1220	0.1220	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217
South Orange County Comm. College District	0.0960	0.0960	0.0960	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959
Orange County General Fund	0.0530	0.0530	0.0530	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526
<b>City of Dana Point</b>	<b>0.0760</b>	<b>0.0760</b>	<b>0.0760</b>	<b>0.07618</b>	<b>0.07618</b>	<b>0.07618</b>	<b>0.07618</b>	<b>0.07618</b>	<b>0.07618</b>	<b>0.07618</b>
Orange County Flood Control District	0.0210	0.0210	0.0210	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214
Orange County Library District	0.0180	0.0180	0.0180	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806
Orange County Department of Education	0.0180	0.0180	0.0180	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767
Orange County Harbors, Beaches & Parks	0.0166	0.0166	0.0166	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655
Capistrano Beach County Water District	0.0106	0.0106	0.0106	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060
Tri Cities Municipal Water District	0.0091	0.0091	0.0091	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913
Orange County Transportation Authority	0.0030	0.0030	0.0030	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304
Orange County Vector Control	0.0012	0.0012	0.0012	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121
Orange County Cemetary District	0.0005	0.0005	0.0005	0.00054	0.00054	0.00054	0.00054	0.00054	0.00054	0.00054
Total Basic 1% Levy (1)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>Tax Rate Area 28-019: (2)</u>										
Capistrano Union	0.0108	0.0111	0.0110	0.01171	0.00972	0.00900	0.008450	0.00843	0.00800	0.00786
Metro Water District MWDOC Annex #4	0.0037	0.0037	0.0037	0.00350	0.00350	0.00000	0.00350	0.00350	0.00350	0.00350
Capistrano Unified ID#1 1999 Bond Fund - Series A	0.0032	0.0032	0.0032	0.00335	0.00335	0.00335	0.00000	0.00000	0.00000	0.00000
Capistrano Unified ID#1 1999 Bond Fund - Series B	0.0051	0.0051	0.0051	0.00538	0.00538	0.00470	0.00445	0.00439	0.00439	0.00409
Capistrano Unified ID#1 1999 Bond Fund - Series C	0.0028	0.0028	0.0028	0.00298	0.00298	0.00430	0.00400	0.00404	0.00404	0.00377
Combined Total Property Tax Rate (2)	1.0255	1.0258	1.0258	1.0269	1.0249	1.0214	1.0204	1.0204	1.0199	1.0192

- Notes:
- Property tax rates are limited to 1% of assessed valuation, pursuant to Proposition 13. Local taxes may only be increased by a majority vote of the City's residents. The City does not impose any property taxes or special assessments.
- (1) Sub-total rate represents assessments common to all Dana Point properties, and was established by Proposition 13 at a rate of \$1 per \$100 of assessed valuation.
- (2) Tax Rate Area 28-019 (the largest in the City) was used in this schedule to demonstrate additional assessments (beyond the basic 1% levy), which vary by tax rate area. There are 145 tax rate areas located within the City of Dana Point.

Source: Orange County Auditor-Controller and HDL, Coren & Cone

CITY OF DANA POINT  
Principal Property Taxpayers  
Current Year and Ten Years Ago

Taxpayer	Fiscal Year 2019				Fiscal Year 2010			
	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid
SHC Laguna Niguel 1 LLC (1)	\$ 389,613,722	\$ 120,876	1	1.42%	\$ 209,605,395	\$ 164,331	2	2.69%
Monroe MBR LLC (1)	339,079,523	104,353	2	1.22%	-	-	-	-
MMB Management LLC	210,377,616	70,507	3	0.83%	290,807,527	227,993	1	3.73%
Regency Laguna LP (1)	194,085,165	59,856	4	0.70%	198,554,696	155,667	3	2.55%
Monarch Coast I Owner LLC	121,222,750	37,316	5	0.44%	45,963,451	36,035	7	-
Fountains Sea Bluffs Owner NT HCI LLC (1)	57,267,824	19,821	6	0.23%	-	-	-	-
27 DBV Owner LLC	59,608,551	19,386	7	0.23%	-	-	-	-
Kenneth L Wagner Trust	42,546,561	17,424	8	0.20%	-	-	-	-
ERGS AIM Hotel Realty LLC (1)	39,871,473	12,967	9	0.15%	-	-	-	-
Steven P Martin Trust Martin Family Trust	33,504,400	11,270	10	0.13%	-	-	-	-
Bear Brand Partners	-	-	-	-	30,682,558	24,055	8	-
WH MBR LLC	-	-	-	-	187,065,220	146,659	4	2.40%
Monarch Bay Two	-	-	-	-	48,657,696	38,148	5	0.62%
Headland Reserve LLC	-	-	-	-	47,149,991	36,966	6	0.61%
ST Apartments	-	-	-	-	25,850,828	20,267	9	0.33%
Dana Point Partners	-	-	-	-	25,681,840	20,135	10	0.33%
Totals	<u>\$ 1,487,177,585</u>	<u>\$ 473,777</u>		5.55%	<u>\$ 1,110,019,202</u>	<u>\$ 870,256</u>		13.26%

CITY OF DANA POINT  
 Transient Occupancy Taxes  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Lodging Facilities, listed alphabetically:</u>											
Best Western Inn By The Sea	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Blue Lantern Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Beachfront Inn & Suites***	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capistrano Seaside Inn (closed)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-
Capistrano Surfside Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Marina Motel (closed)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-
Dana Point Doubletree	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Point Harbor Inn (closed)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
Dana Point Marina Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Marina Shores Hotel*	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Marriott's Laguna Cliffs Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Monarch Beach Resort**	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ritz Carlton	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Beach & Spa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Shores Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenues	<u>\$8,630</u>	<u>\$7,221</u>	<u>\$8,284</u>	<u>\$9,382</u>	<u>\$10,086</u>	<u>\$11,007</u>	<u>\$12,071</u>	<u>\$11,648</u>	<u>\$12,600</u>	<u>\$12,989</u>	<u>\$13,343</u>
Transient Occupancy Tax Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

(1) California Government Code section 6254(i) prohibits the disclosure of taxpayer identifiable information in connection with the collection of local taxes (transient occupancy taxes are a locally imposed tax). Accordingly, the City may only present an alphabetical listing of the taxpayers and the gross transient occupancy tax revenues paid.

\* Formerly Holiday Inn Express

\*\* Formerly St. Regis

\*\*\* Formerly Capistrano Beach Resort

Source: City of Dana Point, Administrative Services Department

CITY OF DANA POINT  
Retail Sales Tax Generation  
Last Ten Calendar Years  
(Amounts Expressed In Thousands)

Calendar Year	Apparel Stores	General Merchandise	Food Stores	Eating and Drinking Places	Building Materials	Auto Dealers and Supplies	Service Stations	Other Retail Stores	All Other Outlets	Total
2009	5,522	912	32,026	90,448	16,961	5,357	57,227	61,100	117,326	386,879
2010	4,754	1,007	31,981	88,467	16,739	5,265	62,714	60,365	126,003	397,295
2011	4,778	2,335	28,885	92,995	18,015	5,613	68,307	67,286	149,815	438,029
2012	4,633	N/A (2)	29,419	98,436	18,334	4,570	71,893	68,194	157,389	452,868
2013	4,245	N/A (2)	30,266	104,509	20,483	5,405	71,430	76,470	180,494	493,302
2014	3,840	N/A (2)	30,689	113,578	28,438	8,288	71,025	86,571	194,297	536,726
2015	4,354	N/A (2)	34,213	117,976	31,291	7,570	59,813	82,916	195,014	533,147
2016	4,626	N/A (2)	32,481	128,137	28,628	7,800	52,367	80,902	191,560	526,501
2017	4,826	N/A (2)	31,313	132,574	31,914	8,398	56,529	75,385	202,550	543,489
2018	4,395	N/A (2)	31,831	132,163	29,529	9,291	64,189	76,633	215,808	563,839

Top 25 Sales Tax Producers  
Fiscal Year 2019

<u>Business Name (1)</u>	<u>Business Type</u>
76 Unocal Fast Break	Service stations
Albertsons	Grocery stores
BevMo	Convenience Stores/Liquor
Chevron	Service stations
Chevron	Service stations
Circle K	Service stations
Coastal Kitchen	Casual Dining
CVS Pharmacy	Drug stores
Dana Point Arco	Service stations
Ganahl Lumber	Lumber/building materials
Gelson's Market	Grocery stores
Guardtop	Building materials
Harbor Grill	Grocery stores
Jacks Surfboards	Sporting Goods/Bike Stores
Jimmys Famous American Tavern	Casual Dining
Marriott Laguna Cliffs Resort & Spa	Hotels
Monarch Beach Resort	Service stations
Ralphs - Del Prado	Grocery stores
Ralphs - Golden Lantern	Grocery stores
Ritz Carlton	Hotels
Rubens Imports	Used Automotive Dealers
Salt Creek Grille	Restaurants
Smart & Final	Grocery stores
Sun Country Marine	Boats/Motorcycles
Wind & Sea Restaurant	Restaurants

**Percent of total paid by top 25 accounts = 61.66%**

(1) California Revenue & Taxation Code Section 7056 prohibits release of sales tax revenue information, other than an alphabetical listing of the taxpayers.

(2) General Merchandise group was reclassified as confidential in 2012 by the State of California Board of Equalization. The group cannot be made public.

Sources: The HdL Companies; California Board of Equalization

CITY OF DANA POINT  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
THE CITY HAS NO OUTSTANDING DEBT				
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographics and Economic Statistics for personal income and population data.

Source: City of Dana Point, Administrative Services Department

CITY OF DANA POINT  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2019

<u>OVERLAPPING DEBT:</u>	<u>Gross Debt Balance</u>	<u>% Applicable to City</u>	<u>City Share 6/30/19</u>
Metropolitan Water District	\$ 9,743,755	2.424%	\$ 236,196
Capistrano Unified School District Facilities Impv. Dist. No. 1 - 1999 Bond #2002C	15,380,000	20.668%	3,178,775
Capistrano Unified School District Facilities Impv. Dist. No. 1 - 1999 Bond #2001B	6,368,753	20.668%	1,316,309
Moulton Niguel Water I.D. #7 Bond	1,610,000	12.585%	202,615
Santa Margarita Water ID#3 1978 Bond	4,825,000	0.127%	6,147
South Coast Water District 2016 Revenue Bonds	10,735,000	100.000%	10,735,000
2010 Build America Bond	41,680,000	100.000%	41,680,000
Total Overlapping Debt			<u><u>\$ 57,355,042</u></u>

DIRECT DEBT:

None

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule shows the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in the City of Dana Point. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

Sources: HdL, Coren & Cone



CITY OF DANA POINT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Valuation	<u>\$ 8,761,158</u>	<u>\$ 8,687,748</u>	<u>\$ 8,735,352</u>	<u>\$ 8,844,363</u>	<u>\$ 9,126,749</u>	<u>\$ 9,787,132</u>	<u>\$ 10,521,105</u>	<u>\$ 11,212,210</u>	<u>\$ 12,182,212</u>	<u>\$ 12,725,481</u>
Legal Debt Limit = 3.75% of Total Assessed Valuation (1)	328,543	325,791	327,576	331,664	342,253	367,017	394,541	420,458	456,833	477,206
Amount of Debt Applicable to Limit: Certificates of Participation/ Capital Lease	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 328,543</u>	<u>\$ 325,791</u>	<u>\$ 327,576</u>	<u>\$ 331,664</u>	<u>\$ 342,253</u>	<u>\$ 367,017</u>	<u>\$ 394,541</u>	<u>\$ 420,458</u>	<u>\$ 456,833</u>	<u>\$ 477,206</u>

Note:

(1) The general laws of the State of California for municipalities provide for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was established based on 25% of market value. Effective with FY1981-82, taxable property is assessed at 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified to 3.75% for the purposes of this calculation for consistency with the original intent of the State's debt limit.

Sources: City of Dana Point, Administrative Services Department  
 Orange County Auditor-Controller

CITY OF DANA POINT  
Demographic and Economic Statistics  
Last Ten Fiscal Years

	2010 (1)	2011 (2)	2012 (2)	2013 (2)	2014 (2) (5)	2015 (2) (5)	2016 (2) (5)	2017 (1) (5)	2018 (1) (5)	2019 (1) (5)
Population	35,561	35,109	33,054	33,398	33,625	33,710	34,264	34,902	34,619	34,359
Age Distribution:										
0 - 4	1,905	1,753	1,675	1,544	1,541	1,546	1,490	1,493	1,482	1,442
5 - 14	3,657	3,794	3,593	3,146	3,191	3,214	3,261	3,288	3,243	3,193
15 - 19	1,716	2,160	2,151	2,046	2,034	1,949	1,941	1,621	1,627	1,604
20 - 24	1,805	1,419	1,340	1,481	1,452	1,479	1,468	1,928	1,856	1,756
25 - 34	4,772	4,421	4,302	4,045	4,102	4,135	4,220	4,357	4,295	4,287
35 - 44	4,849	4,606	4,390	3,958	3,934	3,888	3,956	4,020	3,953	3,969
45 - 64	11,169	11,202	10,341	10,917	10,823	10,692	10,781	10,517	10,366	10,127
65 - 74	3,078	3,105	2,732	3,492	3,691	3,884	4,097	4,351	4,447	4,531
75 - 84	1,864	1,936	1,836	1,913	1,958	1,993	2,095	2,256	2,291	2,375
85 and over	746	713	694	856	899	930	955	1,071	1,059	1,075
Total	35,561	35,109	33,054	33,398	33,625	33,710	34,264	34,902	34,619	34,359
Median Age	43	44	43	46	46	46	46	47.5	48.5	47.3
Per capita income	\$ 47,982	\$ 42,245	\$ 44,704	not avail	\$ 49,928	\$ 48,454	\$ 52,160	\$ 58,218	\$ 61,088	\$59,496
Personal income (,000,000) (5)	\$ 1,706	\$ 1,816	\$ 1,663	\$ 1,723	\$ 1,699	\$ 1,649	\$ 1,743	\$ 1,811	\$ 1,841	\$1,927
Median household income (1) (2) (5)	\$ 87,100	\$ 73,700	\$ 73,696	\$ 76,268	\$ 80,603	\$ 78,758	\$ 82,065	\$ 95,346	\$ 102,250	\$100,389
Average household income (1)	\$ 115,966	\$ 101,855	\$ 101,662	\$ 111,397	\$ 113,298	\$ 112,325	\$ 117,539	\$ 136,926	\$ 143,962	\$140,455
Civilian unemployment rate (1)(2)(3)(4)	6.9%	6.3%	n/a	5.9%	5.5%	5.2%	4.2%	3.8%	3.2%	2.7%
Number of families (1) (2)	9,181	9,143	9,097	8,826	8,892	8,918	9,099	9,008	8,950	8,779
Number of households (1) (2)	14,491	14,459	14,328	14,405	14,515	14,568	14,879	14,657	14,506	14,183
Average household size (1) (2)	2.44	2.42	2.29	2.31	2.30	2.30	2.29	2.37	2.37	2.33
Households, by income: (1) (2)										
Less than \$15,000	611	864	866	954	945	827	827	753	770	740
\$15,000 - \$24,999	702	905	899	1,064	1,075	1,141	1,034	861	827	800
\$25,000 - \$34,999	582	928	920	991	1,014	1,206	1,097	776	677	719
\$35,000 - \$49,999	1,384	1,735	1,716	1,742	1,544	1,545	1,557	1,295	1,201	1,191
\$50,000 - \$74,999	2,675	2,951	2,915	2,355	2,212	2,283	2,398	2,153	1,942	2,169
\$75,000 - \$99,999	2,309	2,022	2,009	1,902	2,086	1,876	1,863	1,755	1,650	1,563
\$100,000 - \$149,999	3,206	2,612	2,600	2,535	2,419	2,545	2,552	2,703	2,750	2,749
Over \$150,000	3,022	2,442	2,403	2,862	3,220	3,145	3,551	4,361	4,689	4,469
Total	14,491	14,459	14,328	14,405	14,515	14,568	14,879	14,657	14,506	14,400

(1) Source: ESRI Business Information Solutions

(2) Source: The Nielsen Company

(3) Source: Bureau of Labor Statistics

(4) Reflects calendar year unemployment rate. Rate for 2012 is not available.

(5) Source: HdL

CITY OF DANA POINT  
Principal Employers  
Calendar Year 2019 and Seven Years Ago

Employer	2019			2013*	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Capistrano School District	N/A	-	-		
Ritz-Carlton-Laguna Niguel	970	1	8.17%	750	2
Monarch Beach Resort (former St. Regis)	800	2	6.74%	800	1
Ritz-Carlton Hotel Co LLC	404	3	3.40%		
Marriott-Laguna Cliffs Resort	250	4	2.10%	350	3
Dana Hills High School	200	5	1.68%	250	4
Harpoon Henry's Seafood Rstrnt	150	6	1.26%	103	7
Wind & Sea Restaurant Inc	150	6	1.26%	131	5
O C Lifeguards	101	7	0.85%	120	8
Monarch Beach & Tennis Club	100	8	0.84%		
Salt Creek Grille	100	8	0.84%		
Albertsons - Del Obispo St	100	8	0.84%		
Gelson's Markets	100	8	0.84%		
Gelson's Markets	100	8	0.84%		
Chart House Restaurant	90	9	0.76%		
Ralphs - Golden Lantern	83	10	0.70%		
Surterre Properties Inc	80	11	0.67%		
Cannons Seafood Grill	80	11	0.67%		
U.S. Postal Service	80	11	0.67%		
Ralphs - Del Prado	70	12	0.59%		
St Edward School	65	13	0.55%		
Flatiron Construction Corp	60	14	0.51%		
R H Dana Elementary School	60	14	0.51%		
Gilson Legal	60	14	0.51%		
Fountains at Sea Bluffs	60	14	0.51%		
El Torito Mexican Grill	60	14	0.51%		
BHHS California Properties	50	15	0.42%		
Harbor House Café	50	15	0.42%		
Harbor Grill	50	15	0.42%		
Monarch Beach Golf Links	50	15	0.42%		
Hennessey's Tavern-Dana Point	50	15	0.42%		
Dana Point City Hall	49	16	0.41%		
Jimmy's Famous American Tavern				90	9
Ocean Institute/Chambers Gallery				115	6
Ralphs - Del Obispo				88	10
Total	4,672		39.34%	2,797	

2019 Source: Infogroup and Southern California Association of Governments (SCAG)

CITY OF DANA POINT  
 Full-time Equivalent City Government Employees Authorized, by Function  
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>General Government</u>										
City Manager's Office	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Administrative Services	7.00	7.00	7.00	7.00	7.00	7.00	9.00	9.00	8.00	8.00
Facilities	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00
<u>Public Safety</u>										
Police Services	-	-	-	-	-	-	-	-	-	-
Emergency Services	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00
<u>Community Development</u>										
Planning	8.00	8.00	8.00	8.00	8.00	9.00	10.00	10.00	9.00	9.00
Building	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00
Code Enforcement	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	4.50	5.00
Economic Development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Recreation and Parks</u>										
Parks	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Community Services	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	5.00
<u>Public Works</u>										
Administration	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	3.00
Street/Drainage Maintenance	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	0.00
Traffic Engineering	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Solid Waste	0.33	0.34	0.34	0.33	0.33	0.34	0.34	0.34	0.34	0.00
Engineering	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.00	10.00
Water Quality & Natural Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Total	<u>64.00</u>	<u>64.00</u>	<u>64.00</u>	<u>64.00</u>	<u>66.00</u>	<u>67.00</u>	<u>70.00</u>	<u>70.00</u>	<u>66.00</u>	<u>64.00</u>

Source: City of Dana Point Budget Document

CITY OF DANA POINT  
Operating Indicators by Function/Program  
Fiscal Years 2010 through 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Police (1)</u>										
Arrests	882	1,006	881	923	544	510	448	483	1,199	1,253
Calls for service	15,505	15,899	14,916	15,778	16,391	17,812	18,815	21,530	22,939	18,247
Parking citations issued (4)	7,132	9,055	9,832	7,135	7,571	8,617	8,286	8,013	7,335	4,797
Traffic citations issued (5)	1,908	1,996	1,876	1,788	N/A	N/A	N/A	794	1,549	1,150
<u>Fire (2)</u>										
Incidents	2,790	3,155	2,778	2,958	2,925	3,297	3,292	3,656	3,711	3,402
Fires	51	41	36	46	39	43	52	42	46	29
Inspections conducted	774	549	229	230	678	691	951	796	829	889
<u>Refuse Collection (3)</u>										
Refuse collected (tons/day)	55	55	54	55	63	64	57	63	60	61
Recyclables collected (tons/day)	60	64	61	64	50	50	71	77	77	72
<u>Community Development</u>										
Building permits issued	1,552	1,560	1,496	1,726	1,958	2,318	2,505	1,967	1,993	2,252
Value of building permits issued	\$31,413,957	\$42,400,000	\$31,665,561	\$42,535,668	\$59,240,249	\$107,031,542	\$113,969,484	\$131,431,905	\$ 157,575,390	\$ 113,784,924
Inspections conducted	7,994	8,300	7,333	8,739	7,222	7,545	8,704	8,602	9,206	10,730
New code enforcement cases opened	1,368	1,325	916	1,266	1,268	1,544	1,289	1,562	1,472	1,177
Code enforcement cases closed	1,369	1,330	914	1,164	1,351	1,578	1,249	1,593	1,482	1,302
<u>Public Works</u>										
Miles of street resurfaced	5	2	2	2	2	3	2	1	4	0.9
Potholes repaired	220	156	81	154	56	78	64	70	0	24
Miles of street slurry sealed (6)	-	-	-	-	-	-	-	0	9.75	10.7
Inspections completed	274	1,071	2,864	3,368	3,777	5,174	7,719	7,725	11,087	11,168
<u>Parks and recreation</u>										
Number of classes offered	701	720	715	689	579	398	402	446	425	353
Number of activities/trips conducted	4	16	31	30	23	25	25	26	29	44
Number of participants:										
Youth classes	1,032	1,259	1,915	1,409	1,449	1,219	1,030	937	1,007	852
Adult classes	1,101	805	1,180	1,071	1,142	1,348	1,574	1,852	1,732	2,253
Sports leagues	404	720	750	750	720	358	455	680	520	520
Excursions	170	170	65	65	120	60	60	39	33	43
Total participants	2,707	2,954	3,910	3,295	3,431	2,985	3,119	3,508	3,292	3,668

(1) Police services are provided to the City via contract with County of Orange

(2) Fire services are provided by Orange County Fire Authority

(3) Refuse collection is provided via franchise with CR&R

(4) Beginning in 2016 a new source for parking citation information is used: Citation Processing Center. This resulted in adjustments for previous fiscal years.

(5) Traffic citation information for FY's 14-16 is under review and is not ready at the time of publishing.

(6) Data for 2010-2016 is not available.

Sources: Various City departments, Orange County Fire Authority, Orange County Sheriff, CR&R

CITY OF DANA POINT  
Capital Asset Statistics by Function/Program  
Fiscal Years 2010 through 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Police (1)</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (cars)	12	13	13	13	14	16	16	15	15	15
Patrol units (motorcycles)	2	2	1	2	1	1	1	1	1	1
Fire Stations (2)	2	2	2	2	2	2	2	2	2	2
<u>Refuse Collection (3)</u>										
Collection trucks	13	13	14	14	14	14	14	14	14	11
<u>Public Works</u>										
Miles of arterial streets maintained	18	18	18	18	18	18	18	18	18	18
Miles of non-arterial streets maintained	61	61	61	61	61	61	61	61	61	61
Miles of storm drains maintained	20	20	20	20	20	20	20	20	20	20
Number of signalized intersections	37	37	37	37	40	38	38	38	40	40
Number of street lights (4)	1,470	1,470	1,470	1,470	1,470	1,508	1,547	1,547	1,544	1,551
<u>Parks and Recreation</u>										
Number of parks	27	27	27	27	27	27	27	27	27	28
Total park acreage	135	135	135	135	135	135	135	135	135	136
Number of baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of tennis courts	2	2	2	2	2	2	2	2	2	2
Number of basketball courts	7	7	7	6	6	6	6	6	6	5
Number of bocce ball courts	-	-	-	-	-	3	3	3	3	3
Number of raquetball courts	-	-	-	-	-	-	-	-	-	2

(1) Police services are provided to the City via contract with County of Orange - substation is located in Dana Point

(2) Fire stations are owned by Orange County Fire Authority

(3) Refuse collection vehicles are owned by franchisee CR&R

(4) Includes street lights owned by San Diego Gas & Electric and the City of Dana Point.

Sources: Various City departments, Orange County Fire Authority, Orange County Sheriff, CR&R