



*Colorado Educational and Cultural Facilities Authority*

**CECFA**

January 24, 2019

Dianne E. Ray, CPA  
State Auditor  
State Services Building  
1525 Sherman Street, 7th Floor  
Denver, CO 80203-1700

Dear Ms. Ray:

In accordance with C.R.S. Section 23-15-127, we are transmitting electronically and by regular mail the finalized audited financials for the Colorado Educational and Cultural Facilities Authority (CECFA) for the fiscal year ending September 30, 2018. The CECFA Board reviewed and approved the audit at its January 23, 2019 meeting.

We are also transmitting our 2018-2019 Budget, which the CECFA Board adopted at its September 26, 2018 meeting.

Sincerely,



Mark Heller  
Executive Director

**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY  
FY 2018-19 BUDGET**

<b>OPERATING BUDGET</b>						
	2017-18	2017-18	Variance	2018-19	Variance fr.	Variance
	12 Month	12 Month	12 Month	Final	2017-18	2016-17
	Budget	Estimate	Budget to	Budget	Budget	12 Mo.
			Proj Act			Estimate
<b>OPERATING REVENUE</b>						
Interest and Dividends	32,884	50,852	17,968	50,000	17,116	(852)
Annual Fees	500,000	541,001	41,001	500,000	-	(41,001)
Gain(Loss) on Investments	(3,500)	2,428	5,929	3,500	7,000	1,072
Other	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>529,384</b>	<b>594,281</b>	<b>64,898</b>	<b>553,500</b>	<b>24,116</b>	<b>(40,781)</b>
<b>OPERATING EXPENSES</b>						
Accounting Services	13,000	13,500	500	13,500	500	-
Auditing	10,100	10,200	100	9,800	(300)	(400)
Bank Charges	300	-	(300)	-	(300)	-
Contingency	10,000	7,918	(2,082)	10,000	-	2,082
Dues and Subscriptions	5,700	7,000	1,300	5,154	(546)	(1,846)
Insurance	15,325	15,325	-	15,325	-	-
Legal Services	40,000	49,532	9,532	50,000	10,000	468
Legislative Consulting	40,000	30,000	(10,000)	30,000	(10,000)	-
Marketing	30,000	30,000	-	28,250	(1,750)	(1,750)
Meals and Lodging	20,300	20,300	-	20,300	-	-
Meetings and Conferences	31,150	31,150	-	31,150	-	-
Office Expenses	17,964	12,448	(5,516)	14,004	(3,960)	1,556
Office Services and Supplies	3,360	4,127	767	3,360	-	(767)
Professional Services	5,413	2,373	(3,041)	5,413	-	3,041
Payroll	185,981	185,981	-	191,626	5,646	5,646
Benefits	54,638	54,638	-	61,384	6,746	6,746
Employer Retirement Contributions	15,182	15,182	-	15,643	461	461
Travel/Parking	18,540	15,000	(3,540)	18,540	-	3,540
<b>TOTAL OPERATING EXPENSES</b>	<b>516,953</b>	<b>504,673</b>	<b>(12,280)</b>	<b>523,450</b>	<b>6,497</b>	<b>18,776</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>12,431</b>	<b>89,608</b>	<b>77,178</b>	<b>30,050</b>	<b>17,620</b>	<b>(59,558)</b>
<b>TRANSACTIONAL BUDGET</b>						
<b>INITIAL FEE REVENUE</b>	<b>350,000</b>	<b>500,000</b>	<b>150,000</b>	<b>250,000</b>	<b>(100,000)</b>	<b>(250,000)</b>
<b>BOND ISSUE EXPENSES</b>						
Financial Serv. - Bond Issues	100,000	110,000	10,000	120,000	20,000	10,000
Legal Services - Bond Issues	140,000	200,000	60,000	100,000	(40,000)	(100,000)
<b>Total Bond Issue Expenses</b>	<b>240,000</b>	<b>310,000</b>	<b>70,000</b>	<b>220,000</b>	<b>(20,000)</b>	<b>(90,000)</b>
<b>NET INCOME FROM BOND ISSUES</b>	<b>110,000</b>	<b>190,000</b>	<b>80,000</b>	<b>30,000</b>	<b>(80,000)</b>	<b>(160,000)</b>
<b>TOTAL NET INCOME</b>	<b>122,431</b>	<b>279,608</b>	<b>157,178</b>	<b>60,050</b>	<b>(62,380)</b>	<b>(219,558)</b>
<b>SPECIAL PROJECT EXPENDITURES FROM RESERVES</b>						
DAC Compliance Contract	-	-	-	-	-	-
Moral Obligation School Fund	-	-	-	-	-	-
Arbitrage Rebate Support	5,000	-	(5,000)	5,000	-	5,000
<b>Total Special Projects Expenditures from Reserves</b>	<b>5,000</b>	<b>-</b>	<b>(5,000)</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>



Board of Directors  
Colorado Educational and Cultural Facilities Authority  
Denver, Colorado

We have audited the financial statements of the business-type activities of Colorado Educational and Cultural Facilities Authority as of and for the year ended September 30, 2018, and have issued our report thereon dated January 11, 2019. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Colorado Educational and Cultural Facilities Authority are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2018.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- The Authority depreciates its capital assets based on their estimated useful lives, which range from one to thirty years.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated January 11, 2019.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate letter to you dated January 11, 2019, communicating internal control related matters identified during the audit.

***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the budgetary comparison information (supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 11, 2019.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the Board of Directors and management of Colorado Educational and Cultural Facilities Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Broomfield, Colorado  
January 11, 2019