Colorado Health Facilities Authority

Financial Report
with Supplemental Information
September 30, 2020

Contents

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Independent Auditor's Report

To the Board of Directors
Colorado Health Facilities Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Colorado Health Facilities Authority (the "Authority") as of and for the years ended September 30, 2020 and 2019 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Colorado Health Facilities Authority as of September 30, 2020 and 2019 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Colorado Health Facilities Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of bonds outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of Colorado Health Facilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Colorado Health Facilities Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 16, 2020

The following discussion and analysis presents management's discussion of the financial position and results of operations of Colorado Health Facilities Authority (the "Authority") during the fiscal years ended September 30, 2020, 2019 and 2018. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This analysis should be read in conjunction with the Independent Auditors' Report, financial statements, and accompanying notes to the financial statements.

The Authority was created by the Colorado Legislature in 1977 as a financing vehicle to enable non-profit public and private health care institutions to access the tax-exempt capital market when financing or refinancing health care facilities. The Authority does not receive any state of Colorado ("State") funds and is not a State agency. Its operations are funded through annual fees charged to the organizations on whose behalf the Authority issues bonds and other debt obligations (together, "bonds").

The Authority's statute does not provide that the moral authority of the State can be pledged. To the contrary, it explicitly provides that any bonds issued by the Authority are not an indebtedness, a debt or a liability of the State, or any political subdivision of the State. All bond documents, bonds, and offering circulars pertaining to bonds issued by the Authority state that the bonds are not the obligations of the State or the Authority but are the financial obligations of the health care institutions.

As the Authority has no liability with respect to these bonds and has no beneficial interest in the related assets held by the trustees, the Authority excludes these bonds and related assets held by the trustees from its financial statements.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) the financial statements and 2) notes to the financial statements that provide enhanced disclosure of some of the information in the financial statements.

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement provides information about the nature and the amounts of investments in resources (assets) and the amounts due to the Authority's creditors (liabilities). It provides one way to measure the financial health of the Authority by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Authority. This information should be considered along with other non-financial factors, such as the change in economic conditions.

All of the current year's revenue and expenses are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures operations over the year and can be used to determine whether the Authority has recovered all of its costs through its revenue sources.

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operating, investing, capital and related financing activities, and non-capital financing activities. This statement provides answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the period.

Condensed Financial Information

	September 30,		
	2020	**2019**	**2018**
Assets			
Current assets	$7,793,651	$7,238,731	$6,669,254
Capital assets, net	-	-	634
Non-current assets	2,076,035	2,051,349	1,994,401
Total assets	9,869,686	9,290,080	8,664,289
Deferred outflows of resources	92,891	249,752	101,063
Liabilities			
Current liabilities	735,973	687,204	694,999
Non-current liabilities	473,673	918,348	744,009
Total liabilities	1,209,646	1,605,552	1,439,008
Deferred inflows of resources	230,682	21,334	190,598
Total liabilities and deferred inflows of resources	1,440,328	1,626,886	1,629,606
Net position			
Net investment in capital assets	-	-	634
Restricted indemnification trust	2,076,035	2,051,350	1,994,401
Unrestricted	6,446,214	5,861,596	5,140,711
Total net position	$8,522,249	$7,912,946	$7,135,746

Condensed Financial Information (continued)

	For the Years Ended September 30, 2020	2019	2018
Operating revenue			
Annual service fees	$1,768,225	$1,658,873	$1,672,532
Less refunds	(692,818)	(542,383)	(640,324)
Initial fees	1,113,409	663,817	760,271
Total operating revenue	2,188,816	1,780,307	1,792,479
Operating expenses			
Direct costs of financings	889,827	452,539	550,703
General and administrative expenses	873,620	824,153	1,120,570
Total operating expenses	1,763,447	1,276,692	1,671,273
Non-operating revenue	183,934	273,585	27,190
Change in net position	609,303	777,200	148,396
Net position - beginning of year	7,912,946	7,135,746	6,987,350
Net position - end of year	$8,522,249	$7,912,946	$7,135,746

Financial Analysis

Net Positions

Total assets of the Authority increased $579,606, or 6.2%, from $9,290,080 on September 30, 2019 to $9,869,686 on September 30, 2020, and total liabilities decreased $395,906, or 24.7%, from $1,605,552 on September 30, 2019 to $1,209,646 on September 30, 2020. The increase in total assets is primarily due to an increase in investments, which resulted from investment purchases due to cash flow generated from operations. The decrease in total liabilities is primarily due to a decrease in the Authority's proportionate share of the net pension liability. Total assets of the Authority increased $625,791, or 7.2%, from $8,664,289 on September 30, 2018 to $9,290,080 on September 30, 2019, and total liabilities increased $166,544, or 11.6%, from $1,439,008 on September 30, 2018 to $1,605,552 on September 30, 2019. The increase in total assets is primarily due to an increase in investments, which resulted from investment purchases due to cash flow generated from operations. The increase in total liabilities is primarily due to an increase in the Authority's proportionate share of the net pension liability.

Deferred outflows of resources decreased $156,861, or 62.8%, from $249,752 on September 30, 2019 to $92,891 on September 30, 2020, and deferred inflows of resources increased $209,348, or 981.3%, from $21,334 on September 30, 2019 to $230,682 on September 30, 2020. The decrease in deferred outflows of resources and increase in deferred inflows of resources is primarily due to the changes in actuarial assumptions and expectations embedded in accounting for the pension plan. Deferred outflows of resources increased $148,689, or 147.1%, from $101,063 on September 30, 2018 to $249,752 on September 30, 2019, and deferred inflows of resources decreased $169,264, or 88.8%, from $190,598 on September 30, 2018 to $21,334 on September 30, 2019. The increase in deferred outflows of resources and decrease in deferred inflows of resources is primarily due to the changes in actuarial assumptions and expectations embedded in accounting for the pension plan.

Financial Analysis (continued)

Net Positions (continued)

The net position of the Authority at September 30, 2020, 2019 and 2018 was $8,522,249, $7,912,946 and $7,135,746, respectively. As of September 30, 2020, 2019 and 2018 approximately $2,000,000 is set aside in an irrevocable indemnification trust. An additional $6,346,214, $5,761,596, and $5,040,711, respectively, has been designated by the Board of Directors (the "Board") to satisfy certain obligations of the Authority, described as follows. Pursuant to its statute, the Authority issues bonds with a maximum maturity of 40 years. The Authority has the responsibility of monitoring compliance with certain covenants in the financing documents and the ongoing financial and operating performance of its borrowers in accordance with such documents. The Authority is also involved in the remarketing of bonds, tax audits of bonds, workouts of bonds, and other post-issuance matters affecting its bonds. In the event the Authority is precluded from issuing bonds due to legislative changes or otherwise issues bonds less frequently than in the past and, therefore, experiences a decrease in revenues generated by such bond issues, the Authority needs to maintain sufficient reserves to provide for administrative costs over the next 40 years. These costs cover such items as personnel, office rent, insurance expenses, and legal and other outside consultants' fees, in addition to the Authority's share of the Public Employees' Retirement Association of Colorado's pension shortfall. Net position of $6,446,214, $5,861,596, and $5,140,711, respectively, is undesignated.

Statements of Revenue, Expenses, and Changes in Net Position

Operating Activities

The Authority's operations consist of issuing bonds and loaning the proceeds thereof to health care and senior housing providers. The Authority also hosts educational seminars for the providers and sponsors and participates in various State associations, comprised of hospitals and long-term care facilities, as well as in national organizations comprised of entities involved in tax-exempt health care finance.

The Authority charges financing and administrative fees for its services as discussed herein and further in Note 2 to the accompanying financial statements.

The total operating revenue for the year ended September 30, 2020 was $2,188,816, an increase of $408,509, or 22.9%, from the prior year. The total operating revenue for the year ended September 30, 2019 was $1,780,307, a decrease of $12,172, or 0.7%, from the prior year. The initial fees are designed to cover the Authority's costs in issuing the bonds of the borrowing health care facilities and are paid by the borrowers at their closings. These fees are based on a percentage of the issuance amount, the type of issuance, and the time spent by legal professionals in connection with an issue. The initial fees increased $449,592, or 67.7%, in 2020 when compared to 2019. This is primarily due to the fact that the Authority closed fifteen bond issues for the fiscal year 2020 compared to seven for the fiscal year 2019. The initial fees decreased $96,454, or 12.7%, in 2019 when compared to 2018. This is primarily due to the fact that although many more bonds were issued during the 2019 fiscal year, the largest issue fell within the Authority's fee cap. The annual fees cover the operating expenses of the Authority, since it receives no funding from the State. The gross annual service fees increased $109,352, or 6.6%, in 2020 when compared to 2019, due to a higher instance of new bond issuance during 2020. The gross annual service fees decreased $13,659 or 0.8%, in 2019 when compared to 2018, due to a higher instance of bond redemption during 2019. In addition, the largest bond issuance occurred in the fourth quarter of 2019.

Financial Analysis (continued)

Statements of Revenue, Expenses, and Changes in Net Position (continued)

Total operating expenses increased $486,755 or 38.1%, for the year ended September 30, 2020 when compared to the same period in 2019. This is primarily due to an increase in financial advisor costs and legal counsel costs related to new financings. Other general and administrative expenses increased $49,467 or 6.0%, primarily due to an increase in pension liability expense. Total operating expenses decreased $394,581, or 23.6%, for the year ended September 30, 2019 when compared to the same period in 2018. This is due to a decrease in pension liability expense. In addition, financial advisor costs decreased due to more issues in 2019 that fell within the financial advisor fee cap. Other general and administrative expenses decreased $296,417, or 26.5%, primarily due to a decrease in pension liability expense and a decrease in general legal services.

Non-Operating Activities

The only non-operating revenue shown on the Authority's financial statements is investment income earned on the investments held as part of the Authority's operating fund and trust. These investments are both Board-designated as well as unrestricted money. Investment income decreased $89,651, or 32.8%, from 2019 to 2020 due to a decrease of 0.08% in interest rates related to the investments remaining outstanding as of fiscal year end 2020 verse fiscal year end 2019. Investment income increased $246,395, or 906.2%, from 2018 to 2019 due to an increase of 0.5% in interest rates related to the investments remaining outstanding as of fiscal year end 2019 verse fiscal year end 2018, in addition to an increase in investment purchases.

Debt Administration

For the year ended September 30, 2020, the Authority issued $1,948,143,450 in bonds in fifteen bond issues. For the year ended September 30, 2019, the Authority issued $2,752,527,913 in bonds in seven bond issues. In fiscal year 2018, the Authority issued $1,321,395,000 in nine bond issues.

Budget Analysis

The Authority had budgeted a surplus of $698,371 for fiscal year 2020 before taking into account the refund to borrowers of a portion of their previously paid annual fees. The actual surplus was $1,302,121 for fiscal year 2020. After a refund to borrowers of $692,818 the actual surplus was $609,303. This is due to an increase in overall operating expenses primarily due to changes in the pension liability expense. The actual surplus was $1,319,583 for fiscal year 2019. After a refund to borrowers of $542,383, the remaining surplus was $777,200 in 2019. The actual surplus was $788,720 for fiscal year 2018. After a refund to borrowers of $640,324, the remaining surplus was $148,396 in 2018.

	For the Years Ended September 30,			
	2020	**2020**	**2019**	**2018**
	(Actual)	(Budgeted)	(Actual)	(Actual)
Revenue	$2,372,750	$2,252,145	$2,053,892	$1,819,669
Expenses	1,763,447	1,553,774	1,276,692	1,671,273
Revenue over expenses	$609,303	$698,371	$777,200	$148,396

Requests for Information

This financial report is designed to provide a general overview of the Authority’s financial results for all those with an interest in the Authority’s finances. Questions concerning any of the information provide in this report or requests for information should be addressed to the Executive Director, 3033 E 1st Avenue Suite 301, Denver, CO 80206.

Statement of Net Position

September 30, 2020 and 2019

		2020		2019
Assets				
Current assets:				
Cash and cash equivalents	$	1,673,451	$	1,334,216
Accounts receivable		488,844		419,753
Other current assets		115,737		171,092
Assets limited as to use		5,515,619		5,313,670
Total current assets		7,793,651		7,238,731
Noncurrent assets - Indemnification trust		2,076,035		2,051,349
Total assets		9,869,686		9,290,080
Deferred Outflows of Resources - Deferred amortization related to pension plan		92,891		249,752
Liabilities				
Current liabilities:				
Accounts payable		710,865		661,385
Accrued liabilities		25,108		25,819
Total current liabilities		735,973		687,204
Noncurrent liabilities - Net pension liability		473,673		918,348
Total liabilities		1,209,646		1,605,552
Deferred Inflows of Resources - Deferred amortization related to pension plan		230,682		21,334
Net Position				
Restricted indemnification trust		2,076,035		2,051,350
Unrestricted		6,446,214		5,861,596
Total net position	**$**	**8,522,249**	**$**	**7,912,946**

See notes to financial statements.

Colorado Health Facilities Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended September 30, 2020 and 2019

	2020	2019
Operating Revenue		
Annual service fees	$ 1,768,225	$ 1,658,873
Less refunds	(692,818)	(542,383)
Initial fees	1,113,409	663,817
Total operating revenue	2,188,816	1,780,307
Operating Expenses		
Direct costs of financing:		
Financial consulting	546,622	301,189
Legal costs through closing	325,787	119,747
Postclosing legal costs	11,486	28,843
Multistate fee expense	5,629	-
Other	303	2,760
General and administrative expenses:		
Salaries and related	489,497	469,996
Office rent and expenses	213,223	180,852
Professional services	84,491	73,386
Legislative relations	47,024	45,628
Meetings	24,110	24,784
Council dues and meetings	10,634	14,036
Public information/business development	3,641	13,837
Trust expenses	1,000	1,000
Depreciation	-	634
Total operating expenses	1,763,447	1,276,692
Operating Income	425,369	503,615
Nonoperating Revenue		
Investment income - Net	128,382	144,946
Net increase in fair value of investments	55,552	128,639
Total nonoperating revenue	183,934	273,585
Change in Net Position	609,303	777,200
Net Position - Beginning of year	7,912,946	7,135,746
Net Position - End of year	**$ 8,522,249**	**$ 7,912,946**

See notes to financial statements.

Statement of Cash Flows

Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash receipts from customers	$ 2,119,725	$ 1,762,105
Cash payments to other suppliers of goods or services	(1,169,115)	(907,304)
Cash payments to employees for services	(568,674)	(608,613)
Net cash and cash equivalents provided by operating activities	381,936	246,188
Cash Flows from Investing Activities		
Proceeds from sales of investments	2,160,000	2,150,000
Purchase of investments	(2,290,484)	(1,267,669)
Interest and dividend income	128,382	144,946
Purchases of investments - Indemnification trust	(40,599)	(40,729)
Net cash and cash equivalents (used in) provided by investing activities	(42,701)	986,548
Net Increase in Cash and Cash Equivalents	339,235	1,232,736
Cash and Cash Equivalents - Beginning of year	1,334,216	101,480
Cash and Cash Equivalents - End of year	**$ 1,673,451**	**$ 1,334,216**
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ 425,369	$ 503,615
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation	-	634
Changes in assets and liabilities:		
Accounts receivable	(69,091)	(18,202)
Other current assets	55,355	(88,450)
Accounts payable	49,480	(12,792)
Accrued liabilities	(711)	4,997
Net pension liability and pension-related deferred inflows and outflows of resources	(78,466)	(143,614)
Total adjustments	(43,433)	(257,427)
Net cash and cash equivalents provided by operating activities	**$ 381,936**	**$ 246,188**
Significant Noncash Transactions - Net increase in fair value of investments	$ (55,552)	$ (128,639)

See notes to financial statements.

Note 1 - Nature of Business

Organization

Colorado Health Facilities Authority (the "Authority") is an independent public body and political subdivision created, effective July 1, 1977, by an Act of the General Assembly of the State of Colorado. Although the Authority is not considered a component unit of the State of Colorado, the Authority is considered a related party to the State of Colorado.

The purpose of the Authority is to provide access to tax-exempt capital markets for nonprofit public and private health care institutions and senior housing facilities in order to refund or refinance outstanding indebtedness and to finance additional facilities and other capital expenditures.

While the Authority issues tax-exempt revenue bonds and enters into leases on behalf of the borrowing institutions, the Authority is not liable with respect to the bonds or lease payments outstanding. The balances included in the accompanying financial statements represent the financial position of the Authority and do not include balances related to the bonds issues or leases financed.

Component Unit

In 2003, the Authority's board of directors (the "Board") approved the creation of the Colorado Health Facilities Authority Trust (the "Trust"). Since the Trust's governing body is the same as the Authority's, the Trust is reported as a blended component unit.

Note 2 - Significant Accounting Policies

Basis of Accounting

The Authority is accounted for as a single-column business-type activity. The accompanying financial statements have been prepared on the accrual basis of accounting and the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers all investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Accounts Receivable

Accounts receivable arise in the normal course of business related to the annual fees charged to borrowers. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance, which is tracked by the Authority on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of September 30, 2020 and 2019, no allowance was considered necessary.

Investments

Investments are recorded at fair value. Interest, dividends, and realized and unrealized gains and losses are included in nonoperating income and expenses when incurred. It is the Authority's intention to hold the investment portfolio on a long-term basis, although the underlying investments may have a short-term maturity.

Note 2 - Significant Accounting Policies (Continued)

Assets Limited as to Use

The Board maintains a policy on the accumulation and maintenance of reserves whereby it determined that is was necessary to designate all reserves over $100,000 to the maintenance of operations and obligations for the next 40 years, ending at the final maturity date of the bonds it has issued. Pursuant to its statute, the Authority issues bonds with a maximum maturity of 40 years. The Authority has the responsibility of monitoring compliance with certain covenants in the financing documents and the ongoing financial and operating performance of its borrowers in accordance with such documents. The Authority is also involved in the remarketing of bonds. In the event the Authority is precluded from issuing bonds due to legislative changes or otherwise issues bonds less frequently than in the past and, therefore, experiences a decrease in revenue generated by such bond issues, the Authority needs to maintain sufficient reserves to provide for administrative costs over the next 40 years. These costs cover such items as personnel, office rent, insurance expenses, and legal and other outside consultants' fees in addition to the Authority's share of the Public Employees' Retirement Association of Colorado's (PERA) pension shortfall. This designated reserve of $5,515,619 and $5,313,670 at September 30, 2020 and 2019, respectively, is maintained in cash and investments; classified as assets limited as to use in the accompanying statement of net position; and to be updated annually by the Board. These funds may be expended only upon specific action by the Board.

Net Position and Related Reserves

The Authority's net position is classified as follows:

- *Restricted indemnification trust* - Consists of trust assets
- *Unrestricted* - Consists of the remaining net position that is available for unrestricted use

Restricted Indemnification Trust

The trust assets and interest accrued thereon of $2,076,035 and $2,051,349 as of September 30, 2020 and 2019, respectively, are currently maintained in U.S. Treasury bills and a Federated Treasury Obligation Fund and are classified as the restricted indemnification trust in the accompanying statement of net position.

Revenue and Expenses

The Authority's statement of revenue, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with arranging financings and includes annual service fees and initial fees. Nonexchange income includes investment income and miscellaneous income and is reported as nonoperating. Operating expenses are all expenses incurred to provide financing and the administrative expenses of the Authority.

The Authority charges two types of fees to the borrowers: an initial fee and an annual service fee. A portion of the initial fee may be collected prior to the issuance of bonds. In the event that bonds are not issued, any fees collected in excess of legal and other expenses incurred related to the issuance are refundable to the potential borrower. Thus, initial fees are recorded as revenue collected in advance and recognized as revenue when the related expenses are incurred, with any excess recognized when the bonds are issued. If legal and other expenses incurred exceed fees collected prior to bond issuance, such expenses are deferred and recorded as expense when the bonds are issued. Annual service fees are payable quarterly in arrears based on the bond anniversary date for issuances of borrowers with bonds outstanding of $100,000,000 or less on a cumulative basis and are based on the Authority's fiscal year end for issuances of borrowers with bonds outstanding of more than $100,000,000 on a cumulative basis. During the years ended September 30, 2020 and 2019, the Authority determined to refund $692,818 and $542,383, respectively, of its annual fees to the borrowers.

Note 2 - Significant Accounting Policies (Continued)

Risk Management

The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures and purchased insurance. Commercial general liability, medical, property losses, workers' compensation, and public officials' liability are all managed through purchased insurance. There were no insurance losses that exceeded insurance coverage in each of the past three fiscal years. In addition, the Board entered into an agreement to create a trust to pay or reimburse, upon satisfaction of certain requirements, any indemnification claims of past, present, or future directors, officers, and employees of the Authority. The Trust is currently funded in the amount of approximately $2,000,000.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pension

The Authority participates in the Local Government Division Trust Fund (the "LGDTF"), a cost-sharing, multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado. The LGDTF provides retirement and disability, postretirement annual increases, and death benefits for members or their beneficiaries. The net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense have been determined using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*; and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The provisions of this statement were originally effective for the Authority's financial statements for the year ended September 30, 2020 but were extended to September 30, 2021 with the issuance of the GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted.

Note 2 - Significant Accounting Policies (Continued)

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of this statement were originally effective for the Authority's financial statements for the year ending September 30, 2021 but were extended to September 30, 2022 with the issuance of the GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing, and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The provisions of this statement were originally effective for the Authority's financial statements for the year ending September 30, 2021 but were extended to September 30, 2022 with the issuance of the GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The Authority does not believe this pronouncement will have a significant impact on its financial statements, but it is still making a full evaluation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 16, 2020, which is the date the financial statements were available to be issued.

Note 3 - Change to Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. The Authority has not been significantly affected; however, because of the ongoing pandemic, the Authority’s future revenue, expenses, cash flows, and net position could be negatively impacted.

The global economy has experienced an increase in volatility in investments as a result of the pandemic. Management reviewed the fair value of the investment portfolio for indications of significant declines subsequent to year end and determined that no impairments should be recorded. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 4 - Deposits and Investments

Colorado statutes require that the Authority use eligible public depositories for all cash deposits, as defined by the Public Deposit Protection Act (PDPA). Under the PDPA, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102 percent of the aggregate public deposits held by the depository not insured by the FDIC.

Eligible collateral, as defined by the PDPA, primarily includes obligations of, or guarantees by, the U.S. government, the State of Colorado, or any political subdivision thereof and obligations evidenced by notes secured by first-lien mortgages or deeds of trust on real property. The Authority's deposits and investments include the following:

	2020		
	Deposits	Investments	Total
Cash	$ 1,673,451	$ -	$ 1,673,451
Assets limited as to use	-	5,515,619	5,515,619
Indemnification trust	-	2,076,035	2,076,035
Total deposits and investments	$ 1,673,451	$ 7,591,654	$ 9,265,105

	2019		
	Deposits	Investments	Total
Cash	$ 1,334,216	$ -	$ 1,334,216
Assets limited as to use	-	5,313,670	5,313,670
Indemnification trust	-	2,051,349	2,051,349
Total deposits and investments	$ 1,334,216	$ 7,365,019	$ 8,699,235

The bank balances on deposit were $1,728,777 and $1,366,562 at September 30, 2020 and 2019, respectively.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, establishes and modifies disclosure requirements related to interest risk, custodial credit risk, concentration of credit risk, and foreign currency risk. The Authority's investment portfolio is not exposed to foreign currency risk.

As of September 30, 2020 and 2019, the Authority had the following investments:

	2020	
Investment Type	Fair Value	Weighted-average Maturity in Years
U.S. Treasury obligations	$ 7,181,727	0.95
Federated Treasury Obligation Fund	7,250	N/A
U.S. government agency securities	402,677	0.63
Total	$ 7,591,654	

Note 4 - Deposits and Investments (Continued)

	2019	
Investment Type	Fair Value	Weighted-average Maturity in Years
U.S. Treasury obligations	$ 6,032,920	1.14
Federated Treasury Obligation Fund	1,403	N/A
U.S. government agency securities	1,330,696	0.75
Total	$ 7,365,019	

Interest Rate Risk

In accordance with its investment policy, the Authority manages credit risk by investing surplus funds, in accordance with Colorado statutes, at the maximum interest rates available for maturities coincident with the need for those funds. The Authority manages its exposure to declines in fair values by purchasing investments with different maturities, not to exceed 10 years.

Credit Risk

The Authority adheres to an investment policy of purchasing investments restricted to direct U.S. Treasury obligations, U.S. agency obligations, obligations issued by any state or any of its political subdivisions, repurchase agreements secured by U.S. Treasury or U.S. agency obligations, and qualified certificates of deposit or time deposits that are insured by the FDIC. The Authority's investments in U.S. Treasury obligations were rated A-1+ by Standard & Poor's and P-1 by Moody's. The Authority's investment in the Federated Treasury Obligation Fund was rated A-1+ by Standard & Poor's and P-1 by Moody's. The Authority's U.S. government agency securities were rated A-1+ to AA+ by Standard & Poor's and P-1 to Aa1 by Moody's.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Authority’s assets measured at fair value on a recurring basis at September 30, 2020 and 2019 and the valuation techniques used by the Authority to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Authority has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2020
U.S. Treasury obligations	$ 7,181,727	$ -	$ -	$ 7,181,727
U.S. government agency securities	-	402,677	-	402,677
Federated Treasury Obligation Fund	7,250	-	-	7,250
Total	$ 7,188,977	$ 402,677	$ -	$ 7,591,654

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2019
U.S. Treasury obligations	$ 6,032,920	$ -	$ -	$ 6,032,920
U.S. government agency securities	-	1,330,696	-	1,330,696
Federated Treasury Obligation Fund	1,403	-	-	1,403
Total	$ 6,034,323	$ 1,330,696	$ -	$ 7,365,019

U.S. Treasury bills and the Federated Treasury Obligation Fund classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for the securities. U.S. government agency securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model.

There were no changes to the valuation methodologies used for the years ended September 30, 2020 and 2019.

Note 6 - Budget Policies

The Authority prepares a nonappropriated operating budget annually. This budget is adopted by the Board, which reviews actual results as compared to the budget on a quarterly basis. The budget is prepared on the accrual basis of accounting.

Note 7 - Lease Commitments

The Authority maintains a lease for office space through October 31, 2026. Rental expense of $118,945 and $98,594 was charged to operations for the years ended September 30, 2020 and 2019, respectively.

Note 7 - Lease Commitments (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending September 30	Amount
2021	$ 79,535
2022	93,016
2023	103,797
2024	106,401
2025	109,054
Thereafter	121,112
Total	$ 612,915

Note 8 - Pension Plan

Plan Description

The Authority's employees are provided with pensions through the Local Government Division Trust Fund, a cost-sharing, multiple-employer defined benefit pension plan (the "Plan") administered by PERA. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same bases as they are reported by PERA. Title 24, Article 51, Part 4 of the Colorado Revised Statutes (CRS) grants the Authority to establish benefit provisions to the state Legislature. PERA issues a publicly available financial report that can be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, CO 80203 or by calling PERA at 303-832-9550 or 800-759-PERA (7372).

Benefits Provided

Local Government Division Trust Fund provides retirement, disability, and death benefits for members or their beneficiaries. Retirement benefits are based upon a defined or fixed multiplier, age, years of credited services, and highest average salary (HAS). For most employees, HAS is one-twelfth of the average of the highest annual salaries that are associated with three periods of 12 consecutive months under PERA-covered employment. The basic retirement benefit equals 2.5 percent times HAS times years of service. Employees with 25 years of continuous service are eligible to retire at age 50. Employees are eligible for service-related disability benefits with five or more years of service. Disability benefits are divided into a two-tier disability program consisting of a short-term disability program and a disability retirement benefit. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary and for which the benefit amount is appropriately adjusted.

Contributions

Plan members and the Authority are required to contribute to the Plan at a rate set by Colorado statute. The contribution requirements are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8 percent, and for the Authority, it is 10 percent of covered salary. A portion of the Authority's contribution, 1.02 percent for the years ended September 30, 2020 and 2019, is allocated for the Health Care Trust Fund. The Authority is also required to pay an amortization equalization disbursement of 2.2 percent of the total payroll for the calendar years 2020 and 2019 and a supplemental amortization equalization of 1.5 percent of total payroll for the calendar years 2020 and 2019. The total contribution rate to the pension plan was 12.68 percent for the calendar years 2020 and 2019. The Authority's employer contributions to PERA for the years ended September 30, 2020 and 2019 were $62,268 and $66,915, respectively, equal to its required contributions for the year.

Note 8 - Pension Plan (Continued)

Net Pension Liability

At September 30, 2020 and 2019, the Authority reported a liability of $473,673 and $918,348, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined as of December 31, 2019 using standard roll-forward techniques on an actuarial valuation as of December 31, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At December 31, 2019, the Authority's proportion was 0.0648 percent, which was a decrease of 0.0082 percent from its proportion measured as of December 31, 2018. At December 31, 2018, the Authority's proportion was 0.0730 percent, which was an increase of 0.0062 percent from its proportion measured as of December 31, 2017.

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

For the years ended September 30, 2020 and 2019, the Authority recognized pension (benefit) expense of $(16,198) and $88,158, respectively.

At September 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 31,949	$ -	$ 37,689	$ -
Net difference between projected and actual earnings on pension plan investments	-	174,829	122,045	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	14,710	55,853	44,953	21,334
The Authority's contributions to the plan subsequent to the measurement date	46,232	-	45,065	-
Total	$ 92,891	$ 230,682	$ 249,752	$ 21,334

Note 8 - Pension Plan (Continued)

Deferred outflows of resources related to pensions resulting from the authority contributions subsequent to the measurement date of $46,232 will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension benefit as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension benefit):

Years Ending September 30	Amount
2021	$ (58,531)
2022	(58,534)
2023	(837)
2024	(66,121)
Total	$ (184,023)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Local Government Division Trust Fund
Inflation	2.40%
Salary increases (including inflation)	3.50%-10.45%
Investment rate of return (net of investment expenses)	7.25%

Mortality rates were based on the RP-2014 White Collar Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements using the MP-2015 projection scale.

The Plan's total pension liability was determined by actuarial valuations as of December 31, 2018, and accepted actuarial procedures were applied to roll forward the pension liability to December 31, 2019. The actuarial assumptions used in the December 31, 2018 valuations were based on the results of the 2016 actuarial experience analysis for the periods from January 1, 2012 through December 31, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the years ended September 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equity - Large cap	21.20 %	4.30 %
U.S. equity - Small cap	7.42	4.80
Non-U.S. equity - Developed	18.55	5.20
Non-U.S. equity - Emerging	5.83	5.40
Core fixed income	19.32	1.20
High yield	1.38	4.30
Non-U.S. fixed income - Developed	1.84	0.60
Emerging market debt	0.46	3.90
Core real estate	8.50	4.90
Opportunity fund	6.00	3.80
Private equity	8.50	6.60
Cash	1.00	0.20

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.25 percent, as well as what the Authority's 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 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
The Authority's proportionate share of the net pension liability as of September 30, 2020	$ 870,102	$ 473,673	$ 140,280
The Authority's proportionate share of the net pension liability as of September 30, 2019	1,404,883	918,348	511,313

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA plan financial report.

Note 9 - Defeased Bond Issues

A number of the bond issues have been defeased with the proceeds of the Authority's refunding bonds or escrow deposits made by the borrower institutions. In these instances, cash, U.S. government obligations, or other securities permitted by the bond indentures are deposited with a trustee in an irrevocable escrow account to be used solely to retire the bonds being refunded at a future date. This escrow deposit must be sufficient in amount to pay maturing principal, interest, and applicable call premiums on the advance refunded bonds when due. The escrowed assets are pledged solely to the bondholders of the refunded issues. The lien and secured interests of the bond trustee and the Authority created by the bond indenture and loan agreement governing the advance-refunded bond issue are defeased or released at the time the escrow deposit is made. As such, defeased bond issues are not considered to be outstanding as of September 30, 2020 and 2019, as applicable, in the schedule of bonds outstanding and the balance disclosed in Note 11.

Note 10 - Defaults

Certain bond issues may be declared to be in default from time to time. While the Authority is not responsible for the repayment of the bonds, it can incur costs to assist in the resolution of the defaults. The Authority has been informed by the bond trustee that the Colorado Senior Residences' Series 2012 bonds have payment and covenant defaults. The bondholders of a majority of the aggregate principal amount of bonds outstanding have agreed to forbear exercising remedies under the bond indenture until January 31, 2021.

Note 11 - Bond Issues (Unaudited)

As of September 30, 2020 and 2019, the Authority issued the bond issues as shown in the schedule of bonds outstanding. The total amount of bonds outstanding at September 30, 2020 and 2019 was $8,724,689,270 and $7,984,095,824, respectively.

Required Supplemental Information

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Local Government Division Trust Pension Plan

Last Seven Plan Years*

Plan Years Ended December 31

	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.06476 %	0.07305 %	0.06682 %	0.06819 %	0.07081 %	0.07125 %	0.07105 %
Authority's proportionate share of the net pension liability	$ 473,673	$ 918,348	$ 744,009	$ 920,864	$ 780,019	$ 638,632	$ 584,678
Authority's covered payroll	$ 446,050	$ 479,106	$ 421,538	$ 413,346	$ 402,141	$ 390,429	$ 379,055
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	106.19 %	191.68 %	176.50 %	222.78 %	193.97 %	163.57 %	154.25 %
Plan fiduciary net position as a percentage of total pension liability	86.26 %	75.96 %	79.37 %	73.65 %	76.87 %	80.72 %	77.66 %

Note: The amounts presented for each fiscal year were determined as of December 31.

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of the Authority's Contributions
Local Government Division Trust Pension Plan

Last Seven Fiscal Years*

Years Ended September 30

	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 62,268	$ 66,915	$ 58,383	$ 57,540	$ 56,325	$ 54,683	$ 53,488
Contributions in relation to the statutorily required contribution	62,268	66,915	58,383	57,540	56,325	54,683	53,488
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 446,050	$ 463,656	$ 421,538	$ 436,450	$ 416,129	$ 399,145	$ 387,520
Contributions as a Percentage of Covered Payroll	13.96 %	14.43 %	13.85 %	13.18 %	13.54 %	13.70 %	13.80 %

There were no changes to benefit terms, changes in the size or composition of the population covered by benefit terms, or the use of different assumptions, which would affect trends significantly in the amounts reported for the Plan during the years ended September 30, 2020 and 2019.

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Other Supplemental Information

Schedule I - Schedule of Bonds Outstanding

Bond Issue	Amount Outstanding as of September 30, 2020	2019
Adventist Health System/Sunbelt Obligated Group, Series 2010	$ 16,500,000	$ 17,500,000
Adventist Health System/Sunbelt Obligated Group, Series 2014	75,000,000	75,000,000
Adventist Health System/Sunbelt Obligated Group, Series 2016	376,000,000	376,000,000
Adventist Health System/Sunbelt Obligated Group, Series 2017	86,500,000	91,000,000
Adventist Health System/Sunbelt Obligated Group, Series 2018	343,395,000	343,395,000
AdventHealth, Series 2019	481,525,000	481,525,000
Allosource Project, Series 2010	11,453,000	12,563,000
Allosource Project, Series 2015	6,499,329	7,172,513
American Baptist Homes, Series 2013	48,125,000	48,250,000
American Baptist Homes, Series 2016	6,465,000	6,580,000
Augustana Elk Run Assisted Living Project, Series 2013	875,000	875,000
Bethesda Living Centers, Series 2018	121,505,000	123,095,000
Boulder Community Hospital Project, Series 2000	15,200,000	40,120,000
Boulder Community Hospital Project, Series 2010 A & B	30,965,000	56,555,000
Boulder Community Hospital Project, Series 2012	25,895,000	26,540,000
Boulder Community Hospital Project, Series 2014	29,000,000	30,000,000
Boulder Community Hospital Project, Series 2020	51,240,000	-
Brent Eley Center, Series 2012	1,494,043	1,597,000
Catholic Health Initiatives, Series 2004	54,200,000	54,200,000
Catholic Health Initiatives, Series 2008	52,990,000	52,990,000
Catholic Health Initiatives, Series 2008D	61,215,000	61,215,000
Catholic Health Initiatives, Series 2009	156,155,000	160,705,000
Catholic Health Initiatives, Series 2011A & C	274,715,000	295,115,000
Catholic Health Initiatives, Series 2013A	254,765,000	254,765,000
Catholic Health Initiatives, Series 2013B	97,000,000	100,000,000
Catholic Health Initiatives, Series 2015	77,472,350	79,072,350
Children's Hospital Colorado, Series 2013	73,715,000	309,320,000
Children's Hospital Colorado, Series 2016	222,330,000	228,150,000
Children's Hospital Colorado, Series 2019	16,172,072	18,627,681
Children's Hospital Colorado, Series 2019, Series B	235,360,000	-
Children's Hospital Colorado, Series 2020	105,685,000	-
Christian Living Communities - Clermont Park, Series 2011A & B	8,085,000	8,085,000
Christian Living Communities, Series 2012	18,375,000	40,645,000
Christian Living Communities, Series 2016	60,605,000	62,515,000
Christian Living Communities, Series 2019	25,770,000	-
Christian Living Communities Cappella, Series 2019	22,240,000	-
Colorado Senior Residences - Casey's Pond, Series 2012	44,705,000	44,705,000
Common Spirit Health, Series 2019 A-1	2,043,210,000	2,043,210,000
Covenant Retirement Communities, Inc., Series 2012A, B, & C	133,675,000	135,320,000
Covenant Retirement Communities, Inc., Series 2013	21,685,000	21,995,000
Covenant Retirement Communities, Inc., Series 2015 A	93,320,000	97,460,000
Covenant Retirement Communities, Inc., Series 2015 B	9,695,000	12,595,000
Covenant Retirement Communities, Inc., Series 2018A	59,780,000	59,780,000
Craig Hospital, Series 2012	32,710,000	33,500,000
The Denver Hospice Project, Series 2019	9,200,000	9,200,000
Denver Options dba Rocky Mountain Human Services, Series 2012	5,629,608	6,116,787

Schedule I - Schedule of Bonds Outstanding (Continued)

Bond Issue	Amount Outstanding as of September 30, 2020	2019
Devereux Foundation, Series 2012	$ 1,946,268	$ 2,707,767
Discover Goodwill, Series 2019	28,700,000	-
Eaton Senior Communities Project, Series 2018	12,868,410	12,868,410
Frasier Meadows Manor Inc. Project, Series 2017	46,000,000	56,000,000
Frasier Meadows Manor Inc. Project, Series 2017	81,635,000	83,025,000
Frasier Meadows Manor Inc. Project, Series 2020 A	39,100,000	-
Frasier Meadows Manor Inc. Project, Series 2020 B	10,694,000	-
Freedom Service Dogs, Series 2015	-	240,920
Golden West Manor, Series 2005	-	6,330,153
Goodwill Industries of Denver, Series 2013	-	5,850,000
Longmont United Hospital Project, Series 2006	24,115,000	24,115,000
Longmont United Hospital Project, Series 2013	7,440,000	9,180,000
Mental Health Center of Denver, Series 2014	21,810,000	22,265,000
Montrose Series 2017	19,803,672	20,911,633
National Jewish Medical and Research Center Project, Series 2005	8,700,000	9,100,000
National Jewish Medical and Research Center Project, Series 2012	13,985,000	15,895,000
National Jewish Medical and Research Center Project, Series 2019	72,050,000	-
North Colorado Medical Center Inc. Project, Series 2012	-	34,585,000
North Colorado Medical Center Inc. Project, Series 2013	-	43,058,976
North Colorado Medical Center Inc. Project, Series 2016	-	114,395,000
Open Arms, Series 2020	3,000,000	-
Parkview Medical Center, Series 2012	22,115,000	23,280,000
Parkview Medical Center, Series 2014	5,700,000	6,775,000
Parkview Medical Center, Series 2015	39,650,000	40,240,000
Parkview Medical Center, Series 2016	70,590,000	70,590,000
Parkview Medical Center, Series 2017	14,280,000	15,285,000
Parkview Medical Center, Series 2020	80,770,000	-
Peak Vista Community Health Centers, Series 2012	-	6,512,687
Peak Vista Community Health Centers, Series 2013	-	6,657,824
Peak Vista Community Health Centers, Series 2020	23,500,000	-
Plan De Salud del Valle, Series 2010	-	11,375,000
Plan De Salud del Valle, Series 2020	13,747,824	-
Ralston Creek, Series 2017	47,685,000	48,135,000
Rocky Mountain Youth Clinic, Series 2010	933,816	985,254
Sanford Health, Series 2019A	736,975,000	-
Sisters of Charity of Leavenworth Health System, Series 2010	-	469,065,000
Sisters of Charity of Leavenworth Health System, Series 2011	52,895,000	54,100,000
Sisters of Charity of Leavenworth Health System, Series 2013A	300,000,000	300,000,000
Sisters of Charity of Leavenworth Health System, Series 2016	110,980,000	221,970,000
Sisters of Charity of Leavenworth Health System, Series 2016	498,795,000	-
Sunny Vista, Series 2015	42,895,000	43,220,000
Vail Valley Medical Center, Series 2012	10,714,879	12,702,868
Vail Valley Medical Center, Series 2015	100,000,000	100,000,000
Valley View Hospital, Series 2015	44,085,000	44,555,000
Valley View Hospital, Series 2017	41,000,000	41,285,000
Valley View Hospital, Series 2017	54,205,000	55,715,000
Volunteers of America Care Facilities Obligated Group Projects, Series 2007	23,230,000	24,065,000
	$ 8,724,689,270	**$ 7,984,095,824**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Colorado Health Facilities Authority

We have audited, 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, the basic financial statements of Colorado Health Facilities Authority (the "Authority") as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Board of Directors
Colorado Health Facilities Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 16, 2020