

Colorado Educational and Cultural Facilities Authority

Moral Obligation Bond Program, Calendar Year 2022

Informational Report
February 2023
2351S



LEGISLATIVE AUDIT COMMITTEE

Senator Robert Rodriguez Chair	Representative Lisa Frizell Vice Chair
Representative Andrew Boesenecker Representative Gabe Evans Senator Rhonda Fields	Representative Dafna Michaelson Jenet Senator Rod Pelton Senator Kevin Van Winkle

OFFICE OF THE STATE AUDITOR

State Auditor	Kerri L. Hunter, CPA, CFE
Deputy State Auditor	Marisa Edwards, CPA
Audit Manager	Crystal Dorsey, CPA
Team Leader	Gina Faulkner
Auditor	Rosen Lima



OFFICE OF THE STATE AUDITOR
C O L O R A D O

Working to improve government for the people of Colorado.



OFFICE OF THE STATE AUDITOR
KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

February 6, 2023

**Annual Report from the Colorado Educational and Cultural Facilities Authority on the
Moral Obligation Bond Program, Calendar Year 2022**

Members of the Legislative Audit Committee
Members of the Senate Education Committee
Members of the House Education Committee
Members of the Capital Development Committee
Members of the Joint Budget Committee
Colorado Department of Education:

Please find attached the Colorado Educational and Cultural Facilities Authority's (CECFA) Calendar Year 2022 annual report on the State Charter School Debt Reserve Fund, known as the Moral Obligation Bond program, authorized under Section 22-30.5-407 and 408, C.R.S. CECFA is statutorily-required [Section 22-30.5-409, C.R.S.] to submit the report to the State Auditor prior to January 30 each year. The State Auditor is required to examine this report and report any findings no later than March 1 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.

Our review of the report did not identify any findings related to CECFA's 2022 annual report on the Moral Obligation Bond program.

Kerri L. Hunter





CECFA

Colorado Educational and Cultural Facilities Authority

January 26, 2023

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

Dear Ladies and Gentlemen:

We are pleased to provide to you the report regarding Colorado charter school moral obligation bonds issued during calendar year 2022, as required by C.R.S. 22-30.5-409(1). Seven series were issued during the year with a combined gross par amount of \$67,605,000.00. These seven series included bonds issued for both new money and refunding purposes.

The total principal amount of moral obligation bonds outstanding as of December 31, 2022 is \$593,683,441.04, which is within the statutory limit of \$750 million outstanding at any one time. The program capacity was increased in September, 2021 from \$500 million to \$750 million, per Senate Bill 21-157.

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: Dave Young, State Treasurer
Crystal L. Dorsey, CPA, Office of the State Auditor

COLORADO EDUCATIONAL AND CULTURAL
FACILITIES AUTHORITY

2022 Report to the State Auditor
Issuance of Qualified Charter School Bonds
Required by C.R.S. 22-30.5-407 et seq.

As of December 31, 2022

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 2022 calendar year was \$67,605,000.
- b) The charter schools on whose behalf such qualified charter school bonds were issued were as follows:
- Littleton Academy
 - New Vision Charter School
 - Eagle Ridge Academy
 - Highline 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
Littleton Academy (2022A and 2022B)	\$9,030,000	\$11,500,000	57%	Partial
New Vision Charter School (2022A and 2022B)	\$32,790,000	\$14,400,000	75%	Partial
Eagle Ridge Academy (2022A and 2022B)	\$10,525,000	\$2,500,000	100%	Partial
Highline Academy	\$15,260,000	\$7,200,000	99%	No

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

Charter School	Moral Obligation Program Rating	Underlying Credit Rating
Littleton Academy	"Aa3" by Moody's	"Baa2" by Moody's
New Vision Charter School	"A+" by S&P	"BBB-" by S&P
Eagle Ridge Academy	"A+" by S&P	"BBB-" by S&P
Highline Academy	"Aa3" by Moody's	"Baa3" by Moody's

- 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 2022	\$73,528,775
Aggregate Net Proceeds in CY 2022	\$71,519,846

- f) The total principal amount outstanding of qualified charter school bonds as of December 31, 2022 was \$593,683,441.04.
- g) The total amount of annual installments of principal and interest on all outstanding qualified charter school bonds scheduled for payment during the 2022 calendar year was \$34,999,303.

The total amount of such annual installments actually paid during the 2022 calendar year was \$36,185,571 (different than the amount above due to new issuances closing and existing bonds being prepaid during the calendar year). The total amount of annual installments due in the 2023 calendar year is \$39,934,381 and the annual installments due in the calendar years 2023 through 2061 total \$1,004,022,625.

- h) The total amount of moneys expended from the charter schools' own debt service reserve funds or accounts during the 2022 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 2022 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.

Littleton Academy refunded its outstanding Moral Obligation Bonds with new Moral Obligation Bonds. New Vision Charter School and Eagle Ridge Academy refunded outstanding bonds that were not previously issued in the Moral Obligation Program with new Moral Obligation Bonds for the purpose of achieving debt service savings. Highline Academy refunded outstanding bonds that were not previously issued in the Moral Obligation Program with new Moral Obligation Bonds for the purpose of restructuring the previously outstanding bonds to achieve a long-term level debt service structure. In addition to issuing bonds for refunding purposes, the four schools also issued new money Moral Obligation Bonds for the purpose of constructing new school facilities and/or improving existing school facilities.



**Office of the State Auditor
State Services Building
1525 Sherman Street, 7th Floor
Denver, CO 80203**

tel.
303.869.2800

email
osa.ga@coleg.gov

website
www.colorado.gov/auditor

linkedin
www.linkedin.com/company/colorado-state-auditor

twitter
[@CoStateAuditor](https://twitter.com/CoStateAuditor)