



MEMORANDUM

Date: February 22, 2011

To: Members of the Legislative Audit Committee

From: Sally Symanski, CPA
State Auditor

Re: 2010 Annual Report from the Colorado Educational and Cultural Facilities Authority on the Moral Obligation Bond Program

Please find attached the Colorado Educational and Cultural Facilities Authority's (Authority) 2010 annual report on the Moral Obligation Bond program for charter schools authorized under Section 22-30.5-407 and 408, C.R.S. Statute requires that prior to January 30th of each year the Authority submit a report to the State Auditor containing specific information on bonds issued during the year under Section 22-30.5-407 and 408, C.R.S. on behalf of charter schools. The State Auditor is required to examine this report and report any findings no later than March 1st of each year to the Legislative Audit Committee, the Education Committees of the Senate and the House of Representatives, the Capital Development Committee, the Joint Budget Committee, and the Department of Education.

We have received and reviewed the Authority's 2010 report dated January 18, 2011, and we have verified that the required data has been accurately compiled in this report from the Official Statements related to the bonds issued in 2010. Our review did not identify any findings related to the Authority's 2010 annual report on the Moral Obligation Bond program.

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Colorado Educational and Cultural Facilities Authority

CECFA

January 28, 2011


Legislative Audit Committee
225 East 16th Avenue, Suite 555
Denver, Colorado 80203

Dear Ladies and Gentlemen:

We are pleased to provide to you the report regarding Colorado charter school moral obligation bonds issued during calendar year 2010, as required by C.R.S. 22-30.5-409(1). Seven new transactions were completed during the year, with a combined par amount of \$50,775,000. The total principal amount of moral obligation bonds outstanding as of December 31, 2010, was \$398,195,000, which is within the statutory limit of \$400 million outstanding at any one time.

We appreciate very much your thoughtful review of this information. Please let me know if you have any questions or need any additional information.

Sincerely,



Jo Ann Soker
Executive Director

cc: Brett Johnson, Depute State Treasurer
Claire Jozwiak, State Treasurer's Office

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COLORADO EDUCATIONAL AND CULTURAL
FACILITIES AUTHORITY

Report to the State Auditor
Issuance of Qualified Charter School Bonds
Required by C.R.S. 22-30.5-407 and 408

January 2011

This report provides information concerning the issuance of qualified charter school bonds, as defined in C.R.S. Section 22-30.5-408 (1)(c), 22-30.5-407 (2) (a) and 22-30.5-408 (2)(a).

- a) The total amount of such qualified charter school bonds issued during the 2010 calendar year was \$50,775,000.
- b) The charter schools on whose behalf such qualified charter school bonds were issued are as follows:

Pinnacle Academy, Adams County	\$12,985,000
High Point Academy, Arapahoe County	\$11,930,000
Colorado Springs Charter Academy, El Paso County	\$7,355,000
Free Horizon Montessori, Jefferson County	\$6,550,000
Parker Core Knowledge, Douglas County	\$2,435,000
The Academy (formerly Academy of Charter Schools), Adams County, Series 2010A (only)	\$4,435,000
Rocky Mountain Academy Evergreen, Jefferson County, Series A (only)	\$5,085,000

- c) The proceeds of the bond issues were used to acquire, equip, and construct new academic facilities, or to refund bonds that were issued for those purposes. The amounts and percentages of the total cost of each new facility paid by bond issue proceeds were as follows:

Charter School	Amount of Issue	Total Cost of Charter School Facilities	Percentage of Project Paid by Bond Issue Proceeds
Pinnacle Academy	\$12,985,000	\$10,817,722	100%
High Point Academy	\$11,930,000	\$9,484,335	100%
Colorado Springs Charter Academy*	\$7,355,000	\$2,000,000	100%
Free Horizon Montessori School	\$6,550,000	\$5,688,611	100%
Parker Core Academy	\$2,435,000	\$2,199,075	100%
The Academy (Series 2010A only)	\$4,435,000	\$8,174,399	100%
Rocky Mountain Academy Evergreen**	\$5,085,000	\$742,753	100%

* Bond issue also refinanced \$4,387,318 outstanding bank debt previously used for construction.

** Bond issue also refinanced outstanding bond for the amount of \$3,838,397 which were used for construction.

- d) The investment ratings of the issues are summarized below:

Charter School	Rating	Rating Agency
Pinnacle Academy	A	Fitch
High Point Academy	A	S&P
Colorado Springs Charter Academy	A	S&P
Free Horizon Montessori School	A-	S&P
Parker Core Academy	A	S&P
The Academy (Series 2010A only)	A	S&P
Rocky Mountain Academy Evergreen	A	S&P

- e) The total amount of net and gross proceeds obtained from the issuance of such qualified charter school bonds during the most recently completed calendar year was:

Gross Proceeds in CY 2010	\$50,775,000
Net Proceeds in CY 2010	\$49,729,907

- f) The total principal amount outstanding of qualified charter school bonds as of December 31, 2010 was \$398,195,000.
- g) The total amount of annual installments of principal and interest on all outstanding qualified charter school bonds scheduled for payment during the 2010 calendar year was \$26,256,286. The total amount of such annual installments actually paid during the 2010 calendar year was \$26,256,286. The total amount of annual installments due in the 2011 calendar year is \$28,590,668 and the annual installments due in the calendar years 2011 through 2041 is \$791,301,316.
- h) The total amount of moneys expended from the charter schools' own debt service reserve funds or accounts during the 2010 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.
- i) The total amount of moneys expended from the state charter school debt reserve fund during the 2010 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.