

# CITY OF DANA POINT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



Richard Viczorek, Mayor  
Jamey Federico, Mayor Pro Tem  
Joe Muller, Council Member  
Paul N Wyatt, Council Member  
Michael A. Killebrew, City Manager

Prepared by:  
Department of Administrative Services

**CITY OF DANA POINT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2020**

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# **INTRODUCTORY SECTION**



November 23, 2020

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, 2020, 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, 2020 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, 2020 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, 2020 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 34,139. 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*.

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 multi-family residential, 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 decreased \$3.3 million, or 24.4%, to \$10.1 million in fiscal year 2020. The decrease from fiscal year 2019 is attributed to hotel closures and cancellations by hotel guests and groups due to COVID-19 restrictions.

Sales Tax revenue had seen annual increases since fiscal year 2011. However, due to COVID-19 closures and restrictions on the hospitality industry, sales tax revenue decreased by \$500k compared to 2019, finishing at \$5.4 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 off 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 2020, the State Legislative Analyst’s Office stated that California’s “economy has undergone rapid but uneven recovery” as a result of the COVID-19 pandemic. Due to revisions in prior and current-year State budget estimates, the base estimate includes a one-time surplus of \$26 billion for the next budget year beginning July 1, 2021. Nevertheless, the economic outlook remains uncertain and the State faces an operating deficit that is projected to grow to \$17 billion by fiscal year 2024-25 as a result of expenditure growth exceeding revenue growth by more than 3 percent annually, on average. They recommend that the State’s surplus be used to buy the Legislature time to enact or phase-in budget changes over the longer term.

Dana Point had nine consecutive year-over-year increases in General Fund revenues through fiscal year 2019, but experienced a decrease in revenues in fiscal year 2020 due to COVID-19. The 7.6% unemployment rate in Dana Point was significantly higher than the previous year’s 2.8%. The City recognizes the unprecedented disruption to the economy in California and nationwide. While the long-term effects are still unknown, staff is diligently monitoring economic turns, has eased City revenue forecasts, and is preparing for ongoing challenges.

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 \$2.8 billion, or 27.0%.

Dana Point Assessed Property Values Last Five Fiscal Years (in thousands)				
2016	2017	2018	2019	2020
\$10,521,000	\$11,212,000	\$12,182,000	\$12,725,000	\$13,361,000

According to HDL, Coren & Cone, Dana Point’s median home sales price at the end of fiscal year 2020 was \$1,245,000, a 31.9% increase compared to \$940,000 reported one year earlier. The increase in median home sales price for single-family residences is primarily due to the sale of more multi-million dollar homes in 2020 compared to the sale of more condominiums in 2019. With Dana Point’s desirable location, property appreciation is still projected to exceed national levels to some degree. Property Tax revenue finished fiscal year 2020 at \$9.2 million.

**LONG-TERM FINANCIAL PLANNING**

Staff began including a Master Financial Plan (MFP) in the fiscal year 2016 and 2017 two-year budget, and has subsequently updated it in the next two budgets. 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 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 is being extended out through fiscal year 2027.



## 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 grew an average of \$1.6 million per year for nine fiscal years. Then in mid-March 2020, the negative impacts to the economy began due to the onset of COVID-19. City revenues that were significantly impacted included Transient Occupancy (Hotel) Tax and Sales Tax because of Dana Point's dependence on the hospitality industry. General Fund tax revenues for fiscal year 2020 totaled \$31.8 million, down from \$35.0 million in FY19.

With the exception of FY16 when a major hotel was under renovation part of the year, TOT revenue had exhibited positive growth for several years, and with the establishment of a destination marketing organization (i.e., Visit Dana Point) by the major hotels, this revenue was expected to remain stable. Nonetheless, the hospitality industry was greatly affected by the California Governor's Stay at Home Order which resulted in a significant decline in TOT revenue. 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 in the harbor. 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 healthy 3.2% after a couple of years of economy rebounding post-pandemic.

Planning related activity has begun to slow from the record pace since the recession, but despite the pandemic, there remains a steady stream of private construction activity. Though revenue from Licenses & Permits and Charges for Service associated with the development activity had been at record highs before the COVID-19 hit, the long-term forecast assumes that the building boom will not continue at the same pace. Beginning last fiscal year, the City initiated a phased implementation of fee adjustments to bring fees in line with the cost of City services; these fees had not been adjusted for twenty years. The fee adjustments will help reduce the effect on City finances from the projected downturn in development activity.

For all General Fund operating revenues, revenue growth from FY10 through FY20 averaged \$1.4 million, or 4.9%, per year. The longer-term forecast projects overall revenue growth to average 3.1% per year after a couple of years of the economy rebounding post-pandemic.

## Expenditures

The average annual projected growth in General Fund operating expenditures through FY27 is about 3.1%. 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 grow 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 (*updated 2019*);
- Maintain comprehensive set of financial policies (*updated 2019*);
- Annually update the long-term financial plan (*completed*);
- Develop Code Enforcement Strategic Plan (*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 (*in process*);
- Enhance community engagement in City-led service programs (e.g., Neighborhood Watch, Volunteers in Police Services, Nature Interpretive Center Docents) (*in process*);
- Develop and obtain Council approval of Code Enforcement Strategy (*completed*);
- Give employees the challenge, responsibility, and authority to make City government more effective, efficient and innovative (*in process*);
- Measure employee engagement through employee engagement surveys (*ongoing*);
- Complete implementation of the priority-based budget process (*completed*);
- Review large contract scopes and develop and issue new RFPs (*in process*); and,
- Complete General Plan Update (*in process*).

## AWARDS AND ACKNOWLEDGEMENTS

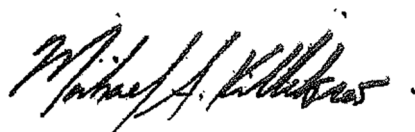
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dana Point for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement 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-one consecutive years (fiscal years 1989 through 2019). 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, appearing to read "Michael A. Killebrew". The signature is written in a cursive style with a small flourish at the end.

Michael A. Killebrew  
City Manager



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, 2019

*Christopher P. Morill*

Executive Director/CEO

# OFFICIALS OF THE CITY OF DANA POINT\*

## Members of the City Council

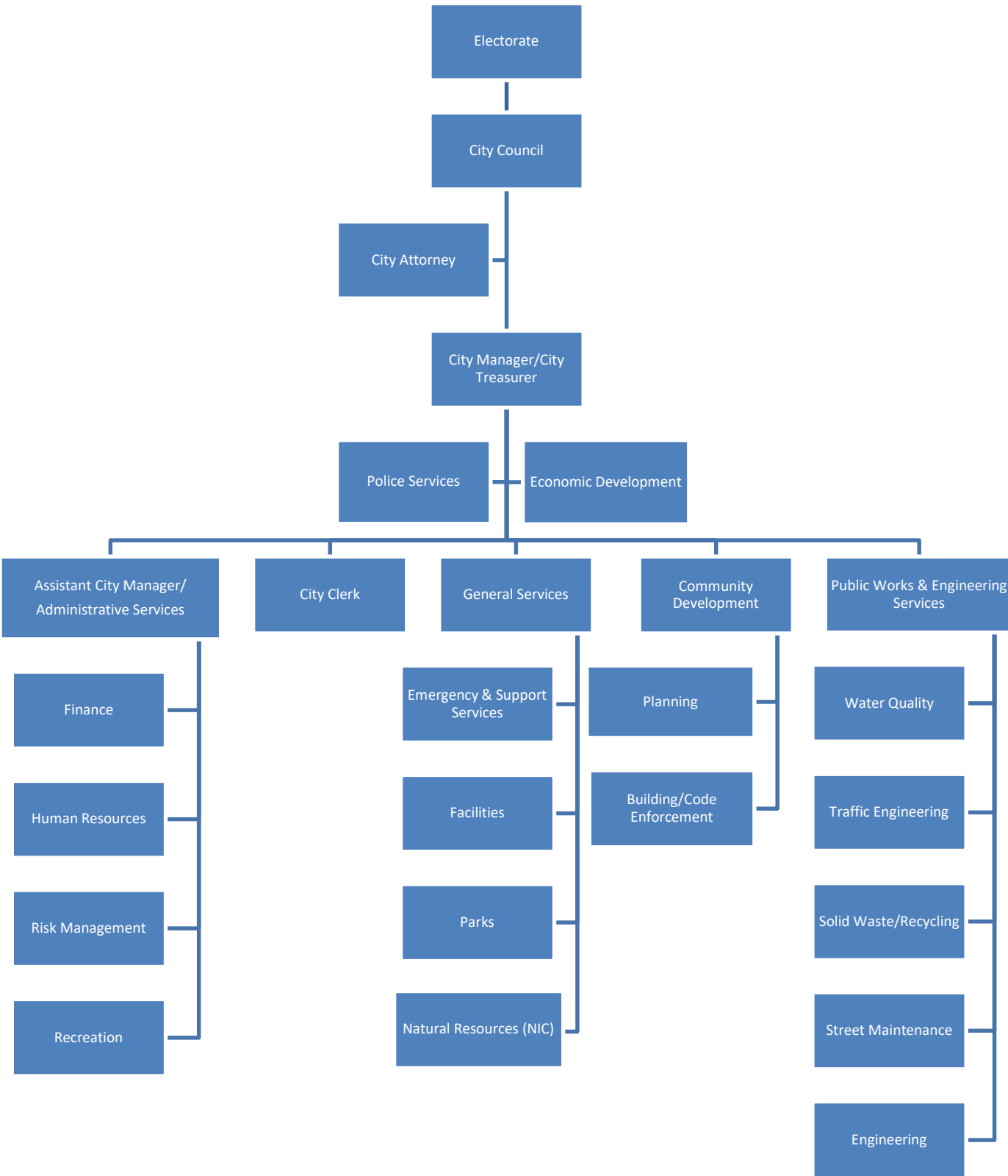
Richard A. Viczorek, Mayor  
Jamey M. Federico, Mayor Pro Tem  
Joseph L. Muller, Council Member  
Paul N Wyatt, Council Member  
Vacant, Council Member

## Administrative Staff

Michael A. Killebrew.....City Manager  
Kelly Reenders.....Asst. City Manager/Dir. of Economic Dev & Community Srvcs  
Kathy Ward.....City Clerk  
Brenda Wisneski.....Director of Community Development  
Matt Sinacori.....Director of Public Works & Engineering Services  
Lt. Kirsten Monteleone.....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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 23, 2020 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 23, 2020

## 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, 2020. 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 2020 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 \$193.5 million at June 30, 2020, which was a decrease of approximately \$3.3 million from the prior year. Of this amount, \$163.9 million is invested in capital assets, \$4.9 million is restricted for various purposes and \$24.7 million is unrestricted.
- City-wide governmental revenues for fiscal year 2020 include program revenues of \$8.2 million, and general revenues of \$34.4 million, for a total of \$42.6 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 2020, the City's Governmental Funds reported combined ending fund balances of \$35.3 million, a decrease of \$373 thousand from fiscal year 2019. Of this amount, \$148 thousand is non-spendable, \$4.9 million is restricted, \$25.6 million is assigned, and \$4.7 million is unassigned.
- General Fund revenues totaled \$38.3 million, a decrease of \$3.2 million from fiscal year 2019. This decrease is mainly attributable to decreased sales taxes, hotel occupancy taxes, and short-term rental TOT due to closures and restrictions imposed by the Governor of the State of California at the onset of the COVID-19 pandemic.
- General Fund expenditures totaled \$36.3 million, an increase of \$1.6 million from fiscal year 2019. The rise is attributed to a combination of increases including the Orange County

Sheriff's Department contract, street maintenance, and development related reimbursable costs.

- Capital Improvements Fund expenditures decreased by \$900 thousand from fiscal year 2019, to \$3.7 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 2020, the bulk of major capital outlays went towards Arterial Roadways, Pavement Preservation, and Street Slurry Sealing.
- All Other Governmental Funds revenues decreased by \$100 thousand to \$4.3 million.
- All Other Governmental Funds expenditures combined decreased by \$881 thousand to \$3.0 million in fiscal year 2020.

## 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 expenses 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 (85%) of the City's net position reflects its investment of \$164 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 \$1.8 million in capital assets in fiscal year 2020 resulting from an increase in net accumulated depreciation of \$6.3 million and offset by a net of \$4.5 million of expenses 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 \$24.7 million that is unrestricted, and \$4.9 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.

**Table 1**  
**Net Position**  
**(in thousands)**

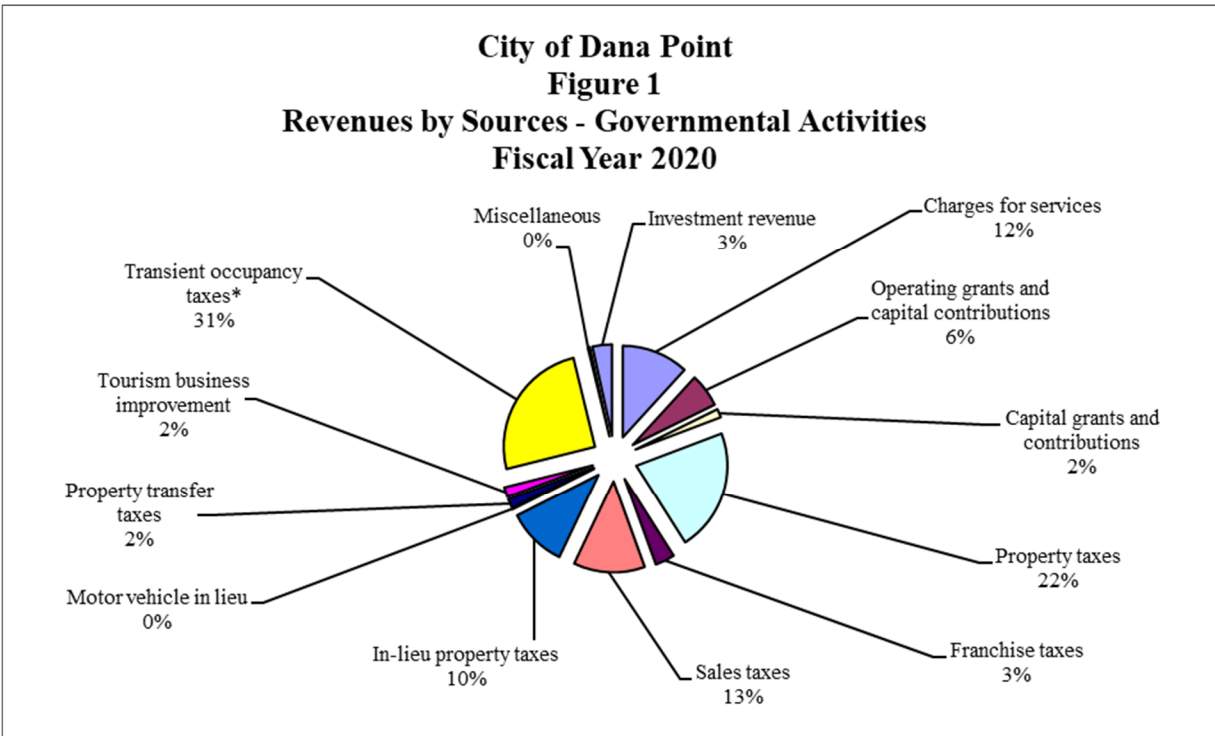
	Fiscal Year		% Change
	2020	2019	
<b>Assets:</b>			
Current and other assets	\$ 40,623	\$ 39,894	1.8%
Capital assets	163,949	165,798	(1.1%)
Total assets	<b>204,572</b>	<b>205,692</b>	<b>(0.5%)</b>
<b>Deferred Outflows of Resources</b>	<b>2,075</b>	<b>2,030</b>	<b>2.2%</b>
<b>Liabilities:</b>			
Long-term liabilities	7,875	6,837	15.2%
Unearned Revenue	301	0	100.0%
Other liabilities	4,087	3,238	26.2%
Total liabilities	<b>12,263</b>	<b>10,075</b>	<b>21.7%</b>
<b>Deferred Inflows of Resources</b>	<b>860</b>	<b>780</b>	<b>10.3%</b>
<b>Net Position:</b>			
Invested in capital assets	163,949	165,798	(1.1%)
Restricted	4,873	5,193	(6.2%)
Unrestricted	24,702	25,876	(4.5%)
Total net position	<b>\$193,524</b>	<b>\$196,867</b>	<b>(1.7%)</b>

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

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

	Fiscal Year		% Change
	2020	2019	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 5,030	\$ 5,201	(3.3%)
Operating grants and capital contributions	2,518	2,474	1.8%
Capital grants and contributions	646	869	(25.7%)
General revenues:			
Taxes:			
Property taxes	9,244	8,856	4.4%
Franchise taxes	1,477	1,553	(4.9%)
Sales taxes	5,383	5,891	(8.6%)
In-lieu property taxes	4,469	4,261	4.9%
Motor vehicle in-lieu	27	16	68.8%
Property transfer taxes	712	465	53.1%
Transient occupancy taxes	10,686	14,157	(24.5%)
Other	150	65	130.8%
Tourism business improvement district	754	1,007	(25.1%)
Unrestricted investment earnings	1,474	1,400	5.3%
Total revenues	<u>42,570</u>	<u>46,215</u>	<u>(7.9%)</u>
<b>Expenses:</b>			
General government	7,452	8,051	(7.4%)
Public safety	13,590	13,122	3.6%
Community development	5,845	5,713	2.3%
Recreation and parks	6,008	6,099	(1.5%)
Public works	13,018	11,164	16.6%
Total expenses	<u>45,913</u>	<u>44,149</u>	<u>4.0%</u>
Change in net position	(3,343)	2,066	261.8%
Net position, beginning of year	196,867	194,801	1.1%
Net position, end of year	<u>\$ 193,524</u>	<u>\$ 196,867</u>	<u>(1.7%)</u>

**Governmental Activities** – The cost of all governmental activities in fiscal 2020 was \$46 million. As shown in Table 2, the City recovered \$8.2 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 (\$10.1M) and short-term residential vacation rentals (\$0.6M).*

Figure 1, Revenues by Sources – Governmental Activities, depicts the distribution of fiscal year 2020 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 2020. Sales tax revenues decreased by \$0.5 million, or 8.6%, in fiscal year 2020. The City’s realized investment earnings in fiscal year 2020 was \$74 thousand more than fiscal year 2019. The City experienced an increase in property tax revenue during the fiscal year of \$0.4 million, or 4.4%. Capital grants and contributions revenue decreased by \$0.2 million, and operating grant revenue increased by \$44 thousand. Overall, the City experienced a decrease of \$3.6 million, or 7.9%, in governmental revenues in fiscal year 2020. This decrease was mainly due to the COVID-19 shutdown and restrictions which severely impacted tourism.

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.

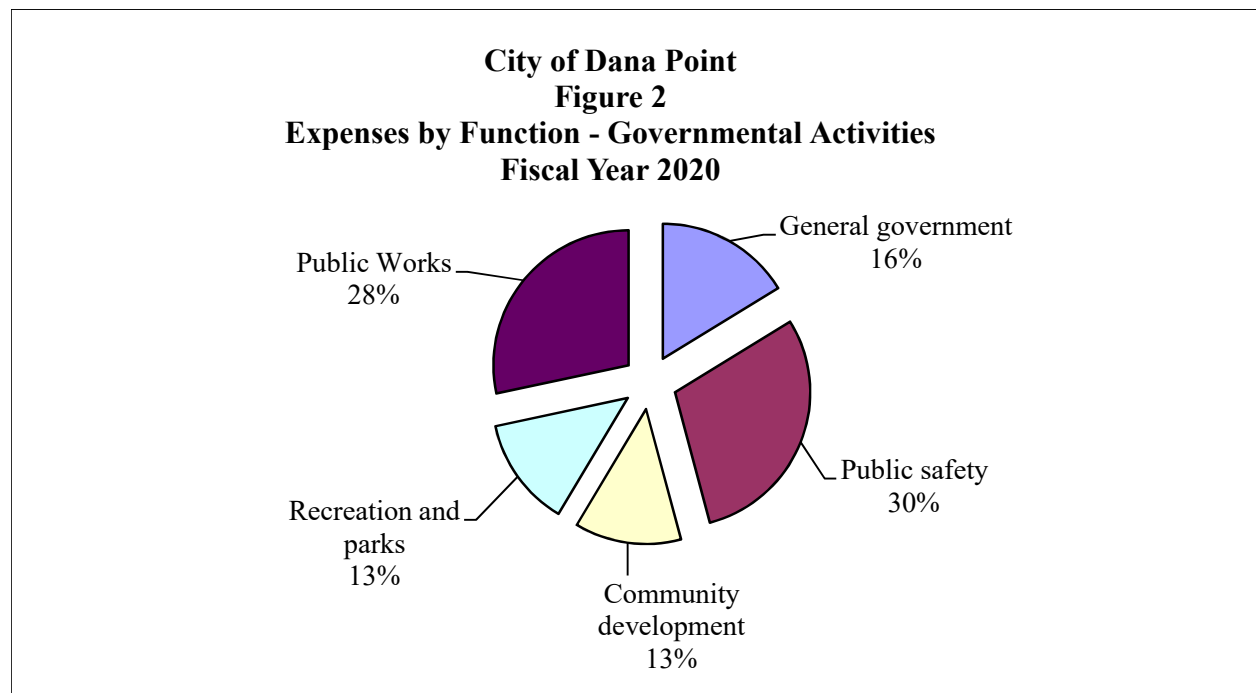


Public Safety is comprised of two departments (Police Services and Emergency and Support Services), which provide law enforcement, disaster, and emergency planning services. The City contracts with the Orange County Sheriff's Department to provide police services, while fire services are provided directly 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 58% of total expenses.

Public Works outlays increased by \$1.9 million or 16.6% compared to fiscal year 2019. This is mainly due to roadway and residential slurry projects in fiscal year 2020.

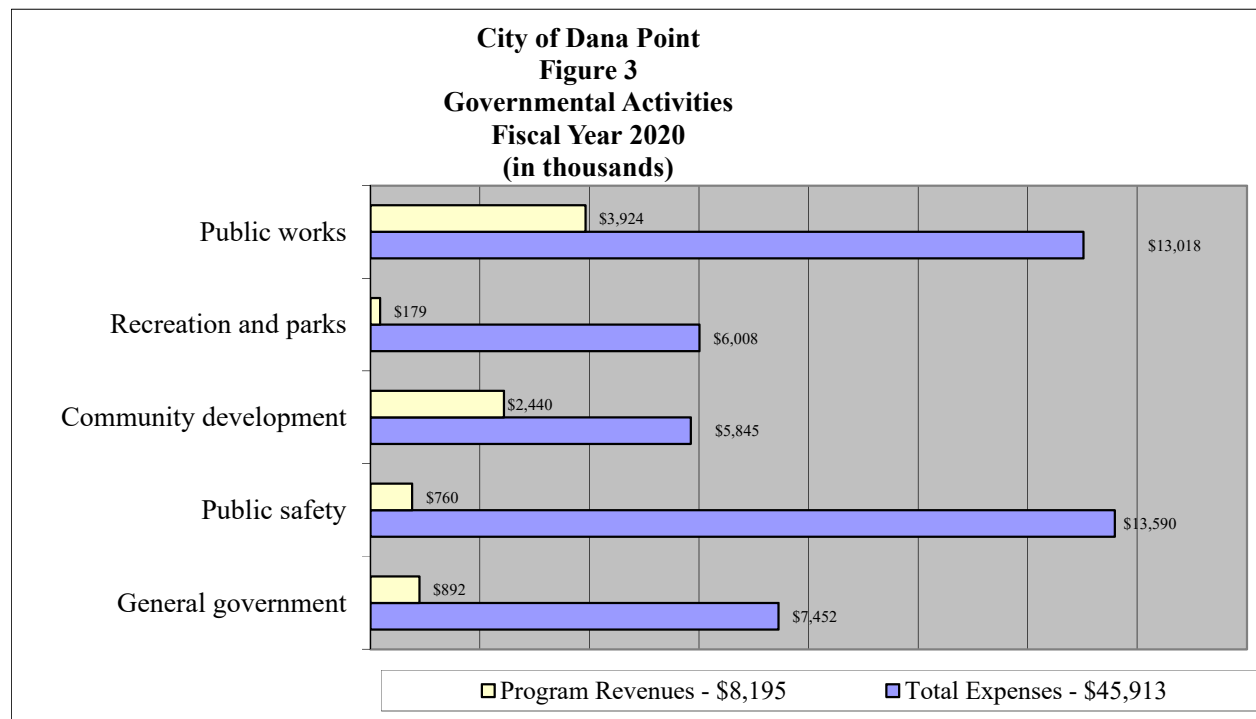
Public Safety expenses increased by \$0.5 million or 3.6%. This is primarily due to standard annual increases including sworn personnel wages and retirement costs, and increases in county overhead and shared costs for regional sheriff resources.

General Government outlays decreased \$0.6 million, or 7.5% in fiscal year 2020. Decreases are attributed to a combination of personnel vacancies that have not been filled, and cost cutting measures to keep in line with decreased revenues.

Community Development expenses increased by \$0.1 million, or 2.3%. This increase is primarily due to Building department contracts for plan reviews, building inspections, and permit counter services.

Recreation and Parks expenses decreased \$91 thousand, or 1.5%. This is attributed to a reduction in community activities and elimination of several community sponsored events in fiscal year 2020.

Overall, total fiscal year expenses for governmental activities increased \$1.8 million, or 4.0%, to \$46 million in fiscal year 2020.



## 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 2020, the City's governmental funds reported combined fund balances of \$35.3 million, a decrease of \$0.4 million from the prior year. Of that total, the General Fund represented \$17.9 million or 50.6%; the Capital Improvements Fund represented \$9.1 million, or 26%; the remainder of \$8.3 million, or 23.4%, was in all other funds combined.

At June 30, 2020, the City had \$148 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 \$4.9 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 2020, assigned fund balance totaled \$25.6 million and consisted of \$12.6 million in the General Fund for economic stability, extreme events, and unfunded pension liability; \$9.2 million for capital improvement projects; and \$3.8 million for non-major funds. The remainder of the fund balance was \$4.7 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 \$2.0 million more than expenditures in fiscal year 2020. When combined with Interfund Transfers Out of \$3.5 million to the Capital Improvement Fund, the result for fiscal year 2020 is a net fund balance decrease of \$1.4 million.

Transient occupancy tax revenue from hotels decreased by \$3.3 million, or 24.4%, in fiscal year 2020, and revenue from short-term housing rentals decreased by \$0.2 million, or 25.8%.

Assessed real estate values in Dana Point have been climbing for eight consecutive years. The 2020 assessed values stand at an all-time high of \$13.4 billion.

Total General Fund revenues for fiscal year 2020 were \$38.3 million, a decrease of 7.7% over fiscal year 2019. Overall, expenditures for fiscal year 2020 finished at \$36.3 million, or 4.5% more than fiscal year 2019.

### CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund incurred \$3.7 million in capital expenditures. Funding was provided by transfers in from the General Fund in the amount of \$3.5 million, from the Gasoline Tax Fund in the amount of \$396 thousand, from the Measure M Fund in the amount of \$559 thousand, and from the Road Maintenance Fund in the amount of \$573 thousand. The Capital Improvements Fund concluded fiscal year 2020 with a net \$1.3 million increase in fund balance.

For fiscal year 2020, as compared to fiscal year 2019, Capital Improvements Fund transfers in from the General Fund were \$3.0 million lower.

### **Budgetary Highlights**

The City adopts two-year operating and capital budgets, with fiscal year 2020 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 2020, the overall General Fund revenue budget was decreased by \$2.6 million. The revenue accounts reflecting the largest decreases compared to fiscal year 2019 included transient occupancy tax, short-term rental transient occupancy tax, and sales and use tax,

*Transient Occupancy Tax (TOT)* – The City’s largest revenue source, at \$10.1 million collected in fiscal year 2020, TOT’s budget was decreased by \$3.0 million. There was an assumption made in budgeting TOT that the record pace that TOT revenue had been on the past few years would slow; however, it was not anticipated that it would come to a halt due to COVID-19 closures and restrictions.

*Property Tax* – The City’s second largest revenue came in at \$9.2 million, which was close to budget at an increase of \$388 thousand when compared to the prior year.

*Sales and Use Tax* – Representing the City’s third largest tax revenue, Sales and Use tax finished fiscal year 2020 at \$5.4 million, or \$243 thousand over budget. This was a \$500 thousand decrease from fiscal year 2019. Decreased collections were evident across all major industry groups;

*Charges for Services* – This category of revenue includes among others Planning, Building & Engineering Fees. Fiscal Year 2020 revenue totaled \$2.2 million, and was \$141 thousand over budget.

*Licenses & Permits* – This category includes construction-related permits, and finished fiscal year 2020 at \$1.8 million, or \$55 thousand under budget.

Actual General Fund revenues for fiscal year 2020 were \$1.6 million, or 4.1% above the revised budget.

During fiscal year 2020 the General Fund expenditure budget, including transfers out, had a net increase of \$1.5 million. The major components include 1) \$814 thousand increase in Professional Services and 2) \$802 thousand increase in City Attorney Fees.

Actual General Fund expenditures for fiscal year 2020 were \$1.6 million, or 3.9% under the final budget.

## 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 2020 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>2020</b>	<b>2019</b>	<b>% Change</b>
Land	\$ 54,386	\$ 54,386	0.0%
Construction in progress	1,251	637	96.4%
Buildings and improvements	11,830	11,435	3.5%
Equipment	3,237	2,776	16.6%
Infrastructure	224,038	221,025	1.4%
Less: Accumulated depreciation	(130,794)	(124,461)	5.1%
Governmental activity capital assets, net	<b>\$ 163,948</b>	<b>\$ 165,798</b>	<b>(1.1%)</b>

## Long-term Liabilities

At the end of fiscal year 2020, the City had total outstanding long-term liabilities of \$7.9 million, consisting of \$0.6 million in compensated time-off obligations due to employees, \$1.5 million for Other Post-Employment Benefits (OPEB) related to the CALPERS health benefit program, and \$5.8 million in net pension liability.

As of June 30, 2020, 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>2020</u>	<u>2019</u>	<u>% Change</u>
Other debt:			
Compensated absences	\$ 576	\$ 401	43.6%
Net OPEB Liability	1,527	1,341	13.9%
Net Pension Liability	5,771	5,095	13.3%
Total long-term debt	<u>\$ 7,874</u>	<u>\$ 6,837</u>	<u>15.2%</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, 2020**

(with comparative information for the prior year)

	Governmental Activities	
	2020	2019
<b>Assets</b>		
Cash and investments (note 2)	\$ 36,714,671	\$ 35,067,171
Beneficial interest in annuity (note 9)	444,592	432,643
Receivables:		
Taxes	1,744,820	2,820,041
Accounts	718,826	504,770
Interest	139,311	173,152
Intergovernmental	713,182	756,896
Prepaid items	148,395	139,401
Capital assets not being depreciated (note 4)	55,636,903	55,023,074
Capital assets net of accumulated depreciation (note 4)	<u>108,311,749</u>	<u>110,775,412</u>
Total Assets	<u>204,572,449</u>	<u>205,692,560</u>
<b>Deferred Outflows of Resources</b>		
Deferred amount related to pensions (note 8)	1,998,175	2,000,806
Deferred amount related to OPEB (note 7)	<u>77,100</u>	<u>29,489</u>
Total Deferred Outflows of Resources	<u>2,075,275</u>	<u>2,030,295</u>
<b>Liabilities</b>		
Accounts payable	4,087,280	3,237,827
Unearned revenue	301,122	-
Noncurrent liabilities:		
Due within one year:		
Compensated absences (note 6)	194,322	271,101
Due in more than one year:		
Compensated absences (note 6)	382,144	129,600
Net OPEB Liability	1,526,661	1,341,315
Net pension liability	<u>5,771,461</u>	<u>5,095,369</u>
Total Liabilities	<u>12,262,990</u>	<u>10,075,212</u>
<b>Deferred Inflows of Resources</b>		
Deferred amount related to pensions (note 8)	540,965	416,865
Deferred amount related to OPEB (note 7)	<u>319,399</u>	<u>363,030</u>
Total Deferred Inflows of Resources	<u>860,364</u>	<u>779,895</u>
<b>Net Position</b>		
Investment in capital assets	163,948,652	165,798,486
Restricted for:		
Public works	3,189,379	3,283,199
Public safety	64,856	41,995
Parks and recreation	208,198	174,513
ESHA maintenance	313,422	288,648
Art in public places	364,408	312,424
Tourism business improvement	522,729	795,780
Facilities improvement	210,613	296,835
Unrestricted	<u>24,702,113</u>	<u>25,875,868</u>
Total Net Position	<u>\$ 193,524,370</u>	<u>\$ 196,867,748</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, 2020**  
(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	\$ 7,451,459	\$ 892,006	\$ -
Public safety	13,589,942	245,857	514,692
Community development	5,845,342	2,440,169	-
Recreation and parks	6,008,003	124,836	53,989
Public works	13,018,321	1,327,563	1,949,726
<b>Total Governmental Activities</b>	<b>\$ 45,913,067</b>	<b>\$ 5,030,431</b>	<b>\$ 2,518,407</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

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	
	2020	2019
\$ -	\$ (6,559,453)	\$ (7,458,238)
-	(12,829,393)	(12,301,943)
-	(3,405,173)	(3,127,752)
-	(5,829,178)	(5,678,789)
646,479	(9,094,553)	(7,038,318)
<u>\$ 646,479</u>	<u>(37,717,750)</u>	<u>(35,605,040)</u>

9,243,784	8,856,061
1,476,543	1,553,181
5,382,812	5,891,251
4,468,441	4,260,704
27,107	16,354
712,016	464,650
10,686,436	14,156,759
754,062	1,007,091
1,473,722	1,399,960
149,449	65,455
<u>34,374,372</u>	<u>37,671,466</u>
(3,343,378)	2,066,426
<u>196,867,748</u>	<u>194,801,322</u>
<u>\$ 193,524,370</u>	<u>\$ 196,867,748</u>

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

**CITY OF DANA POINT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

(with comparative information for the prior year)

	General	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds	
				2020	2019
<b>Assets</b>					
Cash and investments	\$ 17,794,783	10,412,237	\$ 8,507,651	\$ 36,714,671	\$ 35,067,171
Beneficial interest in annuity	-	-	444,592	444,592	432,643
Receivables:					
Taxes	1,633,077	-	111,743	1,744,820	2,820,041
Accounts	638,521	-	80,305	718,826	504,770
Interest	139,311	-	-	139,311	173,152
Intergovernmental	222,549	-	490,633	713,182	756,896
Prepaid items	148,395	-	-	148,395	139,401
Total Assets	<u>\$ 20,576,636</u>	<u>\$ 10,412,237</u>	<u>\$ 9,634,924</u>	<u>\$ 40,623,797</u>	<u>\$ 39,894,074</u>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 2,324,089	\$ 1,241,040	\$ 522,151	\$ 4,087,280	\$ 3,237,827
Unearned revenue	301,122	-	-	301,122	-
Total Liabilities	<u>2,625,211</u>	<u>1,241,040</u>	<u>522,151</u>	<u>4,388,402</u>	<u>3,237,827</u>
<b>Deferred Inflow of Resources</b>					
Unavailable revenue	79,626	-	830,592	910,218	958,425
Total Deferred Inflow of Resources	<u>79,626</u>	<u>-</u>	<u>830,592</u>	<u>910,218</u>	<u>958,425</u>
<b>Fund Balances</b>					
Nonspendable	148,395	-	-	148,395	139,401
Restricted	364,405	-	4,509,197	4,873,602	5,193,394
Assigned	12,667,920	9,171,197	3,772,984	25,612,101	24,295,818
Unassigned	4,691,079	-	-	4,691,079	6,069,209
Total Fund Balances	<u>17,871,799</u>	<u>9,171,197</u>	<u>8,282,181</u>	<u>35,325,177</u>	<u>35,697,822</u>
Total Liabilities and Fund Balances	<u>\$ 20,576,636</u>	<u>\$ 10,412,237</u>	<u>\$ 9,634,924</u>	<u>\$ 40,623,797</u>	<u>\$ 39,894,074</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, 2020**

<b>Fund Balances of Governmental Funds</b>	\$ 35,325,177
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	294,742,686
Accumulated depreciation	(130,794,034)
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	
	910,218
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(576,466)
Net OPEB liability	(1,526,661)
Net pension liability	(5,771,461)
Deferred outflows and inflows of resources related to pensions	1,457,210
Deferred outflows and inflows of resources related to OPEB	(242,299)
<b>Net Position of Governmental Activities</b>	<b>\$ 193,524,370</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, 2020**  
(with comparative information for the prior year)

	General Fund	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds	
				2020	2019
<b>Revenues:</b>					
Taxes	\$ 31,830,880	\$ -	\$ 2,895,225	\$ 34,726,105	\$ 38,137,803
Licenses, fees and permits	1,872,421	-	-	1,872,421	2,250,566
Fines, forfeitures and penalties	682,731	-	-	682,731	354,825
Intergovernmental	395,793	-	779,067	1,174,860	1,041,859
Charges for services	2,166,472	-	385,209	2,551,681	2,558,830
Investment earnings	1,241,425	-	232,297	1,473,722	1,399,960
Other	136,373	-	-	136,373	187,198
Total Revenues	<u>38,326,095</u>	<u>-</u>	<u>4,291,798</u>	<u>42,617,893</u>	<u>45,931,041</u>
<b>Expenditures:</b>					
Current:					
General government	6,686,169	-	4,632	6,690,801	7,508,331
Public safety	13,362,026	-	138,014	13,500,040	13,010,606
Community development	4,445,245	-	1,054,061	5,499,306	5,705,625
Parks and recreation	5,042,492	-	42,543	5,085,035	5,156,808
Public works	6,730,238	148,869	847,658	7,726,765	6,332,076
Capital outlay	21,009	3,583,978	883,604	4,488,591	5,504,282
Total Expenditures	<u>36,287,179</u>	<u>3,732,847</u>	<u>2,970,512</u>	<u>42,990,538</u>	<u>43,217,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,038,916</u>	<u>(3,732,847)</u>	<u>1,321,286</u>	<u>(372,645)</u>	<u>2,713,313</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (note 3)	8,642	5,006,635	-	5,015,277	9,011,383
Transfers out (note 3)	<u>(3,478,973)</u>	<u>-</u>	<u>(1,536,304)</u>	<u>(5,015,277)</u>	<u>(9,011,383)</u>
Total Other Financing Sources (Uses)	<u>(3,470,331)</u>	<u>5,006,635</u>	<u>(1,536,304)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>(1,431,415)</u>	<u>1,273,788</u>	<u>(215,018)</u>	<u>(372,645)</u>	<u>2,713,313</u>
Fund Balances, Beginning of Year	<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>
Fund Balances, End of Year	<u>\$ 17,871,799</u>	<u>\$ 9,171,197</u>	<u>\$ 8,282,181</u>	<u>\$ 35,325,177</u>	<u>\$ 35,697,822</u>

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, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (372,645)</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	4,483,589
Depreciation expense	(6,333,426)
Revenues collected after the period of availability and earned in current fiscal year on the government wide statement of activities	(48,204)
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	(175,765)
Change in net OPEB liability and related deferred inflows and outflows of resources	(94,104)
Changes in net pension liability and related deferred inflows and outflows of resources	<u>(802,823)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (3,343,378)</u></u></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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 34,870,000	\$ 31,121,000	\$ 31,830,880	\$ 709,880
Licenses, fees and permits	1,503,800	1,927,250	1,872,421	(54,829)
Fines, forfeitures and penalties	345,000	300,000	682,731	382,731
Intergovernmental	329,000	588,819	395,793	(193,026)
Charges for services	1,745,000	2,029,504	2,166,472	136,968
Investment earnings, net	432,800	667,800	1,241,425	573,625
Other	119,000	147,500	136,373	(11,127)
Total Revenues	<u>39,344,600</u>	<u>36,781,873</u>	<u>38,326,095</u>	<u>1,544,222</u>
<b>Expenditures</b>				
Current:				
General government	6,644,165	6,920,882	6,686,169	234,713
Public safety	13,758,285	13,749,585	13,362,026	387,559
Community development	4,350,888	5,048,862	4,445,245	603,617
Parks and recreation	5,317,079	5,272,454	5,042,492	229,962
Public works	6,194,977	6,859,525	6,730,238	129,287
Capital outlay	-	-	21,009	(21,009)
Total Expenditures	<u>36,265,394</u>	<u>37,851,308</u>	<u>36,287,179</u>	<u>1,564,129</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,079,206</u>	<u>(1,069,435)</u>	<u>2,038,916</u>	<u>3,108,351</u>
<b>Other financing sources (uses)</b>				
Transfers in	572,396	-	8,642	8,642
Transfers out	(3,649,910)	(3,514,473)	(3,478,973)	35,500
Total Other Financing Sources (Uses)	<u>(3,077,514)</u>	<u>(3,514,473)</u>	<u>(3,470,331)</u>	<u>44,142</u>
Net Change in Fund Balance	1,692	(4,583,908)	(1,431,415)	3,152,493
Fund Balance, Beginning of Year	21,640,763	15,664,554	19,303,214	3,638,660
Fund Balance, End of Year	<u>\$ 21,642,455</u>	<u>\$ 11,080,646</u>	<u>\$ 17,871,799</u>	<u>\$ 6,791,153</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, 2020**  
(with comparative information for the prior year)

	2020	2019
<b>Assets</b>		
Cash and investments (note 2)	\$ 10,949,814	\$ 5,335,527
Cash and investments with fiscal agents (note 2)	5,903,959	5,593,904
Accounts receivable	374,354	152,864
Total Assets	\$ 17,228,127	\$ 11,082,295
<b>Liabilities</b>		
Accounts payable	\$ 730,646	\$ 287,386
Deposits	10,264,423	5,167,293
Due to bondholders	6,232,061	5,627,321
Due to other agencies	997	295
Total Liabilities	\$ 17,228,127	\$ 11,082,295

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



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020**

**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 require 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**  
**June 30, 2020 (Continued)**

**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**  
**June 30, 2020 (Continued)**

**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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

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

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 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**  
**June 30, 2020 (Continued)**

**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. Pension liabilities are liquidated by the General Fund.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**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, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**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 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

**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.

**Q) Accounting Changes**

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

- GASB Statement No. 84 – “Fiduciary Activities,” effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 87 – “Leases,” effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89 – “Accounting for Interest Cost Incurred before the End of a Construction Period,” effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 91 – “Conduit Debt Obligations,” effective for reporting period beginning after December 15, 2021.
- GASB Statement No. 92 – “Omnibus 202,” effective for reporting period beginning after June 15, 2021.
- GASB Statement No. 93 – “Replacement of Interbank Offered Rates,” effective for reporting period beginning after June 15, 2021.
- GASB Statement No. 94 – “Public-Private and Public-Public partnerships and Availability Payment Arrangements,” effective for reporting period beginning after June 15, 2022.
- GASB Statement No. 96 – “Subscription-Based Information Technology Arrangements,” effective for reporting period beginning after June 15, 2022.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

**Q) Accounting Changes (Continued)**

Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,” effective for reporting period beginning after June 15, 2021.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 36,714,671
Fiduciary Funds	
Cash and investments	10,949,814
Cash and investments with fiscal agents	5,903,959
	<hr/>
Total Cash and Investments	<b><u>\$ 53,568,444</u></b>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand (petty cash)	\$ 5,200
Deposits with financial institutions	5,080,095
Investments	48,483,149
	<hr/>
Total Cash and Investments	<b><u>\$ 53,568,444</u></b>

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.



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

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, 2020, 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	\$ 26,694,924	\$ 26,694,924	\$ -	\$ -
US. Treasury Notes	15,884,266	3,417,578	6,373,388	6,093,300
Held by bond trustee:				
Money market funds	5,903,959	5,903,959	-	-
Total	<u>\$ 48,483,149</u>	<u>\$ 36,016,461</u>	<u>\$ 6,373,388</u>	<u>\$ 6,093,300</u>

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:

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

Investment Type	Totals	Minimum Legal Rating	Rating as of Year End		
			Exempt from Disclosure	AAA	Not Rated
Local Agency Investment Fund	\$ 26,694,924	N/A	\$ -	\$ -	\$ 26,694,924
U.S. Treasury Notes Held by bond trustee:	15,884,266	N/A	15,884,266	-	-
Money market funds	5,903,959	AAA	-	5,903,959	-
Total	<u>\$ 48,483,149</u>		<u>\$ 15,884,266</u>	<u>\$ 5,903,959</u>	<u>\$ 26,694,924</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, \$5,599,908 was in excess of federal depository insurance limits. This amount is collateralized pursuant to California Government Code.

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, 2020 for investments are as follows:

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

	Fair Value	Level 1	Level 2	Level 3
Leveled Investments:				
U.S. Treasury Notes	\$ 15,884,266	15,884,266	\$ -	-
Uncategorized Investments:				
Local Agency Investment Fund	26,694,924			
Held by bond trustee:				
Money Market Funds	5,903,959			
Total Investment Portfolio	<u>\$ 48,483,149</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, 2020, are as follows:

	Transfers in		Totals
	General Fund	Capital Improvements	
Transfers out			
General fund	\$ -	\$ 3,478,973	\$ 3,478,973
Nonmajor governmental funds	8,642	1,527,662	1,536,304
Total	<u>\$ 8,642</u>	<u>\$ 5,006,635</u>	<u>\$ 5,015,277</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 into other funds, as needed, to provide matching funds or supplemental funds for operating and/or capital expenditures.

In the year ended June 30, 2020, the City made the following interfund transfers:

1. A transfer of \$3,478,973 from the General Fund to the Capital Improvements Fund for current year projects and reserve accounts.
2. A transfer of \$8,642 from the Headlands CFD 2006-1 Maintenance Fund to the General Fund for deferred facilities maintenance.
3. A transfer of \$396,051 from the Gasoline Tax Fund to the Capital Improvements Fund for reimbursement for restricted major street maintenance activities.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

4. A transfer of \$558,900 from the Measure M Fund to the Capital Improvements Fund for restricted transportation improvement projects.
5. A transfer of \$572,711 from the Road Maintenance and Rehabilitation Fund to the Capital Improvements Fund for restricted street improvements.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, 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	636,632	3,519,473	(2,905,644)	1,250,461
Total capital assets not being depreciated	<u>55,023,074</u>	<u>3,519,473</u>	<u>(2,905,644)</u>	<u>55,636,903</u>
Capital assets being depreciated:				
Buildings	11,434,887	395,530	-	11,830,417
Equipment	2,776,035	474,671	(13,500)	3,237,206
Infrastructure	221,025,098	3,013,062	-	224,038,160
Total capital assets being depreciated	<u>235,236,020</u>	<u>3,883,263</u>	<u>(13,500)</u>	<u>239,105,783</u>
Less accumulated depreciation for:				
Buildings	(5,324,664)	(422,975)	-	(5,747,639)
Equipment	(1,420,023)	(221,795)	13,500	(1,628,318)
Infrastructure	(117,715,921)	(5,702,156)	-	(123,418,077)
Total accumulated depreciation	<u>(124,460,608)</u>	<u>(6,346,926)</u>	<u>13,500</u>	<u>(130,794,034)</u>
Total capital assets being depreciated, net	<u>110,775,412</u>	<u>(2,463,663)</u>	<u>-</u>	<u>108,311,749</u>
Total capital assets net of accumulated depreciation	<u>\$ 165,798,486</u>	<u>\$ 1,055,810</u>	<u>\$ (2,905,644)</u>	<u>\$ 163,948,652</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 438,587
Public safety	103,402
Community development	7,654
Recreation and parks	812,953
Public works	4,984,330
Total Depreciation Expense - Governmental Activities	<u>\$ 6,346,926</u>

Construction Commitments

The City had active construction projects as of June 30, 2020. The projects include residential road resurfacing and slurry seals, and upgrades to City parks and trails. At year end, the City had outstanding commitments which totaled \$4,198,906.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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, 2020, amounted to \$22,800. 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, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Compensated absences	\$ 400,701	\$ 564,408	\$ (388,643)	\$ 576,466	\$ 194,322

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.

**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 Employees' 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 retiree's 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 retiree's cost of continued health insurance through the CalPERS health system. For the calendar year ended 2020, the City's mandated contribution rate was \$139 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

**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	8
Inactive employees entitled to, but not yet receiving benefits	<u>14</u>
Total	<u>83</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, 2020, the City’s contributions included \$13,200 for benefit payments, \$229 administrative expenses, and \$22,000 for the implied subsidy resulting in total contributions of \$35,429.

**Total OPEB Liability**

The City’s total OPEB liability was measured as of June 30, 2019 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	2.79%
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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.79 percent based on the S&P Municipal Bond 20 Year Index.

**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, 2019 (Measurement Date June 30, 2018)	\$ 1,341,315
Changes recognized the measurement period:	
Service Cost	125,131
Interest	43,263
Changes of assumptions	46,250
Changes of benefit terms	-
Actual vs. expected experience	-
Benefits payments	(29,298)
Administrative expense	-
<b>Net changes</b>	<b>185,346</b>
Balance at June 30, 2020 (Measurement Date June 30, 2019)	<b><u>\$ 1,526,661</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, 2019:

	<b>1% Decrease (1.79%)</b>	<b>Current Discount Rate (2.79%)</b>	<b>1% Increase (3.98%)</b>
<b>Total OPEB Liability</b>	\$1,808,640	\$1,526,661	\$1,304,803

**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, 2019:

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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>	\$1,249,127	\$1,526,661	\$1,894,087

**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	Discount rate was updated based on municipal bond rate as of the measurement date.
------------------------	--

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$129,533. As of fiscal year ended June 30, 2020, 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	\$ 35,429	\$ -
Changes in accounting	41,671	221,547
Differences between expected and actual experience	-	97,852
<b>Total</b>	<b>\$ 77,100</b>	<b>\$ 319,399</b>



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

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

The \$35,429 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2021	\$(39,052)
2022	(39,052)
2023	(39,052)
2024	(39,052)
2025	(39,052)
Thereafter	(82,468)

**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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

The Plan’s provisions and benefits in effect at June 30, 2020, 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%

**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, 2020, the City reported a net pension liability for its proportionate share of the collective net pension liability as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
<b>Measurement Date:</b>			
Balance at: 6/30/2018	\$ 27,618,725	\$ 22,523,356	\$ 5,095,369
Balance at: 6/30/2019	30,056,974	24,285,513	5,771,461
Net Changes during 2018-19	<u>\$ 2,438,249</u>	<u>\$ 1,762,157</u>	<u>\$ 676,092</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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.05288%
Proportion - June 30, 2019	0.05632%
Change - Increase (Decrease)	<u>0.00344%</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

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

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

	Miscellaneous	
Valuation Date		June 30, 2018
Measurement Date		June 30, 2019
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 for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments current plan members. Therefore, the long-term expected rate of return on 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**  
**June 30, 2020 (Continued)**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 1-10	Long-Term Expected Real Rate of Return Years 11+
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	\$ 9,814,216	\$ 5,771,461	\$ 2,434,453

**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 expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

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, 2020, the City recognized pension expense of \$1,650,647. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 847,824	\$ -
Differences between expected and actual experience	400,852	31,058
Changes in assumptions	275,210	97,560
Changes in proportion and difference between City's contributions and proportionate share of contributions	-	311,444
Change in employer's proportion	474,289	
Net difference between projected and actual earnings on pension plan investments	-	100,903
	<u>\$ 1,998,175</u>	<u>\$ 540,965</u>

The amount of \$847,824 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:

Year Ended June 30,	
2021	\$ 532,403
2022	1,813
2024	54,781
2024	20,389
2025	-
	<u>\$ 609,386</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 \$444,592 at June 30, 2020.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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 \$384,980 for its share of costs, during the fiscal year ended June 30, 2020.

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, 2020. 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, 2020.

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**  
**June 30, 2020 (Continued)**

**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 \$25,712 for its share of costs during the fiscal year ended June 30, 2020.

**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**  
**June 30, 2020 (Continued)**

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

	General Fund	Capital Improvements Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepaid expenditures	\$ 148,395	\$ -	\$ -	\$ 148,395
Restricted:				
Public works	-	-	3,189,379	3,189,379
Public safety	-	-	64,856	64,856
Parks and recreation	-	-	208,198	208,198
ESHA maintenance	-	-	313,422	313,422
Art in public places	364,408	-	-	364,408
Tourism business improvement	-	-	522,729	522,729
Facilities improvement	-	-	210,613	210,613
Subtotal	364,408	-	4,509,197	4,873,605
Assigned	12,667,920	9,171,197	3,772,984	25,612,101
Unassigned	4,691,076	-	-	4,691,076
Total Fund Balance	\$ 17,871,799	\$ 9,171,197	\$ 8,282,181	\$ 35,325,177

Restricted Fund Balances:

- Public Works balances may be used to fund maintenance of the Community Facilities District (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:

Assigned fund balances consist of the following designated reserve accounts at June 30, 2020:

- Economic Stability Reserve – balance of \$4,327,906 in the General Fund.
- Extreme Event Reserve – balance of \$3,541,014 in the General Fund.
- Special Purpose Reserve – balance of \$4,799,000 in the General Fund designated to address the City’s unfunded pension liability (\$4M) and for an update to the City’s General Plan (\$0.8M).
- Doheny Village Improvements Reserve – balance of \$825,632 in the Capital Improvements Fund.
- Community Investment Reserve – balance of \$4,037,315 in the Capital Improvements Fund.
- Undesignated – balance of \$4,308,251 in the Capital Improvements Fund.

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



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

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

General Fund by the City Council:

- 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 budgeted General Fund operating revenues. The current year amount is \$4,327,906.
- 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 budgeted General Fund operating revenues. The current year amount is \$3,541,014.
- Unassigned Fund Balance – Though not a designated reserve, the City aims to maintain an amount in the range of 4 percent to 7 percent of budgeted General Fund operating 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**  
**June 30, 2020 (Continued)**

**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 2019-20, 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**  
**June 30, 2020 (Continued)**

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

***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.

**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 2020 were \$608,731. 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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 \$3,541,014 and \$4,327,906, respectively, as of June 30, 2020, 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, 2020.

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, 2020.

**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.

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, 2020 was \$15,755,000.

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, 2020 was \$24,015,000.

An amount of \$6,232,061 is being held by the City and is reflected as due to bondholders at June 30, 2020 in the Statement of Fiduciary Assets and Liabilities.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2020 (Continued)**

**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, 2020, the City remitted \$1,054,062 to Visit Dana Point under the terms of the operating agreement.

**NOTE 16 – COVID-19**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the City's services are considered essential, City Hall was temporarily closed to the public, certain other services transitioned to online-only and because the City of Dana Point's major revenue sources, including businesses that collect taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be estimated at this time.

**NOTE 17 – SUBSEQUENT EVENT**

On July 28, 2020, the City of Dana Point issued \$39,570,000 of Special Tax Refunding Bonds to refund the 2013 and 2014 Special Tax Bonds. The interest rate on the bonds range from 0.847% to 4% and the final maturity date is September 1, 2035.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Proportion of the net pension liability	0.05632%	0.05288%	0.05280%
Proportionate share of the net pension liability	\$ 5,771,461	\$ 5,095,369	\$ 5,236,362
Covered payroll **	\$ 5,550,541	\$ 5,692,626	\$ 5,812,702
Proportionate Share of the net pension liability as a percentage of covered payroll	103.98%	89.51%	90.08%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Summary of Changes of Benefits or Assumptions:

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability	0.05280%	0.04968%	0.04775%
Proportionate share of the net pension liability	\$ 4,298,490	\$ 3,062,851	\$ 2,971,518
Covered payroll **	\$ 5,495,749	\$ 5,360,064	\$ 5,020,186
Proportionate Share of the net pension liability as a percentage of covered payroll	78.21%	57.14%	59.19%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

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

Summary of Changes of Benefits or Assumptions:

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.



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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions - Miscellaneous	\$ 847,824	\$ 740,130	\$ 665,655
Contributions in relation to the actuarially determined contribution	(847,824)	(740,130)	(665,655)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 5,701,804	\$ 5,550,541	\$ 5,692,626
Contributions as a percentage of covered payroll	14.87%	13.33%	11.69%

\* - Fiscal year 2015 was the first year of implementation, therefore, only six 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, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.250%
Projected Salary	Varies by entry age and service
Inflation	2.65%
Payroll Growth	2.88%

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% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

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

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

\* - Fiscal year 2015 was the first year of implementation, therefore, only six 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, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.250%
Projected Salary	Varies by entry age and service
Inflation	2.65%
Payroll Growth	2.88%

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% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

**CITY OF DANA POINT**

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

Measurement Period	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 125,131	\$ 144,151	\$ 154,966
Interest on the total OPEB liability	43,263	50,341	42,429
Actual and expected experience difference	-	(123,602)	-
Changes in assumptions	46,250	(178,149)	(117,109)
Changes in benefit terms	-	-	-
Benefit payments	(29,298)	(31,211)	(22,392)
Net change in total OPEB liability	185,346	(138,470)	57,894
Total OPEB liability - beginning	1,341,315	1,479,785	1,421,891
Total OPEB liability - ending (a)	\$ 1,526,661	\$ 1,341,315	\$ 1,479,785
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,158,101	\$ 6,259,507	\$ 6,652,016
Total OPEB liability as a percentage of covered-employee payroll	24.79%	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%. During the 2019 measurement period, the discount rate changed from 2.98% to 2.79%

\*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, 2020**

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, 2020**

	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>			
Public works	204,250	148,869	55,381
Capital outlay	<u>7,938,404</u>	<u>3,583,978</u>	<u>4,354,426</u>
Total Expenditures	<u>8,142,654</u>	<u>3,732,847</u>	<u>4,409,807</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>6,395,762</u>	<u>5,006,635</u>	<u>(1,389,127)</u>
Total Other Financing Sources (Uses)	<u>6,395,762</u>	<u>5,006,635</u>	<u>(1,389,127)</u>
Net Change in Fund Balance	(1,746,892)	1,273,788	3,020,680
Fund Balance, Beginning of Year	<u>4,988,121</u>	<u>7,897,409</u>	<u>2,909,288</u>
Fund Balance, End of Year	<u><u>\$ 3,241,229</u></u>	<u><u>\$ 9,171,197</u></u>	<u><u>\$ 5,929,968</u></u>

**CITY OF DANA POINT**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

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, 2020**

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**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds				
	Gasoline Tax	Road Maintenance and Rehabilitation Account	Measure M	Supplemental Law Enforcement Services	Coastal Transit
<b>Assets</b>					
Cash and investments	\$ 1,008,380	\$ 587,503	\$ 872,781	\$ 77,006	\$ 376,969
Beneficial interest in annuity	-	-	-	-	-
Receivables:					
Taxes	-	-	80,309	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	90,583	-	-	400,050
Total Assets	<u>\$ 1,008,380</u>	<u>\$ 678,086</u>	<u>\$ 953,090</u>	<u>\$ 77,006</u>	<u>\$ 777,019</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,840	\$ 12,150	\$ 3,276
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,840</u>	<u>12,150</u>	<u>3,276</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	368,895
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,895</u>
<b>Fund balances</b>					
Restricted	1,008,380	678,086	134,265	64,856	404,848
Assigned	-	-	814,985	-	-
Total Fund Balances	<u>1,008,380</u>	<u>678,086</u>	<u>949,250</u>	<u>64,856</u>	<u>404,848</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,008,380</u>	<u>\$ 678,086</u>	<u>\$ 953,090</u>	<u>\$ 77,006</u>	<u>\$ 777,019</u>

Special Revenue Funds				Capital Projects		Total Nonmajor Governmental Funds
AB 2766	Headlands Habitat (ESHA) Maintenance	Tourism Business Improvement District	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	
\$ 578,443	\$ 313,422	\$ 549,672	\$ 527,651	\$ 3,541,891	\$ 73,933	\$ 8,507,651
-	444,592	-	-	-	-	444,592
-	-	31,434	-	-	-	111,743
10,719	-	-	35,067	34,519	-	80,305
-	-	-	-	-	-	490,633
<u>\$ 589,162</u>	<u>\$ 758,014</u>	<u>\$ 581,106</u>	<u>\$ 562,718</u>	<u>\$ 3,576,410</u>	<u>\$ 73,933</u>	<u>\$ 9,634,924</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,377</u>	<u>\$ 36,710</u>	<u>\$ 407,798</u>	<u>\$ -</u>	<u>\$ 522,151</u>
<u>-</u>	<u>-</u>	<u>58,377</u>	<u>36,710</u>	<u>407,798</u>	<u>-</u>	<u>522,151</u>
<u>-</u>	<u>444,592</u>	<u>-</u>	<u>17,105</u>	<u>-</u>	<u>-</u>	<u>830,592</u>
<u>-</u>	<u>444,592</u>	<u>-</u>	<u>17,105</u>	<u>-</u>	<u>-</u>	<u>830,592</u>
589,162	313,422	522,729	508,903	210,613	73,933	4,509,197
-	-	-	-	2,957,999	-	3,772,984
589,162	313,422	522,729	508,903	3,168,612	73,933	8,282,181
<u>\$ 589,162</u>	<u>\$ 758,014</u>	<u>\$ 581,106</u>	<u>\$ 562,718</u>	<u>\$ 3,576,410</u>	<u>\$ 73,933</u>	<u>\$ 9,634,924</u>

**CITY OF DANA POINT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For The Year Ended June 30, 2020**

	Special Revenue Funds				
	Gasoline Tax	Road Maintenance and Rehabilitation Account	Measure M	Supplemental Law Enforcement Services	Coastal Transit
<b>Revenues</b>					
Taxes	\$ 788,715	\$ 593,189	\$ 620,107	\$ -	\$ -
Intergovernmental	-	-	53,989	156,006	525,782
Charges for services	-	-	-	1,300	63,329
Investment earnings	32,776	43,951	20,554	3,569	12,886
Total Revenues	<u>821,491</u>	<u>637,140</u>	<u>694,650</u>	<u>160,875</u>	<u>601,997</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	138,014	-
Community development	-	-	-	-	-
Parks and recreation	-	-	24,518	-	-
Public works	-	-	-	-	537,782
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>24,518</u>	<u>138,014</u>	<u>537,782</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>821,491</u>	<u>637,140</u>	<u>670,132</u>	<u>22,861</u>	<u>64,215</u>
<b>Other financing sources (uses)</b>					
Transfers out	<u>(396,051)</u>	<u>(572,711)</u>	<u>(558,900)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(396,051)</u>	<u>(572,711)</u>	<u>(558,900)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	425,440	64,429	111,232	22,861	64,215
Fund Balances, Beginning of Year	<u>582,940</u>	<u>613,657</u>	<u>838,018</u>	<u>41,995</u>	<u>340,633</u>
Fund Balances, End of Year	<u>\$ 1,008,380</u>	<u>\$ 678,086</u>	<u>\$ 949,250</u>	<u>\$ 64,856</u>	<u>\$ 404,848</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	
\$ -	\$ -	\$ 754,062	\$ -	\$ 139,152	\$ -	\$ 2,895,225
43,290	-	-	-	-	-	779,067
-	-	-	320,580	-	-	385,209
23,714	42,799	26,948	22,021	-	3,079	232,297
67,004	42,799	781,010	342,601	139,152	3,079	4,291,798
-	-	-	4,632	-	-	4,632
-	-	-	-	-	-	138,014
-	-	1,054,061	-	-	-	1,054,061
-	18,025	-	-	-	-	42,543
-	-	-	309,876	-	-	847,658
-	-	-	-	883,604	-	883,604
-	18,025	1,054,061	314,508	883,604	-	2,970,512
67,004	24,774	(273,051)	28,093	(744,452)	3,079	1,321,286
-	-	-	(8,642)	-	-	(1,536,304)
-	-	-	(8,642)	-	-	(1,536,304)
67,004	24,774	(273,051)	19,451	(744,452)	3,079	(215,018)
522,158	288,648	795,780	489,452	3,913,064	70,854	8,497,199
\$ 589,162	\$ 313,422	\$ 522,729	\$ 508,903	\$ 3,168,612	\$ 73,933	\$ 8,282,181

**CITY OF DANA POINT  
Budgetary Comparison Schedule  
Gas Tax Fund  
For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 901,288	\$ 788,715	\$ (112,573)
Investment earnings	-	32,776	32,776
Total Revenues	<u>901,288</u>	<u>821,491</u>	<u>(79,797)</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,151,288)</u>	<u>(396,051)</u>	<u>755,237</u>
Total Other Financing Sources (Uses)	<u>(1,151,288)</u>	<u>(396,051)</u>	<u>755,237</u>
Net Change in Fund Balance	(250,000)	425,440	675,440
Fund Balance, Beginning of Year	<u>-</u>	<u>582,940</u>	<u>582,940</u>
Fund Balance, End of Year	<u><u>\$ (250,000)</u></u>	<u><u>\$ 1,008,380</u></u>	<u><u>\$ 1,258,380</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Road Maintenance and Rehabilitation Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 563,931	\$ 593,189	\$ 29,258
Investment earnings	-	43,951	43,951
Total Revenues	<u>563,931</u>	<u>637,140</u>	<u>73,209</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(582,793)</u>	<u>(572,711)</u>	<u>10,082</u>
Total Other Financing Sources (Uses)	<u>(582,793)</u>	<u>(572,711)</u>	<u>10,082</u>
Net Change in Fund Balance	(18,862)	64,429	83,291
Fund Balance, Beginning of Year	<u>18,862</u>	<u>613,657</u>	<u>594,795</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 678,086</u>	<u>\$ 678,086</u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Measure M Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 618,808	\$ 620,107	\$ 1,299
Intergovernmental	50,000	53,989	3,989
Investment earnings	5,000	20,554	15,554
Total Revenues	<u>673,808</u>	<u>694,650</u>	<u>20,842</u>
<b>Expenditures</b>			
Current:			
Parks and recreation	60,000	24,518	35,482
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>613,808</u>	<u>670,132</u>	<u>56,324</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,182,708)</u>	<u>(558,900)</u>	<u>623,808</u>
Total Other Financing Sources (Uses)	<u>(1,182,708)</u>	<u>(558,900)</u>	<u>623,808</u>
Net Change in Fund Balance	(568,900)	111,232	680,132
Fund Balance, Beginning of Year	<u>168,680</u>	<u>838,018</u>	<u>669,338</u>
Fund Balance, End of Year	<u><u>\$ (400,220)</u></u>	<u><u>\$ 949,250</u></u>	<u><u>\$ 1,349,470</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Supplemental Law Enforcement Services Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 154,043	\$ 156,006	\$ 1,963
Charges for services	1,300	1,300	-
Investment earnings	-	3,569	3,569
Total Revenues	<u>155,343</u>	<u>160,875</u>	<u>5,532</u>
<b>Expenditures</b>			
Current:			
Public safety	<u>196,213</u>	<u>138,014</u>	<u>58,199</u>
Total Expenditures	<u>196,213</u>	<u>138,014</u>	<u>58,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,870)</u>	<u>22,861</u>	<u>63,731</u>
Net Change in Fund Balance	(40,870)	22,861	63,731
Fund Balance, Beginning of Year	<u>50</u>	<u>41,995</u>	<u>41,945</u>
Fund Balance, End of Year	<u>\$ (40,820)</u>	<u>\$ 64,856</u>	<u>\$ 105,676</u>



**CITY OF DANA POINT  
Budgetary Comparison Schedule  
Coastal Transit Fund  
For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 525,782	\$ 525,782	\$ -
Charges for services	32,174	63,329	31,155
Investment earnings	10,000	12,886	2,886
Total Revenues	<u>567,956</u>	<u>601,997</u>	<u>34,041</u>
<b>Expenditures</b>			
Current:			
Public works	<u>803,000</u>	<u>537,782</u>	<u>265,218</u>
Total Expenditures	<u>803,000</u>	<u>537,782</u>	<u>265,218</u>
Net Change in Fund Balance	(235,044)	64,215	299,259
Fund Balance, Beginning of Year	<u>391,368</u>	<u>340,633</u>	<u>(50,735)</u>
Fund Balance, End of Year	<u><u>\$ 156,324</u></u>	<u><u>\$ 404,848</u></u>	<u><u>\$ 248,524</u></u>

**CITY OF DANA POINT  
 Budgetary Comparison Schedule  
 AB 2766 Fund  
 For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 42,500	\$ 43,290	\$ 790
Investment earnings	3,000	23,714	20,714
Total Revenues	<u>45,500</u>	<u>67,004</u>	<u>21,504</u>
Net Change in Fund Balance	45,500	67,004	21,504
Fund Balance, Beginning of Year	<u>498,665</u>	<u>522,158</u>	<u>23,493</u>
Fund Balance, End of Year	<u>\$ 544,165</u>	<u>\$ 589,162</u>	<u>\$ 44,997</u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Headlands Habitat (ESHA) Maintenance Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ 36,000	\$ 42,799	\$ 6,799
<b>Expenditures</b>			
Parks and recreation	22,700	18,025	4,675
Net Change in Fund Balance	13,300	24,774	11,474
Fund Balance, Beginning of Year	277,286	288,648	11,362
Fund Balance, End of Year	\$ 290,586	\$ 313,422	\$ 22,836

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Tourism Business Improvement District Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 1,000,000	\$ 754,062	\$ (245,938)
Investment earnings	5,000	26,948	21,948
Total Revenues	<u>1,005,000</u>	<u>781,010</u>	<u>(223,990)</u>
<b>Expenditures</b>			
Community Development	<u>1,692,744</u>	<u>1,054,061</u>	<u>638,683</u>
Total Expenditures	<u>1,692,744</u>	<u>1,054,061</u>	<u>638,683</u>
Net Change in Fund Balance	(687,744)	(273,051)	414,693
Fund Balance, Beginning of Year	<u>737,743</u>	<u>795,780</u>	<u>58,037</u>
Fund Balance, End of Year	<u><u>\$ 49,999</u></u>	<u><u>\$ 522,729</u></u>	<u><u>\$ 472,730</u></u>

**CITY OF DANA POINT**  
**Budgetary Comparison Schedule**  
**Headlands CFD 2006-1 Maintenance Fund**  
**For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 310,000	\$ 320,580	\$ 10,580
Investment earnings	7,000	22,021	15,021
Total Revenues	<u>317,000</u>	<u>342,601</u>	<u>25,601</u>
<b>Expenditures</b>			
Current:			
General Government	4,500	4,632	(132)
Public works	<u>357,600</u>	<u>309,876</u>	<u>47,724</u>
Total Expenditures	<u>362,100</u>	<u>314,508</u>	<u>47,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,100)</u>	<u>28,093</u>	<u>73,193</u>
<b>Other financing sources (uses)</b>			
Transfers in	35,500	-	(35,500)
Transfers out	<u>-</u>	<u>(8,642)</u>	<u>(8,642)</u>
Total Other Financing Sources (Uses)	<u>35,500</u>	<u>(8,642)</u>	<u>(44,142)</u>
Net Change in Fund Balance	(9,600)	19,451	29,051
Fund Balance, Beginning of Year	<u>325,987</u>	<u>489,452</u>	<u>163,465</u>
Fund Balance, End of Year	<u><u>\$ 316,387</u></u>	<u><u>\$ 508,903</u></u>	<u><u>\$ 192,516</u></u>

**CITY OF DANA POINT  
Budgetary Comparison Schedule  
Facilities Improvement Fund  
For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues</b>			
Other	\$ 150,000	\$ 139,152	\$ (10,848)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Expenditures</b>			
Capital outlay	1,273,116	883,604	389,512
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,123,116)	(744,452)	378,664
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Change in Fund Balance	(1,123,116)	(744,452)	378,664
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance, Beginning of Year	3,536,508	3,913,064	376,556
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance, End of Year	<u>\$ 2,413,392</u>	<u>\$ 3,168,612</u>	<u>\$ 755,220</u>

**CITY OF DANA POINT  
 Budgetary Comparison Schedule  
 Park Development Fund  
 For the Year Ended June 30, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment income	\$ -	\$ 3,079	\$ 3,079
Total Revenues	-	3,079	3,079
Net Change in Fund Balance	-	3,079	3,079
Fund Balance, Beginning of Year	53,500	70,854	17,354
Fund Balance, End of Year	\$ 53,500	\$ 73,933	\$ 20,433

**CITY OF DANA POINT**  
**Agency Governmental Funds**  
**June 30, 2020**

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, 2020**

	Developer Deposits	Due to Bondholders	Pass-through Deposits	Totals
<b>Assets</b>				
Cash and investments	\$ 10,592,963	\$ 355,854	\$ 997	\$ 10,949,814
Cash with fiscal agents	-	5,903,959	-	5,903,959
Accounts receivable	-	374,354	-	374,354
	<u>\$ 10,592,963</u>	<u>6,634,167</u>	<u>997</u>	<u>17,228,127</u>
<b>Liabilities</b>				
Accounts payable	\$ 328,540	\$ 402,106	\$ -	\$ 730,646
Deposits	10,264,423	-	-	10,264,423
Due to bondholders	-	6,232,061	-	6,232,061
Due to other agencies	-	-	997	997
	<u>\$ 10,592,963</u>	<u>\$ 6,634,167</u>	<u>\$ 997</u>	<u>\$ 17,228,127</u>

**CITY OF DANA POINT**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Beginning Balance	Additions	Deletions	Ending Balance
<hr/>				
Developer Deposits				
<hr/>				
<b>Assets:</b>				
Cash and investments	\$ 5,301,815	\$ 7,980,521	\$ 2,689,373	\$ 10,592,963
	<u>\$ 5,301,815</u>	<u>\$ 7,980,521</u>	<u>\$ 2,689,373</u>	<u>\$ 10,592,963</u>
<b>Liabilities:</b>				
Accounts payable	\$ 134,522	\$ 1,871,761	\$ 1,677,743	\$ 328,540
Deposits	5,167,293	7,678,286	2,581,156	10,264,423
	<u>\$ 5,301,815</u>	<u>\$ 9,550,047</u>	<u>\$ 4,258,899</u>	<u>\$ 10,592,963</u>
<hr/>				
Due to Bondholders				
<hr/>				
<b>Assets:</b>				
Cash and investments	\$ 33,417	\$ 3,454,607	\$ 3,132,170	\$ 355,854
Cash with fiscal agents	5,593,904	1,942,851	1,632,796	5,903,959
Accounts receivable	152,864	374,354	152,864	374,354
	<u>\$ 5,780,185</u>	<u>\$ 5,771,812</u>	<u>\$ 4,917,830</u>	<u>\$ 6,634,167</u>
<b>Liabilities:</b>				
Accounts payable	\$ 152,864	\$ 3,427,810	\$ 3,178,568	\$ 402,106
Due to bondholders	5,627,321	5,763,149	5,158,409	6,232,061
	<u>\$ 5,780,185</u>	<u>\$ 9,190,959</u>	<u>\$ 8,336,977</u>	<u>\$ 6,634,167</u>
<hr/>				
Pass-through Deposits				
<hr/>				
<b>Assets:</b>				
Cash and investments	\$ 295	\$ 599,927	\$ 599,225	\$ 997
	<u>\$ 295</u>	<u>\$ 599,927</u>	<u>\$ 599,225</u>	<u>\$ 997</u>
<b>Liabilities:</b>				
Due to other agencies	\$ 295	\$ 599,927	\$ 599,225	\$ 997
	<u>\$ 295</u>	<u>\$ 599,927</u>	<u>\$ 599,225</u>	<u>\$ 997</u>
<hr/>				
Total - All Agency Funds				
<hr/>				
<b>Assets:</b>				
Cash and investments	\$ 5,335,527	\$ 12,035,055	\$ 6,420,768	\$ 10,949,814
Cash with fiscal agents	5,593,904	1,942,851	1,632,796	5,903,959
Accounts receivable	152,864	374,354	152,864	374,354
	<u>\$ 11,082,295</u>	<u>\$ 14,352,260</u>	<u>\$ 8,206,428</u>	<u>\$ 17,228,127</u>
<b>Liabilities:</b>				
Accounts payable	\$ 287,386	\$ 5,299,571	\$ 4,856,311	\$ 730,646
Deposits	5,167,293	7,678,286	2,581,156	10,264,423
Due to bondholders	5,627,321	5,763,149	5,158,409	6,232,061
Due to other agencies	295	599,927	599,225	997
	<u>\$ 11,082,295</u>	<u>\$ 19,340,933</u>	<u>\$ 13,195,101</u>	<u>\$ 17,228,127</u>
	<u>\$ 11,082,295</u>	<u>\$ 19,340,933</u>	<u>\$ 13,195,101</u>	<u>\$ 17,228,127</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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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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in Capital Assets	\$171,342	\$169,246	\$167,182	\$166,203	\$168,209	\$169,925	\$168,050	\$165,998	\$165,798	\$163,948
Restricted	2,665	2,765	2,879	4,747	4,631	4,826	4,136	3,838	5,194	4,874
Unrestricted	31,319	29,690	30,400	30,108	24,780	22,522	23,105	24,965	25,876	24,702
Total governmental activities net position	<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>	<u>\$193,524</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 5,636	\$ 5,006	\$ 4,794	\$ 5,110	\$ 5,382	\$ 6,368	\$ 6,832	\$ 7,530	\$ 8,051	\$ 7,451
Public Safety	10,156	9,977	10,069	10,100	10,906	11,129	12,117	12,864	13,122	13,591
Community Development	2,604	2,769	3,689	4,325	4,651	5,031	5,270	4,879	5,713	5,845
Recreation and Parks	4,632	4,481	4,917	6,460	6,817	6,298	6,433	6,401	6,099	6,008
Public Works	11,374	11,327	21,265	33,075	10,321	11,216	12,018	11,161	11,164	13,018
Interest on Long-term Debt	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	221	214	214	-	-	-	-	-	-	-
Total governmental activities expenses	34,623	33,774	44,948	59,070	38,077	40,042	42,670	42,835	44,149	45,913
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	464	584	112	140	169	191	201	273	593	892
Public Safety	253	304	199	199	195	168	152	269	331	246
Community Development	1,171	1,064	1,603	2,275	3,311	3,286	3,045	2,656	2,585	2,440
Recreation and Parks	306	349	424	344	335	306	270	233	167	125
Public Works	244	185	118	436	980	973	1,054	1,826	1,525	1,328
Operating grants and contributions	1,900	2,172	11,610	2,162	2,037	1,840	1,741	2,365	2,474	2,518
Capital grants and contributions	826	1,143	705	24,425	173	264	1,054	267	869	646
Total governmental activities program revenues	5,164	5,801	14,771	29,981	7,200	7,028	7,517	7,889	8,544	8,195
Total government net revenue (expense)	\$ (29,459)	\$ (27,973)	\$ (30,177)	\$ (29,089)	\$ (30,877)	\$ (33,014)	\$ (35,153)	\$ (34,946)	\$ (35,605)	\$ (37,718)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,936	\$ 5,857	\$ 6,020	\$ 6,286	\$ 6,731	\$ 7,298	\$ 7,800	\$ 8,532	\$ 8,856	\$ 9,244
Franchise taxes	1,247	1,198	1,329	1,315	1,405	1,382	1,372	1,530	1,553	1,476
Sales taxes	3,075	3,570	3,425	3,794	4,111	5,316	5,337	5,385	5,891	5,383
In-lieu property taxes	3,944	3,947	4,319	4,271	4,622	3,953	3,756	4,082	4,261	4,468
Property transfer taxes	200	230	459	570	439	904	591	553	465	712
Transient occupancy taxes	8,284	9,382	10,086	12,140	12,467	12,091	13,099	13,653	14,157	10,686
Motor vehicle in-lieu (unrestricted)	170	18	-	-	-	14	15	-	-	-
Other	60	68	1,233	141	82	333	8	61	81	177
Unrestricted investment earnings	193	77	124	86	1,119	367	(58)	343	1,400	1,474
Tourism business improvement district						994	1,027	1,006	1,007	754
Special Item			180	1,083	(8)	15	223	-	-	-
Total governmental activities	23,109	24,347	27,175	29,686	30,968	32,667	33,170	35,145	37,671	34,374
<b>Change in Net Position</b>	\$ (6,350)	\$ (3,626)	\$ (3,002)	\$ 597	\$ 91	\$ (347)	\$ (1,983)	\$ 199	\$ 2,066	\$ (3,344)

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

	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$ 64	\$ 73	\$ 76	\$ 155	\$ 98	\$ 149	\$ 118	\$ 74	\$ 139	\$ 148
Restricted	-	-	139	118	118	118	118	-	312	364
Committed	9,462	9,027	-	-	-	-	-	-	-	-
Assigned	3,169	3,169	13,472	2,500	2,500	2,500	2,500	2,500	12,782	12,668
Unassigned	6,094	7,003	8,284	18,930	15,474	17,397	17,512	18,639	6,069	4,691
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total General Fund</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>\$ 17,871</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	4,509
Committed	-	-	1,919	-	-	-	-	-	-	-
Assigned	12,406	10,284	6,867	9,027	10,530	5,775	6,028	8,122	11,514	12,944
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</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>	<b>\$ 17,453</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 22,821	\$ 24,525	\$ 27,513	\$ 28,811	\$ 32,437	\$ 33,224	\$ 34,154	\$ 36,237	\$ 38,138	\$ 34,726
Licences, fees and permits	1,975	1,937	2,122	2,434	1,799	1,935	1,786	2,627	2,250	1,872
Fines and forfeitures	286	455	236	263	288	320	328	244	355	683
Intergovernmental	1,118	1,570	1,442	854	558	572	1,091	1,075	1,042	1,175
Charges for services	1,392	1,307	1,437	1,859	2,786	2,620	2,534	2,334	2,559	2,552
Use of money and property	399	241	286	281	280	532	103	343	1,400	1,474
Contributions from property owners	41	28	9,447	23,935	-	-	-	-	-	-
Other	295	86	111	147	32	270	506	147	187	136
Total revenues	28,327	30,149	42,594	58,584	38,180	39,473	40,502	43,007	45,931	42,618
<b>Expenditures</b>										
General government	5,524	5,026	4,880	4,745	5,314	6,322	6,538	7,040	7,508	6,690
Public safety	10,077	9,856	9,985	10,030	10,846	11,062	12,013	12,735	13,011	13,500
Community development	2,578	2,764	3,667	4,292	4,627	5,013	5,263	4,821	5,706	5,499
Recreation and parks	4,526	4,477	4,799	4,993	5,337	5,166	5,352	5,422	5,157	5,085
Public works	5,409	5,388	5,538	5,498	6,121	6,714	6,951	6,306	6,332	7,727
Capital outlay	2,869	4,177	14,145	30,969	8,059	7,762	4,758	3,991	5,504	4,489
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	3	-	-
Total expenditures	30,983	31,688	43,014	60,527	40,304	42,039	40,875	40,318	43,218	42,990
Excess of revenues over (under) expenditures	(2,656)	(1,539)	(420)	(1,943)	(2,124)	(2,566)	(373)	2,689	2,713	(372)
<b>Other financing sources (uses)</b>										
Transfers in	1,772	1,521	1,277	9,543	9,965	3,997	4,540	6,053	9,011	5,015
Transfers out	(1,772)	(1,521)	(1,277)	(9,543)	(9,965)	(3,997)	(4,540)	(6,053)	(9,011)	(5,015)
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	\$ (2,656)	\$ (1,539)	\$ (240)	\$ 1,682	\$ (2,124)	\$ (2,566)	\$ (373)	\$ 2,689	\$ 2,713	\$ (372)
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General Government	\$ 497	\$ 625	\$ 164	\$ 171	\$ 223	\$ 237	\$ 495	\$ 348	\$ 593	\$ 892
Public Safety	670	803	983	570	580	612	586	804	820	760
Community Development	1,181	1,070	1,607	2,278	3,315	3,293	3,054	2,656	2,585	2,440
Recreation and Parks	359	422	517	351	335	529	694	233	420	179
Public Works	2,457	2,881	11,500	26,611	2,747	2,356	2,688	3,848	4,126	3,924
Total governmental activities	\$ 5,164	\$ 5,801	\$ 14,771	\$ 29,981	\$ 7,200	\$ 7,027	\$ 7,517	\$ 7,889	\$ 8,544	\$ 8,195



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
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
2020	9,243	1,477	5,383	788	620	754	4,468	712	10,686	593	34,724

\* 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dana Point portion of property tax levy	\$ 6,031	\$ 6,093	\$ 6,303	\$ 7,836	\$ 10,076	\$ 10,702	\$ 11,623	\$ 12,105	\$ 12,501	\$ 12,878
Current year collections	5,663	4,954	5,758	7,397	8,929	10,268	11,134	11,788	11,386	12,611
Current year collections as % of levy	93.9%	81.3%	91.4%	94.4%	88.6%	95.9%	95.8%	97.4%	91.1%	97.9%
Subsequent collections from prior years	185	873	107	102	835	137	111	54	61	50
Total collections to-date, \$	5,848	5,827	5,865	7,499	9,764	10,405	11,245	11,842	11,447	12,661
Total collection to-date as % of levy	97.0%	95.6%	93.1%	95.7%	96.9%	97.2%	96.7%	97.8%	91.6%	98.3%
Current year delinquencies	368	1,139	545	439	1,147	434	489	317	1,115	267
Current year delinquencies as % of levy	6.1%	18.7%	8.6%	5.6%	11.4%	4.1%	4.2%	2.6%	8.9%	2.1%
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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed value	\$ 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	\$ 13,361,923
Estimated actual value (see note)	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	\$ 13,361,923
Annual increase in assessed value	(75,654)	47,604	109,012	282,386	671,017	723,338	691,105	979,096	534,175	636,442
Annual % increase in assessed value	-0.9%	0.5%	1.2%	3.2%	7.4%	7.4%	6.6%	8.7%	4.4%	5.0%

(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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Distribution of Basic 1% Levy (per \$100 of assessed value)</u>										
Capistrano Unified School District	0.3890	0.3890	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898
Educational Revenue Augmentation Fund	0.1660	0.1660	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656
Orange County Fire Authority	0.1220	0.1220	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217
South Orange County Comm. College District	0.0960	0.0960	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959
Orange County General Fund	0.0530	0.0530	0.0526	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>0.07618</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>	<b>0.07618</b>
Orange County Flood Control District	0.0210	0.0210	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214
Orange County Library District	0.0180	0.0180	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806
Orange County Department of Education	0.0180	0.0180	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767
Orange County Harbors, Beaches & Parks	0.0166	0.0166	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655
Capistrano Beach County Water District	0.0106	0.0106	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060
Tri Cities Municipal Water District	0.0091	0.0091	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913
Orange County Transportation Authority	0.0030	0.0030	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304
Orange County Vector Control	0.0012	0.0012	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121
Orange County Cemetery District	0.0005	0.0005	0.00054	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	0.0111	0.0110	0.01171	0.00972	0.00900	0.008450	0.00843	0.00800	0.00786	0.00745
Metro Water District MWDOC Annex #4	0.0037	0.0037	0.00350	0.00350	0.00000	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified ID#1 1999 Bond Fund - Series A	0.0032	0.0032	0.00335	0.00335	0.00335	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified ID#1 1999 Bond Fund - Series B	0.0051	0.0051	0.00538	0.00538	0.00470	0.00445	0.00439	0.00439	0.00409	0.00388
Capistrano Unified ID#1 1999 Bond Fund - Series C	0.0028	0.0028	0.00298	0.00298	0.00430	0.00400	0.00404	0.00404	0.00377	0.00357
Combined Total Property Tax Rate (2)	1.0258	1.0258	1.0269	1.0249	1.0214	1.0204	1.0204	1.0199	1.0192	1.0184

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 2020				Fiscal Year 2011			
	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid
World Award Group LLC (1)	\$ 397,347,485	\$ 123,046	1	1.39%	-	-	-	-
Monroe MBR LLC (1)	344,205,441	105,730	2	1.19%	-	-	-	-
MMB Management LLC	230,655,494	77,159	3	0.87%	287,108,872	96,802	1	1.63%
Regency Laguna LP (1)	205,818,588	63,371	4	0.72%	198,766,751	61,677	3	1.04%
Monarch Coast I Owner LLC	123,739,049	38,020	5	0.43%	88,039,184	27,218	5	0.46%
Fountains Sea Bluffs Owner NT HCI LLC	57,989,578	20,033	6	0.23%	-	-	-	-
Erik John Perkowski	46,676,770	15,694	7	0.18%	-	-	-	-
Christine L. Shook	43,130,299	13,981	8	0.16%	-	-	-	-
ERGS AIM Hotel Realty LLC (1)	36,778,798	11,939	9	0.13%	-	-	-	-
Kenneth L Wagner Trust	28,744,597	11,750	10	0.13%	-	-	-	-
SHC Laguna Niguel 1 LLC	-	-	-	-	210,421,664	65,675	2	1.11%
WH MBR LLC	-	-	-	-	183,657,856	56,901	4	0.96%
Headland Reserve LLC	-	-	-	-	46,081,086	16,001	6	0.27%
Bear Brand Partners	-	-	-	-	30,701,104	9,582	7	0.16%
Sunrise IV Sea Bluffs SL LP	-	-	-	-	25,320,212	8,816	8	0.15%
Dana Point Partners	-	-	-	-	25,682,556	8,189	9	0.14%
ST Apartments LLC	-	-	-	-	25,811,568	7,931	10	0.13%
Totals	<u>\$ 1,515,086,099</u>	<u>\$ 480,723</u>		<u>5.43%</u>	<u>\$ 1,121,590,853</u>	<u>\$ 358,793</u>		<u>6.05%</u>

Source: HdL Coren & Cone (1)  
Pending Appeals On Parcels

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Lodging Facilities, listed alphabetically:</b>												
Best Western Inn By The Sea	(1)	(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)	(1)
Beachfront Inn & Suites***	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	(1)	(1)
Capistrano Seaside Inn (closed)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-
Capistrano Surfside Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	(1)	(1)
Dana Marina Motel (closed)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-
Dana Point Doubletree	(1)	(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)	-	-	-
Dana Point Marina Inn	(1)	(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)	(1)
Marriott's Laguna Cliffs Resort	(1)	(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)	(1)
Ritz Carlton	(1)	(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)	(1)
Riviera Shores Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	(1)	(1)
<b>Total revenues</b>	<b>\$7,221</b>	<b>\$8,284</b>	<b>\$9,382</b>	<b>\$10,086</b>	<b>\$11,007</b>	<b>\$12,071</b>	<b>\$11,648</b>	<b>\$12,600</b>	<b>\$12,989</b>	<b>\$13,343</b>	<b>\$10,083</b>	
<b>Transient Occupancy Tax Rate</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	

(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
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
2019	4,759	N/A (2)	32,710	137,119	36,388	9,433	63,076	72,981	231,434	587,900

Top 25 Sales Tax Producers  
Fiscal Year 2020

<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	Building materials
Gelson's Market	Grocery stores
Guardtop	Building materials
Hospitality Resource	Electrical equipment
Jacks Surfboards	Sporting Goods/Bike Stores
Marriott Laguna Cliffs	Hotels-Liquor
Monarch Beach Resort	Hotels-Liquor
Monarch Beach Resort	Hotels/Motels-No Liquor
Ralphs	Grocery stores
Ralphs Fresh Fare	Grocery stores
Ritz Carlton	Hotels-Liquor
Rubens Imports	Used Automotive Dealers
Signs & Displays	Light Industrial/Printers
Smart & Final	Grocery stores
Sun Country Marine	Boats/Motorcycles
Wind & Sea Restaurant	Casual dining

**Percent of total paid by top 25 accounts = 53.27%**

(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: HdL Coren & Cone; 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				
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-

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, 2020

<u>OVERLAPPING DEBT:</u>	<u>Gross Debt Balance</u>	<u>% Applicable to City</u>	<u>City Share 6/30/20</u>
Metropolitan Water District	\$ 7,541,389	2.417%	\$ 182,252
Capistrano Unified School District Facilities Impv. Dist. No. 1 - 1999 Bond #2002C	13,565,000	20.586%	2,792,486
Capistrano Unified School District Facilities Impv. Dist. No. 1 - 1999 Bond #2001B	5,360,885	20.586%	1,103,590
Santa Margarita Water ID#3 1978 Bond	3,025,000	0.124%	3,756
South Coast Water District 2016A Ref Revenue Bonds	9,855,000	100.000%	9,855,000
South Coast Water District 2019A Revenue Bonds	41,680,000	100.000%	41,680,000
Total Overlapping Debt			<u>\$ 55,617,084</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Valuation	<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>	<u>\$ 13,361,923</u>
Legal Debt Limit = 3.75% of Total Assessed Valuation (1)	325,791	327,576	331,664	342,253	367,017	394,541	420,458	456,833	477,206	501,072
Amount of Debt Applicable to Limit: Certificates of Participation/ Capital Lease	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<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>	<u>\$ 501,072</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

	2011 (2)	2012 (2)	2013 (2)	2014 (2) (5)	2015 (2) (5)	2016 (2) (5)	2017 (1) (5)	2018 (1) (5)	2019 (1) (5)	2020 (1) (5)
Population	35,109	33,054	33,398	33,625	33,710	34,264	34,902	34,619	34,359	34,139
Age Distribution:										
0 - 4	1,753	1,675	1,544	1,541	1,546	1,490	1,493	1,482	1,442	1,430
5 - 14	3,794	3,593	3,146	3,191	3,214	3,261	3,288	3,243	3,193	3,199
15 - 19	2,160	2,151	2,046	2,034	1,949	1,941	1,621	1,627	1,604	1,577
20 - 24	1,419	1,340	1,481	1,452	1,479	1,468	1,928	1,856	1,756	1,707
25 - 34	4,421	4,302	4,045	4,102	4,135	4,220	4,357	4,295	4,287	4,280
35 - 44	4,606	4,390	3,958	3,934	3,888	3,956	4,020	3,953	3,969	3,980
45 - 64	11,202	10,341	10,917	10,823	10,692	10,781	10,517	10,366	10,127	9,973
65 - 74	3,105	2,732	3,492	3,691	3,884	4,097	4,351	4,447	4,531	4,531
75 - 84	1,936	1,836	1,913	1,958	1,993	2,095	2,256	2,291	2,375	2,386
85 and over	713	694	856	899	930	955	1,071	1,059	1,075	1,076
Total	35,109	33,054	33,398	33,625	33,710	34,264	34,902	34,619	34,359	34,139
Median Age	44	43	46	46	46	46	47.5	48.5	47.3	47.3
Per capita income	\$ 42,245	\$ 44,704	not avail	\$ 49,928	\$ 48,454	\$ 52,160	\$ 58,218	\$ 61,088	\$59,496	\$62,138
Personal income (,000,000) (5)	\$ 1,816	\$ 1,663	\$ 1,723	\$ 1,699	\$ 1,649	\$ 1,743	\$ 1,811	\$ 1,841	\$1,927	\$2,078
Median household income (1) (2) (5)	\$ 73,700	\$ 73,696	\$ 76,268	\$ 80,603	\$ 78,758	\$ 82,065	\$ 95,346	\$ 102,250	\$100,389	\$104,270
Average household income (1)	\$ 101,855	\$ 101,662	\$ 111,397	\$ 113,298	\$ 112,325	\$ 117,539	\$ 136,926	\$ 143,962	\$140,455	\$146,594
Civilian unemployment rate (1)(2)(3)(4)(5)	6.3%	n/a	5.9%	5.5%	5.2%	4.2%	3.8%	3.2%	2.7%	2.6%
Number of families (1) (2)	9,143	9,097	8,826	8,892	8,918	9,099	9,008	8,950	8,779	8,842
Number of households (1) (2)	14,459	14,328	14,405	14,515	14,568	14,879	14,657	14,506	14,183	14,347
Average household size (1) (2)	2.42	2.29	2.31	2.30	2.30	2.29	2.37	2.37	2.33	2.37
Households, by income: (1) (2)										
Less than \$15,000	864	866	954	945	827	827	753	770	740	779
\$15,000 - \$24,999	905	899	1,064	1,075	1,141	1,034	861	827	800	783
\$25,000 - \$34,999	928	920	991	1,014	1,206	1,097	776	677	719	756
\$35,000 - \$49,999	1,735	1,716	1,742	1,544	1,545	1,557	1,295	1,201	1,191	1,124
\$50,000 - \$74,999	2,951	2,915	2,355	2,212	2,283	2,398	2,153	1,942	2,169	2,033
\$75,000 - \$99,999	2,022	2,009	1,902	2,086	1,876	1,863	1,755	1,650	1,563	1,387
\$100,000 - \$149,999	2,612	2,600	2,535	2,419	2,545	2,552	2,703	2,750	2,749	2,532
Over \$150,000	2,442	2,403	2,862	3,220	3,145	3,551	4,361	4,689	4,469	4,954
Total	14,459	14,328	14,405	14,515	14,568	14,879	14,657	14,506	14,400	14,348

(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 Coren & Cone

CITY OF DANA POINT  
Principal Employers  
Calendar Year 2020 and Seven Years Ago

Employer	2020			2014	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Capistrano School District	N/A	-	-		
Monarch Beach Resort (former St. Regis)	800	1	6.74%	800	2
Ritz-Carlton-Laguna Niguel	600	2	5.05%	970	1
Spa at Laguna Cliffs	350	3	2.95%		
Marriott-Laguna Cliffs Resort	250	4	2.10%	250	3
Dana Hills High School	200	5	1.68%	200	4
Harpoon Henry's Seafood Rstrnt	150	6	1.26%	150	6
Wind & Sea Restaurant Inc	150	6	1.26%	125	7
O C Lifeguards	101	7	0.85%	101	9
Monarch Beach & Tennis Club	100	8	0.84%	100	10
Salt Creek Grille	100	8	0.84%	100	10
Albertsons - Del Obispo St	100	8	0.84%	100	10
Gelson's Markets	100	8	0.84%	100	10
Chart House Restaurant	90	9	0.76%		
Ralphs - Golden Lantern	83	10	0.70%		
Surterre Properties Inc	80	11	0.67%		
Cannons Restaurant	80	11	0.67%		
U.S. Postal Service	80	11	0.67%		
Western Union Agent Location	70	12	0.59%		
Ralphs - Del Prado	70	12	0.59%		
St Edward School	65	13	0.55%		
Flatiron Construction Corp	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%		
Dana Corp				175	5
Ocean Institute/Chambers Gallery				116	8
Total	4,158		35.01%	3,287	

2020 Source: Data Axle and Southern California Association of Governments (SCAG)

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

<b>Function</b>	<u>2019</u>	<u>2020</u>
<u>General Government</u>		
City Manager's Office	2.00	2.00
City Clerk	4.00	4.00
Administrative Services	8.00	8.00
Facilities	2.00	2.00
 <u>Public Safety</u>		
Police Services	-	-
Emergency Services	2.00	2.00
 <u>Community Development</u>		
Planning	9.00	9.00
Building	7.00	7.00
Code Enforcement	5.00	5.00
Economic Development	2.00	2.00
 <u>Recreation and Parks</u>		
Parks	4.00	4.00
Community Services	5.00	5.00
 <u>Public Works</u>		
Administration	3.00	3.00
Street/Drainage Maintenance	0.00	0.00
Traffic Engineering	0.00	0.00
Solid Waste	0.00	0.00
Engineering	10.00	10.00
Water Quality & Natural Resources	1.00	1.00
Total	<u>64.00</u>	<u>64.00</u>

Source: City of Dana Point Budget Document

CITY OF DANA POINT  
Operating Indicators by Function/Program  
Fiscal Years 2011 through 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Police (1)</u>										
Arrests	1,006	881	923	544	510	448	483	1,199	1,253	889
Calls for service	15,899	14,916	15,778	16,391	17,812	18,815	21,530	22,939	18,247	22,765
Parking citations issued (4)	9,055	9,832	7,135	7,571	8,617	8,286	8,013	7,335	4,797	5679
Traffic citations issued (5)	1,996	1,876	1,788	N/A	N/A	N/A	794	1,549	1,150	666
<u>Fire (2)</u>										
Incidents	3,155	2,778	2,958	2,925	3,297	3,292	3,656	3,711	3,402	3,345
Fires	41	36	46	39	43	52	42	46	29	34
Inspections conducted	549	229	230	678	691	951	796	829	889	503
<u>Refuse Collection (3)</u>										
Refuse collected (tons/day)	55	54	55	63	64	57	63	60	61	71
Recyclables collected (tons/day)	64	61	64	50	50	71	77	77	72	53
<u>Community Development</u>										
Building permits issued	1,560	1,496	1,726	1,958	2,318	2,505	1,967	1,993	2,252	1,855
Value of building permits issued	\$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	\$109,014,102
Inspections conducted	8,300	7,333	8,739	7,222	7,545	8,704	8,602	9,206	10,730	14,159
New code enforcement cases opened	1,325	916	1,266	1,268	1,544	1,289	1,562	1,472	1,177	1,437
Code enforcement cases closed	1,330	914	1,164	1,351	1,578	1,249	1,593	1,482	1,302	1,464
<u>Public Works</u>										
Miles of street resurfaced	2	2	2	2	3	2	1	4	0.9	0.59
Potholes repaired	156	81	154	56	78	64	70	0	24	37
Miles of street slurry sealed (6)	-	-	-	-	-	-	0	9.75	10.7	10.27
Inspections completed	1,071	2,864	3,368	3,777	5,174	7,719	7,725	11,087	11,168	11,710
<u>Parks and recreation</u>										
Number of classes offered	720	715	689	579	398	402	446	425	353	280
Number of activities/trips conducted	16	31	30	23	25	25	26	29	44	46
Number of participants:										
Youth classes	1,259	1,915	1,409	1,449	1,219	1,030	937	1,007	852	328
Adult classes	805	1,180	1,071	1,142	1,348	1,574	1,852	1,732	2,253	2,967
Sports leagues	720	750	750	720	358	455	680	520	520	649
Excursions	170	65	65	120	60	60	39	33	43	131
Total participants	2,954	3,910	3,295	3,431	2,985	3,119	3,508	3,292	3,668	4,075

(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 2011 through 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Police (1)</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (cars)	13	13	13	14	16	16	15	15	15	15
Patrol units (motorcycles)	2	1	2	1	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	14	14	14	14	14	14	14	11	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	29
Number of signalized intersections	37	37	37	40	38	38	38	40	40	40
Number of street lights (4)	1,470	1,470	1,470	1,470	1,508	1,547	1,547	1,544	1,551	1552
<u>Parks and Recreation</u>										
Number of parks	27	27	27	27	27	27	27	27	28	27
Total park acreage	135	135	135	135	135	135	135	135	136	136
Number of baseball/softball diamonds	7	7	7	7	7	7	7	7	7	5
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	6	6	6	6	6	6	5	5
Number of bocce ball courts	-	-	-	-	3	3	3	3	3	3
Number of raquetball courts	-	-	-	-	-	-	-	-	2	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