



OFFICE OF THE STATE AUDITOR



DIANNE E. RAY, CPA
STATE AUDITOR

February 26, 2018

MEMO

2017 ANNUAL REPORT FROM THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY ON THE MORAL OBLIGATION BOND PROGRAM

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MS. KATY ANTHES, PH.D
COMMISSIONER OF EDUCATION
COLORADO DEPARTMENT OF EDUCATION

Please find attached the Colorado Educational and Cultural Facilities Authority's (CECFA) 2017 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, et seq., C.R.S., requires that, prior to January 30th of each year, CECFA submit a report to the State Auditor containing specific information on bonds issued during the most recently completed calendar year 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.

OFFICE OF THE STATE AUDITOR
1525 SHERMAN STREET
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DENVER, COLORADO
80203

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We have received and reviewed CECFA's 2017 report dated January 25, 2018, and we have verified that the required data has been accurately compiled in this report from the Official Statements related to the bonds issued during Calendar Year 2017. CECFA reports that it issued two bonds under this program in 2017. Our review did not identify any findings related to CECFA's 2017 annual report on the Moral Obligation Bond program.

The total aggregate principal amount of bonds outstanding at December 31, 2017, was \$374,565,873 which was under the statutory limit of \$500 million per Section 22-30.5-408(2)(a), C.R.S.



CECFA

Colorado Educational and Cultural Facilities Authority

January 25, 2018

Legislative Audit Committee
1525 Sherman Street, 7th Floor
Denver, CO 80202

Dear Ladies and Gentleman:

We are pleased to provide to you the report regarding Colorado charter school moral obligation bonds issued by CECFA during calendar year 2017, as required by C.R.S. 22-30.5-409(1). Two transactions were completed during the year with a combined gross par amount of \$10,540,000.00. Both of these transactions included a majority for refunding of prior issues motivated by savings made possible by low interest rates, and \$500,000 each for new classroom construction projects.

The total principal amount of moral obligation bonds outstanding as of December 31, 2017, was \$374,565,873.34 which is within the statutory limit of \$500 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,



Mark Heller
Executive Director

cc: Ryan Parsell, Deputy State Treasurer

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 25, 2018

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). This report is required by C.R.S. Section 22-30.5-409(1).

- a) The total amount of qualified charter school bonds issued during the 2017 calendar year was \$10,540,000.
- b) The charter schools on whose behalf such qualified charter school bonds were issued was as follows:

- North Star Academy
- Platte River Academy

- c) The proceeds of the bond issues were used as follows:

Charter School	Amount of the Issue	Total Cost of New Charter School Facilities	Percentage of Project Paid by Bond Proceeds	Refunding of a Prior Bond Issue for Savings
North Star Academy	\$4,465,000	\$500,000	100%	Yes
Platte River Academy	\$6,075,000	\$500,000	100%	Yes

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

Charter School	Moral Obligation Program Rating	Underlying Credit Rating
North Star Academy	"A" by S&P	"BBB-" by S&P
Platte River Academy	"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:

Aggregate Gross Proceeds in CY 2017	\$10,540,000
Aggregate Net Proceeds in CY 2017	\$10,226,604

- f) The total principal amount outstanding of qualified charter school bonds as of December 31, 2017 was \$374,565,873.

- g) The total amount of annual installments of principal and interest on all outstanding qualified charter school bonds scheduled for payment during the 2017 calendar year was \$28,305,157.

The total amount of such annual installments actually paid during the 2017 calendar year was \$27,678,288 (different than the amount above due to refundings and new money issuances closed during the calendar year). The total amount of annual installments due in the 2018 calendar year is \$28,605,566 and the annual installments due in the calendar years 2018 through 2047 total \$636,870,258.

- h) The total amount of moneys expended from the charter schools' own debt service reserve funds or accounts during the 2017 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 2017 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.

Platte River Academy achieved interest rate savings by refunding outstanding moral obligation debt with new moral obligation bonds. North Star Academy achieved interest rate savings by refunding outstanding bonds that were not previously issued in the moral obligation program with new moral obligation bonds. The net present value savings from the refunding transactions for these schools are shown in the table below. In addition, Challenge to Excellence Charter School refunded previously issued moral obligation bonds and the new bonds were not part of the moral obligation program.

Charter School	Net Present Value Savings
North Star Academy	\$771,199
Platte River Academy	\$137,648

AN ELECTRONIC VERSION OF THIS REPORT IS AVAILABLE AT
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A BOUND REPORT MAY BE OBTAINED BY CALLING THE
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PLEASE REFER TO REPORT NUMBER 1872S WHEN REQUESTING THIS REPORT