

# CITY OF DANA POINT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Mike Frost, Mayor  
Jamey Federico, Mayor Pro Tem  
John Gabbard, Council Member  
Mathew Pagano, Council Member  
Michael Villar, Council Member  
Michael A. Killebrew, City Manager

Prepared by:  
Department of Administrative Services



**CITY OF DANA POINT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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# **INTRODUCTORY SECTION**





December 21, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Dana Point (“City”) for the fiscal year ended June 30, 2023, 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 (“GAAP”). 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, 2023 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, 2023, 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, 2023, are fairly presented in conformity with 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 33,144. 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 Waldorf Astoria Monarch Beach Resort), a golf course, and large, upscale residential developments.

The City was 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, each representing one of five 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 biennially 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 course, 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 1,889 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 principle revenue source. At approximately one-third of General Fund revenues, transient occupancy tax (“TOT”) remains the City’s largest revenue source. This ten percent 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.

Most existing businesses are oriented toward serving visitors and 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.

As shown in the table below, over the last five years, citywide assessed real property valuation as reported by the County of Orange Auditor/Controller’s Office increased \$3.0 billion, or 23.7%.

Dana Point Assessed Property Values Last Five Fiscal Years (in thousands)				
2019	2020	2021	2022	2023
\$12,725,000	\$13,361,000	\$13,919,000	\$14,450,000	\$15,745,000

Dana Point’s median single family residential home sales price at the end of the fourth quarter of FY23 was \$1,935,000, a decrease of 5.6% compared to \$2,050,000, reported the same quarter one year earlier. Although a slowdown in the housing market due to lack of inventory and higher mortgage rates is expected nationally, Dana Point’s desirable location will likely keep property values stable and are still projected to exceed national levels to some degree.

Final FY23 revenues have confirmed that the City's revenues have recovered from the impacts of the COVID-19 pandemic. The City's hospitality-based businesses experienced a major post-pandemic rebound which is reflected in summer Transient Occupancy Tax (TOT) and Sales Tax receipts in 2021 and 2022. Most of the other City revenues have also seen significant growth over the past two fiscal years. Some of the increase in revenue, especially in TOT and Sales Tax, can be attributed to historically high inflation which affected not only hotel room rates but restaurants and gas prices. While positive for certain revenues, the same inflationary pressures have created cost increases in City operations including contract and operating supplies expenses.

## **LONG-TERM FINANCIAL PLANNING**

In 2018, the City Council adopted the City's Long-Term Financial Policy (Policy #229). The Policy was 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. Per the Policy, at least once a year, City staff shall present to City Council an update to the Long-Term Financial Plan (LTFP) that shows how revenues compare to expenditures and how the resulting difference impacts the City's fund balances relative to its policy for maintaining a minimum level of fund balance, including reserves. The current forecast period extends out through fiscal year 2029.

### Revenues

Dana Point's Transient Occupancy Tax ("TOT"), Property Tax, Sales Tax, and In-Lieu Property Tax combined represent nearly 84% of all General Fund revenue. General Fund tax revenues for FY23 totaled \$43.1 million, up from \$40.6 million in FY22. Much of this gain was in TOT and Property Tax receipts. The City's hospitality-based businesses experienced continued growth in FY23 which was reflected in overall TOT revenue. The FY23 taxable assessed value for the City increased 9.0% from FY22 which resulted in an overall increase in secured and unsecured property tax receipts in FY23; much of this increase can be attributed to prior year transfers of ownership.

The FY24 budgeted TOT revenue is \$15.6 million, or roughly 34% of General Fund revenue. Although Summer 2023 receipts remained positive, projections are conservative considering the uncertainty in the economy. Although consumer spending has remained resilient over the past year, a potential shift in sentiment on how individuals allocate their resources is of concern. The base outlook for existing hotels from FY25 through FY29 is an average revenue growth of under 3.9% per year. In addition, in the latter three years of this outlook there is an assumption that two new hotel properties will come online.

The General Fund's second largest income source is Property Tax. The budget for FY24 is \$11.3 million, which equates to roughly 24% of General Fund revenue. The total assessed value of property in Dana Point grew 9.0% in FY23. Property Tax collections for FY25 are projected to grow 4.5%; beyond that, projections are for conservative growth between 2.5% and 4.5%. There are expectations of continued investment in Dana Point properties, including but not limited to the rebuild of the Harbor-area. The Harbor revitalization plan will result in the area being 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.

The third largest revenue is Sales Tax, and for FY24 \$6.7 million is budgeted; this equates to 14.4% of projected General Fund revenue. The outlook does anticipate a slowdown in growth compared to the past couple of fiscal years. Though heightened inflation has increased the City's sales tax receipts in the past year, the Federal Reserve's intent of rate hikes to slow consumer spending seems to be working. Inflation has retreated from a 40-year high of 9.1% in June 2022 to 3.2% in October 2023. In addition, the City's third largest sales tax producer, a lumber/hardware store, moved out of town during summer 2023. Also, the start of an estimated \$450mm revitalization of the Dana Point Harbor had stalled, and though previously expected to be fully under construction by now, the published start date for the land-side improvements is now January 2024. In response to the above, a 7.0% decrease is projected for FY24, followed by moderate increases of 3% per year from FY25 through FY29.

In-lieu Property Tax is the City's fourth largest General Fund revenue source, contributing 11.9% of expected revenue in FY24. The projection for this revenue is tied to growth (or decline) in gross assessed property values. Using the Property Tax projected growth rate, the In-Lieu Property Tax is estimated to be \$5.5 million in FY24, \$5.7 million in FY25, and then is projected to grow at 3.0% to 5.0% thereafter.

### Expenditures

The average annual projected growth in General Fund operating expenditures through FY29 is approximately 3.1%. Police Services (mainly the Sheriff's Department contract), personnel costs (including unfunded pension liability payments), and Transfers to Other Funds (namely the Capital Improvements and Facilities Funds) combined make up two-thirds of the General Fund budget.

The City's largest expenditures are incurred for Police Services provided by the Orange County Sheriff's Department (OCSD), which are projected at \$14.7 million, or 31.7% of the General Fund's adopted FY24 Expenditures & Transfers Out budget. The Police Services department is also the only department where expenses are conservatively projected to grow faster than revenues. Future cost estimates for the OCSD contract, based on the average increases over the past ten years, are based on a conservative 4.0% annual increase in the contract from FY25 to FY29.

Personnel costs for City Staff are \$10.7 million in the FY24 General Fund budget and represent 23.1% of adopted General Fund expenditures. Less than half of the City's workforce is represented by the Dana Point Employee Association ("DPEA"), which negotiates with the City for their labor related issues. The City completed labor negotiations in late 2023 which resulted in some additional compensation and City paid benefits in a new two-year Memorandum of Understanding (MOU). There were several items in the new MOU that were extended to non-represented staff. The total increase in personnel costs associated with these updates in compensation and benefits is estimated at 2.2% in FY24 and another 3.4% in FY25. The LTFP shows the projected average annual increase from FY25 through FY29 between 2.7% and 4.0%.

The City contracts for its employee pension with the California Public Employee's Retirement System ("CalPERS"), a cost-sharing, multiple-employer public employee defined benefit pension plan. In addition to the required employer share contribution, the City is required to make annual payments toward the plan's Unfunded Pension Liability. The Unfunded pension liability is the gap between the amount of future benefits a pension fund is expected to pay out and the assets presently in the pension fund. In FY22, the City established an IRS Section 115 eligible pension prefunding trust account making an initial investment of \$4.0 million with the goal of limiting the negative financial impact of rising

unfunded liability costs. During FY23, the City also made an additional \$2.0 million payment to pay down some of its unfunded liability.

The adopted Capital Projects Fund budget for FY24 and FY25 is \$15.2 million and \$10.7 million, respectively. Of that, the General Fund's contribution is \$6.6 million, with \$2.6 million in FY24 and \$4.0 million in FY25. The LTFP for FY26 through FY29 includes an average General Fund contribution of roughly \$3.8 million per year.

## **MAJOR INITIATIVES**

The City Council updated the City's Strategic Plan in April 2022. The Plan establishes the City's Mission "to set the standard as a vibrant, world-class city" and outlines five Strategic Goals, each with its own underlying objectives.

### Strategic Goal 1: Maintain and Ensure Public Safety

#### Objectives:

- Responsive and proactive policing by responding to emerging crime trends to improve perception of safety and security
- Effective enforcement to ensure voluntary compliance with City codes and reduce quality of life nuisances
- Address vulnerable residents by coordinating resources to improve the situation of homeless individuals and families living in our community
- Emergency preparedness and responsiveness so that the City is ready to respond to a disaster

### Strategic Goal 2: Maintain and Improve Infrastructure and Environmental Sustainability

#### Objectives:

- Maintain and improve streets and sidewalks for the safety of vehicles and pedestrians
- Maintain and improve community facilities, parks, and landscaping
- Enhance multi-modal and active transportation in the city
- Preserve natural resources to enhance a healthy and sustainable built and natural environment

### Strategic Goal 3: Foster Economic Health and Prosperity

#### Objectives:

- Effective and efficient zoning regulations for managing the City's land use
- Improve Planning, Building, and Engineering permitting process for an informative, helpful, and efficient process for applicants
- Effective and efficient business regulations that retain and attract businesses that support investment in our community to maintain a healthy business climate
- Assess potential for improvements to private infrastructure

### Strategic Goal 4: Effective, Efficient, and Innovative City Administration

#### Objectives:

- Engage with the community to provide consistent and quality service
- Enhance internal and external technology to provide digital access to services and information
- Maintain a balanced budget that adequately funds core services to be a fiscally sound city
- Recruit, develop, and retain quality staff for a knowledgeable and helpful workforce

## Strategic Goal 5: Maintain and Enhance Dana Point's Unique Sense of Place

### Objectives:

- Honor Dana Point's unique culture, history, and local charm, which enhances quality of life and provides a positive cultural and memorable experience for residents and visitors

## **AWARDS AND ACKNOWLEDGEMENTS**

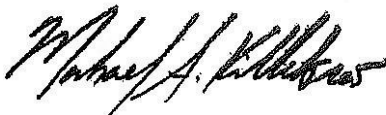
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dana Point for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The Certificate of Achievement 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 annual comprehensive financial report whose contents conform to program standards. Such ACFR 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-four consecutive years (fiscal years 1989 through 2022). 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,



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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# OFFICIALS OF THE CITY OF DANA POINT\*

## Members of the City Council

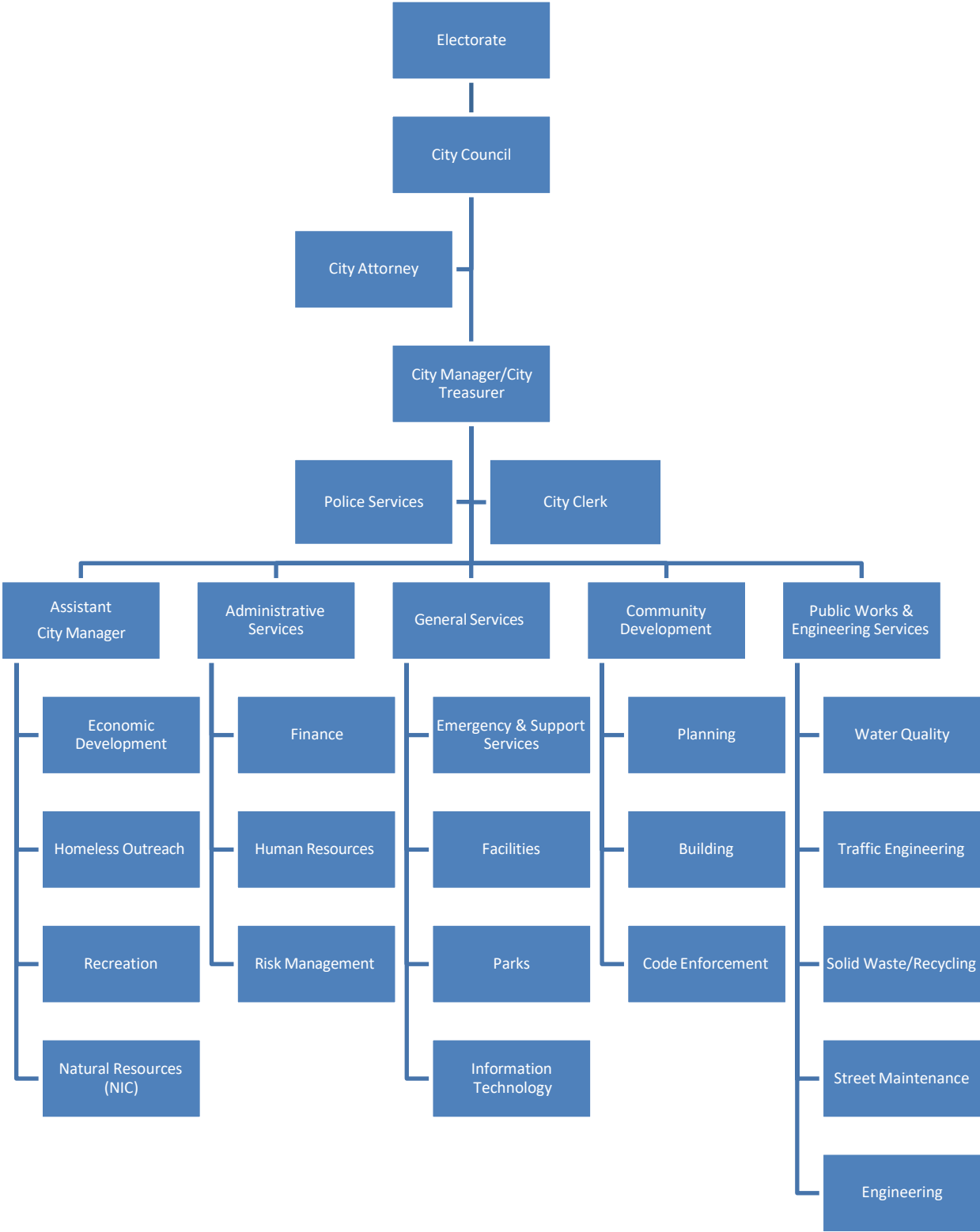
Mike Frost, Mayor  
Jamey M. Federico, Mayor Pro Tem  
John Gabbard, Council Member  
Matthew Pagano, Council Member  
Michael Villar, Council Member

## Administrative Staff

Michael A. Killebrew .....City Manager  
Kelly Reenders.....Asst. City Manager/Dir. of Economic Dev & Community Svcs  
Shayna Sharke.....City Clerk  
Brenda Wisneski ..... Director of Community Development  
Matt Sinacori .....Director of Public Works & Engineering Services  
Capt. Todd Hylton ..... Chief of Police Services  
James Shadle..... Director of General Services  
Patrick Munoz..... City Attorney  
Sea Shelton .....Director of Administrative Services  
Sheryl Mariano ..... Finance Manager

\* 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 Audit of the Financial Statements**

#### ***Opinion***

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 as of June 30, 2023, and the respective changes in financial position and the statement of revenues, expenditures and changes in fund balance – budget to actual of the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matters***

During the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96: Subscription-based Information Technology Arrangements. Our opinion is not modified with respect to these matters.

#### ***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion, the schedule of the City's proportionate share of the net pension liability, the schedule of pension contributions, and the schedule of changes in total OPEB liability and related ratios* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## ***Report on Summarized Comparative Information***

We have previously audited the City's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2022. In our

opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements* and *budget to actual schedules* 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* and *budget to actual schedules* 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* and *budget to actual schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California  
December 21, 2023

## 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, 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the City's financial statements.

### FISCAL 2023 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 \$207.4 million at June 30, 2023, which was an increase of approximately \$2.8 million from the prior year. Of this amount, \$156.5 million is invested in capital assets, \$5.0 million is restricted for various purposes and \$45.9 million is unrestricted.
- City-wide governmental revenues for fiscal year 2023 include program revenues of \$9.8 million, and general revenues of \$46.3 million, for a total of \$56.1 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 2023, the City's Governmental Funds reported combined ending fund balances of \$54.8 million, an increase of \$4.2 million from fiscal year 2022. Of this amount, \$0.2 million is non-spendable, \$9.1 million is restricted, \$32.0 million is assigned, and \$13.6 million is unassigned.
- General Fund revenues totaled \$50.9 million, an increase of \$0.1 million from fiscal year 2022.
- General Fund expenditures totaled \$42.9 million, an increase of \$5.6 million from fiscal year 2022. The variance is attributed to notable increases in Police Services, Salaries, Park Maintenance, Community Activities, and Professional Services. Additionally, there was a one time payment of \$2.0 million to CalPERS toward the City's unfunded pension liability
- Capital Improvements Fund expenditures increased by \$2.0 million from fiscal year 2022, to \$5.6 million. Major capital outlays vary widely from year to year depending upon the

nature of the projects, length of time to construct and availability of internal and external resources. Most of the expenditures are due to the near completion of the residential resurfacing that was initiated in fiscal year 2022.

- All Other Governmental Funds revenues increased by \$1.1 million to \$5.7 million. This increase is partly due to the increase in the amount of TBID collected and intergovernmental revenue.
- All Other Governmental Funds expenditures combined decreased by \$0.25 million to \$4.0 million in fiscal year 2023.

## 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 2023, one new GASB pronouncement was implemented; GASB 96, Subscription Based Information Technology Arrangements (SBITA). The objective of this Statement is to improve accounting and financial reporting for subscription-based arrangements by governments.
- (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 (75%) of the City’s net position reflects its investment of \$156.5 million in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure and construction in progress). There was a net increase of \$4.6 million in capital assets in fiscal year 2023 resulting from an increase in net accumulated depreciation of \$6.6 million and offset by a net of \$2.5 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 \$45.9 million that is unrestricted, and \$5.0 million which is restricted due to other legal restrictions on the manner in which they may be spent. The City also carries various receivables which arise in the normal course of the City’s operations.

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

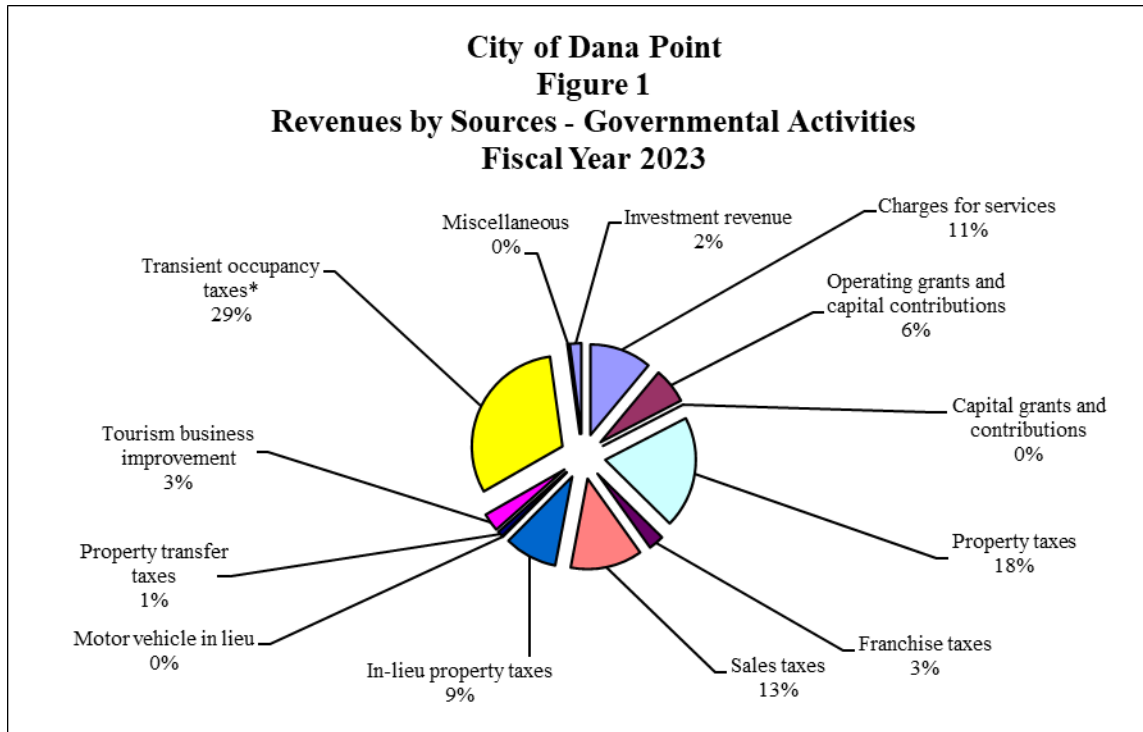
	<u>Fiscal Year</u>		<u>% Change</u>
	<u>2023</u>	<u>2022</u>	
<b>Assets:</b>			
Current and other assets	\$ 72,756	\$ 66,292	9.8%
Capital assets	157,101	159,189	(1.3%)
Total assets	<u>229,857</u>	<u>225,481</u>	<u>1.9%</u>
<b>Deferred Outflows of Resources</b>	<u>6,691</u>	<u>2,044</u>	<u>227.3%</u>
<b>Liabilities:</b>			
Long-term liabilities	10,515	5,451	92.9%
Unearned Revenue	47	49	100.0%
Other liabilities	16,877	14,086	19.8%
Total liabilities	<u>27,439</u>	<u>19,586</u>	<u>40.1%</u>
<b>Deferred Inflows of Resources</b>	<u>1,705</u>	<u>3,311</u>	<u>(48.5%)</u>
<b>Net Position:</b>			
Invested in capital assets	156,477	159,189	(1.7%)
Restricted	5,040	4,653	8.3%
Unrestricted	45,889	40,786	12.5%
Total net position	<u>\$207,406</u>	<u>\$204,628</u>	<u>1.4%</u>

Table 1 shows an increase in the City’s net position since last year.

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

	Fiscal Year		% Change
	2023	2022	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 6,192	\$ 6,222	(0.5%)
Operating grants and capital contributions	3,580	7,942	(54.9%)
Capital grants and contributions	-	-	
General revenues:			
Taxes:			
Property taxes	11,203	10,076	11.2%
Franchise taxes	1,551	1,527	1.6%
Sales taxes	7,207	7,062	2.1%
In-lieu property taxes	5,291	4,851	9.1%
Motor vehicle in-lieu	34	38	(10.5%)
Property transfer taxes	556	986	(43.6%)
Transient occupancy taxes	17,436	16,195	7.7%
Other	84	136	(38.2%)
Tourism business improvement district	1,819	1,640	10.9%
Unrestricted investment earnings	1,143	(836)	(236.7%)
Total revenues	<u>56,096</u>	<u>55,839</u>	<u>0.5%</u>
<b>Expenses:</b>			
General government	10,659	7,334	45.3%
Public safety	14,526	13,651	6.4%
Community development	5,920	6,045	(2.1%)
Recreation and parks	6,821	6,033	13.1%
Public works	13,363	14,082	(5.1%)
Capital Outlay	2,018	-	0.0%
Interest expense	12	3	0.0%
Total expenses	<u>53,319</u>	<u>47,148</u>	<u>13.1%</u>
Change in net position	2,777	8,691	68.0%
Net position, beginning of year	204,628	195,937	4.4%
Net position, end of year	<u>\$ 207,405</u>	<u>\$ 204,628</u>	<u>1.4%</u>

**Governmental Activities** – The cost of all governmental activities in fiscal 2023 was \$43.5 million. As shown in Table 2, the City recovered \$9.8 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 (\$16.7M) and short-term residential vacation rentals (\$0.7M).*

Figure 1, Revenues by Sources – Governmental Activities, depicts the distribution of fiscal year 2023 revenues. The City remains highly dependent on tourism in general, and transient occupancy taxes in particular, to fund its operations; this revenue represented 29% of recurring governmental revenues in fiscal year 2023. Sales tax revenues increased by \$0.15 million, back to its pre-pandemic average of 13% of revenues. The City’s realized investment earnings in fiscal year 2023 was a \$1.1 million gain over fiscal year 2022. During fiscal year 2023, the City experienced an increase in property tax revenue of \$1.1 million, or 11.2%. Overall, the City experienced a \$0.26 million, or 0.5% increase in governmental revenues in fiscal year 2023.

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.

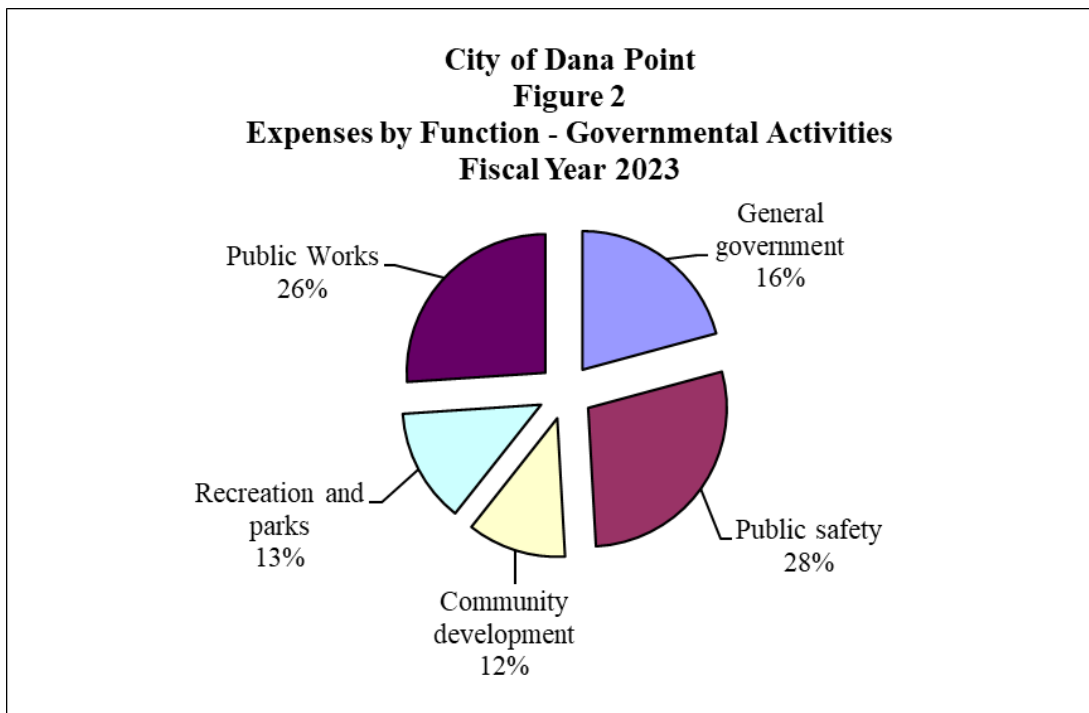
Public Safety is comprised of two departments (Police Services and Emergency and Support Services), which provide law enforcement, disaster, and emergency planning services. The City

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 54% of total expenses.

Public Works outlays decreased by \$0.72 million or 5.1% compared to fiscal year 2022. The majority of the costs were incurred in fiscal year 2022, when the projects were initiated, and the remainder of the expenses to complete the project were charged to fiscal year 2023.

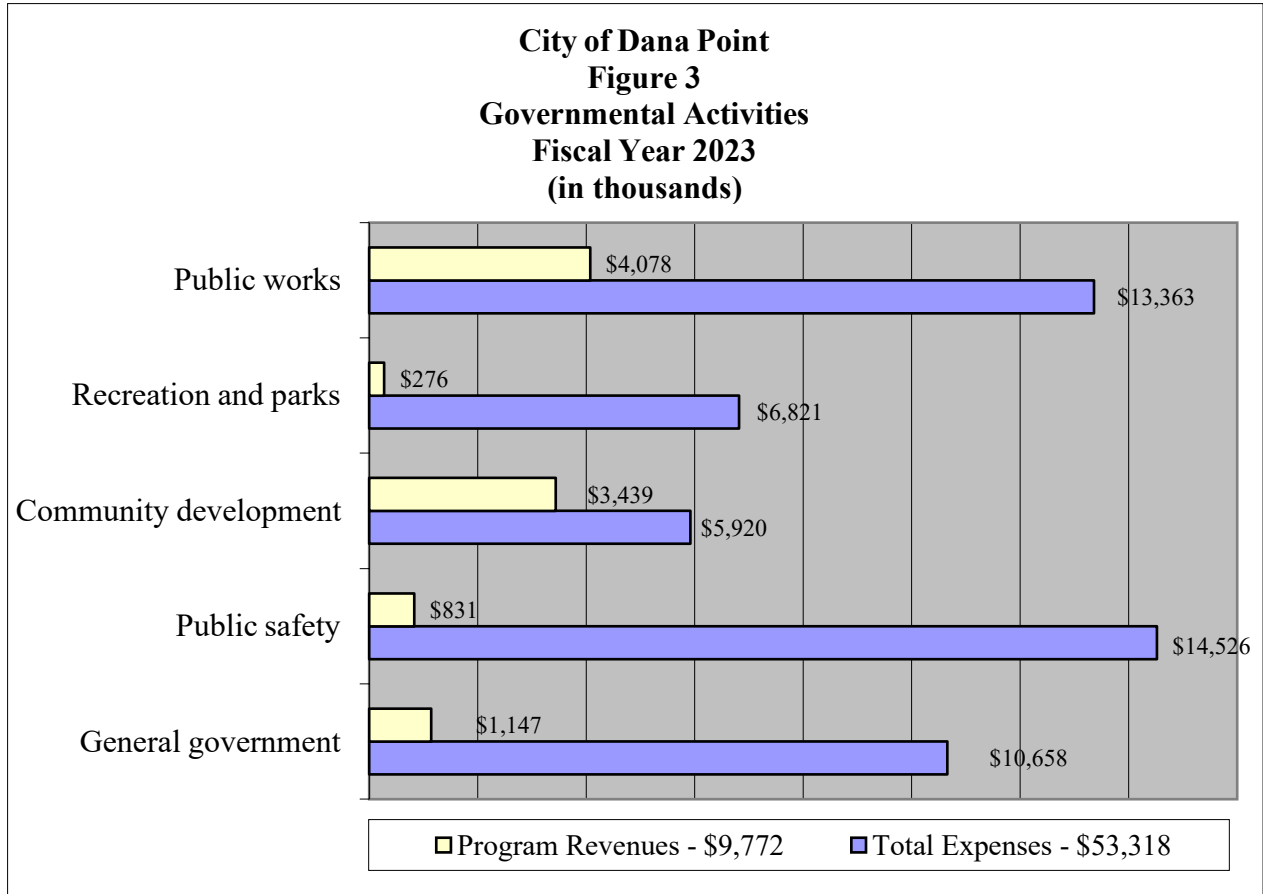
Public Safety expenses increased by \$0.9 million or 6.4%. This is primarily due to an expected increase in contracted Police Services.

General Government outlays increased \$3.3 million, or 45.3% in fiscal year 2023. The major contributing factor to this increase is the one-time payment of \$2.0 million to CalPERS toward the City's unfunded pension liability. The remaining portion of the increase are attributed to a combination of vacancies being filled and increased City Attorney expenses related to short term rentals and ongoing litigation.

Community Development expenses decreased by \$0.1 million, or 2.1%. This decrease is attributed to a reduction in professional service costs in building and code enforcement.

Recreation and Parks expenses increased \$0.8 million, or 13.1%. This is attributed to the reinstatement of community activities coupled with a rise in park maintenance and replacement of equipment in the current year.

Overall, total fiscal year expenses for governmental activities increased \$4.1 million, or 8.8%, to \$51.3 million in fiscal year 2023.



## 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 2023, the City's governmental funds reported combined fund balances of \$54.8 million, an increase of \$4.1 million from the prior year. Of that total, the General Fund represented \$27.0 million or 49.3%; the Capital Improvements Fund represented \$20.5 million, or 37.4%; the remainder of \$7.3 million, or 13.3%, was in all other funds combined.

At June 30, 2023, the City had \$0.18 million 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 \$9.1 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 2023, assigned fund balance was a total of \$32.0 million, which consists of \$9.2 million in the General Fund for economic stability, extreme events, and the General Plan update; \$20.5 million for capital improvement projects; and \$2.3 million for non-major funds. The remainder of the fund balance was \$13.6 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 \$8 million more than expenditures in fiscal year 2023, largely in part due to record breaking Transient Occupancy Tax and Sales & Use Tax collected. Investments are now showing gains as interest rates on fixed income investments have risen rapidly over the past 18 months. When combined with Interfund Transfers Out of \$6.2 million, \$5.3 million to the Capital Improvement Fund, \$0.75 million to the Coastal Transit Fund, and \$0.15 million to the Facilities Improvements Fund, which resulted in a net fund balance increase of \$1.8 million for fiscal year 2023.

Transient Occupancy Tax (TOT) revenue from hotels increased by \$1.3 million, or 7.7%, in fiscal year 2023, and revenue from short-term housing rentals decreased by \$0.71 million, or .9%.

Assessed real estate values in Dana Point have been climbing for nine consecutive years. The 2023 assessed values stand at an all-time high of \$15.7 billion.

Total General Fund revenues for fiscal year 2023 were \$50.9 million, an increase of \$0.11 million over fiscal year 2022. Overall, expenditures for fiscal year 2023 finished at \$42.9 million, 15.2% more than the prior fiscal year.

### CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund incurred \$5.6 million in capital expenditures. Funding was provided by transfers in from the General Fund in the amount of \$5.3 million, and \$2.2 million from Non-Major Governmental Funds. The Capital Improvements Fund concluded fiscal year 2023 with a net \$1.9 million increase in fund balance.

### **Budgetary Highlights**

The City adopts two-year operating and capital budgets, with fiscal year 2023 being the second year of a two-year budget cycle. Due to the 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 2023, the overall General Fund revenue budget was increased by \$4.2 million. The revenue accounts reflecting the largest increases compared to fiscal year 2022 included transient occupancy tax and sales and use tax.

*Transient Occupancy Tax (TOT)* – The City’s largest revenue source, at \$17.4 million collected in fiscal year 2023; \$16.7 million from hotels and \$0.7 million from short-term residential vacation rentals.

*Property Tax* – The City’s second largest revenue came in at \$11.2 million, \$0.6 million over budget, and is \$1.1 million higher than the previous fiscal year.

*Sales and Use Tax* – Representing the City’s third largest tax revenue, Sales and Use tax finished fiscal year 2023 at \$7.2 million. This was just a \$0.1 million increase from fiscal year 2022.

*Charges for Services* – This category of revenue includes among others Planning, Building & Engineering Fees. Fiscal Year 2023 revenue totaled \$2.5 million and was \$0.3 million above budget.

*Licenses & Permits* – This category includes construction-related permits, and finished fiscal year 2023 at \$2.8 million, or \$0.7 million over budget.

The City’s General Fund revenues finished fiscal year 2023 at \$50.9 million, which is \$4.8 million higher than the amended budget of \$46 million.

During fiscal year 2023 the General Fund expenditure budget, including transfers out, had a net increase of \$4.8 million from the amended budget of \$46.0 million. This increase is a combination of the one-time payment to CalPERS to decrease the City’s UAL, budget increases for Police Services, legal costs, professional services, third-party reimbursable services, and marketing.

## **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 2023 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)**

	<u>Governmental Activities</u>		
	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Land	\$ 54,553	\$ 54,553	0.0%
Art*	816	816	0.0%
Construction in progress	3,951	500	690.2%
Buildings and improvements	12,084	12,181	(0.8%)
Equipment	3,462	3,292	5.2%
Right-to-use leased equipment	384	426	(9.9%)
SBITA	713	-	0.0%
Infrastructure	231,843	231,473	0.2%
Less: Accumulated depreciation	(150,705)	(144,052)	4.6%
Governmental activity capital assets, net	<u><b>\$ 157,101</b></u>	<u><b>\$ 159,189</b></u>	<u><b>(1.3%)</b></u>

### Long-Term Liabilities

At the end of fiscal year 2023, the City had total outstanding long-term liabilities of \$10.5 million, consisting of \$0.6 million in compensated time-off obligations due to employees, \$0.6 in leases payable for various lease and SBIT agreements, \$1.1 million for Other Post-Employment Benefits (OPEB) related to the CALPERS health benefit program, and \$8.1 million in net pension liability.

As of June 30, 2023, 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>2023</u>	<u>2022</u>	<u>% Change</u>
Other debt:			
Compensated absences	\$ 662	\$ 637	3.9%
Leases Payable	221	336	-
SBITA	405	-	-
Net OPEB Liability	1,093	1,667	(34.4%)
Net Pension Liability	8,134	2,811	189.4%
Total long-term debt	<u><b>\$ 10,515</b></u>	<u><b>\$ 5,451</b></u>	<u><b>92.9%</b></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 Director of Administrative Services, 33282 Golden Lantern St, Dana Point, CA 92629.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF DANA POINT**  
**Statement of Net Position**  
**June 30, 2023**

(with comparative information for the prior year)

	Governmental Activities	
	2023	2022
<b>Assets</b>		
Cash and investments (note 2)	\$ 66,764,662	\$ 55,238,241
Beneficial interest in annuity (note 10)	437,530	440,028
Receivables:		
Taxes	2,985,564	3,743,178
Accounts	1,468,776	1,955,587
Interest	272,039	115,012
Intergovernmental	650,467	4,588,711
Prepaid items	176,685	211,328
Capital assets not being depreciated (note 4)	59,320,291	55,869,309
Capital assets net of accumulated depreciation (note 4)	97,781,684	103,320,104
Total Assets	229,857,698	225,481,498
<b>Deferred Outflows of Resources</b>		
Deferred amount related to pensions (note 9)	6,525,530	1,858,939
Deferred amount related to OPEB (note 8)	165,833	185,846
Total Deferred Outflows of Resources	6,691,363	2,044,785
<b>Liabilities</b>		
Accounts payable	5,445,535	3,002,152
Accrued liabilities	129,592	-
Deposits payable	11,302,038	11,084,790
Unearned revenue	47,190	48,921
Noncurrent liabilities:		
Due within one year:		
Compensated absences (note 5)	252,461	238,740
Leases payable (note 6)	90,528	108,201
Subscription-based IT payable (note 7)	211,844	-
Due in more than one year:		
Compensated absences (note 5)	409,979	397,771
Leases payable (note 6)	130,110	228,202
Subscription-based IT payable (note 7)	192,920	-
Total OPEB Liability (note 8)	1,092,848	1,666,850
Net pension liability (note 9)	8,134,327	2,810,520
Total Liabilities	27,439,372	19,586,147
<b>Deferred Inflows of Resources</b>		
Deferred amount related to pensions (note 9)	658,735	2,859,132
Deferred amount related to OPEB (note 8)	1,045,799	452,420
Total Deferred Inflows of Resources	1,704,534	3,311,552
<b>Net Position</b>		
Net investment in capital assets	156,476,573	159,189,413
Restricted for:		
Public works	3,436,706	3,189,273
Public safety	117,845	76,591
Parks and recreation	211,925	225,252
ESHA maintenance	310,957	299,234
Art in public places	12,446	6,542
Tourism business improvement	460,825	485,125
Facilities improvement	489,229	371,153
Unrestricted	45,888,649	40,786,001
Total Net Position	\$ 207,405,155	\$ 204,628,584

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

**CITY OF DANA POINT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**  
(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	\$ 10,658,707	\$ 624,842	\$ 521,713
Public safety	14,526,016	415,405	416,034
Community development	5,919,907	3,308,920	131,148
Recreation and parks	6,820,973	203,738	71,932
Public works	13,363,351	1,638,670	2,439,426
Capital outlay	2,018,431	-	-
Interest expense	11,834	-	-
<b>Total Governmental Activities</b>	<b>\$ 53,319,219</b>	<b>\$ 6,191,575</b>	<b>\$ 3,580,253</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 (losses)
- 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	
	2023	2022
-	\$ (9,512,152)	\$ (2,047,183)
-	(13,694,577)	(12,854,943)
-	(2,479,839)	(2,358,268)
-	(6,545,303)	(5,792,687)
-	(9,285,255)	(9,927,623)
-	(2,018,431)	-
-	(11,834)	(3,883)
<u>\$ -</u>	<u>(43,547,391)</u>	<u>(32,984,587)</u>

11,203,293	10,076,054
1,550,687	1,527,030
7,206,850	7,061,818
5,291,004	4,851,181
33,992	38,529
555,490	986,092
17,436,189	16,195,450
1,819,047	1,639,900
1,142,535	(835,806)
<u>84,875</u>	<u>136,239</u>
<u>46,323,962</u>	<u>41,676,487</u>
2,776,571	8,691,900
<u>204,628,584</u>	<u>195,936,684</u>
<u>\$ 207,405,155</u>	<u>\$ 204,628,584</u>

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

**CITY OF DANA POINT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

(with comparative information for the prior year)

				Total Governmental Funds	
	General	Capital Improvements	Non-major Governmental Funds	2023	2022
<b>Assets</b>					
Cash and investments	\$ 37,164,743	22,249,116	7,350,803	\$ 66,764,662	\$ 55,238,241
Beneficial interest in annuity	-	-	437,530	437,530	440,028
Receivables:					
Taxes	2,985,564	-	-	2,985,564	3,743,178
Accounts	670,766	-	798,010	1,468,776	1,955,587
Interest	272,039	-	-	272,039	115,012
Intergovernmental	446,833	-	203,634	650,467	4,588,711
Prepaid items	176,685	-	-	176,685	211,328
Due from other funds					253,541
Total Assets	<u>\$ 41,716,630</u>	<u>\$ 22,249,116</u>	<u>\$ 8,789,977</u>	<u>\$ 72,755,723</u>	<u>\$ 66,545,626</u>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 3,104,364	1,758,886	582,285	5,445,535	\$ 3,002,152
Accrued liabilities	129,592	-	-	129,592	-
Deposits payable	11,302,038	-	-	11,302,038	11,084,790
Due to other funds	-	-	-	-	253,541
Unearned revenue	47,190	-	-	47,190	48,921
Total Liabilities	<u>14,583,184</u>	<u>1,758,886</u>	<u>582,285</u>	<u>16,924,355</u>	<u>14,389,404</u>
<b>Deferred Inflow of Resources</b>					
Unavailable revenue	149,474	-	444,733	594,207	1,064,099
Beneficial interest	-	-	437,530	437,530	440,028
Total Deferred Inflow of Resources	<u>149,474</u>	<u>-</u>	<u>882,263</u>	<u>1,031,737</u>	<u>1,504,127</u>
<b>Fund Balances</b>					
Nonspendable	176,685	-	-	176,685	211,328
Restricted	4,048,725	-	5,027,487	9,076,212	8,694,619
Assigned	9,201,563	20,490,230	2,297,942	31,989,735	29,576,860
Unassigned	13,556,999	-	-	13,556,999	12,169,288
Total Fund Balances	<u>26,983,972</u>	<u>20,490,230</u>	<u>7,325,429</u>	<u>54,799,631</u>	<u>50,652,095</u>
Total Liabilities and Fund Balances	<u>\$ 41,716,630</u>	<u>22,249,116</u>	<u>\$ 8,789,977</u>	<u>\$ 72,755,723</u>	<u>\$ 66,545,626</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, 2023**

<b>Fund Balances of Governmental Funds</b>	\$ 54,799,631
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	307,807,365
Accumulated depreciation	(150,705,390)
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	
	1,031,737
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(662,440)
Lease payable	(220,638)
Subscription-based IT payable	(404,764)
Total OPEB liability	(1,092,848)
Net pension liability	(8,134,327)
Deferred outflows and inflows of resources related to pensions	5,866,795
Deferred outflows and inflows of resources related to OPEB	(879,966)
<b>Net Position of Governmental Activities</b>	<b>\$ 207,405,155</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, 2023**  
(with comparative information for the prior year)

	General Fund	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds	
				2023	2022
<b>Revenues:</b>					
Taxes	\$ 43,125,437	\$ -	\$ 4,311,583	\$ 47,437,020	\$44,541,705
Licenses, fees and permits	2,750,566	-	-	2,750,566	2,291,952
Fines, forfeitures and penalties	540,730	-	-	540,730	464,869
Intergovernmental	792,897	-	916,781	1,709,678	5,277,888
Charges for services	2,484,221	-	350,600	2,834,821	3,392,887
Investment earnings (losses)	1,011,682	-	133,350	1,145,032	(835,806)
Other	150,333	-	-	150,333	208,070
Total Revenues	<u>50,855,866</u>	<u>-</u>	<u>5,712,314</u>	<u>56,568,180</u>	<u>55,341,565</u>
<b>Expenditures:</b>					
Current:					
General government	10,345,270	-	-	10,345,270	7,104,572
Public safety	14,293,184	-	125,189	14,418,373	13,543,005
Community development	4,573,487	-	1,854,144	6,427,631	6,284,401
Parks and recreation	6,017,424	-	112,051	6,129,475	5,307,594
Public works	7,196,321	-	1,263,088	8,459,409	7,701,237
Capital outlay	109,065	5,601,040	599,148	6,309,253	5,010,727
Debt service:					
Principal	319,399	-	-	319,399	89,426
Interest	11,834	-	-	11,834	3,883
Total Expenditures	<u>42,865,984</u>	<u>5,601,040</u>	<u>3,953,620</u>	<u>52,420,644</u>	<u>45,044,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,989,882</u>	<u>(5,601,040)</u>	<u>1,758,694</u>	<u>4,147,536</u>	<u>\$10,296,720</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (note 3)	-	7,494,448	1,140,000	8,634,448	13,689,981
Transfers out (note 3)	(6,167,997)	-	(2,466,451)	(8,634,448)	(13,689,981)
Issuance of debt	-	-	-	-	425,827
Total Other Financing Sources (Uses)	<u>(6,167,997)</u>	<u>7,494,448</u>	<u>(1,326,451)</u>	<u>-</u>	<u>425,827</u>
Net Changes in Fund Balances	1,821,885	1,893,408	432,243	4,147,536	10,722,547
Fund Balances, Beginning of Year	<u>25,162,087</u>	<u>18,596,822</u>	<u>6,893,186</u>	<u>50,652,095</u>	<u>39,929,548</u>
Fund Balances, End of Year	<u>\$ 26,983,972</u>	<u>\$ 20,490,230</u>	<u>\$ 7,325,429</u>	<u>\$ 54,799,631</u>	<u>\$ 50,652,095</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, 2023**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 4,147,536</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	3,930,616
Depreciation expense	(6,653,483)
Revenues collected after the period of availability and earned in current fiscal year on the government wide statement of activities	(472,390)
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	(25,929)
Change in lease payable	115,765
Change in subscription-based IT payable	230,665
Change in total OPEB liability and related deferred inflows and outflows of resources	(39,390)
Changes in net pension liability and related deferred inflows and outflows of resources	<u>1,543,181</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 2,776,571</u></b>

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

**CITY OF DANA POINT**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 37,945,000	\$ 40,131,400	\$ 43,125,437	\$ 2,994,037
Licenses, fees and permits	1,312,000	2,086,174	2,750,566	664,392
Fines, forfeitures and penalties	295,000	340,000	540,730	200,730
Intergovernmental	281,000	517,078	792,897	275,819
Charges for services	1,427,000	2,230,552	2,484,221	253,669
Investment earnings (loss)	457,800	592,800	1,011,682	418,882
Other	81,000	121,000	150,333	29,333
Total Revenues	41,798,800	46,019,004	50,855,866	4,836,862
<b>Expenditures</b>				
Current:				
General government	7,791,851	11,120,530	10,345,270	775,260
Public safety	14,991,188	14,922,541	14,293,184	629,357
Community development	3,896,194	5,354,603	4,573,487	781,116
Parks and recreation	5,285,598	6,610,956	6,017,424	593,532
Public works	6,201,830	7,514,503	7,196,321	318,182
Capital outlay	40,000	176,700	109,065	67,635
Debt service:				
Principal	-	-	319,399	(319,399)
Interest	-	-	11,834	(11,834)
Total Expenditures	38,206,661	45,699,833	42,865,984	2,833,849
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,592,139	319,171	7,989,882	7,670,711
<b>Other financing sources (uses)</b>				
Transfers out	(1,316,822)	(6,167,997)	(6,167,997)	-
Total Other Financing Sources (Uses)	(1,316,822)	(6,167,997)	(6,167,997)	-
Net Change in Fund Balance	2,275,317	(5,848,826)	1,821,885	7,670,711
Fund Balance, Beginning of Year	25,162,087	25,162,087	25,162,087	-
Fund Balance, End of Year	\$ 27,437,404	\$ 19,313,261	\$ 26,983,972	\$ 7,670,711

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

**CITY OF DANA POINT**  
**Statement of Fiduciary Net Position**  
**Custodial Fund**  
**June 30, 2023**

<b>Assets</b>	
Cash and investments with fiscal agents (note 2)	\$ 6,127,102
Accounts receivable	<u>118,669</u>
Total Assets	<u>\$ 6,245,771</u>
<b>Liabilities</b>	
Accounts payable	<u>\$ 118,669</u>
Total Liabilities	<u>118,669</u>
<b>Net Position</b>	
Restricted for debt service	<u>6,127,102</u>
Total Net Position	<u>\$ 6,127,102</u>

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

**CITY OF DANA POINT**  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Fund**  
**For the Year Ended June 30, 2023**

<b>Additions:</b>	
Special tax assessments	\$ 2,690,362
Interest and dividend income	<u>1,745,374</u>
Total Additions	<u>4,435,736</u>
<b>Deductions:</b>	
Administrative fees	16,337
Accounts Payable	148,025
Bond principal	3,158,579
Bond interest	<u>1,060,047</u>
Total Deductions	<u>4,382,988</u>
Change in Net Position	52,748
Net Position - Beginning of Year	<u>6,074,354</u>
<b>Net Position - End of Year</b>	<u><u>\$ 6,127,102</u></u>

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

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023**

**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, 2023 (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, 2023 (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 type:

The Custodial Fund is used to account for money received by the City as an agent for individuals, other governments, and other entities. A Custodial Fund is 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, 2023 (Continued)**

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

**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 one 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 developments 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.

**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 three years or more. Infrastructure is capitalized if the cost is in excess of \$50,000 and it has an expected useful life of five 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. Capital assets acquired through lease obligations and subscription-based information technology arrangements (SBITAs) are valued at the present value of future lease/SBITA payments at the date acquired. Donated capital assets are valued at their acquisition value at the date of donation.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

**J) Capital Assets (Continued)**

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
Right to Use Assets	2 – 30 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) Subscription-based Information Technology Arrangements**

The City is a participant in subscription-based IT arrangements as detailed in Note 7. The City recognizes a subscription-based IT payable and right to use IT assets in the financial statements.

At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

**N) 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, 2023 (Continued)**

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

**N) 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021, to June 30, 2022

**O) 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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**P) 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

**P) Investments (Continued)**

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.

**Q) 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 assets 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 assets 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 grant 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.

**R) Prior Year Data**

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

**S) 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. 99 – “Omnibus 2022”, effective for reporting periods beginning after June 15, 2023.
- GASB Statement No. 100 – “Accounting Changes and Error Corrections”, effective for reporting periods beginning after June 15, 2023.
- GASB Statement No. 101 – “Compensated Absences”, effective for reporting periods beginning after December 15, 2023.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 66,764,662
Fiduciary Funds	
Cash and investments with fiscal agents	<u>6,127,102</u>
Total Cash and Investments	<u>\$ 72,891,764</u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand (petty cash)	\$ 5,200
Deposits with financial institutions	4,295,483
Investments	64,554,802
PARS Section 115 Trust	<u>4,036,279</u>
Total Cash and Investments	<u>\$ 72,891,764</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

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

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

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

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, 2023, 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 Fund	\$ 34,735,840	\$ 34,735,840	\$ -	\$ -
U.S. Treasury Notes	23,691,860	3,162,240	13,673,036	6,856,584
PARS 115 Trust Held by bond trustee:	4,036,279	4,036,279	-	-
Money market funds	6,127,102	6,127,102	-	-
Total	<u>\$ 68,591,081</u>	<u>\$ 48,061,461</u>	<u>\$ 13,673,036</u>	<u>\$ 6,856,584</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

Disclosures Relating to Credit Risk

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

Investment Type	Totals	Minimum	Rating as of Year End		
		Legal Rating	Exempt from Disclosure	AAA	Not Rated
Local Agency Investment Fund	\$ 34,735,840	N/A	\$ -	\$ -	\$ 34,735,840
U.S. Treasury Notes	23,691,860	N/A	23,691,860	-	-
PARS 115 Trust	4,036,279	N/A	-	-	4,036,279
Held by bond trustee:					
Money market funds	<u>6,127,102</u>	AAA	-	6,127,102	-
Total	<u>\$ 68,591,081</u>		<u>\$ 23,691,860</u>	<u>\$ 6,127,102</u>	<u>\$ 38,772,119</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, \$4,912,558 was in excess of federal depository insurance limits. This amount is collateralized pursuant to California Government Code.



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

Fair Value Measurements

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

Fair value measurements as of June 30, 2023 for investments are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Leveled Investments:				
U.S. Treasury Notes	\$ 23,691,860	<u>\$ 23,691,860</u>	\$ -	\$ -
Uncategorized Investments:				
Local Agency Investment Fund	34,735,840			
PARS 115 Trust	4,036,279			
Held by bond trustee:				
Money Market Funds	<u>6,127,102</u>			
Total Investment Portfolio	<u>\$ 68,591,081</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 Transfers

	<u>Transfers in</u>		
	<u>Capital</u>	<u>Nonmajor</u>	<u>Totals</u>
<u>Transfers out</u>	<u>Improvements</u>	<u>Governmental Funds</u>	
General Fund	\$ 5,267,997	\$ 900,000	\$ 6,167,997
Nonmajor Governmental Funds	<u>2,226,451</u>	<u>240,000</u>	<u>2,466,451</u>
Total	<u>\$ 7,494,448</u>	<u>\$ 1,140,000</u>	<u>\$ 8,634,448</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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

In the year ended June 30, 2023, the City made the following interfund transfers:

1. A transfer of \$750,000 from the General Fund to the Coastal Transit Fund to provide resources for the trolley program.
2. A transfer of \$5,267,997 from the General Fund to the Capital Improvement Projects Fund to provide resources for current year projects.
3. A transfer of \$150,000 from the General Fund to the Facilities Improvement Fund for deferred facilities maintenance.
4. A transfer of \$240,000 from the Clean Air Act Fund to the Coastal Transit Fund to fund the trolley program.
5. A transfer of \$1,125,859 from the Gas Tax Fund, \$499,592 from the Measure M Fund, and \$601,000 from the Road Maintenance and Rehab Fund for street maintenance and improvements.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	Beginning Balance*	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 54,553,588	\$ -	\$ -	\$ 54,553,588
Art	815,600	-	-	815,600
Construction in progress	500,121	3,706,287	(255,305)	3,951,103
Total capital assets not being depreciated	55,869,309	3,706,287	(255,305)	59,320,291
Capital assets being depreciated:				
Buildings	12,180,950	-	(96,370)	12,084,580
Equipment	3,292,566	300,816	(131,670)	3,461,712
Right-to-use leased equipment	425,827	23,166	(64,345)	384,648
Right-to-use SBITA assets*	713,366	-	-	713,366
Infrastructure	231,472,668	437,921	(67,821)	231,842,768
Total capital assets being depreciated	248,085,377	761,903	(360,206)	248,487,074
Less accumulated depreciation for:				
Buildings	(6,613,972)	(422,626)	96,370	(6,940,228)
Equipment	(2,132,029)	(224,261)	131,670	(2,224,620)
Right-to-use leased equipment	(108,201)	(89,336)	14,390	(183,147)
Right-to-use SBITA assets	-	(276,352)	-	(276,352)
Infrastructure	(135,197,705)	(5,951,159)	67,821	(141,081,043)
Total accumulated depreciation	(144,051,907)	(6,963,734)	310,251	(150,705,390)
Total capital assets being depreciated, net	104,033,470	(6,201,831)	(49,955)	97,781,684
Total capital assets net of accumulated depreciation	\$ 159,902,779	\$ (2,495,544)	\$ (305,260)	\$ 157,101,975

\*Beginning balance restated due to the implementation of GASB 96.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

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

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 732,024
Public safety	107,643
Recreation and parks	864,472
Public works	<u>5,259,595</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,963,734</u>

Construction Commitments

The City had active construction projects as of June 30, 2023. 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 \$6,917,081.

**NOTE 5 – COMPENSATED ABSENCES**

The following is a summary of the compensated absences activity for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Compensated absences	\$ 636,511	\$ 530,852	\$ (504,923)	\$ 662,440	\$ 252,461

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 6 – LEASES PAYABLE**

The following is a summary of the lease payable activity for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Leases payable	\$ 336,401	\$ 23,166	\$ (138,929)	\$ 220,638	\$ 90,528

The City has entered into various lease agreements for the use of equipment, vehicles, and parking lots. As of June 30, 2023, the value of the lease liability is \$220,638 with interest rates ranging from 0.62% to 2.10%. The City is required to make annual payments on the leases ranging from \$1,688 to \$16,920, quarterly lease payments of \$563, and monthly lease

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 6 – LEASES PAYABLE (Continued)**

payments of \$992. The values of the right-to-use assets are \$384,648 and have an accumulated amortization of \$183,147 as of June 30, 2023.

The combined future principal and interest payments of the leases as of June 30, 2023, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 90,528	\$ 2,208	\$ 92,736
2025	66,969	1,330	68,299
2026	51,403	582	51,985
2027	<u>11,738</u>	<u>73</u>	<u>11,811</u>
Total	<u>\$ 220,638</u>	<u>\$ 4,193</u>	<u>\$ 224,831</u>

**NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The following is a summary of the subscription-based IT payable activity for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Subscription-based IT payable	<u>\$ 635,429</u>	<u>\$ -</u>	<u>\$ (230,664)</u>	<u>\$ 404,765</u>	<u>\$ 211,843</u>

The City has entered into subscription-based information technology (IT) arrangements with various vendors. These arrangements are governed by Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements.

As of June 30, 2023, the City has recognized a liability of \$404,764 related to these subscription-based IT arrangements. This liability represents the total estimated cost of the remaining subscription period, as determined by the contract terms and usage data.

The City has also recognized an intangible asset of \$713,366, representing the right to use the subscription-based IT arrangements for the remaining subscription period, as determined by the contract terms and usage data.

The annual debt service requirements for the SBITAs outstanding at June 30, 2023 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 211,844	\$ 6,164	\$ 218,008
2025	118,602	3,152	121,754
2026	40,331	1,845	42,176
2027	16,703	1,184	17,887
2028	<u>17,284</u>	<u>602</u>	<u>17,886</u>
Total	<u>\$ 404,764</u>	<u>\$ 12,947</u>	<u>\$ 417,711</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

***Plan Description***

The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees, but only to the extent they are legally mandated under California's Public Employee Medical and Hospital Care Act (PEMHCA). Under PEMHCA, participants in the CalPERS health medical program, in which the City participates, are required to make contributions for medical care. In order for a retiree to be eligible for a City contribution toward the retirees medical care, they must (1) be a CalPERS member; (2) be a participant in the CalPERS health program at the time of retirement; and (3) elect to continue participation in the CalPERS health program (at their own expense) at the time of retirement. If the retiree meets all three criteria, then the City is required to make monthly payments which are credited against the retirees' cost of continued health insurance through the CalPERS health system. For the calendar year ended 2023, the City's mandated contribution rate was \$151 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. The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

***Employees Covered***

As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	62
Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to, but not yet receiving benefits	<u>15</u>
Total	<u>88</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, 2023, the City's contributions included \$19,949 for benefit payments, \$291 administrative expenses, and \$13,645 for the implied subsidy resulting in total contributions of \$33,885.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Total OPEB Liability**

The City’s total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Discount Rate	4.09%
Inflation	2.50%
Salary Increases	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Healthcare Trend Rate	Non-Medicare 8.50% for 2024 decreasing to 3.45% in 2076 Medicare 7.50% for 2024 decreasing to 3.45% in 2076

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.09 percent based on the S&P Municipal Bond 20 Year Index.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Changes in Total OPEB Liability**

The changes in the total OPEB liability are as follows:

	<b>Total OPEB Liability (a)</b>
Balance at June 30, 2022 <i>(Measurement Date June 30, 2021)</i>	<u>\$ 1,666,850</u>
Changes recognized the measurement period:	
Service Cost	160,180
Interest	39,432
Changes of assumptions	(572,190)
Actual vs. expected experience	(165,005)
Benefits payments	(36,419)
<b>Net changes</b>	<b>(574,002)</b>
Balance at June 30, 2023 <i>(Measurement Date June 30, 2022)</i>	<u><b>\$ 1,092,848</b></u>

**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, 2023:

	<b>1% Decrease (3.09%)</b>	<b>Current Discount Rate (4.09%)</b>	<b>1% Increase (5.09%)</b>
<b>Total OPEB Liability</b>	\$1,254,773	\$1,092,848	\$960,219

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**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, 2023:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
	(7.50% Non-Medicare/6.50% Medicare decreasing to 2.45% Non-Medicare/Medicare)	(8.50% Non-Medicare/7.50% Medicare) decreasing to 3.45% Non-Medicare/Medicare)	(9.50% Non-Medicare/8.50% Medicare decreasing to 3.45% Non-Medicare/Medicare)
<b>Total OPEB Liability</b>	\$931,901	\$1,092,848	\$1,296,463

**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	<ul style="list-style-type: none"> <li>• Discount rate was updated based on municipal bond rate as of the measurement date.</li> <li>• Decreased inflation/salary increases.</li> <li>• Demographic assumptions were updated to CalPERS 2000-2019 Experience Study.</li> <li>• New medical and PEMHCA minimum increase trend.</li> <li>• Mortality improvement scale was updated to Scale MP-2021.</li> </ul>
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**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$73,275. As of fiscal year, ended June 30, 2023, 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	\$ 33,885	\$ -
Changes in assumptions	131,948	647,171
Differences between expected and actual experience	<u>-</u>	<u>398,628</u>
Total	<u>\$ 165,833</u>	<u>\$ 1,045,799</u>

The \$33,885 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2024	\$(126,552)
2025	(126,552)
2026	(126,552)
2027	(121,671)
2028	(101,784)
Thereafter	<u>(310,740)</u>
Total	<u>\$(913,851)</u>

**NOTE 9 – 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 9 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

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

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Classic</u>	<u>New Member</u>
	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%	6.75%
Required employer contribution rates	10.870%	7.470%

**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, 2023, the City reported a net pension liability for its proportionate share of the collective net pension liability as follows:

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c) = (a) - (b)</b>
Measurement Date:			
Balance at: 6/30/21	\$ 34,147,442	\$ 31,336,922	\$ 2,810,520
Balance at: 6/30/22	<u>37,342,128</u>	<u>29,207,801</u>	<u>8,134,327</u>
Net Changes During 2022-23	<u>\$ 3,194,686</u>	<u>\$ (2,129,121)</u>	<u>\$ 5,323,807</u>

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 9 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

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

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, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to June 30, 2022 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 measurement dates June 30, 2021, and 2022 was as follows:

Proportion - June 30, 2021	0.05197%
Proportion - June 30, 2022	<u>0.07042%</u>
Change - Increase (Decrease)	<u>0.01846%</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	
Valuation Date		June 30, 2021
Measurement Date		June 30, 2022
Actuarial Cost Method		Entry Age Actuarial Cost Method
Actuarial Assumptions:		
Discount Rate		6.90%
Inflation		2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

**Discount Rate** – The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 9 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

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

The long-term expected rate of return on pension plan investments was determined using a building -block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

**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 6.90%, 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:

	1% Decrease <u>(5.90%)</u>	Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
City's proportionate share of the net pension liability	\$ 13,224,732	\$ 8,134,327	\$ 3,946,187

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

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 9 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

**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, 2022, is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. 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, 2023, the City recognized a pension expense of \$1,618,315. At June 30, 2023, 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	\$ 3,161,494	\$ -
Differences between expected and actual experience	163,353	109,407
Changes in assumptions	833,532	-
Changes in proportion and difference between City's contributions and proportionate share of contributions	-	549,328
Change in employer's proportion	877,158	-
Net difference between projected and actual earnings on pension plan investments	1,489,993	-
	\$ 6,525,530	\$ 658,735

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 9 – COST-SHARING EMPLOYER PENSION PLAN (Continued)**

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

The amount of \$3,161,494 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 fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Amount</u>
2024	\$ 760,156
2025	661,160
2026	372,653
2027	<u>911,332</u>
	<u>\$ 2,705,301</u>

**Subsequent Events**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**NOTE 10 – 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 \$437,530 at June 30, 2023.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 11 – 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 \$441,230 for its share of costs, during the fiscal year ended June 30, 2023.

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, 2023. 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, 2023. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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 divided by the total equipment purchases. The City of Dana Point's percentage contribution is 0.41 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 \$33,268 for its share of costs during the fiscal year ended June 30, 2023.

**NOTE 12 – 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.



**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 12 – FUND BALANCES (Continued)**

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:

	General Fund	Capital Improvements Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepaid expenditures	\$ 176,685	\$ -	\$ -	\$ 176,685
Restricted:				
Public works	-	-	3,436,706	3,436,706
Public safety	-	-	117,845	117,845
Parks and recreation	-	-	211,925	211,925
ESHA maintenance	-	-	310,957	310,957
Art in public places	12,446	-	-	12,446
Tourism business improvement	-	-	460,825	460,825
Facilities improvement	-	-	489,229	489,229
Section 115 trust	4,036,279	-	-	4,036,279
Subtotal	4,048,725	-	5,027,487	9,076,212
Assigned	9,201,563	20,490,230	2,297,942	31,989,735
Unassigned	13,556,999	-	-	13,556,999
Total Fund Balance	\$ 26,983,972	\$ 20,490,230	\$ 7,325,429	\$ 54,799,631

Restricted Fund Balances:

- Public Works balances may be used to fund maintenance of the Community Facilities District (CFD) and street repairs and maintenance.
- 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.
- Facilities Improvement balances may be used to provide public, educational, and government access channels.
- Section 115 trust balances may be used to pay the pension liabilities.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 12 – FUND BALANCES (Continued)**

Assigned Fund Balances:

Assigned fund balances consist of the following designated reserve accounts at June 30, 2023:

- Economic Stability Reserve – balance of \$4,490,101 in the General Fund.
- Extreme Event Reserve – balance of \$3,673,719 in the General Fund.
- Special Purpose Reserve – balance of \$1,037,743 in the General Fund designated for an update to the City’s General Plan.
- Doheny Village Improvements Reserve – balance of \$323,132 in the Capital Improvements Fund.
- Community Investment Reserve – balance of \$14,367,310 in the Capital Improvements Fund.
- Undesignated – balance of \$5,799,788 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 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 \$4,490,101.
- 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 nine percent of budgeted General Fund operating revenues. The current year amount is \$3,673,719.
- Unassigned Fund Balance – Though not a designated reserve, the City aims to maintain an amount in the range of four percent to seven 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 13 – 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 120 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.

**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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 13 – RISK MANAGEMENT PROGRAM (Continued)**

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 2022-23, 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.

***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. The coverage limit is \$5,000,000 per member. There is a \$250,000 per occurrence self-insured retention.

**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 \$35,623,358. 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 \$29,800,116. 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.

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

**NOTE 13 – RISK MANAGEMENT PROGRAM (Continued)**

**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 2023 were \$732,830. Since claims are paid by the CJPIA and, in effect, charged back to the City via future insurance deposits, no long-term liability for claims has been recorded.

**NOTE 14 – CONTINGENCIES**

As a CJPIA member (see Note 13), 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 \$3,673,719 and \$4,490,101, respectively, as of June 30, 2023, 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, 2023.

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, 2023.

**NOTE 15 – COMMUNITY FACILITIES DISTRICT BONDS**

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

**CITY OF DANA POINT**  
**Notes to Financial Statements**  
**June 30, 2023 (Continued)**

***NOTE 15 – COMMUNITY FACILITIES DISTRICT BONDS (Continued)***

On August 5, 2020, the CFD sold 2020A and 2020B Special Tax Refunding Bonds totaling \$13,075,000 and \$26,430,000 of aggregate principal. The bonds were issued to refund the 2006-1, the 2013 Special Tax Bonds and the 2014 Special Tax Bonds. 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 custodial 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, 2023 for the 2020A Bonds and 2020B Bonds were \$12,210,000 and \$24,220,000.

***NOTE 16 – 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, 2023, the City remitted \$1,819,047 to Visit Dana Point under the terms of the operating agreement.

**REQUIRED SUPPLEMENTARY INFORMATION**





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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability	0.07042%	0.05197%	0.05967%	0.05632%
Proportionate share of the net pension liability	\$ 8,134,327	\$2,810,520	\$6,492,166	\$5,771,461
Covered payroll **	\$ 6,674,399	\$ 6,148,790	\$5,701,804	\$5,550,541
Proportionate Share of the net pension liability as a percentage of covered payroll	121.87%	45.71%	113.86%	103.98%
Plan fiduciary net position as a percentage of the total pension liability	78.22%	88.29%	75.10%	75.26%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

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

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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability	0.05288%	0.05280%	0.04968%	0.04462%	0.04775%
Proportionate share of the net pension liability	\$5,095,369	\$5,236,362	\$4,298,490	\$3,062,851	\$2,971,518
Covered payroll **	\$5,692,626	\$5,812,702	\$5,495,749	\$5,360,064	\$5,020,186
Proportionate Share of the net pension liability as a percentage of covered payroll	89.51%	90.08%	78.21%	57.14%	59.19%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contributions - Miscellaneous	\$ 1,161,494	\$ 1,028,881	\$ 942,709	\$ 847,824
Contributions in relation to the actuarially determined contribution	(1,161,494)	(1,028,881)	(942,709)	(847,824)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll**	\$ 6,967,022	\$ 6,674,399	\$ 6,148,790	\$ 5,701,840
Contributions as a percentage of covered payroll	16.67%	15.42%	15.33%	14.87%

\* - Fiscal year 2015 was the first year of implementation, therefore, nine 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, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Fair Value
Discount Rate	7.00%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

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.

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contributions - Miscellaneous	\$ 740,130	\$ 665,655	\$ 637,976	\$ 572,235	\$ 598,530
Contributions in relation to the actuarially determined contribution	(740,130)	(665,655)	(637,976)	(572,235)	(598,530)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 5,550,541	\$ 5,692,626	\$ 5,812,702	\$ 5,495,749	\$ 5,360,064
Contributions as a percentage of covered payroll	13.33%	11.69%	10.98%	10.41%	11.17%

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

Measurement Period	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>					
Service cost	\$ 160,180	\$ 138,910	\$ 134,620	\$ 125,131	\$ 144,151
Interest on the total OPEB liability	39,432	40,343	45,859	43,263	50,341
Actual and expected experience difference	(165,005)	-	(271,325)	-	(123,602)
Changes in assumptions	(572,190)	129,384	(3,350)	46,250	(178,149)
Changes in benefit terms	-	-	-	-	-
Benefit payments	<u>(36,419)</u>	<u>(39,052)</u>	<u>(35,200)</u>	<u>(29,298)</u>	<u>(31,211)</u>
Net change in total OPEB liability	(574,002)	269,585	(129,396)	185,346	(138,470)
Total OPEB liability - beginning	<u>1,666,850</u>	<u>1,397,265</u>	<u>1,526,661</u>	<u>1,341,315</u>	<u>1,479,785</u>
Total OPEB liability - ending	<u><b>\$ 1,092,848</b></u>	<u><b>\$ 1,666,850</b></u>	<u><b>\$ 1,397,265</b></u>	<u><b>\$ 1,526,661</b></u>	<u><b>\$ 1,341,315</b></u>
<b>Plan fiduciary net position as a percentage</b>					
of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>					
	\$ 6,877,959	\$ 6,148,790	\$ 6,322,346	\$ 6,158,101	\$ 6,259,507
<b>Total OPEB liability as a percentage</b>					
of covered-employee payroll	15.89%	27.11%	22.10%	24.79%	21.43%

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%. During the 2020 measurement period, the discount rate changed from 2.79% to 2.18%

There are no assets accumulated in a trust to pay benefits for the OPEB plan.

\*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, 2023**

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, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Capital outlay	<u>12,534,041</u>	<u>5,601,040</u>	<u>6,933,001</u>
Total Expenditures	<u>12,534,041</u>	<u>5,601,040</u>	<u>6,933,001</u>
<b>Other financing sources (uses)</b>			
Transfers in	(9,501,856)	7,494,448	16,996,304
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(9,501,856)</u>	<u>7,494,448</u>	<u>16,996,304</u>
Net Change in Fund Balance	(22,035,897)	1,893,408	23,929,305
Fund Balance, Beginning of Year	<u>18,596,822</u>	<u>18,596,822</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (3,439,075)</u>	<u>\$ 20,490,230</u>	<u>\$ 23,929,305</u>

**CITY OF DANA POINT**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

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, 2023**

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 Habitat (ESHA) Maintenance Fund

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.

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**CITY OF DANA POINT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

	Special Revenue Funds				
	Gasoline Tax	Road Maintenance and Rehabilitation	Measure M	Supplemental Law Enforcement Services	Coastal Transit
<b>Assets</b>					
Cash and investments	\$ 1,100,936	\$ 763,377	\$ 1,116,215	\$ 132,692	\$ 544,526
Beneficial interest in annuity	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	140,969	-	423,909
Intergovernmental	73,948	129,686	-	-	-
	<u>\$ 1,174,884</u>	<u>\$ 893,063</u>	<u>\$ 1,257,184</u>	<u>\$ 132,692</u>	<u>\$ 968,435</u>
Total Assets					
	<u>\$ 1,174,884</u>	<u>\$ 893,063</u>	<u>\$ 1,257,184</u>	<u>\$ 132,692</u>	<u>\$ 968,435</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 14,735	\$ 14,847	\$ 262,519
	<u>-</u>	<u>-</u>	<u>14,735</u>	<u>14,847</u>	<u>262,519</u>
Total Liabilities					
	<u>-</u>	<u>-</u>	<u>14,735</u>	<u>14,847</u>	<u>262,519</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	423,909
Beneficial interest	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,909</u>
<b>Fund balances</b>					
Restricted	1,174,884	893,063	211,099	117,845	282,007
Assigned	-	-	1,031,350	-	-
Unassigned	-	-	-	-	-
	<u>1,174,884</u>	<u>893,063</u>	<u>1,242,449</u>	<u>117,845</u>	<u>282,007</u>
Total Fund Balances					
	<u>1,174,884</u>	<u>893,063</u>	<u>1,242,449</u>	<u>117,845</u>	<u>282,007</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,174,884</u>	<u>\$ 893,063</u>	<u>\$ 1,257,184</u>	<u>\$ 132,692</u>	<u>\$ 968,435</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	
\$ 448,380	\$ 310,957	\$ 460,825	\$ 679,920	\$ 1,792,149	\$ 826	\$ 7,350,803
-	437,530	-	-	-	-	437,530
-	-	-	-	-	-	-
-	-	166,011	15,881	51,240	-	798,010
-	-	-	-	-	-	203,634
<u>\$ 448,380</u>	<u>\$ 748,487</u>	<u>\$ 626,836</u>	<u>\$ 695,801</u>	<u>\$ 1,843,389</u>	<u>\$ 826</u>	<u>\$ 8,789,977</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,011</u>	<u>\$ 57,429</u>	<u>\$ 66,744</u>	<u>\$ -</u>	<u>\$ 582,285</u>
<u>-</u>	<u>-</u>	<u>166,011</u>	<u>57,429</u>	<u>66,744</u>	<u>-</u>	<u>582,285</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,824</u>	<u>-</u>	<u>444,733</u>
<u>-</u>	<u>437,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,530</u>
<u>-</u>	<u>437,530</u>	<u>-</u>	<u>-</u>	<u>20,824</u>	<u>-</u>	<u>882,263</u>
<u>448,380</u>	<u>310,957</u>	<u>460,825</u>	<u>638,372</u>	<u>489,229</u>	<u>826</u>	<u>5,027,487</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,266,592</u>	<u>-</u>	<u>2,297,942</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>448,380</u>	<u>310,957</u>	<u>460,825</u>	<u>638,372</u>	<u>1,755,821</u>	<u>826</u>	<u>7,325,429</u>
<u>\$ 448,380</u>	<u>\$ 748,487</u>	<u>\$ 626,836</u>	<u>\$ 695,801</u>	<u>\$ 1,843,389</u>	<u>\$ 826</u>	<u>\$ 8,789,977</u>

**CITY OF DANA POINT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds				
	Gasoline Tax	Road Maintenance and Rehabilitation	Measure M	Supplemental Law Enforcement Services	Coastal Transit
<b>Revenues</b>					
Taxes	\$ 845,559	\$ 740,093	\$ 788,808	\$ -	\$ -
Intergovernmental	-	-	71,932	165,271	426,399
Charges for services	-	-	-	315	-
Investment earnings (loss)	46,112	15,710	14,836	857	(19,550)
Total Revenues	891,671	755,803	875,576	166,443	406,849
<b>Expenditures</b>					
Current:					
General Government	-	-	-	-	-
Public safety	-	-	-	125,189	-
Community development	-	-	-	-	-
Parks and recreation	-	-	87,571	-	-
Public works	-	-	-	-	896,858
Capital outlay	-	-	-	-	-
Total Expenditures	-	-	87,571	125,189	896,858
Excess (Deficiency) of Revenue Over (Under) Expenditures	891,671	755,803	788,005	41,254	(490,009)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	990,000
Transfers out	(1,125,859)	(601,000)	(499,592)	-	-
Total Other Financing Sources (Uses)	(1,125,859)	(601,000)	(499,592)	-	990,000
Net Change in Fund Balances	(234,188)	154,803	288,413	41,254	499,991
Fund Balances, Beginning of Year	1,409,072	738,260	954,036	76,591	(217,984)
Fund Balances, End of Year	\$ 1,174,884	\$ 893,063	\$ 1,242,449	\$ 117,845	\$ 282,007



AB 2766	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	Headlands Habitat (ESHA) Maintenance	Tourism Business Improvement District	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	
\$ -	\$ -	\$ 1,819,047	\$ -	\$ 118,076	\$ -	\$ 4,311,583
54,403	-	-	-	198,776	-	916,781
-	-	-	350,285	-	-	350,600
15,628	36,203	10,797	12,741	-	16	133,350
70,031	36,203	1,829,844	363,026	316,852	16	5,712,314
-	-	-	-	-	-	125,189
-	-	1,854,144	-	-	-	1,854,144
-	24,480	-	-	-	-	112,051
-	-	-	366,230	-	-	1,263,088
-	-	-	-	599,148	-	599,148
-	24,480	1,854,144	366,230	599,148	-	3,953,620
70,031	11,723	(24,300)	(3,204)	(282,296)	16	1,758,694
-	-	-	-	150,000	-	1,140,000
(240,000)	-	-	-	-	-	(2,466,451)
(240,000)	-	-	-	150,000	-	(1,326,451)
(169,969)	11,723	(24,300)	(3,204)	(132,296)	16	432,243
618,349	299,234	485,125	641,576	1,888,117	810	6,893,186
\$ 448,380	\$ 310,957	\$ 460,825	\$ 638,372	\$ 1,755,821	\$ 826	\$ 7,325,429

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Gasoline Tax Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 853,000	\$ 845,559	\$ (7,441)
Investment earnings	<u>8,000</u>	<u>46,112</u>	<u>38,112</u>
Total Revenues	<u>861,000</u>	<u>891,671</u>	<u>30,671</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,975,859)</u>	<u>(1,125,859)</u>	<u>850,000</u>
Total Other Financing Sources (Uses)	<u>(1,975,859)</u>	<u>(1,125,859)</u>	<u>850,000</u>
Net Change in Fund Balance	(1,114,859)	(234,188)	880,671
Fund Balance, Beginning of Year	<u>1,409,072</u>	<u>1,409,072</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 294,213</u>	<u>\$ 1,174,884</u>	<u>\$ 880,671</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Road Maintenance and Rehabilitation Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 621,000	\$ 740,093	\$ 119,093
Investment earnings	3,500	15,710	12,210
Total Revenues	<u>624,500</u>	<u>755,803</u>	<u>131,303</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,214,000)</u>	<u>(601,000)</u>	<u>613,000</u>
Total Other Financing Sources (Uses)	<u>(1,214,000)</u>	<u>(601,000)</u>	<u>613,000</u>
Net Change in Fund Balance	(589,500)	154,803	744,303
Fund Balance, Beginning of Year	<u>738,260</u>	<u>738,260</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 148,760</u>	<u>\$ 893,063</u>	<u>\$ 744,303</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Measure M Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 591,000	\$ 788,808	\$ 197,808
Intergovernmental	55,000	71,932	16,932
Investment earnings	5,000	14,836	9,836
Total Revenues	<u>651,000</u>	<u>875,576</u>	<u>224,576</u>
<b>Expenditures</b>			
Parks and recreation	<u>90,000</u>	<u>87,571</u>	<u>2,429</u>
Total Expenditures	<u>90,000</u>	<u>87,571</u>	<u>2,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>561,000</u>	<u>788,005</u>	<u>227,005</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,044,000)</u>	<u>(499,592)</u>	<u>544,408</u>
Total Other Financing Sources (Uses)	<u>(1,044,000)</u>	<u>(499,592)</u>	<u>544,408</u>
Net Change in Fund Balance	(483,000)	288,413	771,413
Fund Balance, Beginning of Year	<u>954,036</u>	<u>954,036</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 471,036</u>	<u>\$ 1,242,449</u>	<u>\$ 771,413</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Supplemental Law Enforcement Services Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 154,000	\$ 165,271	\$ 11,271
Charges for services	-	315	315
Investment earnings	-	857	857
Total Revenues	<u>154,000</u>	<u>166,443</u>	<u>12,443</u>
<b>Expenditures</b>			
Public safety	<u>230,000</u>	<u>125,189</u>	<u>104,811</u>
Total Expenditures	<u>230,000</u>	<u>125,189</u>	<u>104,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(76,000)</u>	<u>41,254</u>	<u>117,254</u>
Net Change in Fund Balance	(76,000)	41,254	117,254
Fund Balance, Beginning of Year	<u>76,591</u>	<u>76,591</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 591</u>	<u>\$ 117,845</u>	<u>\$ 117,254</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Coastal Transit Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 840,000	\$ 426,399	\$ (413,601)
Investment earnings	-	(19,550)	(19,550)
Total Revenues	840,000	406,849	(433,151)
<b>Expenditures</b>			
Public works	1,025,000	896,858	128,142
Total Expenditures	1,025,000	896,858	128,142
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,000)	(490,009)	(305,009)
<b>Other financing sources (uses)</b>			
Transfers in	990,000	990,000	-
Total Other Financing Sources (Uses)	990,000	990,000	-
Net Change in Fund Balance	805,000	499,991	(305,009)
Fund Balance, Beginning of Year	(217,984)	(217,984)	-
Fund Balance, End of Year	\$ 2,567,016	\$ 282,007	\$ (2,285,009)

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - AB 2766 Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 44,500	\$ 54,403	\$ 9,903
Investment earnings	<u>7,500</u>	<u>15,628</u>	<u>8,128</u>
Total Revenues	<u>52,000</u>	<u>70,031</u>	<u>18,031</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Net Change in Fund Balance	(188,000)	(169,969)	18,031
Fund Balance, Beginning of Year	<u>618,349</u>	<u>618,349</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 430,349</u>	<u>\$ 448,380</u>	<u>\$ 18,031</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Headlands Habitat (ESHA) Maintenance Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ 34,000	\$ 36,203	\$ 2,203
Total Revenues	<u>34,000</u>	<u>36,203</u>	<u>2,203</u>
<b>Expenditures</b>			
Parks and recreation	<u>25,000</u>	<u>24,480</u>	<u>520</u>
Total Expenditures	<u>25,000</u>	<u>24,480</u>	<u>520</u>
Net Change in Fund Balance	9,000	11,723	2,723
Fund Balance, Beginning of Year	<u>299,234</u>	<u>299,234</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 308,234</u>	<u>\$ 310,957</u>	<u>\$ 2,723</u>



**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Tourism Business Improvement District Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 2,100,000	\$ 1,819,047	\$ (280,953)
Investment earnings	<u>1,250</u>	<u>10,797</u>	<u>9,547</u>
Total Revenues	<u>2,101,250</u>	<u>1,829,844</u>	<u>(271,406)</u>
<b>Expenditures</b>			
Community Development	<u>2,175,000</u>	<u>1,854,144</u>	<u>320,856</u>
Total Expenditures	<u>2,175,000</u>	<u>1,854,144</u>	<u>320,856</u>
Net Change in Fund Balance	(73,750)	(24,300)	49,450
Fund Balance, Beginning of Year	<u>485,125</u>	<u>485,125</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 411,375</u>	<u>\$ 460,825</u>	<u>\$ 49,450</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Headlands CFD 2006-1 Maintenance Fund**  
**For the Year Ended June 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 337,167	\$ 350,285	\$ 13,118
Investment earnings	<u>8,000</u>	<u>12,741</u>	<u>4,741</u>
Total Revenues	<u>345,167</u>	<u>363,026</u>	<u>17,859</u>
<b>Expenditures</b>			
Current:			
Public works	<u>503,163</u>	<u>366,230</u>	<u>136,933</u>
Total Expenditures	<u>503,163</u>	<u>366,230</u>	<u>136,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(157,996)</u>	<u>(3,204)</u>	<u>154,792</u>
Net Change in Fund Balance	(157,996)	(3,204)	154,792
Fund Balance, Beginning of Year	<u>641,576</u>	<u>641,576</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 483,580</u>	<u>\$ 638,372</u>	<u>\$ 154,792</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Facilities Improvement Fund**  
**For the Year Ended June 30, 2023**

	<u>Final Budgeted</u> <u>Amounts</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>			
Taxes	\$ 130,000	\$ 118,076	\$ (11,924)
Intergovernmental	<u>198,776</u>	<u>198,776</u>	<u>-</u>
Total Revenues	<u>328,776</u>	<u>316,852</u>	<u>(11,924)</u>
<b>Expenditures</b>			
Capital outlay	<u>1,806,011</u>	<u>599,148</u>	<u>1,206,863</u>
Total Expenditures	<u>1,806,011</u>	<u>599,148</u>	<u>1,206,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,477,235)</u>	<u>(282,296)</u>	<u>1,194,939</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	(1,327,235)	(132,296)	1,194,939
Fund Balance, Beginning of Year	<u>1,888,117</u>	<u>1,888,117</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 560,882</u>	<u>\$ 1,755,821</u>	<u>\$ 1,194,939</u>

**CITY OF DANA POINT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Park Development Fund**  
**For the Year Ended June 30, 2023**

	<u>Final Budgeted</u> <u>Amounts</u>	<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
<b>Revenues</b>			
Investment income	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
Total Revenues	<u>-</u>	<u>16</u>	<u>16</u>
Net Change in Fund Balance	-	16	16
Fund Balance, Beginning of Year	<u>810</u>	<u>810</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 810</u>	<u>\$ 826</u>	<u>\$ 16</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net Investment in Capital Assets	\$166,203	\$168,209	\$169,925	\$168,050	\$165,998	\$165,798	\$163,948	\$162,445	\$159,189	\$156,477
Restricted	4,747	4,631	4,826	4,136	3,838	5,194	4,874	5,499	4,653	5,039
Unrestricted	30,108	24,780	22,522	23,105	24,965	25,876	24,702	27,993	40,786	45,889
Total governmental activities net position	\$201,058	\$197,620	\$197,273	\$195,291	\$194,801	\$196,868	\$193,524	\$195,937	\$204,628	\$207,405

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 5,110	\$ 5,382	\$ 6,368	\$ 6,832	\$ 7,530	\$ 8,051	\$ 7,451	\$ 6,947	\$ 7,334	\$ 10,659
Public Safety	10,100	10,906	11,129	12,117	12,864	13,122	13,591	12,779	13,651	14,526
Community Development	4,325	4,651	5,031	5,270	4,879	5,713	5,845	6,339	6,044	5,920
Recreation and Parks	6,460	6,817	6,298	6,433	6,401	6,099	6,008	5,359	6,033	6,821
Public Works	33,075	10,321	11,216	12,018	11,161	11,164	13,018	11,600	14,082	13,363
Interest on Long-term Debt	-	-	-	-	-	-	-	-	4	11
Capital Outlay	-	-	-	-	-	-	-	-	-	2,018
Total governmental activities expenses	59,070	38,077	40,042	42,670	42,835	44,149	45,913	43,024	47,148	53,318
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	140	169	191	201	273	593	892	554	544	625
Public Safety	199	195	168	152	269	331	246	273	306	415
Community Development	2,275	3,311	3,286	3,045	2,656	2,585	2,440	3,065	3,525	3,309
Recreation and Parks	344	335	306	270	233	167	125	68	174	204
Public Works	436	980	973	1,054	1,826	1,525	1,328	1,451	1,672	1,638
Operating grants and contributions	2,162	2,037	1,840	1,741	2,365	2,474	2,518	7,799	7,942	3,580
Capital grants and contributions	24,425	173	264	1,054	267	869	646	-	-	-
Total governmental activities program revenues	29,981	7,200	7,028	7,517	7,889	8,544	8,195	13,210	14,163	9,771
Total government net revenue (expense)	\$ (29,089)	\$ (30,877)	\$ (33,014)	\$ (35,153)	\$ (34,946)	\$ (35,605)	\$ (37,718)	\$ (29,814)	\$ (32,985)	\$ (43,547)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,286	\$ 6,731	\$ 7,298	\$ 7,800	\$ 8,532	\$ 8,856	\$ 9,244	\$ 9,679	\$ 10,076	\$ 11,203
Franchise taxes	1,315	1,405	1,382	1,372	1,530	1,553	1,476	1,489	1,527	1,551
Sales taxes	3,794	4,111	5,316	5,337	5,385	5,891	5,383	5,294	7,062	7,207
In-lieu property taxes	4,271	4,622	3,953	3,756	4,082	4,261	4,468	4,659	4,851	5,291
Property transfer taxes	570	439	904	591	553	465	712	1,236	986	555
Transient occupancy taxes	12,140	12,467	12,091	13,099	13,653	14,157	10,686	8,747	16,195	17,436
Motor vehicle in-lieu (unrestricted)	-	-	14	15	-	-	-	-	-	-
Other	141	82	333	8	61	81	177	45	175	118
Unrestricted investment earnings	86	1,119	367	(58)	343	1,400	1,474	130	(836)	1,143
Tourism business improvement district	-	-	994	1,027	1,006	1,007	754	947	1,640	1,819
Special Item	1,083	(8)	15	223	-	-	-	-	-	-
Total governmental activities	29,686	30,968	32,667	33,170	35,145	37,671	34,374	32,226	41,676	46,323
<b>Change in Net Position</b>	\$ 597	\$ 91	\$ (347)	\$ (1,983)	\$ 199	\$ 2,066	\$ (3,344)	\$ 2,412	\$ 8,691	\$ 2,776



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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 155	\$ 98	\$ 149	\$ 118	\$ 74	\$ 139	\$ 148	\$ 371	\$ 211	\$ 177
Restricted	118	118	118	118	-	312	364	278	3,830	4,049
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,500	2,500	2,500	2,500	2,500	12,782	12,668	12,752	8,733	9,201
Unassigned	18,930	15,474	17,397	17,512	18,639	6,069	4,691	9,339	12,387	13,557
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total General Fund</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>\$ 22,740</b>	<b>\$ 25,161</b>	<b>\$26,984</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ 21	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,629	4,514	4,708	4,018	3,650	4,881	4,509	5,221	4,865	5,027
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	9,027	10,530	5,775	6,028	8,122	11,514	12,944	11,969	20,843	22,788
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(218)	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</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>	<b>\$ 17,190</b>	<b>\$ 25,490</b>	<b>\$ 27,815</b>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 28,811	\$ 32,437	\$ 33,224	\$ 34,154	\$ 36,237	\$ 38,138	\$ 34,726	\$ 34,016	\$ 44,542	\$ 47,437
Licences, fees and permits	2,434	1,799	1,935	1,786	2,627	2,250	1,872	2,250	2,292	2,751
Fines and forfeitures	263	288	320	328	244	355	683	622	465	541
Intergovernmental	854	558	572	1,091	1,075	1,042	1,175	5,763	5,278	1,709
Charges for services	1,859	2,786	2,620	2,534	2,334	2,559	2,552	2,474	3,393	2,835
Use of money and property	281	280	532	103	343	1,400	1,474	130	(836)	1,145
Contributions from property owners	23,935	-	-	-	-	-	-	-	-	150
Other	147	32	270	506	147	187	136	86	208	-
Total revenues	58,584	38,180	39,473	40,502	43,007	45,931	42,618	45,341	55,342	56,568
<b>Expenditures</b>										
General government	4,745	5,314	6,322	6,538	7,040	7,508	6,690	6,227	7,104	10,345
Public safety	10,030	10,846	11,062	12,013	12,735	13,011	13,500	12,673	13,543	14,418
Community development	4,292	4,627	5,013	5,263	4,821	5,706	5,499	6,069	6,284	6,428
Recreation and parks	4,993	5,337	5,166	5,352	5,422	5,157	5,085	4,471	5,307	6,129
Public works	5,498	6,121	6,714	6,951	6,306	6,332	7,727	6,306	7,701	8,459
Capital outlay	30,969	8,059	7,762	4,758	3,991	5,504	4,489	4,991	5,011	6,309
Debt service:										
Principal	-	-	-	-	-	-	-	-	89	320
Interest	-	-	-	-	3	-	-	-	4	12
Total expenditures	60,527	40,304	42,039	40,875	40,318	43,218	42,990	40,737	45,043	52,420
Excess of revenues over (under) expenditures	(1,943)	(2,124)	(2,566)	(373)	2,689	2,713	(372)	4,604	10,297	4,148
<b>Other financing sources (uses)</b>										
Transfers in	9,543	9,965	3,997	4,540	6,053	9,011	5,015	4,029	13,690	8,634
Transfers out	(9,543)	(9,965)	(3,997)	(4,540)	(6,053)	(9,011)	(5,015)	(4,029)	(13,690)	(8,634)
Other Financing Sources (uses)	3,625	-	-	-	-	-	-	-	426	-
Total other financing sources (uses)	3,625	-	-	-	-	-	-	-	426	-
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 1,682	\$ (2,124)	\$ (2,566)	\$ (373)	\$ 2,689	\$ 2,713	\$ (372)	\$ 4,604	\$ 10,725	\$ 4,148
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General Government	\$ 171	\$ 223	\$ 237	\$ 495	\$ 348	\$ 593	\$ 892	\$ 5,474	\$ 5,286	\$ 1,147
Public Safety	570	580	612	586	804	820	760	647	796	831
Community Development	2,278	3,315	3,293	3,054	2,656	2,585	2,440	3,143	3,686	3,440
Recreation and Parks	351	335	529	694	233	420	179	122	240	276
Public Works	26,611	2,747	2,356	2,688	3,848	4,126	3,924	3,824	4,154	4,078
Total governmental activities	\$ 29,981	\$ 7,200	\$ 7,027	\$ 7,517	\$ 7,889	\$ 8,544	\$ 8,195	\$ 13,210	\$ 14,162	\$ 9,772

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
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
2021	9,679	1,489	5,294	736	610	947	4,659	1,236	8,747	618	34,015
2022	10,076	1,527	7,062	795	738	1,640	4,851	986	16,195	671	44,541
2023	11,203	1,551	7,207	845	789	1,819	5,291	555	17,436	740	54,278

\* 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)

Fiscal Year	Dana Point Portion of Tax Levy (1)	Collected Within the Fiscal Year of the Levy (1) (2)		Collections for Prior Years (3)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2014	7,836	7,397	94.4%	102	7,499	95.7%
2015	10,076	8,929	88.6%	835	9,764	96.9%
2016	10,702	10,268	95.9%	137	10,405	97.2%
2017	11,623	11,134	95.8%	111	11,245	96.7%
2018	11,839	11,505	97.2%	189	11,694	98.8%
2019	12,304	11,820	96.1%	121	11,941	97.0%
2020	12,596	12,161	96.5%	97	12,258	97.3%
2021	13,065	12,751	97.6%	175	12,926	98.9%
2022	13,554	13,147	97.0%	223	13,370	98.6%
2023	14,351	13,966	97.3%	126	14,093	98.2%

(1) Levy and collection data does not include interest, VLF in Lieu, and HOX.

(2) Includes secured, unsecured, supplemental, and CFD-2006 revenues.

(3) Tax ledgers do not identify the tax year for which delinquent taxes are paid, therefore, amounts in this schedule reflect cumulative collections from prior years.

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

Fiscal Year	Assessed Value	Estimated Actual Value (see note)	Annual Increase in Assessed Value	Annual % Increase in Assessed Value
2014	9,126,750	9,126,750	282,386	3.2%
2015	9,797,767	9,797,767	671,017	7.4%
2016	10,521,105	10,521,105	723,338	7.4%
2017	11,212,210	11,212,210	691,105	6.6%
2018	12,191,306	12,191,306	979,096	8.7%
2019	12,725,481	12,725,481	534,175	4.4%
2020	13,361,923	13,361,923	636,442	5.0%
2021	13,919,582	13,919,582	557,659	4.2%
2022	14,450,169	14,450,169	530,587	3.8%
2023	15,744,491	15,744,491	1,294,322	9.0%

(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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Distribution of Basic 1% Levy (per \$100 of assessed value)</u>										
Capistrano Unified School District	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898	0.3898
Educational Revenue Augmentation Fund	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656	0.1656
Orange County Fire Authority	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217
South Orange County Comm. College District	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959	0.0959
Orange County General Fund	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526	0.0526
<b>City of Dana Point</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>	<b>0.07618</b>	<b>0.07618</b>
Orange County Flood Control District	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214	0.0214
Orange County Library District	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806	0.01806
Orange County Department of Education	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767	0.01767
Orange County Harbors, Beaches & Parks	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655	0.01655
Capistrano Beach County Water District	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060	0.01060
Tri Cities Municipal Water District	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913	0.00913
Orange County Transportation Authority	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304	0.00304
Orange County Vector Control	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121	0.00121
Orange County Cemetery District	0.00054	0.00054	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	0.01171	0.00972	0.00900	0.00845	0.00843	0.00800	0.00786	0.00745	0.00756	0.72700
Metro Water District MWDOC Annex #4	0.00350	0.00350	0.00000	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified ID#1 1999 Bond Fund - Series A	0.00335	0.00335	0.00335	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified ID#1 1999 Bond Fund - Series B	0.00538	0.00538	0.00470	0.00445	0.00439	0.00439	0.00409	0.00388	0.00394	0.00378
Capistrano Unified ID#1 1999 Bond Fund - Series C	0.00298	0.00298	0.00430	0.00400	0.00404	0.00404	0.00377	0.00357	0.00362	0.00349
Combined Total Property Tax Rate (2)	1.0269	1.0249	1.0214	1.0204	1.0204	1.0199	1.0192	1.0184	1.0186	1.7378

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 2023				Fiscal Year 2014			
	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid	Taxable Assessed Value	Taxes Paid	Rank	% of Total Taxes Paid
Dana Point Beach Resort LLC (1)	\$ 686,578,929	\$ 534,284	1	5.30%				
SHC Laguna Niguel 1 LLC	272,649,341	212,554	2	2.11%	219,220,288			
Regency Laguna LP	214,050,757	121,492	3	1.21%	181,938,053	56,453	4	0.94%
Monarch Coast I Owner LLC	137,058,910	111,658	4	1.11%	86,520,569	26,755	5	0.44%
Raintree Del Prado LLC	68,509,485	49,912	5	0.50%				
ST Apartments LLC	31,480,949	29,015	6	0.29%	27,039,760	8,308	9	0.14%
Camino De Estrella Dana Point LLC	34,612,881	26,693	7	0.26%				
Monarch Bay Plaza LLC		25,775	8	0.26%				
Kenneth L Wagner Jr Trust	32,719,564	21,568	9	0.21%				
HC Dana Point Hotel LLC		19,587	10	0.19%				
MMB Management LLC					239,739,026	80,830	1	1.34%
SHC Laguna Niguel 1 LLC						68,422	2	1.14%
WH MBR LLC								
Headland Reserve LLC					40,604,045	13,953	6	0.23%
Bear Brand Partners	37,331,055				32,223,640	10,057	7	0.17%
Monroe MBR					217,905,930	67,592	3	
Cagney Enterprises LLC					25,667,352	8,057	10	
Harbor Pointe Partners LLC	31,306,909				26,893,986	8,576	8	0.14%
Felcor JPM Boca Raton Hotel LLC								
Totals	<u>\$ 1,546,298,780</u>	<u>\$ 1,152,538</u>		<u>11.44%</u>	<u>\$ 1,097,752,649</u>	<u>\$ 349,003</u>		<u>4.54%</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Lodging Facilities, listed alphabetically:</u>									
Best Western Inn By The Sea	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Blue Lantern Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Beachfront Inn & Suites***	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capistrano Seaside Inn (closed)	(1)	(1)	(1)	-	-	-	-	-	-
Capistrano Surfside Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Marina Motel (closed)	(1)	(1)	(1)	-	-	-	-	-	-
Dana Point Doubletree	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Point Harbor Inn (closed)	(1)	(1)	(1)	(1)	(1)	-	-	-	-
Dana Point Marina Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Marina Shores Hotel*	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Marriott's Laguna Cliffs Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ritz Carlton	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Beach & Spa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Shores Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Waldorf Astoria Monarch Beach Resort**	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenues	<u>\$11,007</u>	<u>\$12,071</u>	<u>\$11,648</u>	<u>\$12,600</u>	<u>\$12,989</u>	<u>\$13,343</u>	<u>\$10,083</u>	<u>\$8,035</u>	<u>\$15,399</u>
Transient Occupancy Tax Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%

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

\* Formerly Holiday Inn Express

\*\* Formerly Monarch Beach Resort

\*\*\* 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	Food Stores	Eating and Drinking Places	Building Materials	Auto Dealers and Supplies	Service Stations	Other Retail Stores	All Other Outlets	Total
2013	5,079	30,485	105,578	31,322	5,295	69,024	76,084	171,589	494,456
2014	4,913	30,683	113,726	28,488	8,445	67,183	87,333	199,038	539,809
2015	5,466	32,792	118,332	31,334	7,775	56,704	84,895	200,016	537,314
2016	4,780	32,474	127,386	28,542	7,841	52,378	80,888	193,840	528,129
2017	4,815	31,335	133,977	32,742	8,391	56,140	76,163	207,829	551,392
2018	4,664	31,885	138,421	29,797	9,288	63,380	77,646	221,760	576,841
2019	4,960	32,620	139,814	36,522	9,405	63,070	71,822	234,157	592,370
2020	4,016	37,975	119,742	37,230	7,103	46,184	71,755	170,408	494,413
2021	6,126	36,029	164,523	48,663	7,566	59,454	79,950	212,516	614,827
2022	7,314	39,700	172,445	45,944	7,966	72,234	82,939	285,110	713,652

Top 25 Sales Tax Producers  
Fiscal Year 2022

<u>Business Name (1)</u>	<u>Business Type</u>
76 Unocal Fast Break	Service stations
Albertsons	Grocery stores
BevMo	Convenience stores/Liquor
Capo Beach 76	Service stations
Chart House	Fine Dining
Chevron	Service stations
Chevron Extra Miles	Service stations
Circle K	Service stations
Coastal Kitchen	Casual dining
Dana Point Arco	Service stations
Doheny Builders Supply	Building materials
Ganahl Lumber	Building materials
Gelson's Market	Grocery stores
Hospitality Resource	Electrical Equipment
Jacks Surfboards	Sporting Goods/Bike stores
Jimmys Famous American Tavern	Casual dining
Lupes Mexican Eatery	Fast-Casual Restaurants
Marriott Laguna Cliffs	Hotels/Motels
Monarch Beach Golf Links	Leisure/Entertainment
Monarch Beach Resort	Hotels/Motels
Ralphs	Grocery stores
Ralphs Fresh Fare	Grocery stores
Ritz Carlton	Hotels/Motels
Smart & Final	Grocery stores
Wind & Sea Restaurant	Casual dining

**Percent of total paid by top 25 accounts = 55.15%**

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

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

Fiscal Year	Governmental Activities <u>Leases and SBITA's</u>	Total Primary <u>Government</u>	Percentage of Personal <u>Income</u>	Per Capita
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	971,830	-	-	-
2023	625,403	-	-	-

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, 2023

2022-23 Assessed Valuation: \$15,778,384,765

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt 6/30/2023</u>	<u>% Applicable to City</u>	<u>City Share 6/30/23</u>
Metropolitan Water District	\$ 19,215,000	0.434%	83,393
Capistrano Unified School District School Facilities Improvement District No. 1	10,033,567	21.021%	2,109,156
<b>City of Dana Point</b>	<b>-</b>	<b>100.00%</b>	<b>\$ -</b>
Santa Margarita Water District, I.D. No.3	280,000	6.500%	1,820
Dana Point Community Facilities District No. 2006-1	36,430,000	100.000%	36,430,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><b>\$ 38,624,369</b></u>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$451,165,000	2.177%	9,821,862
Orange County Board of Education Certificates of Participation	10,860,000	2.177%	236,422
Capistrano Unified School District Certificates of Participation	21,360,000	14.525%	3,102,540
Moulton-Niguel Water District Certificates of Participation	50,905,000	1.348%	686,199
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<u><b>\$ 13,847,023</b></u>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$0.00</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 52,471,392</b>
 <b>COMBINED TOTAL DEBT</b>			 <b>\$ 52,471,392</b>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages w estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital le obligations.

Ratios to Assessed Valuation:

**Direct Debt** ..... **0.00%**  
Total Direct and Overlapping Tax and Assessment Debt..... 0.24%  
Combined Total Debt ..... 0.33%

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. This is not a City of Dana Point debt.

Sources: HdL Coren & Cone

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Valuation	\$ 9,126,749	\$ 9,787,132	\$ 10,521,105	\$ 11,212,210	\$ 12,182,212	\$ 12,725,481	\$ 13,361,923	\$ 13,919,582	\$ 14,450,170	\$ 15,744,492
Legal Debt Limit = 3.75% of Total Assessed Valuation (1)	342,253	367,017	394,541	420,458	456,833	477,206	501,072	521,984	541,881	590,418
Amount of Debt Applicable to Limit: Certificates of Participation/ Capital Lease	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 342,253	\$ 367,017	\$ 394,541	\$ 420,458	\$ 456,833	\$ 477,206	\$ 501,072	\$ 521,984	\$ 541,881	\$ 590,418

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

	2014 (2) (5)	2015 (2) (5)	2016 (2) (5)	2017 (1) (5)	2018 (1) (5)	2019 (1) (5)	2020 (1) (5)	2021 (1) (5)	2022 (1) (5)	2023 (1) (5)
Population	33,625	33,710	34,264	34,902	34,619	34,359	34,139	33,745	33,765	33,882
Age Distribution:										
0 - 4	1,541	1,546	1,490	1,493	1,482	1,442	1,430	1,393	1,394	1,376
5 - 14	3,191	3,214	3,261	3,288	3,243	3,193	3,199	3,124	3,151	3,164
15 - 19	2,034	1,949	1,941	1,621	1,627	1,604	1,577	1,530	1,521	1,535
20 - 24	1,452	1,479	1,468	1,928	1,856	1,756	1,707	1,634	1,617	1,533
25 - 34	4,102	4,135	4,220	4,357	4,295	4,287	4,280	4,259	4,239	4,232
35 - 44	3,934	3,888	3,956	4,020	3,953	3,969	3,980	4,008	4,018	4,136
45 - 64	10,823	10,692	10,781	10,517	10,366	10,127	9,973	9,597	9,488	9,293
65 - 74	3,691	3,884	4,097	4,351	4,447	4,531	4,531	4,628	4,646	5,013
75 - 84	1,958	1,993	2,095	2,256	2,291	2,375	2,386	2,496	2,620	2,672
85 and over	899	930	955	1,071	1,059	1,075	1,076	1,079	1,069	928
Total	33,625	33,710	34,264	34,902	34,619	34,359	34,139	33,748	33,763	33,882
Median Age	43.9	44.9	45.9	45.7	48.5	48.5	48.6	50.5	48.9	48.5
Per capita income	\$ 49,928	\$ 48,454	\$ 52,160	\$ 58,218	\$ 61,088	\$ 59,496	\$ 62,138	\$ 65,140	\$ 74,713	\$ 73,048
Personal income (,000,000) (5)	\$ 1,699	\$ 1,649	\$ 1,743	\$ 1,811	\$ 1,841	\$ 1,928	\$ 2,078	\$ 2,175	\$ 2,195	\$ 2,249
Median household income (1) (2)	\$ 80,603	\$ 78,758	\$ 82,065	\$ 95,346	\$ 102,250	\$ 100,389	\$ 104,270	\$ 109,810	\$ 119,867	\$ 113,622
Average household income (1)	\$ 113,298	\$ 112,325	\$ 117,539	\$ 136,926	\$ 143,962	\$ 140,455	\$ 146,594	\$ 152,599	\$ 173,101	\$ 170,173
Civilian unemployment rate (4)(5)	3.6%	5.1%	4.2%	3.8%	3.2%	2.7%	2.6%	7.8%	5.3%	2.9%
Number of families (1) (2)	8,892	8,918	9,099	9,008	8,950	8,779	8,842	8,783	8,895	9,046
Number of households (1) (2)	14,515	14,568	14,879	14,657	14,506	14,431	14,347	14,265	14,470	14,542
Average household size (1) (2)	2.30	2.30	2.29	2.37	2.37	2.33	2.37	2.35	2.32	2.32
Households, by income: (1) (2)										
Less than \$15,000	945	827	827	753	770	740	779	684	584	700
\$15,000 - \$24,999	1,075	1,141	1,034	861	827	800	783	695	585	624
\$25,000 - \$34,999	1,014	1,206	1,097	776	677	719	756	769	658	753
\$35,000 - \$49,999	1,544	1,545	1,557	1,295	1,201	1,191	1,124	1,084	933	931
\$50,000 - \$74,999	2,212	2,283	2,398	2,153	1,942	2,169	2,033	1,890	1,808	1,638
\$75,000 - \$99,999	2,086	1,876	1,863	1,755	1,650	1,563	1,387	1,323	1,409	1,669
\$100,000 - \$149,999	2,419	2,545	2,552	2,703	2,750	2,749	2,532	2,573	2,559	2,669
Over \$150,000	3,220	3,145	3,551	4,361	4,689	4,469	4,954	5,248	5,933	5,558
Total	14,515	14,568	14,879	14,657	14,506	14,400	14,348	14,266	14,469	14,542

(1) Source: ESRI Business Information Solutions

(2) Source: The Nielsen Company

(3) Source: Bureau of Labor Statistics

(4) Reflects calendar year unemployment rate.

(5) Source: HDL Coren & Cone

CITY OF DANA POINT  
Principal Employers  
Calendar Year 2023 and Seven Years Ago

Employer	2023			2017	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Waldorf Astoria Monarch Beach	1200	1	7.02%	1062	2
Ritz-Carlton Laguna Niguel	600	2	3.51%	1078	1
Spa At Laguna Cliffs	350	3	2.05%		
Laguna Cliffs Marriott Resrt	250	4	1.46%	250	3
Dana Hills High School	200	5	1.17%	249	4
Capistrano Unified School Dst	200	5	1.17%		
Harpoon Henry's Seafood Rstrmt	150	6	0.88%	150	6
Wind & Sea	150	6	0.88%	150	6
O C Lifeguards	101	7	0.59%	101	11
Albertsons	100	8	0.58%	126	8
Monarch Beach & Tennis Club	100	8	0.58%	100	12
Salt Creek Grille	100	8	0.58%	100	12
Gelson's Market	100	8	0.58%	100	12
Saratech Inc	99	9	0.58%		
Sea Bluffs Sales Office	90	10	0.53%	90	13
Ralphs	83	11	0.49%	83	14
Surterre Properties Inc Dana	80	12	0.47%	80	16
Ralphs	70	13	0.41%	80	16
St Edward-Confessor Parish Sch	65	14	0.38%	68	18
El Torito	60	15	0.35%	60	19
Gilson Legal	60	15	0.35%	60	19
Pae Yacht Builders	60	15	0.35%	60	19
Fountains At Sea Bluffs	60	15	0.35%	150	6
R H Dana Elementary School	60	15	0.35%	60	19
St Regis Florist	54	16	0.32%		
Harbor House Cafe	50	17	0.29%		
Expert Loan Solutions				200	5
Re/Maz Real Estate Svc				140	7
Ocean Institute/Chambers Gallery				115	9
Doubletree Guest Suites-Dana				114	10
R H Dana Exceptional Needs				90	13
Chart House Restaurant				90	13
Cannons Seafood Grill				82	15
U.S. Postal Service				80	16
Alterra Real Estate				80	16
Stonehill Tavern				70	17
Restaurant 162'				70	17
ERA Fine Homes				70	17
Western Union				70	17
St Edward School				70	17
Flatiron Construction Corp				60	19
Linerz Inserts LLC				60	19
American Home Heating & Air				59	20
Total	<u>4,492</u>		<u>26.27%</u>	<u>5,777</u>	

2023 Source: Data Axle and City of Dana Point 2017 Annual Comprehensive Financial Report

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
City Manager's Office	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Administrative Services	7.00	7.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00
Facilities	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00
<b>Public Safety</b>										
Police Services	-	-	-	-	-	-	-	-	-	-
Emergency Services	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00	3.00
<b>Community Development</b>										
Planning	8.00	9.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	10.00
Building	7.50	7.50	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00
Code Enforcement	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	4.00
Economic Development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
<b>Recreation and Parks</b>										
Parks	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00
Community Services-Recreation	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	7.00
<b>Public Works</b>										
Administration	2.33	2.33	2.33	2.33	2.33	3.00	3.00	3.00	3.00	3.00
Street/Drainage Maintenance	1.33	1.33	1.33	1.33	1.33	0.00	0.00	0.00	0.00	0.00
Traffic Engineering	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste	0.33	0.34	0.34	0.34	0.34	0.00	0.00	0.00	0.00	0.00
Engineering	12.00	12.00	12.00	12.00	11.00	10.00	10.00	10.00	10.00	11.00
Water Quality & Natural Resources	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	64.00	66.00	70.00	70.00	66.00	64.00	64.00	64.00	65.00	68.00

Source: City of Dana Point Budget Document

CITY OF DANA POINT  
Operating Indicators by Function/Program  
Fiscal Years 2013 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Police (1)</u>										
Arrests	544	510	448	483	1,199	1,253	889	936	431	298
Calls for service	16,391	17,812	18,815	21,530	22,939	18,247	22,765	25,181	17,531	15,212
Parking citations issued (4)	7,571	8,617	8,286	8,013	7,335	4,797	5,679	6,337	5,313	4,261
Traffic citations issued (5)	N/A	N/A	N/A	794	1,549	1,150	666	1,926	1,654	1,233
<u>Fire (2)</u>										
Incidents	2,925	3,297	3,292	3,656	3,711	3,402	3,345	3,343	3,695	3,822
Fires	39	43	52	42	46	29	34	39	45	38
Inspections conducted	678	691	951	796	829	889	503	279	639	677
<u>Refuse Collection (3)</u>										
Refuse collected (tons/day)	63	64	57	63	60	61	71	76	74	71
Recyclables collected (tons/day)	50	50	71	77	77	72	53	46	48	43
<u>Community Development</u>										
Building permits issued	1,958	2,318	2,505	1,967	1,993	2,252	1,855	1,996	2,167	2,059
Value of building permits issued	\$59,240,249	\$107,031,542	\$113,969,484	\$131,431,905	\$157,575,390	\$113,784,924	\$109,014,102	\$111,176,688	\$72,607,663	\$90,944,323
Inspections conducted	7,222	7,545	8,704	8,602	9,206	10,730	14,159	13,222	13,178	12,917
New code enforcement cases opened	1,268	1,544	1,289	1,562	1,472	1,177	1,437	1,186	961	813
Code enforcement cases closed	1,351	1,578	1,249	1,593	1,482	1,302	1,464	1,152	992	768
<u>Public Works</u>										
Miles of street resurfaced	2	3	2	1	4	0.9	0.59	1.2	2.03	2.3
Potholes repaired	56	78	64	70	0	24	37	6	7	4
Miles of street slurry sealed (6)	-	-	-	0	9.75	10.7	10.27	0	0	9.1
Inspections completed	3,777	5,174	7,719	7,725	11,087	11,168	11,710	11,860	11,168	11,367
<u>Recreation</u>										
Number of classes offered	579	398	402	446	425	353	280	257	338	310
Number of activities/excursions/special events	23	25	25	26	29	44	46	53	106	87
Number of participants:										
Youth classes	1,449	1,219	1,030	937	1,007	852	328	340	658	358
Adult classes	1,142	1,348	1,574	1,852	1,732	2,253	2,967	1,193	3,683	4,507
Sports leagues	720	358	455	680	520	520	649	180	339	314
Excursions	120	60	60	39	33	43	131	62	114	178
Total participants	3,431	2,985	3,119	3,508	3,292	3,668	4,075	1,775	4,794	5,357

(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 2014 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Police (1)</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (cars)	14	16	16	15	15	15	15	16	16	16
Patrol units (motorcycles)	1	1	1	1	1	1	1	1	2	2
Fire Stations (2)	2	2	2	2	2	2	2	2	2	2
<u>Refuse Collection (3)</u>										
Collection trucks	14	14	14	14	14	11	11	14	14	14
<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	29	29	29	29.16
Number of signalized intersections	40	38	38	38	40	40	40	40	40	40
Number of street lights (4)	1,470	1,508	1,547	1,547	1,544	1,551	1552	1560	1561	1564
<u>Parks and Recreation</u>										
Number of parks	27	27	27	27	27	28	27	27	29	28
Total park acreage	135	135	135	135	135	136	136	136	137	137
Number of baseball/softball diamonds	7	7	7	7	7	7	5	5	3	3
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	6	6	6	6	6	5	5	4	4	4
Number of bocce ball courts	-	3	3	3	3	3	3	3	3	3
Number of raquetball courts	-	-	-	-	-	2	2	2	2	2
Number of pickleball courts	-	-	-	-	-	-	-	7	7	8

(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