

CITY OF DANA POINT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



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

Prepared by:
Department of Administrative Services

For the Year Ended June 30, 2025

CITY OF DANA POINT, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

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November 24, 2025

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 for the fiscal year ended June 30, 2025, is hereby submitted. 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, 2025 financial statements was performed by LSL, 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, 2025, are free of material misstatement. LSL 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, 2025, 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.

Harboring the Good Life

33282 Golden Lantern, Dana Point, CA 92629-1805 • (949) 248-3500 • FAX (949) 248-9920 • www.danapoint.org

PROFILE OF THE CITY

Dana Point is a coastal city in southern Orange County, California, encompassing approximately 6.7 square miles with a population of about 32,567. The city is named after Richard Henry Dana (1815–1882), an author and sailor who chronicled his 1830s voyage from Boston to California in the classic memoir *Two Years Before the Mast*, in which he described the beauty of the area that would later bear his name.

Geographically, Dana Point consists of several unique micro-communities. The southern part of the city is the Capistrano Beach community, primarily a residential area with limited commercial and retail development. Adjacent and west of Capistrano Beach is Doheny Village, a mixed-use area with a combination of commercial and retail businesses as well as multi-family residential housing. The Dana Point Harbor, although within city boundaries, is administered by the County of Orange and features small-craft moorings, a commercial fishing fleet, a hotel, shopping, and various restaurants. North of the harbor lies the Lantern District, a mixed-use area with multi-family residential, commercial, and retail businesses serving both residents and visitors; this area extends along Pacific Coast Highway (“PCH”) and Del Prado Street, from Copper Lantern Street to Blue Lantern Street. Additionally, two primarily residential areas—Lantern Village and Dana Hills—are located just north of the Lantern District. Toward the city’s northwest edge is the Monarch Beach community, home to Dana Point’s two largest hotels (the Ritz-Carlton and Waldorf Astoria Monarch Beach Resort), a golf course, and large, upscale residential developments.

The City of Dana Point 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, elected on a non-partisan basis to four-year terms. The mayor and mayor pro tem are honorary positions held by Council members for one-year terms.

Other governmental entities, such as the State of California, the County of Orange, the Orange County Fire Authority, as well as various water, sewer, school, and other districts, along with electric and gas utilities, provide services within Dana Point. These entities operate independently and 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 specified by City ordinance, the City Manager is responsible for preparing the budget and implementing it 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 may transfer appropriations between functions or activities within the same fund without Council approval, provided such changes do not have a significant policy impact or affect budgeted year-end fund balances.

LOCAL ECONOMY

Dana Point serves a significant number of visitors each year, attracted by its coastal amenities and recreational opportunities. The City offers access to beaches, public parks, a marina and small boat harbor, a golf course, luxury resorts, and year-round special events. Visitors come for activities such as whale watching, boating, surfing, dining, and attending seasonal festivals. The City’s hospitality offerings reflect its strong tourism market. Dana Point is home to two five-star resorts, one four-star resort, nine hotels and motels, and a 29-unit bed and breakfast inn, totaling 1,879 rooms. These coastal

resources and visitor amenities help support a range of restaurants, boutique retail, recreational operators, and other visitor-serving businesses.

The tourism industry is the City's principal economic driver and a major contributor to the General Fund. Transient Occupancy Tax (TOT) generates approximately one third of General Fund revenues. The tax rate is ten percent and applies to visitors staying in hotels, motels, and short-term vacation rentals located within the city. The four largest resorts account for more than seventy percent of the City's total hotel room inventory and are among the City's most significant contributors to the local economy. They generate substantial TOT revenue, are among the City's largest individual property taxpayers, and are major employers. Their guests also support local businesses by dining in restaurants, shopping in retail establishments, and participating in recreational activities within the community. When considering TOT, sales tax generated from visitor spending, and property tax contributions from hotel properties, the tourism industry is estimated to directly and indirectly contribute approximately half of the City's General Fund revenues.

Most existing businesses in Dana Point are oriented toward serving both visitors and residents. The City does not contain regional commercial centers such as large indoor malls, automobile dealerships, or major big-box retail. Limited land availability, high property values, and coastal development constraints reduce opportunities for large-scale commercial development and infill redevelopment. As a result, Dana Point's economy is primarily composed of small businesses, visitor-serving commercial activity, and neighborhood-focused services that complement the City's coastal character and quality of life.

LONG-TERM FINANCIAL PLANNING

The City maintains a comprehensive Long-Term Financial Plan (LTFP) to guide decision-making beyond the biennial budget cycle and to ensure continued long-term fiscal sustainability. The LTFP was first developed during the FY2016–FY2017 budget process and, in January 2018, the City Council adopted a formal Long-Term Financial Planning Policy (Policy No. 229), requiring annual review and integration of multi-year financial projections into the budget process. The current forecast extends through fiscal year 2031.

Revenues

Dana Point's Transient Occupancy Tax (TOT), Property Tax, Sales Tax, and In-Lieu Property Tax together account for nearly 78 percent of all General Fund revenue. General Fund tax revenues for FY25 totaled \$44.8 million, an increase from \$43.1 million in FY24, primarily driven by Property Tax, In-Lieu Property Tax, and TOT.

TOT collections totaled \$17.3 million in FY25, exceeding the amended budget by \$1.4 million. Despite a temporary reduction in available rooms due to renovations at a major resort, stronger-than-anticipated activity in the first half of the year offset reduced activity in the second half. The FY26 budget projects TOT revenue of \$17.4 million, assuming the renovated hotel returns to full operations early in the fiscal year and accounting for the planned closure of a Harbor-area hotel associated with the Dana Point Harbor Revitalization Plan. From FY27 through FY31, TOT revenue from existing hotels is forecast to grow at an average annual rate of 3.3 percent, with additional revenue expected from two new Harbor hotel developments planned to open near the end of the forecast period.

Property Tax is the City's second-largest General Fund revenue source, totaling \$12.1 million in FY25. Over the past five years, assessed real property values within the City have increased by approximately \$3.5 billion, or 25 percent. Taxable assessed value increased from \$16.5 billion in FY24 to \$17.4 billion in FY25, reflecting growth of 5.4 percent. This increase was driven primarily by change-of-ownership reassessments, with the Proposition 13 inflation adjustment also contributing to the overall growth. Residential properties accounted for most of the increase, indicating that the City's assessed valuation continues to be driven largely by ownership transfers and reassessment to current market value.

The FY26 Property Tax budget is \$12.3 million, an increase of 2.3 percent from FY25 actuals. Beyond FY26, Property Tax revenues are projected to grow at an average annual rate of 4.3 percent, supported by continued private investment and redevelopment activity, including improvements associated with the Harbor revitalization.

Sales Tax revenue for FY26 is projected at \$7.0 million, a 1.1 percent increase from estimated FY25 actuals. Near-term Sales Tax growth is expected to remain modest due to slowing discretionary spending across the region and higher operating costs for businesses. Beginning in FY28, Sales Tax revenue is projected to return to more typical growth patterns, averaging 3.6 percent annually through FY31.

In-Lieu Property Tax revenue totaled approximately \$5.8 million in FY25. Based on projected growth in assessed valuation, the City anticipates In-Lieu Property Tax revenue of \$6.1 million in FY26 and \$6.4 million in FY27, with average annual growth of approximately 4 percent through the remainder of the forecast period.

Expenditures

General Fund operating expenditures are projected to grow an average of 3.3 percent annually through FY31. Police Services, personnel costs including pension contributions, and Transfers to Other Funds, primarily the Capital Improvement and Facilities Funds, collectively represent approximately two-thirds of the General Fund budget.

Police Services, contracted through the Orange County Sheriff's Department, represent the City's largest expenditure at \$16.0 million in FY26, or 28 percent of the General Fund budget. Based on historical trends, contract costs are projected to increase approximately 4.0 percent annually from FY27 through FY31.

Personnel costs total \$12.5 million in FY26 and \$12.9 million in FY27, representing approximately 24 percent of General Fund operating expenditures. Personnel costs have remained stable at roughly 26 percent of the General Fund budget, due in part to the City's blended staffing model, which strategically utilizes contract services to efficiently manage workload fluctuations. Salaries are projected to increase at an average annual rate of approximately 3 percent.

The amended Capital Improvement Projects Fund budget for FY26 is \$29.4 million and includes key projects such as the Doheny Village Connectivity Improvements, Calle Real and Calle Portola Storm Drains, Stonehill Drive Improvements, and systematic roadway slurry and resurfacing efforts. The FY26 budget includes a \$6.0 million transfer from the General Fund, and the Long-Term Financial Plan projects average annual General Fund contributions of approximately \$3.9 million from FY27 through FY31.

MAJOR INITIATIVES

The City Council updated the City’s Strategic Plan in June 2025. 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:

- Ensure responsive and proactive policing by addressing emerging crime trends to enhance both actual safety and the public’s perception of safety.
- 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.
- Enhance emergency preparedness and responsiveness to ensure 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.

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

Objectives:

- Enhance internal and external technology to provide digital access to services and information.
- Foster community engagement to deliver consistent, quality, and predictable service.
- Recruit, develop, and retain quality staff for a knowledgeable and helpful workforce.
- Maintain a balanced budget that adequately funds core services to ensure fiscal stability.
- Effective and Efficient City Codes that are current to reflect current law and community goals.

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) has awarded the City of Dana Point a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. This prestigious national award recognizes conformance with the highest standards in the preparation of state and local government financial reports.

To receive the Certificate of Achievement, a government entity must publish an easily readable and well-organized ACFR that meets program standards. The report must comply with GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year. The City of Dana Point has earned this recognition for the last thirty-five consecutive years (fiscal years 1989 through 2024). We believe that our current report continues to meet the program's requirements, and we are submitting it to the GFOA for review.

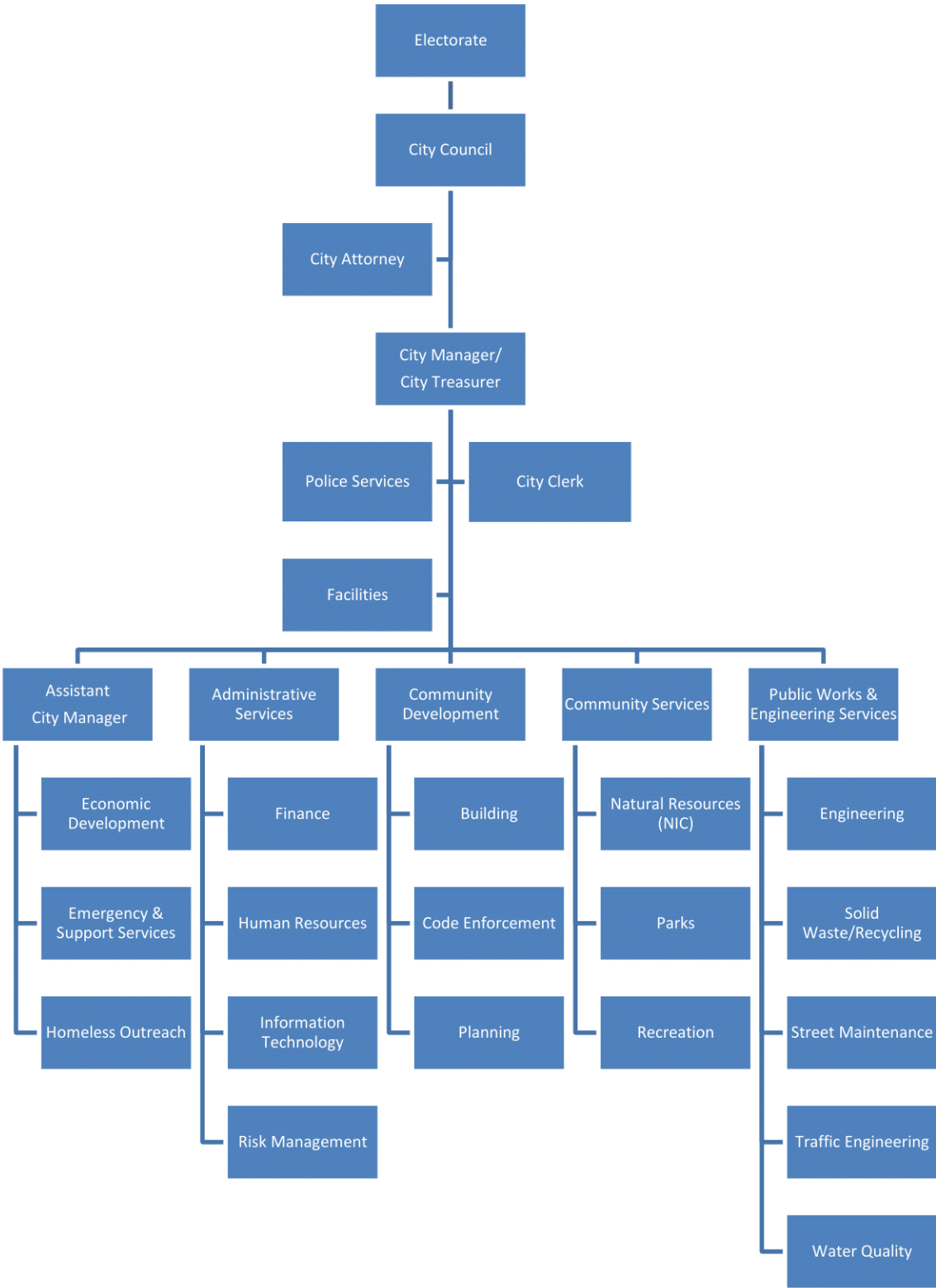
The preparation of this report reflects the dedication and professionalism of the entire Administrative Services Department. We extend our appreciation to all City staff who contributed to its completion, to our independent auditors for their technical expertise, and to the City Council for their continued support and commitment to responsible financial stewardship.

Respectfully submitted,



Michael A. Killebrew
City Manager

CITY OF DANA POINT ORGANIZATIONAL CHART



OFFICIALS OF THE CITY OF DANA POINT*

Members of the City Council

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

Administrative Staff

Michael A. KillebrewCity Manager
Kelly Reenders Assistant City Manager
Jeff Rosaler Director of Community Services
Shayna SharkeCity Clerk
Matthew Sinacori Director of Public Works & Engineering Services
VacantDirector of Community Development
Capt. Frank Gonzalez Chief of Police Services
Patrick MuñozCity Attorney
Sea SheltonDirector of Administrative Services
Andrea Bartlett..... Finance Manager

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



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, 2024

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Dana Point, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dana Point, California, (hereafter, the City) as of and for the year ended June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 and analysis, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



We did not audit the financial statements of the City for the year need June 30, 2024 and therefore do not present an opinion on this information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 November 24, 2025, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
November 24, 2025

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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, 2025. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the City's financial statements.

FISCAL 2025 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 \$214.7 million at June 30, 2025, which was an increase of approximately \$6.8 million from the prior year. Of this amount, \$152.0 million is invested in capital assets, \$13.3 million is restricted for various purposes and \$49.4 million is unrestricted.
- City-wide governmental revenues for fiscal year 2025 include program revenues of \$10.3 million, and general revenues of \$50.9 million, for a total of \$61.2 million.

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

- As of the close of fiscal year 2025, the City's Governmental Funds reported combined ending fund balances of \$64.2 million, an increase of \$6.1 million from fiscal year 2024. Of this amount, \$0.3 million is non-spendable, \$13.3 million is restricted, \$39.8 million is assigned, and \$11.1 million is unassigned.
- General Fund revenues totaled \$54.1 million, an increase of \$1 million from fiscal year 2024.
- General Fund expenditures totaled \$48.4 million, an increase of \$3.2 million from fiscal year 2024. The variance is attributed to notable increases in Police Services, Personnel Costs, Street Maintenance, Data Technology, and Equipment Maintenance.
- Capital Improvements Fund expenditures decreased by \$5.2 million from fiscal year 2024, to \$2.1 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. The year-over-year decrease is largely due to the timing of major capital projects. Fiscal year 2024 included significant construction activity for roadway resurfacing and slurry programs, storm drain improvements including Violet Lantern, Calle Portola, and Citywide repairs.

- All Other Governmental Funds revenues decreased by \$0.2 million to \$6.5 million. This decrease was primarily due to lower intergovernmental reimbursements for the Project V Trolley Program, which were higher in the prior year. The decline was partially offset by higher investment earnings in FY25. All Other Governmental Funds expenditures combined increased by \$0.1 million to \$4.8 million in fiscal year 2025.

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 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 on 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, 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) 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) **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 (71%) of the City's net position reflects its investment in capital assets of \$152.0 million (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure and construction in progress) less debt associated with the acquisition of those assets. In fiscal year 2025, there was a net decrease of \$1.4 million in capital assets. This decrease was due to an increase in net accumulated depreciation of \$6.8 million, offset by \$3.3 million in

additions to infrastructure. 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 \$49.4 million in unrestricted funds and \$13.3 million in restricted funds, which are subject to legal restrictions on their use. Additionally, the City holds various receivables that arise in the normal course of operations.

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

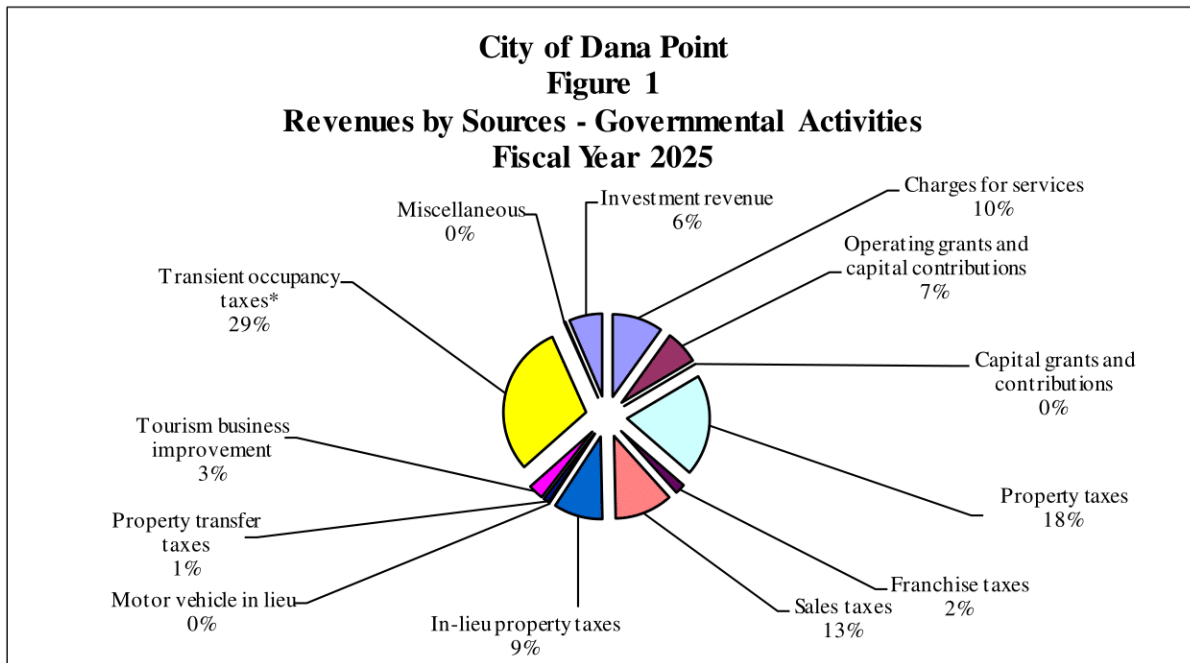
	Fiscal Year		% Change
	2025	2024	
Assets:			
Current and other assets	\$ 80,178	\$ 74,889	7.1%
Capital assets	152,555	154,030	(1.0%)
Total assets	232,733	228,919	1.7 %
Deferred Outflows of Resources	6,052	6,772	(10.6 %)
Liabilities:			
Long-term liabilities	7,275	9,398	(22.6%)
Unearned Revenue	2	2	100.0%
Other liabilities	14,547	16,220	(10.3%)
Total liabilities	21,824	25,620	(14.8 %)
Deferred Inflows of Resources	2,256	2,126	6.1 %
Net Position:			
Invested in capital assets	151,973	153,391	(0.9%)
Restricted	13,304	10,710	24.2%
Unrestricted	49,428	43,844	12.7%
Total net position	\$ 214,705	\$ 207,945	3.3 %

Table 1 shows an increase in the City's net position since the previous fiscal year.

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

	Fiscal Year		
	2025	2024	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 6,028	\$ 5,908	2.0%
Operating grants and capital contributions	4,269	5,027	(15.1%)
General revenues:			
Taxes:			
Property taxes	12,112	11,537	5.0%
Franchise taxes	1,205	1,458	(17.4%)
Sales taxes	6,901	6,785	1.7%
In-lieu property taxes	5,836	5,528	5.6%
Motor vehicle in-lieu	52	41	27.4%
Property transfer taxes	685	568	20.6%
Transient occupancy taxes	18,183	17,617	3.2%
Other	144	108	32.9%
Tourism business improvement district	1,831	1,812	1.0%
Unrestricted investment earnings	3,940	3,724	5.8%
Total revenues	61,185	60,113	1.8%
Expenses:			
General government	10,049	11,286	(11.0%)
Public safety	16,087	14,938	7.7%
Community development	7,216	7,257	(0.6%)
Recreation and parks	8,174	7,709	6.0%
Public works	12,875	18,368	(29.9%)
Interest expense	23	15	0.0%
Total expenses	54,425	59,573	(8.6%)
Change in net position	6,760	540	(1151.9%)
Net position, beginning of year	207,945	207,405	0.3%
Net position, end of year	\$ 214,705	\$ 207,945	3.3%

Governmental Activities – Total Governmental Activities expenses in fiscal year 2025 were \$54.6 million, offset by \$10.3 million in program revenues and \$50.9 million in general revenues. Program revenues include user fees, grants, and contributions from other governmental organizations, developers, and property owners. Governmental Activities increased the City’s net position by \$6.8 million, compared to an increase of \$0.5 million in the prior fiscal year.



**Transient occupancy taxes include revenue from hotels (\$17.3M) and short-term residential vacation rentals (\$0.9M).*

Figure 1, Revenues by Sources – Governmental Activities, depicts the distribution of fiscal year 2025 revenues. Overall, the City experienced a 1.4% increase in governmental revenues in fiscal year 2025. The City’s top three revenue producers are Transient Occupancy Tax (TOT) Property Tax, and Sales Tax. TOT remains the City’s largest revenue source, generating \$25.1 million or 41% of total recurring governmental revenues in fiscal year 2025. Property Tax, totaling \$12.1 million, accounted for 20% of total revenues. Sales tax revenues, at \$6.9 million, represented 11% of total revenues.

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:

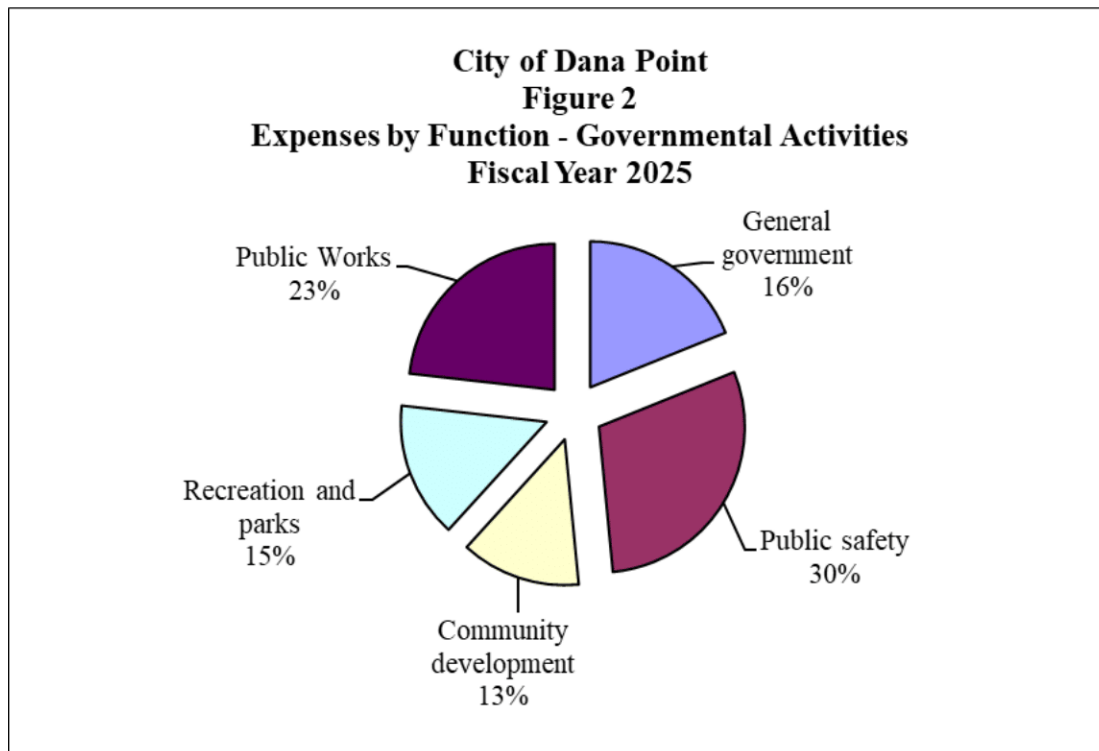
General Government is comprised of nine departments (City Council, City Manager, City Clerk, Emergency and Support Services, Public Information Services, City Attorney, Administrative Services, Risk Management, Facilities, and Non-Departmental), which provide the general governance services, executive management, legal, records management, disaster, emergency planning services, 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 Police Services, which provide law enforcement for the community. 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 remain the two largest cost centers for the City, together accounting for 53% of total expenses.

Public Works outlays decreased by \$5.5 million, or 29.9% compared to fiscal year 2024. The decrease reflects the timing of major capital projects, as fiscal year 2024 included substantial roadway resurfacing and slurry work, along with various storm drain improvements.

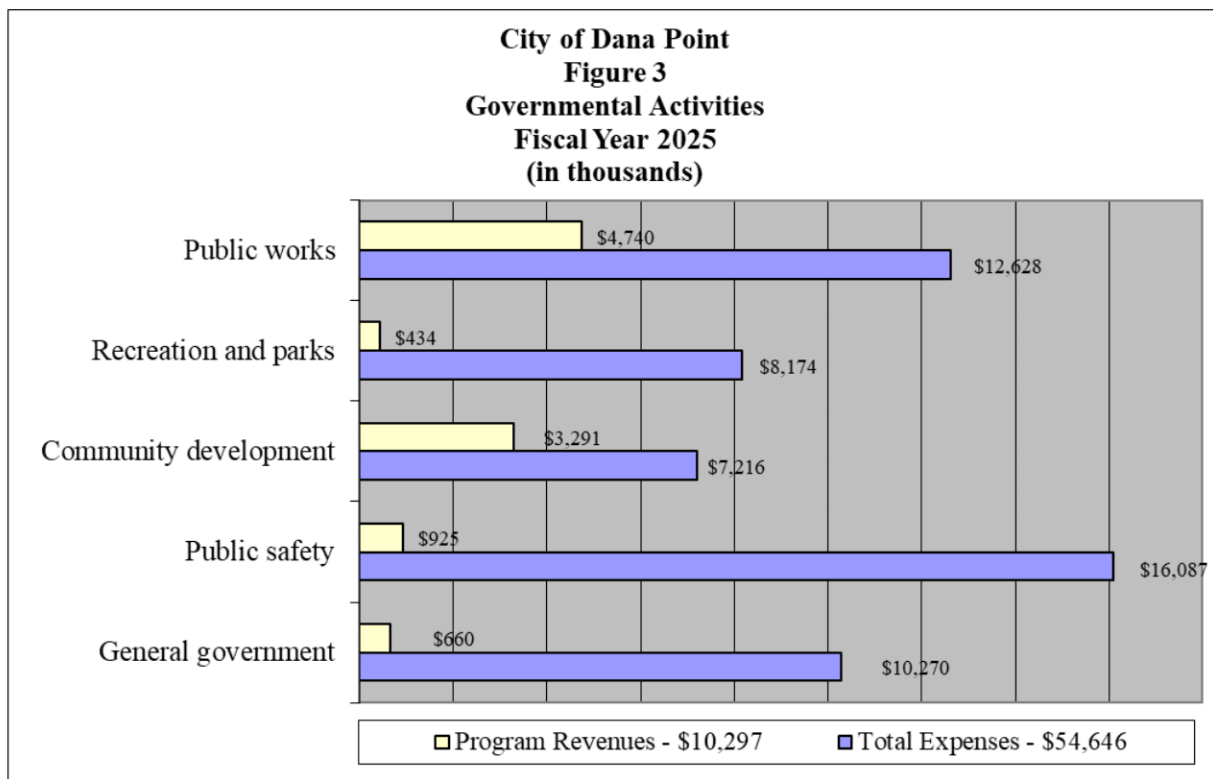
Public Safety expenses increased by \$1.1 million, or 7.7 percent, primarily due to higher contract costs with the Orange County Sheriff's Department.

General Government outlays decreased \$1.2 million, or 11.0% in fiscal year 2025. The primary factor contributing to this decrease was lower pension-related expenses driven by a reduction in the City's net pension liability.

Community Development expenses decreased by \$.04 million, or 0.6%, primarily due to higher prior-year professional service costs for the General Plan update and a coastal sand replenishment feasibility study.

Recreation and Parks expenses increased \$0.5 million, or 6%. The rise in expenditures is due to additional community activities and events, as well as increased contract costs for park maintenance and repair projects.

Overall, fiscal year expenses for governmental activities totaled \$54.6 million in fiscal year 2025, a decrease of \$4.9 million, or 8.3%.



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 2025, the City's governmental funds reported combined fund balances of \$64.2 million, an increase of \$6.1 million from the prior year. Of this total, the General Fund accounted for \$26.4 million, or 41.1%; the Capital Improvements Fund represented \$26.9 million, or 42%; the remaining \$11 million, or 17%, was in all other funds combined.

At June 30, 2025, the City had \$0.3 million in prepaid expenditures that are classified in the non-spendable portion of the fund balance. This amount has already been spent and is not available for further appropriation. Additionally, \$13.1 million of fund balance is restricted in its use by the Federal government, the State of California, or other grantors.

The assigned classification of fund balance is designated for specific purposes. In fiscal year 2025, assigned fund balance totaled \$39.8 million, including \$10.1 million in the General Fund for economic stability, extreme events, and the unfunded pension obligations; \$26.9 million for capital improvement projects; and \$2.8 million for non-major funds.

The remaining \$11.0 million of the fund balance was categorized as unassigned, meaning it was available for appropriation for any purpose. For more information about City reserves and fund balances, please refer to Note 12 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 \$5.7 million more than expenditures in fiscal year 2025. When combined with Interfund Transfers Out totaling \$7.8 million—\$7.1 million to the Capital Improvement Fund, \$0.2 million to the Coastal Transit Fund, and \$0.5 million to the Facilities Improvements Fund—the net fund balance increased by \$1.9 million for fiscal year 2025.

Total General Fund revenues for fiscal year 2025 were \$54.1 million, an increase of \$1.0 million over fiscal year 2025. Overall, expenditures for fiscal year 2025 finished at \$48.4 million, 7.0% more than the prior fiscal year.

Transient Occupancy Tax (TOT) revenue, the City's largest revenue source, increased slightly by \$0.4 million from hotel and motel properties in fiscal year 2025. TOT revenue from short-term rentals slightly increased by \$0.1 million, an increase of \$150,234 compared to fiscal year 2024.

Property tax totaled \$12.1 million for FY25, reflecting an increase of \$0.6 million from the previous fiscal year. The City's taxable assessed value for FY25 rose by 5.7% from 2024, resulting in higher secured and unsecured property tax receipts. This increase is primarily attributed to property transfers from previous years and the application of the maximum allowable 2% annual CPI adjustment to assessed values.

The City's largest expenditures are for Police Services provided by the Orange County Sheriff's Department (OCSD), totaling \$15.1 million, an increase of \$1.1 million.

Total personnel expenditures increased by \$1.1 million compared to the previous fiscal year. The prior year included approximately \$665,000 in personnel savings from vacant positions that were filled in FY25, and the City was nearly fully staffed during the year. The addition of a full-time Maintenance Worker and higher paid time off cash outs from employee separations also contributed to the increase.

CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund incurred \$2.1 million in capital expenditures. Funding was provided by transfers in from the General Fund in the amount of \$7.1 million, \$0.5 million from Non-Major Governmental Funds, and \$0.6 million in investment earning and grant funding. The Capital Improvements Fund concluded fiscal year 2025 with a net \$6.1 million increase in fund balance.

Budgetary Highlights

The City adopts two-year operating and capital budgets, with fiscal year 2025 representing the second year of the 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 2025, the overall General Fund revenue budget increased by \$2.1 million. The revenue accounts reflecting the largest increases compared to fiscal year 2024 included tax revenue, specifically transient occupancy tax, property tax and in-lieu property taxes.

Transient Occupancy Tax (TOT) – The City's largest revenue source, at \$18.2 million collected in fiscal year 2025; \$17.3 million from hotels and \$0.9 million from short-term residential vacation rentals.

Property Tax – The City's second-largest revenue source totaled \$12.1 million, which came in slightly over budget and was \$0.6 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 2025 at \$6.9 million. This was a \$0.1 million increase from fiscal year 2024.

Charges for Services – This category of revenue includes, among others, Planning, Building, and Engineering Fees. Fiscal year 2025 revenue totaled \$2.4 million, which was a \$0.06 million decrease from fiscal year 2024.

Licenses & Permits – The Licenses and Permits category, which consists largely of construction-related permits, totaled \$2.6 million in fiscal year 2025, essentially flat compared to \$2.58 million in fiscal year 2024.

The City’s General Fund revenues finished fiscal year 2025 at \$53.9 million, which was \$3.9 million higher than the amended budget of \$50 million.

During fiscal year 2025 the General Fund expenditure budget, including transfers out, had a net increase of \$14.9 million from the amended budget of \$48.9 million. This increase is a combination of the one-time payment to CalPERS to decrease the City’s unfunded liability, increases for professional services, data technology, third-party reimbursable services, and transfers-out to other funds.

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 2025 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)

	Governmental Activities		
	2025	2024	% Change
Land	\$ 54,554	\$ 54,554	0.0%
Art*	1,482	1,482	0.0%
Construction in progress	2,230	2,276	(2.0%)
Buildings and improvements	12,257	12,080	1.5%
Equipment	4,462	4,281	4.2%
Right-to-use leased equipment	871	678	28.5%
SBITA	574	827	0.0%
Infrastructure	239,812	235,355	1.9%
Less: Accumulated depreciation	(163,687)	(157,503)	3.9%
Governmental activity capital assets, net	\$ 152,555	\$ 154,030	(1.0%)

Long-Term Liabilities

At the end of fiscal year 2025, the City had total outstanding long-term liabilities of \$7.3 million, consisting of \$0.7 million in compensated time-off due to employees, \$0.6 in liabilities for various lease and subscription agreements, \$1.2 million for Other Post-Employment Benefits (OPEB) related to the CALPERS health benefit program, and \$4.8 million in net pension liability.

As of June 30, 2025, the City's long-term liabilities were as shown in Table 5 below:

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

	Governmental Activities		
	2025	2024	% Change
Other debt:			
Compensated absences	\$ 708	\$ 654	8.3%
Leases Payable	494	423	-
SBITA	88	216	-
Net OPEB Liability	1,233	1,193	3.4%
Net Pension Liability	4,753	6,911	(31.2%)
Total long-term debt	\$ 7,276	\$ 9,397	(22.6%)

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dana Point
Statement of Net Position
June 30, 2025
With Comparative Totals for June 30, 2024

	Governmental Activities	
	2025	2024
ASSETS		
Cash and investments	\$ 68,707,999	\$ 64,111,766
Beneficial interest in annuity	432,055	434,875
Receivables (net of uncollectibles):		
Taxes	3,012,133	2,892,528
Accounts	1,937,593	1,936,393
Accrued interest	290,634	191,948
Intergovernmental	718,076	635,065
Restricted assets:		
Cash and investments	4,808,891	4,413,623
Prepaid items	270,521	273,043
Capital assets (not being depreciated)	58,264,979	58,311,607
Capital assets (net of accumulated depreciation/amortization)	94,290,042	95,718,534
Total assets	232,732,923	228,919,382
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related	5,903,242	6,616,969
OPEB-related	149,034	155,204
Total deferred outflows of resources	6,052,276	6,772,173
LIABILITIES		
Accounts payable	4,027,940	6,125,838
Accrued liabilities	213,500	162,429
Deposits payable	10,304,471	9,931,171
Unearned revenues	2,036	2,000
Due to other agencies	31	—
Other accrued liabilities	304	—
Due within one year:		
Compensated absences	283,957	245,475
Leases	139,538	113,944
Subscriptions	53,627	142,315
Total OPEB liability	51,614	35,000
Due in more than one year:		
Compensated absences	424,401	409,230
Leases	354,579	308,664
Subscriptions	33,987	74,318
Net pension liability	4,753,271	6,911,476
Total OPEB liability	1,180,910	1,158,152
Total liabilities	21,824,166	25,620,012
DEFERRED INFLOWS OF RESOURCES		
Pension-related	1,432,462	1,218,539
OPEB-related	823,421	907,700
Total deferred inflows of resources	2,255,883	2,126,239

City of Dana Point
Statement of Net Position (Continued)
June 30, 2025
With Comparative Totals for June 30, 2024

	Governmental Activities	
	2025	2024
NET POSITION		
Net investment in capital assets	151,973,290	153,390,900
Restricted:		
Public safety	111,340	93,667
Parks and recreation	193,778	234,326
Public works	6,796,532	5,019,416
Capital projects	233,468	—
ESHA maintenance	365,663	337,155
Tourism business improvement	513,969	478,625
Art in public places	79,206	12,446
Facilities improvement	201,874	121,345
Restricted for pension benefits	4,808,891	4,413,623
Unrestricted	49,427,139	43,843,801
Total net position	\$ 214,705,150	\$ 207,945,304

City of Dana Point
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
				Governmental Activities	
	Expenses	Charges for Services	Operating Contributions and Grants	2025	2024
Functions/Programs:					
Primary government:					
Governmental activities:					
General government	\$ 10,049,146	\$ 593,486	\$ 65,858	\$ (9,389,802)	\$ (10,096,416)
Public safety	16,087,114	453,507	470,734	(15,162,873)	(14,135,306)
Community development	7,216,332	3,292,994	—	(3,923,338)	(4,279,462)
Recreation and parks	8,174,279	365,744	67,647	(7,740,888)	(7,368,117)
Public works	12,875,332	1,322,592	3,664,578	(7,888,162)	(12,744,356)
Interest on long-term debt	23,430	—	—	(23,430)	(14,677)
Total governmental activities	\$ 54,425,633	\$ 6,028,323	\$ 4,268,817	(44,128,493)	(48,638,334)
General revenues:					
General revenues:					
Property taxes				12,112,478	11,536,785
Franchise taxes				1,204,709	1,458,490
Sales taxes				6,901,270	6,784,935
In-lieu property taxes				5,835,752	5,528,410
Motor vehicle in lieu tax				52,251	40,962
Property transfer tax				685,160	567,876
Transient occupancy taxes				18,182,842	17,616,663
Tourism business improvement district				1,830,597	1,812,041
Use of money and property				3,939,739	3,724,266
Other				143,541	108,055
Total general revenues				50,888,339	49,178,483
Change in net position				6,759,846	540,149
Net position-beginning				207,945,304	207,405,155
Net position-ending				\$ 214,705,150	\$ 207,945,304

FUND FINANCIAL STATEMENTS

**City of Dana Point
Balance Sheet
Governmental Funds
June 30, 2025**

	Capital Projects Fund			Total Governmental Funds	
			Total Nonmajor Funds		
	General Fund	Capital Improvements		2025	2024
ASSETS					
Cash and investments	\$ 30,742,315	\$ 26,979,239	\$ 10,986,445	\$ 68,707,999	\$ 64,111,766
Beneficial interest in annuity	—	—	432,055	432,055	434,875
Receivables (net of allowance for uncollectible):					
Taxes	3,012,133	—	—	3,012,133	2,892,528
Accounts	805,766	—	1,131,827	1,937,593	1,936,393
Interest	290,634	—	—	290,634	191,948
Intergovernmental	220,072	247,500	250,504	718,076	635,065
Prepaid items	270,521	—	—	270,521	273,043
Restricted assets:					
Restricted cash and investments	4,808,891	—	—	4,808,891	4,413,623
Total assets	\$ 40,150,332	\$ 27,226,739	\$ 12,800,831	\$ 80,177,902	\$ 74,889,241
LIABILITIES					
Accounts payable	\$ 3,049,646	\$ 354,143	\$ 624,151	\$ 4,027,940	\$ 6,125,838
Accrued liabilities	213,500	—	—	213,500	162,429
Deposits payable	10,304,471	—	—	10,304,471	9,931,171
Unearned revenue	2,036	—	—	2,036	2,000
Due to other agencies	31	—	—	31	—
Other accrued liabilities	304	—	—	304	—
Total liabilities	13,569,988	354,143	624,151	14,548,282	16,221,438
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	220,655	—	781,348	1,002,003	150,049
Beneficial interest	—	—	432,055	432,055	434,875
Total deferred inflows of resources	220,655	—	1,213,403	1,434,058	584,924
FUND BALANCES					
Nonspendable	270,521	—	—	270,521	273,043
Restricted	4,888,097	—	8,183,156	13,071,253	10,710,603
Assigned	10,110,970	26,872,596	2,780,121	39,763,687	35,270,602
Unassigned	11,090,101	—	—	11,090,101	11,828,631
Total fund balances	26,359,689	26,872,596	10,963,277	64,195,562	58,082,879
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,150,332	\$ 27,226,739	\$ 12,800,831	\$ 80,177,902	\$ 74,889,241

City of Dana Point
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 64,195,562
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		152,555,021
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	\$ 5,903,242	
Deferred outflows-OPEB related	149,034	
Deferred inflows-pension related	(1,432,462)	
Deferred inflows-OPEB related	<u>(823,421)</u>	
Total deferred outflows and inflows related to post retirement benefits		3,796,393
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Beneficial interest annuity	432,055	
Miscellaneous revenues	<u>1,002,003</u>	
Total long-term assets		1,434,058
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Leases and subscriptions payable	(581,731)	
Compensated absences	(708,358)	
Net pension liability	(4,753,271)	
Net OPEB liability	<u>(1,232,524)</u>	
Total long-term liabilities		<u>(7,275,884)</u>
Net position of governmental activities		<u>\$ 214,705,150</u>

City of Dana Point
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Fund		Total Governmental Funds	
	General Fund	Capital Improvements	Total Nonmajor Funds	
				2025 2024
REVENUES				
Taxes	\$ 44,822,790	\$ —	\$ 4,579,222	\$ 49,402,012 \$ 47,886,969
Licenses, fees, and permits	2,583,498	—	—	2,583,498 3,948,846
Fines, forfeitures, and penalties	603,141	—	—	603,141 947,737
Intergovernmental	420,533	247,500	1,003,831	1,671,864 1,244,144
Charges for services	2,452,800	—	388,884	2,841,684 2,506,573
Investment earnings (losses)	3,083,387	370,002	486,350	3,939,739 3,470,605
Other revenue	143,541	—	—	143,541 108,055
Total revenues	54,109,690	617,502	6,458,287	61,185,479 60,112,929
EXPENDITURES				
Current:				
General government	11,400,729	—	—	11,400,729 10,759,875
Public safety	15,813,942	—	185,311	15,999,253 14,849,355
Community development	5,385,735	—	1,830,597	7,216,332 7,257,225
Parks and recreation	7,121,753	—	137,075	7,258,828 6,826,119
Public works	6,075,590	—	1,598,173	7,673,763 8,348,916
Capital outlay	2,264,858	2,101,025	1,077,068	5,442,951 8,787,353
Debt service:				
Principal	281,620	—	—	281,620 351,372
Interest	23,430	—	—	23,430 14,677
Total expenditures	48,367,657	2,101,025	4,828,224	55,296,906 57,194,892
Excess (deficiency) of revenues over (under) expenditures	5,742,033	(1,483,523)	1,630,063	5,888,573 2,918,037
OTHER FINANCING SOURCES (USES)				
Transfers in	—	7,585,843	975,000	8,560,843 9,173,142
Transfers out	(7,816,567)	—	(744,276)	(8,560,843) (9,173,142)
Inception of lease/subscription arrangements	224,110	—	—	224,110 365,211
Total other financing sources (uses)	(7,592,457)	7,585,843	230,724	224,110 365,211
Net change in fund balances	(1,850,424)	6,102,320	1,860,787	6,112,683 3,283,248
Fund balances-beginning	28,210,113	20,770,276	9,102,490	58,082,879 54,799,631
Fund balances-ending	\$ 26,359,689	\$ 26,872,596	\$ 10,963,277	\$ 64,195,562 \$ 58,082,879

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, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds: \$ 6,112,683

Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital outlay	\$ 5,368,260	
Depreciation/amortization expense	<u>(6,843,380)</u>	
Total adjustment		(1,475,120)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable tax revenues	849,134
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Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Leases/subscriptions issued	(224,110)	
Principal payments	<u>281,620</u>	
Total adjustment		57,510

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(53,653)	
Changes in pension liabilities and related deferred outflows and inflows of resources	1,230,555	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>38,737</u>	
Total adjustment		<u>1,215,639</u>

Change in net position of governmental activities	<u><u>\$ 6,759,846</u></u>
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FIDUCIARY FUND FINANCIAL STATEMENTS

City of Dana Point
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	Custodial Fund
ASSETS	
Cash and investments with fiscal agents	\$ 6,741,462
Accounts receivable	45,039
Total assets	6,786,501
LIABILITIES	
Accounts payable	45,039
Due to bondholders	6,741,462
Total liabilities	6,786,501
NET POSITION	
Restricted for debt service	—
Total net position	\$ —

City of Dana Point
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2025

	Custodial Fund
ADDITIONS	
Special tax assessments	\$ 2,650,850
Interest and dividend income	260,560
Total additions	2,911,410
DEDUCTIONS	
Administration fees	8,986
Payments to bondholders	2,902,424
Total deductions	2,911,410
Net increase (decrease) in fiduciary net position	—
Net position-beginning	—
Net position-ending	\$ —

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and 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.

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.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Additionally, the City reports the following fund type:

The Custodial Fund is used to account for money received by the City as a custodian 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. The Custodial fund is accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

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 appropriate 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. No budget was adopted for the Park Development capital projects fund for the fiscal year ended June 30, 2025.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 art, building, equipment, infrastructure and land 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 \$15,000 are capitalized if they have an expected useful life of three years or more. Infrastructure is capitalized if the cost is in excess of \$100,000 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.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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/amortization is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation/amortization purposes for each capital asset class is as follows:

Buildings and improvements	20 - 50 years
Furniture & Equipment	3 - 10 years
Infrastructure	30 - 50 years
Lease and Subscription Assets	1 - 5 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.

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 subscription assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the subscription 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.

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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.

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.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 governmental funds report beneficial interest as an inflow of resources in the period only in the governmental funds balance sheet. 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 the current year figures.

S. Implementation of GASB 101, Compensated Absences

During the current fiscal year, the City implemented GASB 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The City assessed the new recognition and measurement guidance and determined there was no material impact on the City.

T. GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 68,707,999
Restricted cash and investments	4,808,891
Fiduciary Funds	
Cash and investments with fiscal agents	6,741,462
Total cash and investments	<u>\$ 80,258,352</u>
Cash on hand (petty cash)	\$ 13,500
Deposits with financial institutions	2,545,350
Investments	72,830,203
PARS Section 115 Trust	4,869,299
Total cash and investments	<u>\$ 80,258,352</u>

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
California Asset Management Program	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, 2025, the City had the following investments:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
Local Agency Investment Fund	\$ 27,140,017	\$ 27,140,017	\$ —	\$ —
California Asset Management Program	23,638,118	23,638,118	—	—
U.S. Treasury Notes	15,310,606	—	3,085,888	12,224,718
PARS 115 Trust	4,869,299	4,869,299	—	—
Held by bond trustee:				
Money market funds	6,741,462	6,741,462	—	—
Total	<u>\$ 77,699,502</u>	<u>\$ 62,388,896</u>	<u>\$ 3,085,888</u>	<u>\$ 12,224,718</u>

City of Dana Point
Notes to the Financial Statements
For the Year Ended June 30, 2025

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	Total	Minimum Legal Rating	Rating as of Year End		
			Exempt from Disclosure	AAA	Not Rated
Local Agency Investment Fund	\$ 27,140,017	N/A	\$ —	\$ —	\$ 27,140,017
California Asset Management Program	23,638,118	N/A	—	—	23,638,118
U.S. Treasury Notes	15,310,606	N/A	15,310,606	—	—
PARS 115 Trust	4,869,299	N/A	—	—	4,869,299
Held by bond trustee:		N/A			
Money market funds	6,741,462	AAA	—	6,741,462	—
Total	<u>\$ 77,699,502</u>		<u>\$ 15,310,606</u>	<u>\$ 6,741,462</u>	<u>\$ 55,647,434</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, \$2,295,351 was in excess of federal depository insurance limits. This amount is collateralized pursuant to California Government Code.

Fair Value Measurements

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

City of Dana Point
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair value measurements as of June 30, 2025 for investments are as follows:

	Fair Value	Level 1
Leveled Investments:		
U.S. Treasury Notes	\$ 15,310,606	<u>\$ 15,310,606</u>
Uncategorized		
Investments:		
Local Agency Investment Fund	27,140,017	
California Asset Management Program	23,638,118	
PARS 115 Trust	4,869,299	
Held by bond trustee:		
Money Market Funds	6,741,462	
Total Investment Portfolio	<u>\$ 77,699,502</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.

California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust and created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies under California Government Code Section 53601(p). CAMP is governed by a seven-member Board of Trustees comprised of finance directors and treasurers of California public agencies. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. CAMP investments are highly liquid and deposits can be converted to cash within 24 hours without loss of interest.

NOTE 3 - INTERFUND ACTIVITY

Interfund Transfers

	Capital Improvements	Transfers in Nonmajor Governmental Funds	Totals
Transfers out			
General fund	\$ 7,081,567	\$ 735,000	\$ 7,816,567
Nonmajor Governmental Funds	504,276	240,000	744,276
Total	<u>\$ 7,585,843</u>	<u>\$ 975,000</u>	<u>\$ 8,560,843</u>

NOTE 3 - INTERFUND ACTIVITY (CONTINUED)

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

In the year ended June 30, 2025, the City made the following interfund transfers:

1. A transfer of \$235,000 from the General Fund to the Coastal Transit Fund to provide resources for the trolley program.
2. A transfer of \$7,081,567 from the General Fund to the Capital Improvement Projects Fund to provide resources for current year projects.
3. A transfer of \$500,000 from the General Fund to the Facilities Improvement Fund for facilities maintenance projects.
4. A transfer of \$240,000 from the Clean Air Act Fund to the Coastal Transit Fund to fund the trolley program.

City of Dana Point
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental activities:	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Capital assets, not being depreciated/amortized:					
Land	\$ 54,553,588	\$ —	\$ —	\$ —	\$ 54,553,588
Art	1,481,600	—	—	—	1,481,600
Construction-in-progress	2,276,419	(1,189,213)	1,142,585	—	2,229,791
Total capital assets, not being depreciated/amortized	58,311,607	(1,189,213)	1,142,585	—	58,264,979
Capital assets, being depreciated/amortized:					
Buildings	12,079,930	—	199,307	(22,007)	12,257,230
Equipment	4,281,252	—	493,444	(312,572)	4,462,124
Leases:					
Land improvement	231,636	—	—	—	231,636
Vehicles	446,355	—	238,290	(44,747)	639,898
Subscriptions:					
Software for use	826,661	—	26,945	(279,629)	573,977
Infrastructure	235,355,321	1,189,213	3,267,689	—	239,812,223
Total capital assets being depreciated/amortized	253,221,155	1,189,213	4,225,675	(658,955)	257,977,088
Less accumulated depreciation/amortization for:					
Buildings	(7,358,202)	—	(426,100)	22,007	(7,762,295)
Equipment	(2,433,936)	—	(287,864)	312,572	(2,409,228)
Leases:					
Land improvement	(148,925)	—	(37,231)	—	(186,156)
Vehicles	(136,439)	—	(105,802)	44,747	(197,494)
Subscriptions:					
Software for use	(528,243)	—	(204,311)	279,629	(452,925)
Infrastructure	(146,896,876)	—	(5,782,072)	—	(152,678,948)
Total capital assets being depreciated/amortized	(157,502,621)	—	(6,843,380)	658,955	(163,687,046)
Total capital assets being depreciated/amortized, net	95,718,534	1,189,213	(2,617,705)	—	94,290,042
Total capital assets net of accumulated depreciation/amortization	\$ 154,030,141	\$ —	\$ (1,475,120)	\$ —	\$ 152,555,021

Depreciation/amortization expense was charged to functions/programs as follows:

General government	\$ 713,190
Public Safety	87,861
Public Works	5,126,878
Culture and recreation	915,451
Total depreciation/amortization expense	<u>\$ 6,843,380</u>

Construction Commitments

The City had active construction projects as of June 30, 2025. 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 \$2,229,791.

City of Dana Point
Notes to Financial Statements
For the Year Ended June 30, 2025

NOTE 5 - COMPENSATED ABSENCES

The following is a summary of the compensated absences activity for the year ended June 30, 2025:

	Beginning Balance	Net Change	Ending Balance	Due within one year
Compensated absences	\$ 654,705	\$ 53,653	\$ 708,358	\$ 283,957

All full-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.

NOTE 6 - LEASES PAYABLE

The following is a summary of the lease payable activity for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Leases payable	\$ 422,608	\$ 197,165	\$ (125,656)	\$ 494,117	\$ 139,538

As of June 30, 2025, City of Dana Point had 24 active leases. The leases have payments that range from \$919 to \$22,560 and interest rates that range from 0.6720% to 9.3348%. As of June 30, 2025, the total combined value of the lease liability is \$494,117. The combined value of the right to use assets, as of June 30, 2025 of \$871,534 with accumulated amortization of \$383,650 is included within the Lease Class activities in Note 4.

The combined future principal and interest payments of the leases as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 139,538	\$ 22,801	\$ 162,339
2027	105,793	17,779	123,572
2028	100,295	12,821	113,116
2029	95,702	7,341	103,043
2030	52,789	2,438	55,227
Totals	\$ 494,117	\$ 63,180	\$ 557,297

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, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Subscription-based IT payable	\$ 216,633	\$ 26,945	\$ (155,964)	\$ 87,614	\$ 53,627

NOTE 7 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

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, 2025, the City has recognized a liability of \$87,614 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 \$573,977, representing the right to use the subscription-based IT arrangements for the remaining subscription period, as determined by the contract terms and usage data and have an accumulated amortization of \$452,925 as of June 30, 2025.

The annual debt service requirements for the SBITAs outstanding at June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 53,627	\$ 2,200	\$ 55,827
2027	16,703	1,184	17,887
2028	17,284	602	17,886
Totals	<u>\$ 87,614</u>	<u>\$ 3,986</u>	<u>\$ 91,600</u>

NOTE 8 - OTHER POST-EMPLOYMENT 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) separate from the city and retire from CalPERS within 120 days; (2) receive a monthly retirement allowance from CalPERS; and (3) be eligible for health benefits at separation. 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 2025, the City's mandated contribution rate was \$158 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, 2024 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	63
Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to, but not yet received benefits	17
Total	<u>93</u>

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2025, the City’s contributions included \$24,570 for benefit payments, \$332 administrative expenses, and \$26,712 for the implied subsidy resulting in total contributions of \$51,614.

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.21%
Inflation	2.50%
Salary Increases	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Healthcare Trend Rate	Non-Medicare 7.90% for 2026 decreasing to 3.45% in 2076 Medicare 6.90% for 2026 decreasing to 3.45% in 2076

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21 percent based on the S&P Municipal Bond 20 Year Index.

Changes in Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Total OPEB Liability (a)
Balance at June 30, 2024 (Measurement Date June 30, 2023)	\$ 1,193,152
Changes recognized for the measurement period:	
Service cost	94,252
Interest	52,341
Changes of assumptions	(12,395)
Differences between expected and actual experience	(54,693)
Benefits payments	(40,133)
Net changes during 2024-25	39,372
Balance at June 30, 2025 (Measurement Date June 30, 2024)	\$ 1,232,524

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2024:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 1,402,612	\$ 1,232,524	\$ 1,092,650

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, 2024:

	1% Decrease (7.50% Non- Medicare/6.50% Medicare decreasing to 2.45% Non- Medicare/Medicare)	Current Healthcare Cost Trend Rates (8.50% Non- Medicare/7.50% Medicare decreasing to 3.45% Non- Medicare/Medicare)	1% Increase (9.50% Non- Medicare/8.50% Medicare decreasing to 3.45% Non- Medicare/Medicare)
Total OPEB Liability	\$ 1,066,042	\$ 1,232,524	\$ 1,440,404

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Changes of assumptions	• Discount rate was updated based on municipal bond rate as of the measurement date.
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NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$12,877. As of fiscal year, ended June 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 51,614	\$ —
Changes of assumptions	97,420	487,890
Differences between expected and actual experience	—	335,531
Total	<u>\$ 149,034</u>	<u>\$ 823,421</u>

The \$51,614 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ended June 30,	Deferred (Inflows) of Resources
2026	\$ (134,103)
2027	(129,222)
2028	(109,335)
2029	(90,472)
2030	(94,591)
Thereafter	(168,278)
Total	<u>\$ (726,001)</u>

NOTE 9 - COST-SHARING EMPLOYER PENSION PLAN

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.

NOTE 9 - COST-SHARING EMPLOYER PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Classic Prior to January 1, 2013	New Member - PEPRA On or after Jan 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	7.00 %	7.75 %
Required employer contribution rates	12.52 %	7.87 %

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, 2025, the City reported a net pension liability for its proportionate share of the collective net pension liability as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Measurement Date:			
Balance at: 6/30/2023	\$ 39,692,872	\$ 32,781,396	\$ 6,911,476
Balance at: 6/30/2024	42,916,421	38,163,150	4,753,271
Net Changes During 2023-24	<u>\$ 3,223,549</u>	<u>\$ 5,381,754</u>	<u>\$ (2,158,205)</u>

The City's net pension liability for the Plan was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024 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, 2023 and June 30, 2024 was as follows:

Proportion - June 30, 2023	0.05540 %
Proportion - June 30, 2024	0.03919 %
Change - Increase (Decrease)	<u>(0.01621)%</u>

NOTE 9 - COST-SHARING EMPLOYER PENSION PLAN (CONTINUED)

Actuarial Assumptions – The total pension liabilities in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
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	Post contract COLA up to 2.30% until Purchasing Power Protection

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.

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

1. An expected inflation of 2.30% used for this period.
2. Figures are based on the 2021-22 Asset Liability Management study.

NOTE 9 - COST-SHARING EMPLOYER PENSION PLAN (CONTINUED)

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 (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 10,544,429	\$ 4,753,271	\$ (13,705)

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

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

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

Difference between projected	5-year straight-line amortization and actual earnings
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, 2024, is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (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, 2025, the City recognized a pension expense of \$1,766,845. At June 30, 2025, 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	\$ 2,992,359	\$ —
Differences between expected and actual experience	410,964	16,036
Changes in assumptions	122,169	—
Changes in proportion and difference between City's contributions and proportionate share of contributions	1,942,257	91,975
Change in employer's proportion	161,853	1,324,451
Net difference between projected and actual earnings on pension plan investments	273,640	—
	<u>\$ 5,903,242</u>	<u>\$ 1,432,462</u>

NOTE 9 - COST-SHARING EMPLOYER PENSION PLAN (CONTINUED)

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

The amount of \$2,992,359 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, 2026. 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 June 30,	Amount
2026	\$ 621,630
2027	848,688
2028	101,877
2029	(93,774)
	<u>\$ 1,478,421</u>

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 \$432,055 at June 30, 2025.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

Coastal Animal Services Authority

The City is a member of the Coastal 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 \$440,480 for its share of costs, during the fiscal year ended June 30, 2025.

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.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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, 2025. 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, 2025. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

Orange County 800 Megahertz Communications System

In May 1995, the City of Dana Point entered into a joint powers agreement with thirty other Cities and the County of Orange to create the Orange County 800 MHz Countywide Coordinated Communication System Authority (CCCS Authority). The purpose of the CCCS Authority is to provide an 800 megahertz coordinated law enforcement/public works/fire radio communication system (the 800 MHz CCCS). The CCCS Authority’s governing board consists of one representative from each City, two from the County, the elected Sheriff, and one other representative selected by the County Board of Supervisors. Each member is responsible for its percentage interest contribution of the CCCS Authority’s annual budget. The percentage interest contribution is calculated based upon each member’s equipment purchase divided by the total equipment purchases. The City of Dana Point’s percentage contribution was 0.31 percent for the fiscal year ended June 30, 2025. 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 \$34,752 for its share of costs during the fiscal year ended June 30, 2025.

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.

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.

City of Dana Point
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 12 - FUND BALANCES (CONTINUED)

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	\$ 270,521	\$ —	\$ —	\$ 270,521
Restricted:				
Public works	—	—	6,796,532	6,796,532
Public safety	—	—	111,340	111,340
Parks and recreation	—	—	193,778	193,778
ESHA maintenance	—	—	365,663	365,663
Art in public places	79,206	—	—	79,206
Tourism business improvement	—	—	513,969	513,969
Facilities improvement	—	—	201,874	201,874
Pension benefits	4,808,891	—	—	4,808,891
Total restricted	4,888,097	—	8,183,156	13,071,253
Assigned	10,110,970	26,872,596	2,780,121	39,763,687
Unassigned	11,090,101	—	—	11,090,101
Total fund balances (deficits)	<u>\$ 26,359,689</u>	<u>\$ 26,872,596</u>	<u>\$ 10,963,277</u>	<u>\$ 64,195,562</u>

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 pension obligations.

Assigned Fund Balances:

Assigned fund balances consist of the following designated reserve accounts at June 30, 2025:

- Economic Stability Reserve – balance of \$5,266,250 in the General Fund.
- Extreme Event Reserve – balance of \$4,308,750 in the General Fund.
- Special Purpose Reserve – balance of \$535,970 in the General Fund designated for an update to the City's General Plan.
- Undesignated – balance of \$26,872,596 in the Capital Improvements Fund.
- Undesignated – balance of \$2,780,121 in the nonmajor funds.

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

NOTE 12 - FUND BALANCES (CONTINUED)

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 \$5,266,250.
- 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 \$4,308,750.
- 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.

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 126 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 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. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$40,273,918. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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.

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 2025 were \$751,199. 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 \$4,308,750 and \$5,266,250, respectively, as of June 30, 2025, 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, 2025.

NOTE 14 - CONTINGENCIES (CONTINUED)

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, 2025.

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.

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, 2025 for the 2020A Bonds and 2020B Bonds were \$11,255,000 and \$21,945,000.

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, 2025, the City remitted \$1,830,597 to Visit Dana Point under the terms of the operating agreement.

NOTE 17 - SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through November 24, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 42,900,000	\$ 42,771,600	\$ 44,822,790	\$ 2,051,190
Licenses, fees, and permits	1,866,000	2,414,692	2,583,498	168,806
Fines, forfeitures, and penalties	320,000	520,000	603,141	83,141
Intergovernmental	285,000	408,800	420,533	11,733
Charges for services	1,959,000	2,299,044	2,452,800	153,756
Investment earnings (losses)	459,000	1,514,000	3,083,387	1,569,387
Other revenue	86,000	75,000	143,541	68,541
Total revenues	47,875,000	50,003,136	54,109,690	4,106,554
EXPENDITURES				
Current:				
General government	9,403,200	12,386,906	11,400,729	986,177
Public safety	15,848,100	16,154,000	15,813,942	340,058
Community development	4,913,000	6,845,334	5,385,735	1,459,599
Parks and recreation	6,682,200	7,444,196	7,121,753	322,443
Public works	7,268,100	8,590,983	6,075,590	2,515,393
Capital outlay	—	111,569	2,264,858	(2,153,289)
Debt service:				
Principal	—	—	281,620	(281,620)
Interest	—	—	23,430	(23,430)
Total expenditures	44,114,600	51,532,988	48,367,657	3,165,331
Excess (deficiency) of revenues over (under) expenditures	3,760,400	(1,529,852)	5,742,033	7,271,885
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,735,000)	(7,816,567)	(7,816,567)	—
Inception of lease/subscription arrangements	—	—	224,110	(224,110)
Total other financing sources (uses)	(4,735,000)	(7,816,567)	(7,592,457)	(224,110)
Net change in fund balance	\$ (974,600)	\$ (9,346,419)	(1,850,424)	\$ 7,047,775
Fund balance-beginning			28,210,113	
Fund balance-ending			\$ 26,359,689	

City of Dana Point
Schedules of Proportionate Share of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

Reporting Date ¹ as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability
2025	0.0392%	\$ 4,753,271	\$ 6,765,213	70.3%	78.1%
2024	0.0554%	6,911,476	6,400,001	108.0%	76.2%
2023	0.0704%	8,134,327	5,846,464	139.1%	76.7%
2022	0.0520%	2,810,520	5,629,166	49.9%	88.3%
2021	0.0597%	6,492,166	5,701,804	113.9%	75.1%
2020	0.0563%	5,771,461	5,550,541	104.0%	75.3%
2019	0.0529%	5,095,369	5,692,626	89.5%	89.5%
2018	0.0528%	5,236,362	5,812,702	90.1%	90.1%
2017	0.0497%	4,298,490	5,495,749	78.2%	78.2%
2016	0.0446%	3,062,851	5,360,064	57.1%	57.1%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: None

Changes of Assumptions: None

¹ The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

City of Dana Point
Schedules of Plan Contributions
As of June 30, For the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered/ Payroll
2025	\$ 1,142,359	\$ 2,992,359	\$ (1,850,000)	\$ 7,338,941	40.8%
2024	1,086,293	2,936,293	(1,850,000)	6,765,213	43.4%
2023	1,161,494	3,161,494	(2,000,000)	6,400,001	49.4%
2022	1,028,881	1,028,881	—	5,846,464	17.6%
2021	942,709	942,709	—	5,629,166	16.7%
2020	847,824	847,824	—	5,701,840	14.9%
2019	740,130	740,130	—	5,550,541	13.3%
2018	665,655	665,655	—	5,692,626	11.7%
2017	637,976	637,976	—	5,812,702	11%
2016	572,235	572,235	—	5,495,749	10.4%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Fair Value
Discount Rate	6.9%
Projected Salary	Varies by entry age and service
Inflation	2.3%
Payroll Growth	2.8%

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

Changes in Assumptions: There were no assumption changes in 2025.

City of Dana Point
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years¹

	2025	2024	2023	2022
Measurement Date	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 94,252	\$ 92,458	\$ 160,180	\$ 138,910
Interest on total pension liability	52,341	47,792	39,432	40,343
Changes of assumptions	(12,395)	(6,352)	(572,190)	129,384
Difference between expected and actual experience	(54,693)	—	(165,005)	—
Benefit payments, including refunds of employee contributions	<u>(40,133)</u>	<u>(33,594)</u>	<u>(36,419)</u>	<u>(39,052)</u>
Net change in total OPEB liability	39,372	100,304	(574,002)	269,585
Total OPEB liability-beginning	<u>1,193,152</u>	<u>1,092,848</u>	<u>1,666,850</u>	<u>1,397,265</u>
Total OPEB liability-ending (a)	<u>\$ 1,232,524</u>	<u>\$ 1,193,152</u>	<u>\$ 1,092,848</u>	<u>\$ 1,666,850</u>
Covered-employee payroll	\$ 7,886,128	\$ 7,205,386	\$ 6,877,959	\$ 6,148,790
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	15.63%	16.56%	15.89%	27.11%

Notes to Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios:

Benefit Changes: None

Changes in Assumptions: None

¹ Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

Funding Policy: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

2021	2020	2019	2018
<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
\$ 134,620	\$ 125,131	\$ 144,151	\$ 154,966
45,859	43,263	50,341	42,429
(3,350)	46,250	(178,149)	(117,109)
(271,325)	—	(123,602)	—
<u>(35,200)</u>	<u>(29,298)</u>	<u>(31,211)</u>	<u>(22,392)</u>
(129,396)	185,346	(138,470)	57,894
<u>1,526,661</u>	<u>1,341,315</u>	<u>1,479,785</u>	<u>1,421,891</u>
<u>\$ 1,397,265</u>	<u>\$ 1,526,661</u>	<u>\$ 1,341,315</u>	<u>1,479,785</u>
\$ 6,322,346	\$ 6,158,101	\$ 6,259,507	\$ 6,652,016
22.10%	24.79%	21.43%	22.25%

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SUPPLEMENTARY INFORMATION

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CITY OF DANA POINT
Major Capital Projects Fund
For the Year Ended June 30, 2025

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.
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City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvements
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,800,000	\$ 2,000,000	\$ 247,500	\$ (1,752,500)
Investment earnings (losses)	—	370,000	370,002	2
Total revenues	1,800,000	2,370,000	617,502	(1,752,498)
EXPENDITURES				
Capital outlay	10,684,000	23,693,400	2,101,025	21,592,375
Total expenditures	10,684,000	23,693,400	2,101,025	21,592,375
Excess (deficiency) of revenues over (under) expenditures	(8,884,000)	(21,323,400)	(1,483,523)	19,839,877
OTHER FINANCING SOURCES (USES)				
Transfers in	6,550,000	12,573,114	7,585,843	(4,987,271)
Total other financing sources (uses)	6,550,000	12,573,114	7,585,843	(4,987,271)
Net change in fund balance	\$ (2,334,000)	\$ (8,750,286)	6,102,320	\$ 14,852,606
Fund balance-beginning			20,770,276	
Fund balance-ending			\$ 26,872,596	

CITY OF DANA POINT
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

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
For the Year Ended June 30, 2025

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.
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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.
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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.
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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.
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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, 2025

	Special Revenue Funds			
	Gasoline Tax	Road and Maintenance and Rehabilitation	Measure M	Supplemental Law Enforcement Services
ASSETS				
Cash and investments	\$ 2,236,061	\$ 2,314,913	\$ 1,582,496	\$ 124,979
Beneficial interest in annuity	—	—	—	—
Receivables				
Accounts	—	—	155,269	996
Intergovernmental	79,796	159,362	—	—
Total assets	\$ 2,315,857	\$ 2,474,275	\$ 1,737,765	\$ 125,975
LIABILITIES				
Accounts payable	\$ —	\$ —	\$ 5,392	\$ 14,635
Total liabilities	—	—	5,392	14,635
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	—	—	—	—
Beneficial interest	—	—	—	—
Total deferred inflows of resources	—	—	—	—
FUND BALANCES				
Restricted	2,315,857	2,474,275	192,862	111,340
Assigned	—	—	1,539,511	—
Total fund balances	2,315,857	2,474,275	1,732,373	111,340
Total liabilities, deferred inflows, and fund balances	\$ 2,315,857	\$ 2,474,275	\$ 1,737,765	\$ 125,975

City of Dana Point
Combining Balance Sheet (CONTINUED)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Coastal Transit	AB 2766	Headlands (ESHA) Maintenance	Tourism Business Improvement District
ASSETS				
Cash and investments	\$ 1,358,759	\$ 73,858	\$ 369,664	\$ 507,987
Beneficial interest in annuity	—	—	432,055	—
Receivables				
Accounts	770,002	—	—	174,782
Intergovernmental	—	11,346	—	—
Total assets	\$ 2,128,761	\$ 85,204	\$ 801,719	\$ 682,769
LIABILITIES				
Accounts payable	\$ 259,459	\$ —	\$ 4,001	\$ 168,800
Total liabilities	259,459	—	4,001	168,800
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	770,002	11,346	—	—
Beneficial interest	—	—	432,055	—
Total deferred inflows of resources	770,002	11,346	432,055	—
FUND BALANCES				
Restricted	1,099,300	73,858	365,663	513,969
Assigned	—	—	—	—
Total fund balances	1,099,300	73,858	365,663	513,969
Total liabilities, deferred inflows, and fund balances	\$ 2,128,761	\$ 85,204	\$ 801,719	\$ 682,769

City of Dana Point
Combining Balance Sheet (CONTINUED)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Funds
	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	
ASSETS				
Cash and investments	\$ 913,340	\$ 1,503,472	\$ 916	\$ 10,986,445
Beneficial interest in annuity	—	—	—	432,055
Receivables				
Accounts	6,494	24,284	—	1,131,827
Intergovernmental	—	—	—	250,504
Total assets	\$ 919,834	\$ 1,527,756	\$ 916	\$ 12,800,831
LIABILITIES				
Accounts payable	\$ 86,592	\$ 85,272	\$ —	\$ 624,151
Total liabilities	86,592	85,272	—	624,151
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	—	—	—	781,348
Beneficial interest	—	—	—	432,055
Total deferred inflows of resources	—	—	—	1,213,403
FUND BALANCES				
Restricted	833,242	201,874	916	8,183,156
Assigned	—	1,240,610	—	2,780,121
Total fund balances	833,242	1,442,484	916	10,963,277
Total liabilities, deferred inflows, and fund balances	\$ 919,834	\$ 1,527,756	\$ 916	\$ 12,800,831

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City of Dana Point
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Gasoline Tax	Road and Maintenance and Rehabilitation	Measure M	Supplemental Law Enforcement Services
REVENUES				
Taxes	\$ 939,159	\$ 904,333	\$ 805,712	\$ —
Intergovernmental	—	—	67,647	194,663
Charges for services	—	—	—	245
Investment earnings (losses)	90,584	104,904	85,805	8,076
Total revenues	1,029,743	1,009,237	959,164	202,984
EXPENDITURES				
Current:				
Public safety	—	—	—	185,311
Community development	—	—	—	—
Parks and recreation	—	—	113,073	—
Public works	—	—	—	—
Capital outlay	—	—	—	—
Total expenditures	—	—	113,073	185,311
Excess (deficiency) of revenues over (under) expenditures	1,029,743	1,009,237	846,091	17,673
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	(2,922)	(134,998)	(366,356)	—
Total other financing sources (uses)	(2,922)	(134,998)	(366,356)	—
Net change in fund balances	1,026,821	874,239	479,735	17,673
Fund balances-beginning	1,289,036	1,600,036	1,252,638	93,667
Fund balances-ending	\$ 2,315,857	\$ 2,474,275	\$ 1,732,373	\$ 111,340

City of Dana Point
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Coastal Transit	AB 2766	Headlands (ESHA) Maintenance	Tourism Business Improvement District
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ 1,830,597
Intergovernmental	698,264	43,257	—	—
Charges for services	—	—	—	—
Investment earnings (losses)	41,710	11,582	52,510	35,344
Total revenues	739,974	54,839	52,510	1,865,941
EXPENDITURES				
Current:				
Public safety	—	—	—	—
Community development	—	—	—	1,830,597
Parks and recreation	—	—	24,002	—
Public works	1,159,865	—	—	—
Capital outlay	—	—	—	—
Total expenditures	1,159,865	—	24,002	1,830,597
Excess (deficiency) of revenues over (under) expenditures	(419,891)	54,839	28,508	35,344
OTHER FINANCING SOURCES (USES)				
Transfers in	475,000	—	—	—
Transfers out	—	(240,000)	—	—
Total other financing sources (uses)	475,000	(240,000)	—	—
Net change in fund balances	55,109	(185,161)	28,508	35,344
Fund balances-beginning	1,044,191	259,019	337,155	478,625
Fund balances-ending	\$ 1,099,300	\$ 73,858	\$ 365,663	\$ 513,969

City of Dana Point
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund	Capital Projects Funds		
	Headlands CFD 2006-1 Maintenance	Facilities Improvement	Park Development	Total Nonmajor Funds
REVENUES				
Taxes	\$ —	\$ 99,421	\$ —	\$ 4,579,222
Intergovernmental	—	—	—	1,003,831
Charges for services	388,639	—	—	388,884
Investment earnings (losses)	55,777	—	58	486,350
Total revenues	444,416	99,421	58	6,458,287
EXPENDITURES				
Current:				
Public safety	—	—	—	185,311
Community development	—	—	—	1,830,597
Parks and recreation	—	—	—	137,075
Public works	438,308	—	—	1,598,173
Capital outlay	—	1,077,068	—	1,077,068
Total expenditures	438,308	1,077,068	—	4,828,224
Excess (deficiency) of revenues over (under) expenditures	6,108	(977,647)	58	1,630,063
OTHER FINANCING SOURCES (USES)				
Transfers in	—	500,000	—	975,000
Transfers out	—	—	—	(744,276)
Total other financing sources (uses)	—	500,000	—	230,724
Net change in fund balances	6,108	(477,647)	58	1,860,787
Fund balances-beginning	827,134	1,920,131	858	9,102,490
Fund balances-ending	\$ 833,242	\$ 1,442,484	\$ 916	\$ 10,963,277

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual**

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gasoline Tax
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 813,000	\$ 813,000	\$ 939,159	\$ 126,159
Investment earnings (losses)	8,000	8,000	90,584	82,584
Total revenues	821,000	821,000	1,029,743	208,743
OTHER FINANCING SOURCES (USES)				
Transfers out	(850,000)	(1,902,922)	(2,922)	1,900,000
Total other financing sources (uses)	(850,000)	(1,902,922)	(2,922)	1,900,000
Net change in fund balance	\$ (29,000)	\$ (1,081,922)	1,026,821	\$ 2,108,743
Fund balance-beginning			1,289,036	
Fund balance-ending			\$ 2,315,857	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road and Maintenance and Rehabilitation
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 904,333	\$ 104,333
Investment earnings (losses)	10,000	10,000	104,904	94,904
Total revenues	810,000	810,000	1,009,237	199,237
OTHER FINANCING SOURCES (USES)				
Transfers out	(750,000)	(1,971,490)	(134,998)	1,836,492
Total other financing sources (uses)	(750,000)	(1,971,490)	(134,998)	1,836,492
Net change in fund balance	\$ 60,000	\$ (1,161,490)	874,239	\$ 2,035,729
Fund balance-beginning			1,600,036	
Fund balance-ending			\$ 2,474,275	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 884,000	\$ 884,000	\$ 805,712	\$ (78,288)
Intergovernmental	76,000	76,000	67,647	(8,353)
Investment earnings (losses)	5,000	5,000	85,805	80,805
Total revenues	965,000	965,000	959,164	(5,836)
EXPENDITURES				
Current:				
Parks and recreation	90,000	133,000	113,073	19,927
Total expenditures	90,000	133,000	113,073	19,927
Excess (deficiency) of revenues over (under) expenditures	875,000	832,000	846,091	14,091
OTHER FINANCING SOURCES (USES)				
Transfers out	(950,000)	(1,617,135)	(366,356)	1,250,779
Total other financing sources (uses)	(950,000)	(1,617,135)	(366,356)	1,250,779
Net change in fund balance	\$ (75,000)	\$ (785,135)	479,735	\$ 1,264,870
Fund balance-beginning			1,252,638	
Fund balance-ending			\$ 1,732,373	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Services
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ —	\$ 184,500	\$ 194,663	\$ 10,163
Charges for services	—	—	245	245
Investment earnings (losses)	—	—	8,076	8,076
Total revenues	—	184,500	202,984	18,484
EXPENDITURES				
Current:				
Public safety	—	269,500	185,311	84,189
Total expenditures	—	269,500	185,311	84,189
Net change in fund balance	\$ —	\$ (85,000)	17,673	\$ 102,673
Fund balance-beginning			93,667	
Fund balance-ending			\$ 111,340	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Coastal Transit
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 840,000	\$ 840,000	\$ 698,264	\$ (141,736)
Investment earnings (losses)	—	—	41,710	41,710
Total revenues	840,000	840,000	739,974	(100,026)
EXPENDITURES				
Current:				
Public works	1,100,000	1,225,000	1,159,865	65,135
Total expenditures	1,100,000	1,225,000	1,159,865	65,135
Excess (deficiency) of revenues over (under) expenditures	(260,000)	(385,000)	(419,891)	(34,891)
OTHER FINANCING SOURCES (USES)				
Transfers in	475,000	475,000	475,000	—
Total other financing sources (uses)	475,000	475,000	475,000	—
Net change in fund balance	\$ 215,000	\$ 90,000	55,109	\$ (34,891)
Fund balance-beginning			1,044,191	
Fund balance-ending			\$ 1,099,300	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AB 2766
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 44,500	\$ 44,500	\$ 43,257	\$ (1,243)
Investment earnings (losses)	2,000	2,000	11,582	9,582
Total revenues	46,500	46,500	54,839	8,339
OTHER FINANCING SOURCES (USES)				
Transfers out	(240,000)	(240,000)	(240,000)	—
Total other financing sources (uses)	(240,000)	(240,000)	(240,000)	—
Net change in fund balance	\$ (193,500)	\$ (193,500)	(185,161)	\$ 8,339
Fund balance-beginning			259,019	
Fund balance-ending			\$ 73,858	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Headlands (ESHA) Maintenance
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings (losses)	\$ 35,000	\$ 35,000	\$ 52,510	\$ 17,510
Total revenues	35,000	35,000	52,510	17,510
EXPENDITURES				
Current:				
Parks and recreation	27,000	27,000	24,002	2,998
Total expenditures	27,000	27,000	24,002	2,998
Net change in fund balance	\$ 8,000	\$ 8,000	28,508	\$ 20,508
Fund balance-beginning			337,155	
Fund balance-ending			\$ 365,663	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Tourism Business Improvement District
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 1,750,000	\$ 1,831,000	\$ 1,830,597	\$ (403)
Investment earnings (losses)	1,000	(1,000)	35,344	36,344
Total revenues	<u>1,751,000</u>	<u>1,830,000</u>	<u>1,865,941</u>	<u>35,941</u>
EXPENDITURES				
Current:				
Community development	1,750,000	1,831,000	1,830,597	403
Total expenditures	<u>1,750,000</u>	<u>1,831,000</u>	<u>1,830,597</u>	<u>403</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ (1,000)</u>	<u>35,344</u>	<u>\$ 36,344</u>
Fund balance-beginning			<u>478,625</u>	
Fund balance-ending			<u>\$ 513,969</u>	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Headlands CFD 2006-1 Maintenance
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 351,000	\$ 386,000	\$ 388,639	\$ 2,639
Investment earnings (losses)	3,000	3,000	55,777	52,777
Total revenues	354,000	389,000	444,416	55,416
EXPENDITURES				
Current:				
Public works	480,300	713,800	438,308	275,492
Total expenditures	480,300	713,800	438,308	275,492
Net change in fund balance	\$ (126,300)	\$ (324,800)	6,108	\$ 330,908
Fund balance-beginning			827,134	
Fund balance-ending			\$ 833,242	

City of Dana Point
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Facilities Improvement
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 99,421	\$ (20,579)
Total revenues	120,000	120,000	99,421	(20,579)
EXPENDITURES				
Current:				
Capital outlay	490,000	1,383,508	1,077,068	306,440
Total expenditures	490,000	1,383,508	1,077,068	306,440
Excess (deficiency) of revenues over (under) expenditures	(370,000)	(1,263,508)	(977,647)	285,861
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	500,000	—
Total other financing sources (uses)	500,000	500,000	500,000	—
Net change in fund balance	\$ 130,000	\$ (763,508)	(477,647)	\$ 285,861
Fund balance-beginning			1,920,131	
Fund balance-ending			\$ 1,442,484	

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Dana Point's annual comprehensive 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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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net Investment in Capital Assets	\$169,925	\$168,050	\$165,998	\$165,798	\$163,948	\$162,445	\$159,189	\$156,477	\$153,391	\$151,973
Restricted	4,826	4,136	3,838	5,194	4,874	5,499	4,653	5,039	10,710	13,305
Unrestricted	22,522	23,105	24,965	25,876	24,702	27,993	40,786	45,889	43,844	49,427
Total governmental activities net position	<u>\$197,273</u>	<u>\$195,291</u>	<u>\$194,801</u>	<u>\$196,868</u>	<u>\$193,524</u>	<u>\$195,937</u>	<u>\$204,628</u>	<u>\$207,405</u>	<u>\$207,945</u>	<u>\$214,705</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General Government	\$ 6,368	\$ 6,832	\$ 7,530	\$ 8,051	\$ 7,451	\$ 6,947	\$ 7,334	\$ 10,659	\$ 11,286	\$ 10,049
Public Safety	11,129	12,117	12,864	13,122	13,591	12,779	13,651	14,526	14,938	16,087
Community Development	5,031	5,270	4,879	5,713	5,845	6,339	6,044	5,920	7,257	7,216
Recreation and Parks	6,298	6,433	6,401	6,099	6,008	5,359	6,033	6,821	7,709	8,174
Public Works	11,216	12,018	11,161	11,164	13,018	11,600	14,082	13,363	18,368	12,875
Interest on Long-term Debt	-	-	-	-	-	-	4	11	15	24
Capital Outlay	-	-	-	-	-	-	-	2,018	-	-
Total governmental activities expenses	40,042	42,670	42,835	44,149	45,913	43,024	47,148	53,318	59,573	54,425
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	191	201	273	593	892	554	544	625	798	593
Public Safety	168	152	269	331	246	273	306	415	347	453
Community Development	3,286	3,045	2,656	2,585	2,440	3,065	3,525	3,309	2,978	3,293
Recreation and Parks	306	270	233	167	125	68	174	204	269	366
Public Works	973	1,054	1,826	1,525	1,328	1,451	1,672	1,638	1,516	1,323
Operating grants and contributions	1,840	1,741	2,365	2,474	2,518	7,799	7,942	3,580	5,027	4,269
Capital grants and contributions	264	1,054	267	869	646	-	-	-	-	-
Total governmental activities program revenues	7,028	7,517	7,889	8,544	8,195	13,210	14,163	9,771	10,935	10,297
Total government net revenue (expense)	\$ (33,014)	\$ (35,153)	\$ (34,946)	\$ (35,605)	\$ (37,718)	\$ (29,814)	\$ (32,985)	\$ (43,547)	\$ (48,638)	\$ (44,128)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 7,298	\$ 7,800	\$ 8,532	\$ 8,856	\$ 9,244	\$ 9,679	\$ 10,076	\$ 11,203	\$ 11,537	\$ 12,112
Franchise taxes	1,382	1,372	1,530	1,553	1,476	1,489	1,527	1,551	1,458	1,204
Sales taxes	5,316	5,337	5,385	5,891	5,383	5,294	7,062	7,207	6,785	6,901
In-lieu property taxes	3,953	3,756	4,082	4,261	4,468	4,659	4,851	5,291	5,528	5,835
Property transfer taxes	904	591	553	465	712	1,236	986	555	568	685
Transient occupancy taxes	12,091	13,099	13,653	14,157	10,686	8,747	16,195	17,436	17,617	18,182
Motor vehicle in-lieu (unrestricted)	14	15	-	-	-	-	-	-	-	-
Other	333	8	61	81	177	45	175	118	149	198
Unrestricted investment earnings	367	(58)	343	1,400	1,474	130	(836)	1,143	3,724	3,939
Tourism business improvement district	994	1,027	1,006	1,007	754	947	1,640	1,819	1,812	1,831
Special Item	15	223	-	-	-	-	-	-	-	-
Total governmental activities	32,667	33,170	35,145	37,671	34,374	32,226	41,676	46,323	49,178	50,887
Change in Net Position	\$ (347)	\$ (1,983)	\$ 199	\$ 2,066	\$ (3,344)	\$ 2,412	\$ 8,691	\$ 2,776	\$ 540	\$ 6,759

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 149	\$ 118	\$ 74	\$ 139	\$ 148	\$ 371	\$ 211	\$ 177	\$ 273	\$ 271
Restricted	118	118	-	312	364	278	3,830	4,049	4,426	4,888
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,500	2,500	2,500	12,782	12,668	12,752	8,733	9,201	11,742	10,111
Unassigned	17,397	17,512	18,639	6,069	4,691	9,339	12,387	13,557	11,769	11,090
Total General Fund	<u>\$20,164</u>	<u>\$ 20,248</u>	<u>\$ 21,213</u>	<u>\$ 19,302</u>	<u>\$ 17,871</u>	<u>\$ 22,740</u>	<u>\$ 25,161</u>	<u>\$ 26,984</u>	<u>\$ 28,210</u>	<u>\$ 26,360</u>
All other governmental funds										
66 Nonspendable	\$ 21	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,708	4,018	3,650	4,881	4,509	5,221	4,865	5,027	6,285	8,183
Assigned	5,775	6,028	8,122	11,514	12,944	11,969	20,843	22,788	23,588	29,652
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	(218.00)	-	-	-
Total all other governmental funds	<u>\$ 10,504</u>	<u>\$ 10,047</u>	<u>\$ 11,772</u>	<u>\$ 16,395</u>	<u>\$ 17,453</u>	<u>\$ 17,190</u>	<u>\$ 25,490</u>	<u>\$ 27,815</u>	<u>\$ 29,873</u>	<u>\$ 37,835</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 33,224	\$ 34,154	\$ 36,237	\$ 38,138	\$ 34,726	\$ 34,016	\$ 44,542	\$ 47,437	\$ 47,887	49,402
Licences, fees and permits	1,935	1,786	2,627	2,250	1,872	2,250	2,292	2,751	2,454	2,583
Fines and forfeitures	320	328	244	355	683	622	465	541	564	603
Intergovernmental	572	1,091	1,075	1,042	1,175	5,763	5,278	1,709	2,486	1,672
Charges for services	2,620	2,534	2,334	2,559	2,552	2,474	3,393	2,835	2,890	2,842
Use of money and property	532	103	343	1,400	1,474	130	(836)	1,145	3,724	3,940
Contributions from property owners	-	-	-	-	-	-	-	150	108	144
Other	270	506	147	187	136	86	208	-	-	
Total revenues	39,473	40,502	43,007	45,931	42,618	45,341	55,342	56,568	60,113	61,186
Expenditures										
General government	6,322	6,538	7,040	7,508	6,690	6,227	7,104	10,345	10,760	11,401
Public safety	11,062	12,013	12,735	13,011	13,500	12,673	13,543	14,418	14,849	15,999
Community development	5,013	5,263	4,821	5,706	5,499	6,069	6,284	6,428	7,257	7,216
Recreation and parks	5,166	5,352	5,422	5,157	5,085	4,471	5,307	6,129	6,826	7,259
Public works	6,714	6,951	6,306	6,332	7,727	6,306	7,701	8,459	8,350	7,674
Capital outlay	7,762	4,758	3,991	5,504	4,489	4,991	5,011	6,309	8,787	5,443
Debt service:										
Principal	-	-	-	-	-	-	89	320	351	282
Interest	-	-	3	-	-	-	4	12	15	23
Total expenditures	42,039	40,875	40,318	43,218	42,990	40,737	45,043	52,420	57,195	55,297
Excess of revenues over (under) expenditures	(2,566)	(373)	2,689	2,713	(372)	4,604	10,299	4,148	2,918	5,889
Other financing sources (uses)										
Transfers in	3,997	4,540	6,053	9,011	5,015	4,029	13,690	8,634	9,173	8,561
Transfers out	(3,997)	(4,540)	(6,053)	(9,011)	(5,015)	(4,029)	(13,690)	(8,634)	(9,173)	(8,561)
Leases and Subscriptions	-	-	-	-	-	-	426	-	365	224
Total other financing sources (uses)	-	-	-	-	-	-	426	-	365	224
Net change in fund balances	\$ (2,566)	\$ (373)	\$ 2,689	\$ 2,713	\$ (372)	\$ 4,604	\$ 10,725	\$ 4,148	\$ 3,283	\$ 6,113
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%	0.6%	0.6%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Governmental activities:										
General Government	\$ 237	\$ 495	\$ 348	\$ 593	\$ 892	\$ 5,474	\$ 5,286	\$ 1,147	\$ 1,190	\$ 659
Public Safety	612	586	804	820	760	647	796	831	803	924
Community Development	3,293	3,054	2,656	2,585	2,440	3,143	3,686	3,440	2,978	3,293
Recreation and Parks	529	694	233	420	179	122	240	276	341	433
Public Works	2,356	2,688	3,848	4,126	3,924	3,824	4,154	4,078	5,623	4,988
Total governmental activities	<u>\$ 7,027</u>	<u>\$ 7,517</u>	<u>\$ 7,889</u>	<u>\$ 8,544</u>	<u>\$ 8,195</u>	<u>\$ 13,210</u>	<u>\$ 14,162</u>	<u>\$ 9,772</u>	<u>\$ 10,935</u>	<u>\$ 10,297</u>

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
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
2024	11,537	1,459	6,785	914	812	1,812	5,528	568	17,617	856	47,888
2025	12,112	1,205	6,901	939	806	1,831	5,836	685	18,183	904	49,402

* 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 millions)

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
2016	\$ 10,702	\$ 10,268	95.9%	\$ 137	\$ 10,405.00	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%
2024	14,662	14,277	97.4%	116	14,277	97.4%
2025	15,334	14,882	97.1%	133	14,882	97.1%

(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
2016	\$ 10,521,105	\$ 10,521,105	\$ 1,394,355	15.3%
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%
2024	16,437,860	16,437,860	693,369	4.4%
2025	17,365,209	17,365,209	927,349	5.6%

(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

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<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
City of Dana Point	0.07618	0.07618	0.07618	0.07618	0.07618	0.07618	0.07618	0.07618	0.07618	0.07618
Orange County Flood Control District	0.02140	0.02140	0.02140	0.02140	0.02140	0.02140	0.02140	0.02140	0.02140	0.02140
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)	0.99998	0.99998	0.99998	0.99998	0.99998	0.99998	0.99998	0.99998	0.99998	0.99998
<u>Tax Rate Area 28-019: (2)</u>										
Capistrano Union	0.00845	0.00843	0.00800	0.00786	0.00745	0.00756	0.72700	0.00633	0.00633	0.00446
Metro Water District MWD OC Annex #4	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
Capistrano Unified ID#1 1999 Bond Fund - Series A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified ID#1 1999 Bond Fund - Series B	0.00445	0.00439	0.00439	0.00409	0.00388	0.00394	0.00378	0.00367	0.00335	0.00329
Capistrano Unified ID#1 1999 Bond Fund - Series C	0.00400	0.00404	0.00404	0.00377	0.00357	0.00362	0.00349	0.00324	0.00298	0.00117
Combined Total Property Tax Rate (2)	1.0204	1.0204	1.0199	1.0192	1.0184	1.0186	1.7378	1.0167	1.0162	1.0159

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 2025				Fiscal Year 2016			
	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)	\$ 484,387,006	\$ 377,696	1	3.27%				
SHC Laguna Niguel 1 LLC	288,104,945	225,245	2	1.95%	\$ 244,863,824	\$ 76,425	3	1.05%
Monarch Coast I Owner LLC	142,511,359	115,843	3	1.00%	98,829,794	30,591	5	0.42%
Regency Laguna LP	140,218,074	79,210	4	0.69%	184,959,237	57,387	4	0.79%
Raintree Del Prado LLC (1)	83,196,300	60,580	5	0.53%	-	-	-	-
HC Dana Point Hotel LLC (1)	56,834,838	43,805	6	0.38%	-	-	-	-
ST Apartments LLC		30,068	7	0.26%	-	-	-	-
Camino De Estrella Dana Point LLC	36,318,852	27,993	8	0.24%	-	-	-	-
Monarch Bay Plaza LLC	-	26,803	9	0.23%	-	-	-	-
Gordon Crawford Trust	63,331,759	24,398	10	0.21%	-	-	-	-
Monroe MBR	-	-			303,377,773	93,884	1	1.29%
MMB Management LLC	-	-			250,764,614	84,548	2	1.16%
Kenneth L Wagner Jr Trust	-	-			35,813,708	14,755	6	0.20%
ERGS Aim Hotel Realty LLC	-	-			33,506,343	10,963	7	0.15%
Bear Brand Partners	-	-			32,993,150	10,298	8	0.14%
Headland Reserve LLC	-	-			27,660,333	9,442	9	0.13%
Jon Darbyshire					22,797,588	9,392	10	0.13%
Totals	<u>\$ 1,294,903,133</u>	<u>\$ 1,011,642</u>		<u>8.76%</u>	<u>\$ 1,235,566,364</u>	<u>\$ 397,685</u>		<u>5.46%</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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Lodging Facilities, listed alphabetically:</u>										
Best Western Inn By The Sea	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Blue Lantern Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Beachfront Inn & Suites***	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capistrano Surfside Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Marina Motel (closed)	(1)	-	-	-	-	-	-	-	-	-
Dana Point Doubletree	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dana Point Harbor Inn (closed)	(1)	(1)	(1)	-	-	-	-	-	-	-
Dana Point Marina Inn	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
El Caminante****	(1)	-	-	-	-	-	-	-	(1)	(1)
Best Western Plus, Marina Shores Hotel*	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Marriott's Laguna Cliffs Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ritz Carlton	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Beach & Spa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Riviera Shores Resort	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Waldorf Astoria Monarch Beach Resort**	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenues	<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>	<u>\$16,711</u>	<u>\$16,884</u>	<u>\$17,300</u>
Transient Occupancy Tax Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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

* Formerly Holiday Inn Express

** Formerly Monarch Beach Resort

*** Formerly Capistrano Beach Resort

**** Formally Capistrano Seaside Inn

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
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
2023	6,307	37,160	175,966	48,279	7,798	64,406	76,210	295,923	712,049
2024	5,986	38,260	179,900	18,312	8,469	61,448	71,003	301,267	684,645

Top 25 Sales Tax Producers
Fiscal Year 2024

Business Name (1)

Albertsons
BevMo
Chart House
Chevron
Chevron Extra Miles
Circle K
Coastal Kitchen
Cornerstone Openings
Dana Point Arco
Encore Group USA
Gelson's Markets
Gianna's Bakery & Provisions
Jacks Surfboards
Jimmys Famous American Tavern
Marriott Laguna Cliffs
Monarch Bay Club
Monarch Beach Golf Links
Monarch Beach Resort
Ralphs
Ralphs Fresh Fare
Ritz Carlton
Rocket 76
Smart & Final
Truly Pizza
Wind & Sea Restaurant

Business Type

Grocery Stores
Convenience Stores/Liquor
Fine Dining
Service Stations
Service Stations
Service Stations
Casual Dining
Contractors
Service Stations
Electrical Equipment
Grocery Stores
Fast-Casual Restaurants
Sporting Goods/Bike stores
Casual Dining
Hotels/Motels
Fine Dining
Leisure/Entertainment
Hotels/Motels
Grocery Stores
Grocery Stores
Hotels/Motels
Service Stations
Grocery Stores
Casual Dining
Casual Dining

Percent of total paid by top 25 accounts = 53.64%

(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		Total Primary Government	Percentage of Personal Income	Per Capita
	Lease Liability	Subscription Liability			
THE CITY HAS NO OUTSTANDING DEBT					
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	\$ 336,401	\$ 635,429	\$ 971,830	-	-
2023	220,638	404,764	625,402	-	-
2024	422,608	216,633	639,241	-	-
2025	494,117	87,614	581,731	-	-

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, 2025

2024-25 Assessed Valuation: \$17,391,204,329

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt 6/30/2025</u>	<u>% Applicable to City</u>	<u>City Share 6/30/25</u>
Metropolitan Water District	\$ 17,155,000.00	0.427%	\$ 73,252
Capistrano Unified School District School Facilities Improvement District No.1	3,327,455	20.637%	686,687
City of Dana Point	-	100.00%	-
Santa Margarita Water District, I.D. No.3	2,560,000	0.062%	1,587
Dana Point Community Facilities District No. 2006-1	33,200,000	100.000%	33,200,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 33,961,526</u>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 429,065,000	2.145%	\$ 9,203,444
Orange County Board of Education Certificates of Participation	9,120,000	2.145%	195,624
Capistrano Unified School District Certificates of Participation	17,290,000	14.370%	2,484,573
Moulton-Niguel Water District Certificates of Participation	46,550,000	1.331%	619,581
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$ 12,503,222</u>
 TOTAL DIRECT DEBT			\$ 581,731
TOTAL OVERLAPPING DEBT			<u>46,464,748</u>
 COMBINED TOTAL DEBT			<u>\$ 47,046,479</u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were 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 lease obligations.

Ratios to Assessed Valuation:

Direct Debt0.00%
Total Direct and Overlapping Tax and Assessment Debt0.20%
Combined Total Debt0.27%

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: CalMuni

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed Valuation	<u>\$ 10,521,105</u>	<u>\$ 11,212,210</u>	<u>\$ 12,182,212</u>	<u>\$ 12,725,481</u>	<u>\$ 13,361,923</u>	<u>\$ 13,919,582</u>	<u>\$ 14,450,170</u>	<u>\$ 15,744,492</u>	<u>\$ 16,437,861</u>	<u>\$ 17,365,209</u>
Legal Debt Limit = 3.75% of Total Assessed Valuation (1)	\$ 394,541	\$ 420,458	\$ 456,833	\$ 477,206	\$ 501,072	\$ 521,984	\$ 541,881	\$ 590,418	\$ 616,420	\$ 651,195
Amount of Debt Applicable to Limit: Certificates of Participation/ Capital Lease	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 394,541</u>	<u>\$ 420,458</u>	<u>\$ 456,833</u>	<u>\$ 477,206</u>	<u>\$ 501,072</u>	<u>\$ 521,984</u>	<u>\$ 541,881</u>	<u>\$ 590,418</u>	<u>\$ 616,420</u>	<u>\$ 651,195</u>

Note:

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

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

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

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	2016 (2) (5)	2017 (1) (5)	2018 (1) (5)	2019 (1) (5)	2020 (1) (5)	2021 (1) (5)	2022 (1) (5)	2023 (1) (5)	2024 (1) (5)	2025 (1) (5)
Population	34,264	34,902	34,619	34,359	34,139	33,745	33,765	33,882	33,446	32,964
Age Distribution:										
0 - 4	1,490	1,493	1,482	1,442	1,430	1,393	1,394	1,376	1,174	1,177
5 - 14	3,261	3,288	3,243	3,193	3,199	3,124	3,151	3,164	2,620	2,597
15 - 19	1,941	1,621	1,627	1,604	1,577	1,530	1,521	1,535	1,648	1,503
20 - 24	1,468	1,928	1,856	1,756	1,707	1,634	1,617	1,533	1,693	1,739
25 - 34	4,220	4,357	4,295	4,287	4,280	4,259	4,239	4,232	3,837	3,927
35 - 44	3,956	4,020	3,953	3,969	3,980	4,008	4,018	4,136	3,589	3,565
45 - 64	10,781	10,517	10,366	10,127	9,973	9,597	9,488	9,293	9,889	9,295
65 - 74	4,097	4,351	4,447	4,531	4,531	4,628	4,646	5,013	4,993	4,949
75 - 84	2,095	2,256	2,291	2,375	2,386	2,496	2,620	2,672	2,878	3,058
85 and over	955	1,071	1,059	1,075	1,076	1,079	1,069	928	1,125	1,154
Total	<u>34,264</u>	<u>34,902</u>	<u>34,619</u>	<u>34,359</u>	<u>34,139</u>	<u>33,748</u>	<u>33,763</u>	<u>33,882</u>	<u>33,446</u>	<u>32,964</u>
Median Age	45.9	45.7	48.5	48.5	48.6	50.5	48.9	48.5	49.5	50.5
Per capita income	\$ 52,160	\$ 58,218	\$ 61,088	\$59,496	\$62,138	\$65,140	\$74,713	\$73,048	\$77,070	\$88,824
Personal income (,000,000) (5)	\$ 1,743	\$ 1,811	\$ 1,841	\$1,928	\$2,078	\$2,175	\$2,195	\$2,249	\$2,473	\$2,568
Median household income (1) (2)	\$ 82,065	\$ 95,346	\$ 102,250	\$100,389	\$104,270	\$109,810	\$119,867	\$113,622	\$122,567	\$142,061
Average household income (1)	\$ 117,539	\$ 136,926	\$ 143,962	\$140,455	\$146,594	\$152,599	\$173,101	\$170,173	\$176,229	\$197,475
Civilian unemployment rate (4)(5)	4.2%	3.8%	3.2%	2.7%	2.6%	7.8%	5.3%	2.9%	3.3%	3.8%
Number of families (1) (2)	9,099	9,008	8,950	8,779	8,842	8,783	8,895	9,046	8,918	8,942
Number of households (1) (2)	14,879	14,657	14,506	14,431	14,347	14,265	14,470	14,542	14,625	14,571
Average household size (1) (2)	2.29	2.37	2.37	2.33	2.37	2.35	2.32	2.32	2.27	2.25
Households, by income: (1) (2)										
Less than \$15,000	827	753	770	740	779	684	584	700	613	605
\$15,000 - \$24,999	1,034	861	827	800	783	695	585	624	658	659
\$25,000 - \$34,999	1,097	776	677	719	756	769	658	753	640	493
\$35,000 - \$49,999	1,557	1,295	1,201	1,191	1,124	1,084	933	931	851	755
\$50,000 - \$74,999	2,398	2,153	1,942	2,169	2,033	1,890	1,808	1,638	1,554	1,619
\$75,000 - \$99,999	1,863	1,755	1,650	1,563	1,387	1,323	1,409	1,669	1,421	1,446
\$100,000 - \$149,999	2,552	2,703	2,750	2,749	2,532	2,573	2,559	2,669	2,863	2,867
Over \$150,000	3,551	4,361	4,689	4,469	4,954	5,248	5,933	5,558	6,025	6,127
Total	<u>14,879</u>	<u>14,657</u>	<u>14,506</u>	<u>14,400</u>	<u>14,348</u>	<u>14,266</u>	<u>14,469</u>	<u>14,542</u>	<u>14,625</u>	<u>14,571</u>

(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
Current Year and Ten Years Ago

Employer	2025			2016	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Waldorf Astoria Monarch Beach	1200	1	6.99%	800	2
Ritz-Carlton Laguna Niguel	600	2	3.50%	970	1
Laguna Cliffs Marriott Resrt	250	3	1.46%	250	3
Dana Hills High School	200	4	1.17%	200	4
Harpoon Henry's Seafood Rstrnt	150	5	0.87%	150	5
Wind & Sea	150	5	0.87%	125	6
Albertsons	100	6	0.58%	114	9
Gelson's Market	100	6	0.58%	100	10
Monarch Beach & Tennis Club	100	6	0.58%	100	10
Salt Creek Grille	100	6	0.58%	100	10
Saratech Inc	99	7	0.58%		
Chart House	90	8	0.52%	90	11
Hilton Garden Inn Dana Point	90	8	0.52%		
Sea Bluffs Sales Office	90	8	0.52%		
Daniel Finder Realtor	87	9	0.51%		
Ralphs	83	10	0.48%	83	12
Surterre Properties Inc Dana	80	11	0.47%	80	14
United States Postal Svc	80	11	0.47%		
O C Lifeguards	75	12	0.44%	101	8
Detox California	74	13	0.43%		
Ralphs	70	14	0.41%	70	16
Western Union Agent Location	70	14	0.41%	70	16
Dana Point Rehab Campus	68	15	0.40%		
Hyperbarics LLC	68	15	0.40%		
Under Pressure Homework Help	68	15	0.40%		
St Edward-Confessor Parish Sch				65	17
Cannons Seafood Grill				82	13
Cannons Seafood Grill				80	14
Ocean Institute/Chambers Gallery				115	7
U.S Postal Service				80	14
Town Center Car Wash Co Inc				80	14
Monarch Beach Golf Links				74	15
Stonehill Carvern				70	16
ERA Fine Homes				70	16
Total	4,142		24.13%	4,119	

2025 Source: Data Axle and City of Dana Point 2016 Annual Comprehensive Financial Report

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
<u>General Government</u>										
City Manager's Office	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Administrative Services	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Facilities	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Public Safety</u>										
Police Services	-	-	-	-	-	-	-	-	-	-
Emergency Services	1.50	1.50	1.50	2.00	2.00	2.00	2.00	3.00	3.00	3.00
<u>Community Development</u>										
Planning	10.00	10.00	9.00	9.00	9.00	9.00	9.00	10.00	9.00	9.00
Building	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Code Enforcement	4.50	4.50	4.50	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Economic Development	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
<u>Recreation and Parks</u>										
Parks	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Community Services-Recreation	6.00	6.00	6.00	5.00	5.00	5.00	5.00	7.00	6.00	6.00
<u>Public Works</u>										
Administration	2.33	2.33	2.33	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Street/Drainage Maintenance	1.33	1.33	1.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Traffic Engineering	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste	0.34	0.34	0.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineering	12.00	12.00	11.00	10.00	10.00	10.00	10.00	11.00	12.00	12.00
Water Quality & Natural Resources	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	70.00	70.00	66.00	64.00	64.00	64.00	65.00	68.00	67.00	67.00

Source: City of Dana Point Budget Document

CITY OF DANA POINT
Operating Indicators by Function/Program
Fiscal Years 2016 through 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Police (1)</u>										
Arrests	448	483	1,199	1,253	889	936	431	298	218	179
Calls for service	18,815	21,530	22,939	18,247	22,765	25,181	17,531	15,212	16,390	9,968
Parking citations issued (4)	8,286	8,013	7,335	4,797	5679	6,337	5,313	4,261	7,588	4,622
Traffic citations issued (5)	N/A	794	1,549	1,150	666	1,926	1,654	1,233	1,405	1,345
<u>Fire (2)</u>										
Incidents	3,292	3,656	3,711	3,402	3,345	3,343	3695	3822	3891	4060
Fires	52	42	46	29	34	39	45	38	40	39
Inspections conducted	951	796	829	889	503	279	639	677	796	1097
<u>Refuse Collection (3)</u>										
Refuse collected (tons/day)	57	63	60	61	71	76	74	71	73	74
Recyclables collected (tons/day)	71	77	77	72	53	46	48	43	42	41
<u>Community Development</u>										
Building permits issued (8)	2,505	1,967	1,993	2,252	1,855	1,996	2,167	2,059	2,928	2,738
Value of building permits issued (8)	\$113,969,484	\$131,431,905	\$157,575,390	\$113,784,924	\$109,014,102	\$111,176,688	\$72,607,663	\$90,944,323	\$135,888,065	\$140,252,734
Inspections conducted	8,704	8,602	9,206	10,730	14,159	13,222	13,178	12,917	11,474	11,200
New code enforcement cases opened	1,289	1,562	1,472	1,177	1,437	1,186	961	813	828	1,042
Code enforcement cases closed	1,249	1,593	1,482	1,302	1,464	1,152	992	768	793	1,052
<u>Public Works</u>										
Miles of street resurfaced	2	1	4	0.9	0.59	1.2	2.03	2.3	1.4	0.05
Potholes repaired	64	70	0	24	37	6	7	4	10	7
Miles of street slurry sealed (6)	-	0	10.00	10.7	10.27	0	0	9.1	9.3	7.4
Inspections completed	7,719	7,725	11,087	11,168	11,710	11,860	11,168	11,367	11,452	11,547
<u>Recreation</u>										
Number of classes offered	402	446	425	353	280	257	338	310	395	590
Number of activities/excursions/special events	25	26	29	44	46	53	106	87	69	53
Number of participants:										
Youth classes	1,030	937	1,007	852	328	340	658	358	402	488
Adult classes (7)	1,574	1,852	1,732	2,253	2,967	1,193	3,683	4,507	1,870	7,251
Sports	455	680	520	520	649	180	339	314	1877	1932
Excursions	60	39	33	43	131	62	114	178	215	307
Total participants	3,119	3,508	3,292	3,668	4,075	1,775	4,794	5,357	4,364	9,978

(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.

(7) Adult Classes include Emeritus, Active Lifestyle and I Heart Yoga classes.

(8) Data for 2024 was corrected, data for only six months had been provided in 2024.

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 2016 through 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Police (1)</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (cars)	16	15	15	15	15	16	16	16	16	16
Patrol units (motorcycles)	1	1	1	1	1	1	2	2	2	3
Fire Stations (2)	2	2	2	2	2	2	2	2	2	2
<u>Refuse Collection (3)</u>										
Collection trucks	14	14	14	11	11	14	14	14	14	15
<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	29	29	29	29	29	29
Number of signalized intersections	38	38	40	40	40	40	40	40	40	40
Number of street lights (4)	1,547	1,547	1,544	1,551	1,552	1,560	1,561	1,564	1,565	1,565
<u>Parks and Recreation</u>										
Number of parks	27	27	27	28	27	27	29	28	30	29
Total park acreage	135	135	135	136	136	136	137	137	138	138
Number of baseball/softball diamonds	7	7	7	7	5	5	3	3	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	5	5	4	4	4	4	4
Number of bocce ball courts	3	3	3	3	3	3	3	3	3	3
Number of raquetball courts	-	-	-	2	2	2	2	2	2	2
Number of pickleball courts	-	-	-	-	-	7	7	8	9	9

(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