

# **Santa Margarita/Dana Point Authority**

## **Annual Financial Report**

**For the Fiscal Year Ended June 30, 2020**

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## Independent Auditor's Report

To the Board of Directors  
Santa Margarita/Dana Point Authority  
Rancho Santa Margarita, California

We have audited the accompanying financial statements of the Santa Margarita/Dana Point Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Margarita/Dana Point Authority, as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

*Macias Gini & O'Connell LLP*

San Diego, California  
December 18, 2020

**Santa Margarita/Dana Point Authority  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2020**

This section of the Santa Margarita/Dana Point Authority's (Authority) annual financial report presents the Management's Discussion and Analysis (MD&A) of the Authority's financial performance during the fiscal year ended June 30, 2020 (FY 2020). The MD&A is to be read and considered in conjunction with additional information provided with the basic financial statements and accompanying notes.

**FY 2020 Financial Highlights**

- The Authority reduced its long-term debt by \$12.4 million due to the 2014A and 2017A Refunding General Obligation bond principal payments made during FY 2020.
- Total assets decreased \$12.5 million in FY 2020 due to a reduction in the amount due from Santa Margarita Water District (SMWD). This is due to the payments made on the General Obligation bonds during the year.

**Overview of the Financial Statements**

The Authority is a self-supporting entity that follows enterprise fund accounting and presents its financial statements on the full accrual basis of accounting. This annual financial report consists of two parts – MD&A and the basic financial statements, including notes. The Authority's financial statements begin on page 6 of this document. The notes to the basic financial statements can be found beginning on page 9 and provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Authority's financial statements offer key, high-level financial information about the Authority's activities, comprised of the following main statements:

- **The Statement of Net Position** includes information on the Authority's assets and liabilities and deferred outflows and inflows of resources. Net Position is defined as the Authority's total assets plus deferred outflows of resources, less total liabilities, and deferred inflows of resources.
- **The Statement of Revenues, Expenses and Change in Net Position** shows changes in the Authority's net position based on its operating revenues and expenses during the fiscal year ended June 30, 2020.
- **The Statement of Cash Flows** provides the Authority's changes in cash resulting from operating activities and provides information on the sources and uses of the Authority's cash.

The Statement of Net Position, and the Statement of Revenues, Expenses and Change in Net Position provide a depiction of the Authority's financial standing.

**Santa Margarita/Dana Point Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2020**

**Statement of Net Position**

The activity of the Authority consists solely of collection of amounts due from SMWD and payment of debt, which are reported as operating revenues and expenses, resulting in no net position.

The Authority's total assets decreased \$12.5 million to \$51.1 million compared with the prior year due to payment from the SMWD on the Authority's General Obligation bonds, decreasing the receivable due from SMWD.

The Authority's total liabilities decreased \$12.6 million to \$52.2 million compared with the prior year due to payments made during FY 2020 on the Authority's General Obligation bonds.

Deferred outflows of resources decreased by \$0.1 million to \$1.2 million compared to the prior year due to the amortization of deferred loss on defeasance of the Authority's General Obligation bonds.

Deferred inflows of resources decreased by \$19.9 thousand to \$48.7 thousand compared to the prior year due to the amortization of deferred gains on defeasance of the Authority's General Obligation bonds.

**Condensed Statement of Net Position**

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
<b>Assets</b>				
Current Assets	\$ 13,794,068	\$ 13,551,603	\$ 242,465	1.8%
Noncurrent Assets	37,303,239	50,087,859	(12,784,620)	(25.5%)
Total Assets	<u>51,097,307</u>	<u>63,639,462</u>	<u>(12,542,155)</u>	<u>(19.7%)</u>
<b>Deferred Outflows of Resources</b>	1,194,457	1,312,347	(117,890)	(9.0%)
<b>Liabilities</b>				
Current Liabilities	-	13,551,603	(13,551,603)	-100.0%
Noncurrent Liabilities	52,243,010	51,331,600	911,410	1.8%
Total Liabilities	<u>52,243,010</u>	<u>64,883,203</u>	<u>(12,640,193)</u>	<u>(19.5%)</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>68,606</u>	<u>(68,606)</u>	<u>(100.0%)</u>
<b>Net Position</b>				
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>

**Santa Margarita/Dana Point Authority  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2020**

**Statement of Revenues, Expenses and Change in Net Position**

**Condensed Statement of Revenues, Expenses and Change in Net Position**

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
<b>Operating Revenues:</b>				
Special Assessment Tax Revenues from SMWD	\$ 1,469,744	\$ 1,691,201	\$ (221,457)	(13.1%)
<b>Total Operating Revenues</b>	<b>1,469,744</b>	<b>1,691,201</b>	<b>(221,457)</b>	<b>(13.1%)</b>
<b>Operating Expenses:</b>				
Interest Expense	1,469,744	1,691,201	(221,457)	(13.1%)
<b>Total Operating Expenses</b>	<b>1,469,744</b>	<b>1,691,201</b>	<b>(221,457)</b>	<b>(13.1%)</b>
<b>Change in Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Net Position, Beginning of Year	-	-	-	0.0%
<b>Net Position, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>

The Authority's total operating revenues and total operating expenses decreased by \$0.2 million to \$1.5 million due to a decrease in the interest expense paid on the Authority's General Obligation bonds.

**Long Term Debt**

Total long term debt decreased by \$12.4 million or 19.5% to \$51.3 million, which was primarily due to repayment of General Obligation bonds and amortization of net premium (discount). The following table summarizes the changes in long-term debt amounts for FY 2020.

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Long-Term Debt:						
Bonds Payable	\$ 58,440,000	\$ -	\$ (11,545,000)	\$ 46,895,000	\$ (11,545,000)	(19.8%)
Net Premium (Discount)	5,298,857	-	(862,257)	4,436,600	(862,257)	(16.3%)
<b>Total Long-Term Debt</b>	<b>\$ 63,738,857</b>	<b>\$ -</b>	<b>\$ (12,407,257)</b>	<b>\$ 51,331,600</b>	<b>\$ (12,407,257)</b>	<b>(19.5%)</b>

Additional information on the Authority's noncurrent liabilities can be found in Note 3 of the basic financial statements.

**Requests for Information**

This financial report is designed to provide our customers, investors, and creditors with an overview of the Authority's financial operations and condition. If you have questions about this report or need additional information you may contact SMWD's Assistant General Manager - Finance at 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688.

# **Basic Financial Statements and Accompanying Notes**



**SANTA MARGARITA/DANA POINT AUTHORITY**  
**Statement of Net Position**  
**June 30, 2020**

**ASSETS:**

**Current Assets:**

Accrued interest receivable	\$ 911,410
Due from Santa Margarita Water District - due within one year (Note 2)	12,882,658
<b>Total Current Assets</b>	<b><u>13,794,068</u></b>

**Noncurrent Assets:**

Due from Santa Margarita Water District - due in more than one year (Note 2)	37,303,239
<b>Total Noncurrent Assets</b>	<b><u>37,303,239</u></b>

<b>Total Assets</b>	<b><u>51,097,307</u></b>
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**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred loss on debt defeasance (Note 3)	1,194,457
<b>Total Deferred Outflows of Resources</b>	<b><u>1,194,457</u></b>

**LIABILITIES:**

**Current Liabilities:**

Accrued interest payable	911,410
Bonds payable - due within one year (Note 3)	12,882,658
<b>Total Current Liabilities</b>	<b><u>13,794,068</u></b>

**Noncurrent Liabilities:**

Bonds payable - due in more than one year (Note 3)	38,448,942
<b>Total Noncurrent Liabilities</b>	<b><u>38,448,942</u></b>

<b>Total Liabilities</b>	<b><u>52,243,010</u></b>
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**DEFERRED INFLOWS OF RESOURCES:**

Deferred gain on debt defeasance (Note 3)	48,754
<b>Total Deferred Inflows of Resources</b>	<b><u>48,754</u></b>

**NET POSITION:**

Unrestricted	-
<b>Total Net Position</b>	<b><u>\$ -</u></b>

See accompanying notes to the basic financial statements.

**SANTA MARGARITA/DANA POINT AUTHORITY**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Year Ended June 30, 2020**

**OPERATING REVENUES:**

Special assessment tax revenues from Santa Margarita Water District	\$ 1,469,744
<b>Total Operating Revenues</b>	<u>1,469,744</u>

**OPERATING EXPENSES:**

Interest expense	1,469,744
<b>Total Operating Expenses</b>	<u>1,469,744</u>

<b>Operating Income/Change in Net Position</b>	-
Net position, beginning of year	-
<b>Net position, End of Year</b>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

**SANTA MARGARITA/DANA POINT AUTHORITY**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

**Cash flows from operating activities:**

Cash receipts from special assessment tax revenues for debt and interest payments	\$ 14,011,900
Principal paid for bond debt service	(11,545,000)
Interest paid for debt service	<u>(2,466,900)</u>
Net cash provided by operating activities	<u>-</u>
 Net change in cash and cash equivalents	 -
 Cash and cash equivalents, beginning of year	 -
 Cash and cash equivalents, end of year	 <u><u>\$ -</u></u>

**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ -
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**Adjustments to reconcile operating income to net cash provided by operating activities:**

**Change in assets and liabilities:**

Decrease/(Increase) in assets:	
Accrued Interest Receivable	232,936
 (Decrease)/Increase in liabilities:	
Accrued interest payable	<u>(232,936)</u>
Total adjustments	<u>-</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

**Supplemental disclosure of noncash capital and related financing and investing activities:**

Amortization of (premiums) discounts	\$ (862,257)
Deferred (gain) loss on debt defeasance	98,038

See accompanying notes to the basic financial statements.

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**1. Reporting Entity and Summary of Significant Accounting Policies**

Organization

The Santa Margarita/Dana Point Authority (Authority) is a public entity created for the joint exercise of common powers pursuant to a Joint Exercise of Powers Agreement dated August 25, 1987, by and between the SMWD and the Dana Point Sanitary District (DPSD) (collectively, the Members) under the powers granted such Members pursuant to Sections §6500 et seq., Title 1, Division 7 Chapter 5, Article 1 of the California Government Code. Effective January 1, 1999, DPSD was dissolved and the South Coast Water District (SCWD) became the successor entity.

The Authority was created for the primary purpose of selling bonds to finance the acquisition of capacity in the Jay B. Latham Wastewater Treatment Plant. Financing for the acquisition of such capacity is provided from the proceeds of the bonds and monies as provided by SCWD.

The powers and functions of the Authority are exercised by the Board of Directors, of which two Directors may be appointed by the Board of Directors of SMWD and three Directors may be appointed by the Board of Directors of SCWD. Currently, each Member appoints two Directors to serve on the Authority's Board of Directors. Each Director holds office until he/she is removed with or without cause, at the sole discretion of such legislative body. When a budget is necessary, a unanimous decision of the Authority's Board of Directors is required to approve the general budget and maintenance and operation budgets. Expenditures in excess of the approved budget must be approved by the Member affected by the requested budget change.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting and Financial Reporting Standards Codification 2100, *The Financial Reporting Entity*. The Authority is a special purpose government and there are no other activities or component units required to be included in its financial statements.

Basis of Accounting and Measurement Focus

The accounting policies of the Authority's basic financial statements conform to generally accepted accounting principles in the United States of America (GAAP) applicable to state and local government agencies using pronouncements issued by the Governmental Accounting Standards Board (GASB) and as such, the Authority reports its activities as an enterprise fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The activity of the Authority consists solely of collection of amounts due from SMWD and payment of debt which are reported as operating revenues and expenses.

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**1. Reporting Entity and Summary of Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources, at the date of the financial statements, and the reported amounts for revenues and expenses for the reporting period. Actual results may differ from those estimates.

Due from Santa Margarita Water District

Amounts due are valued at the unpaid outstanding amount to be collected. There is no current allowance deemed necessary, as repayments are estimated to be paid.

Deferred Gain or Loss on Debt Defeasance

The advance refunding of certain bonds resulted in refunding gains or losses. Losses are included as deferred outflows of resources and gains are included as deferred inflows of resources on the accompanying Statement of Net Position and are amortized over the shorter of maturity of the refunding debt or the remaining maturity of the refunded debt using the effective interest method.

Income Taxes

As a governmental entity, the Authority is exempt from income taxation under provisions of the Internal Revenue Code and related state statutes; accordingly, no provision for income taxes has been provided in the financial statements.

Net Position

The financial statements utilize a net position presentation. Unrestricted net position is the net amount of the assets and deferred outflows of resources, less liabilities and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted net position.

New Accounting Pronouncements

**Adopted in the Current Year**

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately upon issuance in May 2020. There was no impact to the Authority.

**Effective in Future Years**

The Government Accounting Standards Board (GASB) has issued pronouncements that will impact future financial presentations. Management has not currently determined the impact, if any, of the newly issued pronouncements.

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**1. Organization and Summary of Significant Accounting Policies (continued)**

GASB Statement No. 84, *Fiduciary Activities*. Effective for the Authority's fiscal year ending June 30, 2021.

GASB Statement No. 87, *Leases*. Effective for the Authority's fiscal year ending June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for the Authority's fiscal year ending June 30, 2022.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. Effective for the Authority's fiscal year ending June 30, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*. Effective for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 92, *Omnibus 2020*. Effective upon issuance for the requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, *reinsurance recoveries, and terminology used to refer to derivative instruments*. The other requirements will be effective for the Authority's fiscal year ending June 30, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Effective for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Effective for the Authority's fiscal year ending June 30, 2022.

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**2. Due from Santa Margarita Water District**

SMWD places a special assessment levy annually on property tax bills for property tax owners in improvement districts to yield an amount equal to the principal and interest on the long term debt due in the ensuing year. Interest has been imputed on the amount receivable in an amount equal to the interest payable on long-term debt.

Changes in the amount due from SMWD for the year ended June 30, 2020, are as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Amount Due Within One Year	Amount Due Beyond One Year
Bonds Payable	\$ 58,440,000	\$ -	\$ (11,545,000)	\$ 46,895,000	\$ 12,385,000	\$ 34,510,000
Premium / Discount, Net	5,298,857	-	(862,257)	4,436,600	497,658	3,938,942
Deferred Gain (Loss) on Debt Defeasance, Net	(1,243,741)	-	98,038	(1,145,703)	-	(1,145,703)
Due from SMWD	<u>\$ 62,495,116</u>	<u>\$ -</u>	<u>\$ (12,309,219)</u>	<u>\$ 50,185,897</u>	<u>\$ 12,882,658</u>	<u>\$ 37,303,239</u>

Anticipated future receipts from SMWD for bond principal and interest payments are as follows:

Year	Principal	Interest	Total
2021	\$ 12,385,000	\$ 1,887,476	\$ 14,272,476
2022	1,420,000	1,556,976	2,976,976
2023	1,485,000	1,489,251	2,974,251
2024	1,560,000	1,413,126	2,973,126
2025	1,640,000	1,333,126	2,973,126
2026-2030	9,540,000	5,314,880	14,854,880
2031-2035	10,595,000	2,791,763	13,386,763
2036-2039	8,270,000	678,600	8,948,600
Total	<u>46,895,000</u>	<u>\$ 16,465,198</u>	<u>\$ 63,360,198</u>
Current	<u>12,385,000</u>		
Long-Term	<u>\$ 34,510,000</u>		

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**3. Noncurrent Liabilities**

Noncurrent liabilities and changes for the year ended June 30, 2020, are as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Amount Due Within One Year	Amount Due Beyond One Year
General Obligation Bonds Payable:						
2014 Series A	\$ 29,065,000	\$ -	\$ (10,635,000)	\$ 18,430,000	\$ 11,440,000	\$ 6,990,000
2017 Series A	29,375,000	-	(910,000)	28,465,000	945,000	27,520,000
<b>Total General Obligation Bonds Payable</b>	<b>58,440,000</b>	<b>-</b>	<b>(11,545,000)</b>	<b>46,895,000</b>	<b>12,385,000</b>	<b>34,510,000</b>
Premium / Discount, Net	5,298,857	-	(862,257)	4,436,600	497,658	3,938,942
<b>Total Bonds Payable</b>	<b>\$ 63,738,857</b>	<b>\$ -</b>	<b>\$ (12,407,257)</b>	<b>\$ 51,331,600</b>	<b>\$ 12,882,658</b>	<b>\$ 38,448,942</b>

***2014 Refunding General Obligation Bonds Series A***

In July 2014, the Authority issued \$65,340,000 Refunding General Obligation Bonds 2014 Series A (Serial \$63,210,000 and term \$2,130,000) with interest rates from 3.00% to 5.00% that matures annually on August 1 from (serial) 2015 to 2029 and (term) ending in 2032. The proceeds of the bonds were used to refund the 2003 Series A and 2004 Series A bonds. The final maturity date remains the same, at August 1, 2032. The source of repayment of these bonds is special assessment tax revenues for debt service, which is secured by land.

Principal and interest payments on the 2014 Bonds are payable from and secured by a pledge of all amounts received from SMWD, in connection with the Authority's issuance of the 2014 SMWD Refunding Bonds and are discussed in further detail in the Santa Margarita Water District's Comprehensive Annual Financial Report. As of June 30, 2020, the outstanding balance was \$18,430,000.

***2017 Refunding General Obligation Bonds Series A***

In April 2017, the Authority issued \$29,375,000 Refunding General Obligation Bonds 2017 Series A with interest rates from 3.00% to 5.00% that matures annually on August 1 from 2019 to 2038. The proceeds of the bonds were used to partially refund the 2009 Series A bonds (Improvement District Nos. 2, 2A, 3, 3A, 4, 4A & 4B), which had an interest rate of 2.00% to 5.25%. The refunding resulted in the recognition of a deferred loss of \$1,584,493, which will be amortized over the remaining term of the bond. The final maturity date remains the same, at August 1, 2038. The source of repayment of these bonds is special assessment tax revenues for debt service, which is secured by land.

Principal and interest payments on the 2017 Bonds are payable from and secured by a pledge of all amounts received from SMWD, in connection with the Authority's issuance of the 2017 SMWD Refunding Bonds and are discussed in further detail in the Santa Margarita Water District's Comprehensive Annual Financial Report. As of June 30, 2020, the outstanding balance was \$28,465,000.



**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**3. Noncurrent Liabilities (Continued)**

Future maturities of General Obligation bonds payable are as follows at June 30, 2020:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 12,385,000	\$ 1,887,476	\$ 14,272,476
2022	1,420,000	1,556,976	2,976,976
2023	1,485,000	1,489,251	2,974,251
2024	1,560,000	1,413,126	2,973,126
2025	1,640,000	1,333,126	2,973,126
2026-2030	9,540,000	5,314,880	14,854,880
2031-2035	10,595,000	2,791,763	13,386,763
2036-2039	8,270,000	678,600	8,948,600
Total	46,895,000	<u>\$ 16,465,198</u>	<u>\$ 63,360,198</u>
Current	<u>12,385,000</u>		
Long-Term	<u>\$ 34,510,000</u>		

Deferred Gain or Loss on Debt Defeasance

The balance for deferred gain on debt defeasance as of June 30, 2020, is as follows:

<u>General Obligation Bonds</u>	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amortization</u>	<u>Balance at June 30, 2020</u>
2014A Series	\$ 68,606	\$ -	\$ -	\$ (19,852)	\$ 48,754

The balance for deferred loss on debt defeasance as of June 30, 2020, is as follows:

<u>General Obligation Bonds</u>	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amortization</u>	<u>Balance at June 30, 2020</u>
2017A Series	\$ 1,312,347	\$ -	\$ -	\$ (117,890)	\$ 1,194,457

**Santa Margarita/Dana Point Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**4. Subsequent Events**

In March 2020, the World Health Organization (“WHO”) declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Authority at this time.

In August 2020, the Santa Margarita/Dana Point Authority issued the 2020A Revenue Bond for \$53,895,000. Proceeds of this issuance will finance the acquisition and construction of improvements to SMWD’s water and wastewater system; and to prepay three SMWD loans payable to the State Water Resources Control Board (SWRCB); and to pay for costs incurred with the issuance of the bond.