



## MEMORANDUM

Date: February 26, 2013

To: Members of the Senate Education Committee  
Members of the House Education Committee  
Members of the Capital Development Committee  
Members of the Joint Budget Committee  
Department of Education, Commissioner of Education

From: Dianne E. Ray, CPA  
State Auditor

Re: 2012 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 (CECFA) 2012 annual report on the Moral Obligation Bond program for charter schools authorized under Section 22-30.5-407 and 408, C.R.S. Section 22-30.5-409, C.R.S., requires that prior to January 30<sup>th</sup> of each year CECFA submit a report to the State Auditor containing specific information on bonds issued during the year on behalf of charter schools. The State Auditor is required to examine this report and report any findings no later than March 1<sup>st</sup> 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 presented the information to the Legislative Audit Committee on February 26, 2013.

We have received and reviewed CECFA's 2012 report dated January 14, 2013, 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 2012. CECFA reports that it issued one bond under this program in 2012. Our review did not identify any findings related to CECFA's 2012 annual report on the Moral Obligation Bond program.

enc.



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**CECFA**

*Colorado Educational and Cultural Facilities Authority*

January 30, 2013

Legislative Audit Committee  
224 East 16<sup>th</sup> 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 2012, as required by C.R.S. 22-30.5-409(1). One new transaction was completed during the year with a par amount of \$9,420,000. The total principal amount of moral obligation bonds outstanding as of December 31, 2012, was \$394,265,000, which is within the statutory limit of \$400 million outstanding at any one time.

We appreciate your 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, Deputy 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 2013**

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 2012 calendar year was \$9,420,000.
- b) The charter school on whose behalf such qualified charter school bonds were issued was as follows:

DCS Montessori, Douglas County - \$9,420,000

- c) The proceeds of the bond issue were used to current refund \$8.28 million in 2002A Bonds (originally issued to construct a 48,000 square foot facility and purchase 10 acres of land), to construct a 7,000 square foot of facilities relating to the middle school, to fund debt service reserve and repair and replacement funds, and to pay costs of issuance.

Charter School	Amount of the Issue	Total Cost of New Charter School Facilities	Percentage of Project Paid by Bond Proceeds
DCS Montessori	\$9,420,000	\$965,000	100%

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

Charter School	Moral Obligation Program Rating	Underlying Credit Rating
DCS Montessori	"A" by S&P	"BBB" by 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 2012	\$9,420,000
Net Proceeds in CY 2012	\$9,216,368

- f) The total principal amount outstanding of qualified charter school bonds as of December 31, 2012 was \$394,265,000.

- g) The total amount of annual installments of principal and interest on all outstanding qualified charter school bonds scheduled for payment during the 2012 calendar year was \$28,518,448.

The total amount of such annual installments actually paid during the 2012 calendar year was \$28,518,448. The total amount of annual installments due in the 2013 calendar year is \$29,286,567 and the annual installments due in the calendar years 2013 through 2043 total \$716,606,410.

- h) The total amount of moneys expended from the charter schools' own debt service reserve funds or accounts during the 2012 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 2012 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.