



OFFICE OF THE STATE AUDITOR



January 28, 2021

DIANNE E. RAY, CPA
STATE AUDITOR

MEMO

ANNUAL REPORT FROM THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY ON THE MORAL OBLIGATION BOND PROGRAM, CALENDAR YEAR 2020

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 2020 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 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.

Our review of the report did not identify any findings related to CECFA's 2020 annual report on the Moral Obligation Bond program.

OFFICE OF THE STATE AUDITOR
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DENVER, COLORADO
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CECFA

Colorado Educational and Cultural Facilities Authority

January 28, 2021

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 2020, as required by C.R.S. 22-30.5-409(1). Eight series were issued during the year with a combined gross par amount of \$122,345,000.00. These eight series included bonds issued for both new money and refunding purposes.

The total principal amount of moral obligation bonds outstanding as of December 31, 2020 is \$474,422,887.75, 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: Dave Young, State Treasurer
Crystal L. Dorsey, CPA, Office of the State Auditor

**COLORADO EDUCATIONAL AND CULTURAL
FACILITIES AUTHORITY**

**2020 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, 2020

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 2020 calendar year was \$122,345,000.
- b) The charter schools on whose behalf such qualified charter school bonds were issued were as follows:
 - Prospect Ridge Academy
 - American Academy
 - Thomas MacLaren State Charter School
 - Independence Academy
 - Windsor Charter 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
Prospect Ridge Academy (2020A and 2020B)	\$34,775,000	\$4,851,044	100%	Partial
American Academy	\$55,040,000	\$0	0%	100%
Thomas MacLaren State Charter School (2020A and 2020B)	\$14,970,000	\$1,607,257	100%	Partial
Independence Academy (2020A and 2020B)	\$7,255,000	\$6,403,656	100%	No
Windsor Charter Academy	\$10,305,000	\$0	0%	100%

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

Charter School	Moral Obligation Program Rating	Underlying Credit Rating
Prospect Ridge Academy	“Aa3” by Moody’s	“Baa3” by Moody’s
American Academy	“Aa3” by Moody’s	“Baa3” by Moody’s
Thomas MacLaren School	“Aa3” by Moody’s	“Baa3” by Moody’s
Independence Academy	“A+” by S&P	“BBB-” by S&P
Windsor Charter 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 2020	\$141,908,881
Aggregate Net Proceeds in CY 2020	\$139,189,425

- f) The total principal amount outstanding of qualified charter school bonds as of December 31, 2020 was \$474,422,888.
- g) The total amount of annual installments of principal and interest on all outstanding qualified charter school bonds scheduled for payment during the 2020 calendar year was \$31,039,205.

The total amount of such annual installments actually paid during the 2020 calendar year was \$30,914,374 (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 2021 calendar year is \$31,519,859 and the annual installments due in the calendar years 2021 through 2055 total \$819,935,485.

- h) The total amount of moneys expended from the charter schools' own debt service reserve funds or accounts during the 2020 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 2020 calendar year for the purpose of paying principal and interest on such qualified charter school bonds was \$0.

Prospect Ridge Academy, American Academy, Thomas MacLaren State Charter Academy, and Windsor Charter 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' bullet maturities to a long-term level debt service structure. In addition to issuing bonds for refunding purposes, Prospect Ridge Academy and Thomas MacLaren State Charter School also issued new money Moral Obligation Bonds for the purposes of making capital construction/improvements to their school's facilities. Independence Academy issued new money Moral Obligation Bonds to fund the construction of an additional classroom space and a gym. The Academy of Charter Schools, Collegiate Academy and Chavez/Huerta Academy (Cesar Chavez Academy) refunded all their outstanding Moral Obligation Bonds with non-moral obligation bonds. Rocky Mountain Academy of Evergreen made a partial redemption on their outstanding Moral Obligation Bonds during the calendar year.

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