

SANTA MARGARITA/DANA POINT AUTHORITY

Annual Financial Report
For The Year Ended June 30, 2024

SANTA MARGARITA/DANA POINT AUTHORITY
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Independent Auditor's Report

Board of Directors
Santa Margarita Water District/Dana Point Authority
Rancho Santa Margarita, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Santa Margarita/Dana Point Authority ("Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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*, as listed in 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
October 18, 2024

SANTA MARGARITA/DANA POINT AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

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, 2024 (FY 2024). The MD&A is to be read and considered in conjunction with the basic financial statements and accompanying notes.

FY 2024 Financial Highlights

- Total assets decreased \$3.9 million in FY 2024 due to a reduction in the amount due from Santa Margarita Water District (SMWD). The Authority made revenue and general obligation bond principal payments during FY 2024 totaling \$1.3 million and \$1.6 million, respectively.

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 7 of this document. The notes to the basic financial statements can be found beginning on page 11 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, 2024.
- **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, 2024

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 \$3.9 million to \$89.0 million compared with the prior year due to payment from SMWD on the Authority's General Obligation bonds and Revenue bonds, decreasing the receivable due from SMWD.

The Authority's total liabilities decreased \$4.0 million to \$89.8 million compared with the prior year due to payments made during FY 2024 on the Authority's General Obligation bonds and Revenue bonds.

Deferred outflows of resources decreased by \$101.4 thousand to \$761.4 thousand 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 \$5.7 thousand to \$22.8 thousand compared to the prior year due to the amortization of deferred gains on defeasance of the Authority's General Obligation bonds.

	Fiscal Year	Fiscal Year	Increase	Percent
	2024	2023	(Decrease)	Increase
			(Decrease)	(Decrease)
Assets				
Current Assets	\$ 4,786,107	\$ 4,729,942	\$ 56,165	1.2%
Noncurrent Assets	84,246,630	88,204,025	(3,957,395)	(4.5%)
Total Assets	<u>89,032,737</u>	<u>92,933,967</u>	<u>(3,901,230)</u>	<u>(4.2%)</u>
Deferred Outflows of Resources	<u>761,370</u>	<u>862,788</u>	<u>(101,418)</u>	<u>(11.8%)</u>
Liabilities				
Current Liabilities	4,786,107	4,729,942	56,165	1.2%
Noncurrent Liabilities	84,985,152	89,038,277	(4,053,125)	(4.6%)
Total Liabilities	<u>89,771,259</u>	<u>93,768,219</u>	<u>(3,996,960)</u>	<u>(4.3%)</u>
Deferred Inflows of Resources	<u>22,848</u>	<u>28,536</u>	<u>(5,688)</u>	<u>(19.9%)</u>
Net Position				
Unrestricted	-	-	-	0.0%
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, 2024

Statement of Revenues, Expenses and Change in Net Position

The Authority's total operating revenues and total operating expenses decreased by \$111.6 thousand, respectively, due to lower interest expense paid on the Authority's General Obligation bonds and Revenue bonds.

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Operating Revenues:				
Net Revenues from SMWD	\$ 1,353,311	\$ 1,410,704	\$ (57,393)	(4.1%)
Special Assessment Tax Revenues from SMWD	1,055,985	1,110,174	(54,189)	(4.9%)
Total Operating Revenues	<u>2,409,296</u>	<u>2,520,878</u>	<u>(111,582)</u>	<u>(4.4%)</u>
Operating Expenses:				
Interest Expense	2,409,296	2,520,878	(111,582)	(4.4%)
Total Operating Expenses	<u>2,409,296</u>	<u>2,520,878</u>	<u>(111,582)</u>	<u>(4.4%)</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Net Position, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Net Position, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.0%

Long-Term Debt

Total long-term debt decreased by \$4.0 million or 4.3% to \$89 million primarily due to the repayment of the General Obligation bonds, Revenue Bonds, and amortization of net premium (discount). The following table summarizes the changes in long-term debt amounts for FY 2024.

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at June 30, 2024</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Long-Term Debt:						
Revenue Bonds Payable	\$ 48,840,000	\$ -	\$ (1,345,000)	\$ 47,495,000	\$ (1,345,000)	(2.8%)
General Obligation Bonds Payable	31,605,000	-	(1,560,000)	30,045,000	(1,560,000)	(4.9%)
Net Premium (Discount)	12,552,133	-	(1,053,856)	11,498,277	(1,053,856)	(8.4%)
Total Long-Term Debt	<u>\$ 92,997,133</u>	<u>\$ -</u>	<u>\$ (3,958,856)</u>	<u>\$ 89,038,277</u>	<u>\$ (3,958,856)</u>	<u>(4.3%)</u>

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 at 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688.

Basic Financial Statements

SANTA MARGARITA/DANA POINT AUTHORITY

Statement of Net Position

June 30, 2024

ASSETS:

Current Assets:

Accrued interest receivable	\$ 732,982
Due from Santa Margarita Water District - due within one year (Note 2)	4,053,125
Total Current Assets	4,786,107

Non-current Assets:

Due from Santa Margarita Water District - due in more than one year (Note 2)	84,246,630
Total Non-current Assets	84,246,630

Total Assets	89,032,737
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred loss on debt defeasance (Note 3)	761,370
Total Deferred Outflows of Resources	761,370

LIABILITIES:

Current Liabilities:

Accrued interest payable	732,982
Bonds payable - due within one year (Note 3)	4,053,125
Total Current Liabilities	4,786,107

Non-current Liabilities:

Bonds payable - due in more than one year (Note 3)	84,985,152
Total Non-current Liabilities	84,985,152

Total Liabilities	89,771,259
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DEFERRED INFLOWS OF RESOURCES:

Deferred gain on debt defeasance (Note 3)	22,848
Total Deferred Inflows of Resources	22,848

NET POSITION:

Unrestricted	-
Total Net Position	\$ -

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, 2024

OPERATING REVENUES:

Net revenues from Santa Margarita Water District	\$	1,353,311
Special assessment tax revenues from Santa Margarita Water District		1,055,985
Total Operating Revenues		<u>2,409,296</u>

OPERATING EXPENSES:

Interest Expense		2,409,296
Total Operating Expenses		<u>2,409,296</u>

Operating Income/Change in Net Position -

Net position, beginning of year		-
Net position, end of year	\$	<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, 2024

Cash flows from operating activities:

Cash receipts from net revenues for debt and interest payments	\$	3,337,400
Cash receipts from special assessment tax revenues for debt and interest payments		2,973,126
Principal paid for bond debt service		(2,905,000)
Interest paid for debt service		(3,405,526)
Net cash provided by operating activities		<u>-</u>
Net change in cash and cash equivalents		-
Cash and cash equivalents, beginning of year		<u>-</u>
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	38,104
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(Decrease)/Increase in liabilities:

Accrued interest payable	(38,104)
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Total adjustments	<u>-</u>
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Net cash provided by operating activities	<u><u>\$ -</u></u>
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Supplemental disclosure of non-cash capital and related financing and investing activities:

Amortization of (premiums) discounts	\$	(1,053,856)
Deferred (gain) loss on debt defeasance		95,730

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, 2024

1. Organization 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 Santa Margarita Water District (SMWD) and the Dana Point Sanitary District (DPSD) (collectively, the Members) under the powers granted to 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. There are currently no outstanding bonds related to the Jay B. Latham Wastewater Treatment Plant. Current outstanding bonds are related to financing of SMWD projects.

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.

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

1. Organization and Summary of Significant Accounting Policies (Continued)

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.

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. Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use, either through Authority resolution or external restrictions imposed by outside parties for use for a specific purpose.

When both the restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

1. Organization and Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

Adopted in the Current Year

GASB Statement No. 99, *Omnibus 2022* – the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53. Effective for the Authority’s fiscal year ended June 30, 2024. There was no impact to the Authority.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. Effective for the Authority’s fiscal year ended June 30, 2024. There was no impact to the Authority.

Effective in Future Years

GASB has issued pronouncements that will impact future financial presentations. Management has not currently determined the impact, if any, of the newly issued pronouncements listed below.

GASB Statement No. 101, *Compensated Absences*. Effective for the Authority’s fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. Effective for the Authority’s fiscal year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. Effective for the Authority’s fiscal year ending June 30, 2026.

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024, are as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Amount Due Within One Year	Amount Due Beyond One Year
Revenue Bonds Payable	\$ 48,840,000	\$ -	\$ (1,345,000)	\$ 47,495,000	\$ 1,410,000	\$ 46,085,000
General Obligation Bonds Payable	31,605,000	-	(1,560,000)	30,045,000	1,640,000	28,405,000
Premium / Discount, Net	12,552,133	-	(1,053,856)	11,498,277	1,003,125	10,495,152
Deferred Gain (Loss) on Debt Defeasance, Net	(834,252)	-	95,730	(738,522)	-	(738,522)
Due from SMWD	\$ 92,162,881	\$ -	\$ (3,863,126)	\$ 88,299,755	\$ 4,053,125	\$ 84,246,630

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

Year	Principal	Interest	Total
2025	\$ 1,410,000	\$ 1,925,150	\$ 3,335,150
2026	1,480,000	1,854,650	3,334,650
2027	1,555,000	1,780,650	3,335,650
2028	1,635,000	1,702,900	3,337,900
2029	1,205,000	1,621,150	2,826,150
2030-2034	6,975,000	7,153,900	14,128,900
2035-2039	8,470,000	5,654,300	14,124,300
2040-2044	9,960,000	4,167,050	14,127,050
2045-2049	12,090,000	2,031,400	14,121,400
2050	2,715,000	108,600	2,823,600
Total	47,495,000	<u>\$ 27,999,750</u>	<u>\$ 75,494,750</u>
Current	1,410,000		
Long-Term	<u>\$ 46,085,000</u>		

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

2. Due from Santa Margarita Water District (Continued)

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

Year	Principal	Interest	Total
2025	\$ 1,640,000	\$ 1,333,126	\$ 2,973,126
2026	1,725,000	1,249,001	2,974,001
2027	1,815,000	1,160,501	2,975,501
2028	1,900,000	1,067,626	2,967,626
2029	2,000,000	970,126	2,970,126
2030-2034	10,830,000	3,291,289	14,121,289
2035-2039	10,135,000	1,046,700	11,181,700
Total	<u>\$ 30,045,000</u>	<u>\$ 10,118,369</u>	<u>\$ 40,163,369</u>
Current	<u>1,640,000</u>		
Long-Term	<u>\$ 28,405,000</u>		

3. Noncurrent Liabilities

Noncurrent liabilities and changes for the year ended June 30, 2024, are as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Amount Due Within One year	Amount Due Beyond One Year
Revenue Bonds Payable:						
2020 Series A	\$ 48,840,000	\$ -	\$ (1,345,000)	\$ 47,495,000	\$ 1,410,000	\$ 46,085,000
Total Revenue Bonds						
Bonds Payable	48,840,000	-	(1,345,000)	47,495,000	1,410,000	46,085,000
Premium / Discount, net	9,536,019	-	(633,485)	8,902,534	612,102	8,290,432
Total Revenue Bonds Payable	<u>58,376,019</u>	<u>-</u>	<u>(1,978,485)</u>	<u>56,397,534</u>	<u>2,022,102</u>	<u>54,375,432</u>
General Obligation (GO) Bonds Payable:						
2014 Series A	6,090,000	-	(485,000)	5,605,000	515,000	5,090,000
2017 Series A	25,515,000	-	(1,075,000)	24,440,000	1,125,000	23,315,000
Total General Obligations						
Bonds Payable	31,605,000	-	(1,560,000)	30,045,000	1,640,000	28,405,000
Premium / Discount, net	3,016,114	-	(420,371)	2,595,743	391,023	2,204,720
Total GO Bonds Payable	<u>34,621,114</u>	<u>-</u>	<u>(1,980,371)</u>	<u>32,640,743</u>	<u>2,031,023</u>	<u>30,609,720</u>
Total Bonds Payable	<u>\$ 92,997,133</u>	<u>\$ -</u>	<u>\$ (3,958,856)</u>	<u>\$ 89,038,277</u>	<u>\$ 4,053,125</u>	<u>\$ 84,985,152</u>

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

3. Noncurrent Liabilities (Continued)

2020 Revenue Bonds Series A

In September 2020 the Authority issued \$53,895,000 of Water and Wastewater Revenue Bonds, Series 2020A (2020A Bonds). The proceeds of the bonds were used to finance the acquisition and construction of certain improvements to the SMWD's water and wastewater system, to prepay three State Water Resources Control Board contracts, and to pay costs incurred in connection with the issuance of the bonds. The 2020A Bonds have interest rates from 3.00% to 5.00% that mature annually on June 1 from 2021 to 2050. The final maturity date is June 1, 2050. The source of repayment of these bonds is from net revenues of SMWD's water and wastewater system, which consist of revenues remaining after the payment of operation and maintenance costs of SMWD's water and wastewater system. All net revenues are irrevocably pledged to the payment of these bonds.

Principal and interest payments on the 2020A Bonds are payable from and secured by a pledge of all amounts received from SMWD, in connection with the Authority's issuance of the 2020A Bonds and are discussed in further detail in SMWD's Annual Comprehensive Financial Report. As of June 30, 2024, the outstanding balance was \$47,495,000.

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 Annual Comprehensive Financial Report. As of June 30, 2024, the outstanding balance was \$5,605,000.

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.

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

3. Noncurrent Liabilities (Continued)

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 SMWD's Annual Comprehensive Financial Report. As of June 30, 2024, the outstanding balance was \$24,440,000.

Future maturities of Revenue bonds payable are as follows at June 30, 2024:

Year	Principal	Interest	Total
2025	\$ 1,410,000	\$ 1,925,150	\$ 3,335,150
2026	1,480,000	1,854,650	3,334,650
2027	1,555,000	1,780,650	3,335,650
2028	1,635,000	1,702,900	3,337,900
2029	1,205,000	1,621,150	2,826,150
2030-2034	6,975,000	7,153,900	14,128,900
2035-2039	8,470,000	5,654,300	14,124,300
2040-2044	9,960,000	4,167,050	14,127,050
2045-2049	12,090,000	2,031,400	14,121,400
2050	2,715,000	108,600	2,823,600
Total	47,495,000	<u>\$ 27,999,750</u>	<u>\$ 75,494,750</u>
Current	<u>1,410,000</u>		
Long-Term	<u>\$ 46,085,000</u>		

Future maturities of General Obligation bonds payable are as follows at June 30, 2024:

Year	Principal	Interest	Total
2025	\$ 1,640,000	\$ 1,333,126	\$ 2,973,126
2026	1,725,000	1,249,001	2,974,001
2027	1,815,000	1,160,501	2,975,501
2028	1,900,000	1,067,626	2,967,626
2029	2,000,000	970,126	2,970,126
2030-2034	10,830,000	3,291,289	14,121,289
2035-2039	10,135,000	1,046,700	11,181,700
Total	\$ 30,045,000	<u>\$ 10,118,369</u>	<u>\$ 40,163,369</u>
Current	<u>1,640,000</u>		
Long-Term	<u>\$ 28,405,000</u>		

SANTA MARGARITA/DANA POINT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

3. Noncurrent Liabilities (Continued)

Deferred Gain or Loss on Debt Defeasance

The balance for deferred gain on debt defeasance as of June 30, 2024, is as follows:

<u>General Obligation Bonds</u>	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amortization</u>	<u>Balance at June 30, 2024</u>
2014A Series	\$ 28,536	\$ -	\$ -	\$ (5,688)	\$ 22,848

The balance for deferred loss on debt defeasance as of June 30, 2024, is as follows:

<u>General Obligation Bonds</u>	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amortization</u>	<u>Balance at June 30, 2024</u>
2017A Series	\$ 862,788	\$ -	\$ -	\$ (101,418)	\$ 761,370